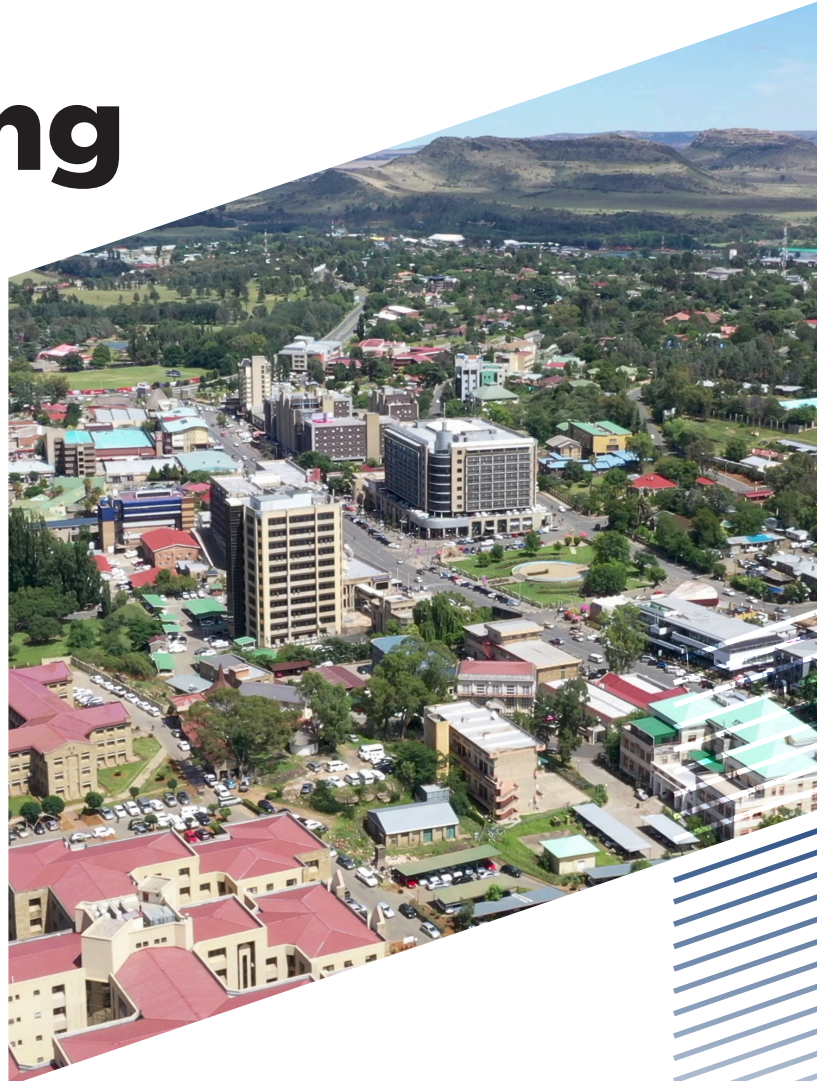




Invest in Lesotho's **Knowledge Process Outsourcing**

LESOTHO

Maseru presents an attractive option for Knowledge Process Outsourcing businesses looking to support local and international clients.



Knowledge Process Outsourcing (KPOs)



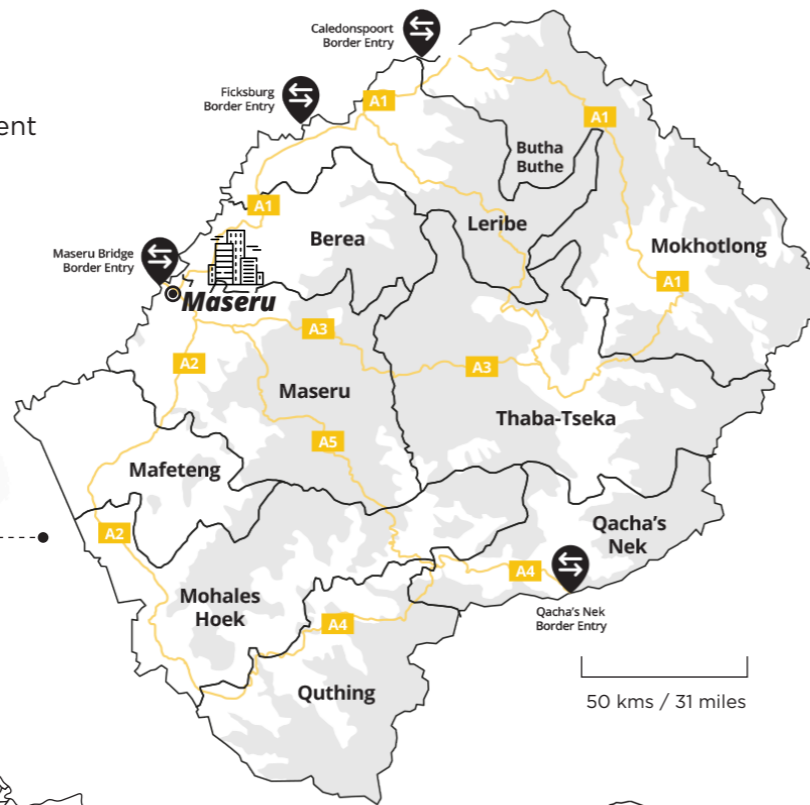
Introduction

Types of KPO services that can be established and do well in Maseru, Lesotho include:

- Financial services
- Research and development (R&D) especially in mining, agriculture and manufacturing
- Business operations (core management functions such as HR, procurement, logistics, accounting, IT)
- Legal, clerical and company secretarial business

- Medical & healthcare management services
- Data analysis and interpretation.

Lesotho offers a educated and motivated local workforce.



Strengths & Opportunities

KPO and BPO are priority sectors of the Government of Lesotho. The country and its capital, Maseru, offer an educated and motivated local workforce that has shown itself to be readily trainable and flexible.

Its steady supply of well-educated graduates is particularly accessible for potential BPO and KPO employment. Skilled and semi-skilled workers are available to meet immediate needs and may also be developed over the short to medium term. Support is available to assist in training and skills development.

A growing number of companies utilize KPO in Lesotho, either in their own facilities or outsourced locally. In most cases, KPO businesses use Lesotho as a base to grow international client contracts in a cost-competitive manner. This can be done as a standalone business investment or with a number of established local business partners.

Maseru KPO offers

A KPO facility in Lesotho's capital has numerous advantages. A and B grade office space is available in the main Kingsway district and in other business and commercial districts. Land is also available for bespoke developments in newly-zoned business precincts.

- FINANCIAL SERVICES
- RESEARCH AND DEVELOPMENT
- BUSINESS OPERATIONS
- MEDICAL & HEALTHCARE
- DATA ANALYSIS



Supported by competitively priced office space, ICT and other services, companies will find Lesotho to offer a range of scalable options to suit business needs, save costs or provide other resources.

Lesotho/Maseru can also meet the KPO needs of many businesses. The same applies to the BPO business needs of a wide range of firms. Companies that engage in KPO in Lesotho can typically control their international employment costs. Lesotho based KPO can fill the gap for skilled employees in a particular field. It also frees up existing staff, including management, to do other work, boosting their efficiency and productivity.

Knowledge Process Outsourcing (KPOs)



- FINANCIAL SERVICES
- RESEARCH AND DEVELOPMENT
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Strengths & Opportunities

Lesotho offers the same or similar legal, language, and cultural environment found in South Africa.

Yet its unique sovereign status stimulates in local people a national pride that often leads to strong business loyalty, an appreciative workforce that can be easier to retain in positions of quality, sustainable and equal opportunity-based employment.

Through the LNDC, business investors can be shown around the city of Maseru to meet existing businesses, talk with labour representatives and training companies. A tour can be made of the office supply in Maseru, which can offer:

HIGH LEVELS OF CONNECTIVITY

Like South Africa, Lesotho has high levels of connectivity through three main submarine cables: Eastern Africa Submarine Cable System, Seacom and the West Africa Cable System. Internet connectivity is well provided for in Maseru.

Lesotho has a partially open ICT sector. It has a clear data policy in the form of the Data Protection Act of 2013. Lesotho has stringent IP protection disciplines through the Everything But Arms initiative. It has no data localisation requirements, which creates opportunities for investment.

With regard to IP, Lesotho is a member of the African Intellectual Property Organisation, aimed at enhancing IPR protection. Lesotho belongs to the Berne and Paris Conventions which protect copyright and patents.

PERFECTLY SITUATED

Lesotho's capital Maseru is less than one hour's flight time from Johannesburg. The CBD is a 35 minute ride from the airport. Maseru has excellent road connections to the neighbouring cities of Johannesburg (4h 30m), Bloemfontein (1h 50m), Durban and East London (6h). The country is in the heart of South Africa, making it an ideal base to serve southern Africa and other global customers.



Johannesburg
1hr Flight
4.5hrs Drive

Bloemfontein
1.8hrs Drive

Durban & East London
6hrs Drive



Maseru, Lesotho's Capital.

Knowledge Process Outsourcing (KPOs)



- FINANCIAL SERVICES
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Financial Analysis

TOTAL INVESTMENT

A total investment of approximately:

LSL* 22.9m

comprising fixed assets of LSL 18.3m, pre-production expenditure of approximately LSL 1m and initial working capital of LSL 3.5m will be required for the establishment of the Knowledge Process Outsourcing enterprise. The graphs below illustrate a financially viable operation with the opportunity expected to generate a profit throughout its operational life.



Maseru, Lesotho's Capital.

In addition to the positive NPV and IRR, the initial investment cost of the project is expected to be fully recovered towards the end of year 6. The investment opportunity further responds favourably to the country's developmental objectives through its positive socio-economic impact in terms of employment creation, economic agglomeration and potential forex earning opportunities.

NET PROFIT

The enterprise's annual net profit after tax increases from

LSL 1.89m

in year 1 to approximately:

LSL 21.6m

in year 10. Similarly, the projected cash flows of the envisaged project indicate that it will generate positive net cash flows throughout the 10-year operational period.

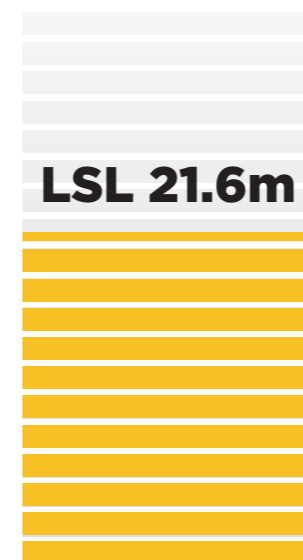
NET PROFIT

YEAR 1

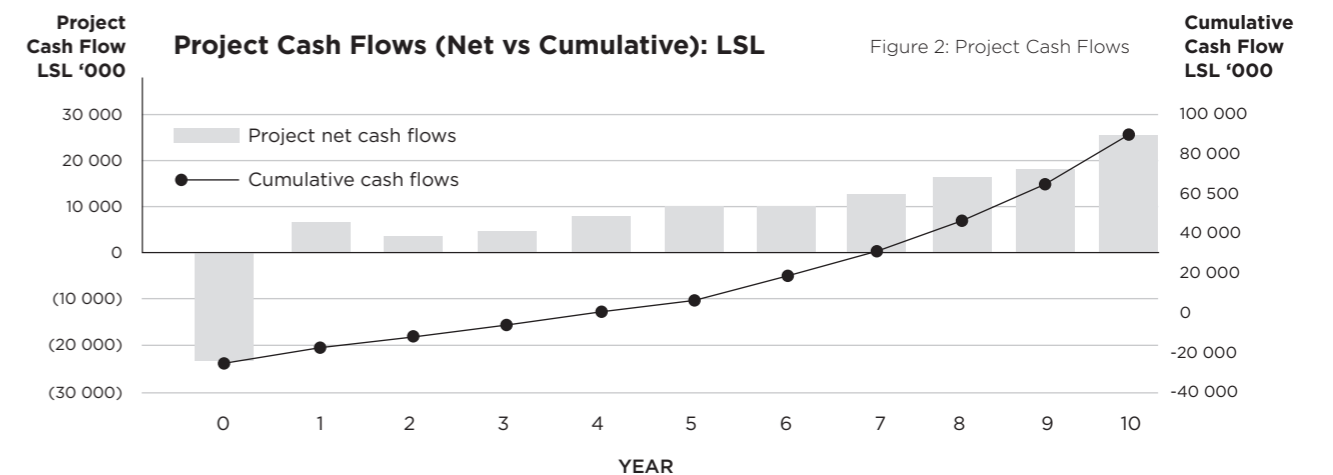
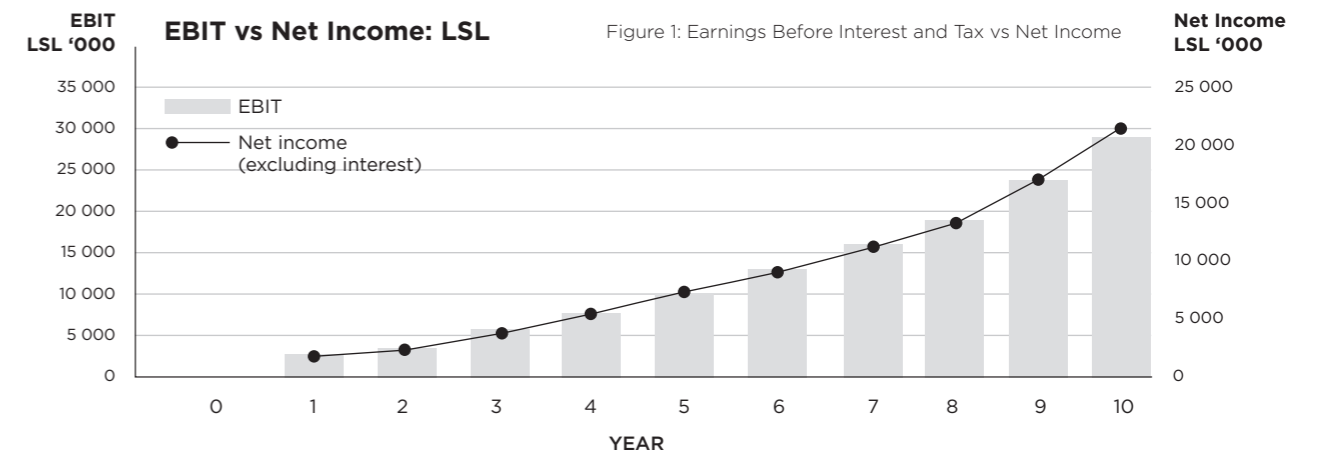


NET PROFIT

YEAR 10



Financial Analysis



The projected future cash flows generated by the enterprise are discounted at a rate of 10%. The outcome of the discounted cash flow analysis is summarized in Table 1.

Table 1: Investment Indicators

Net present value (NPV)	LSL 37.8m
Discounted payback period	5.88 years
Internal rate of return (IRR)	31.45%
Profitability index (PI)	3

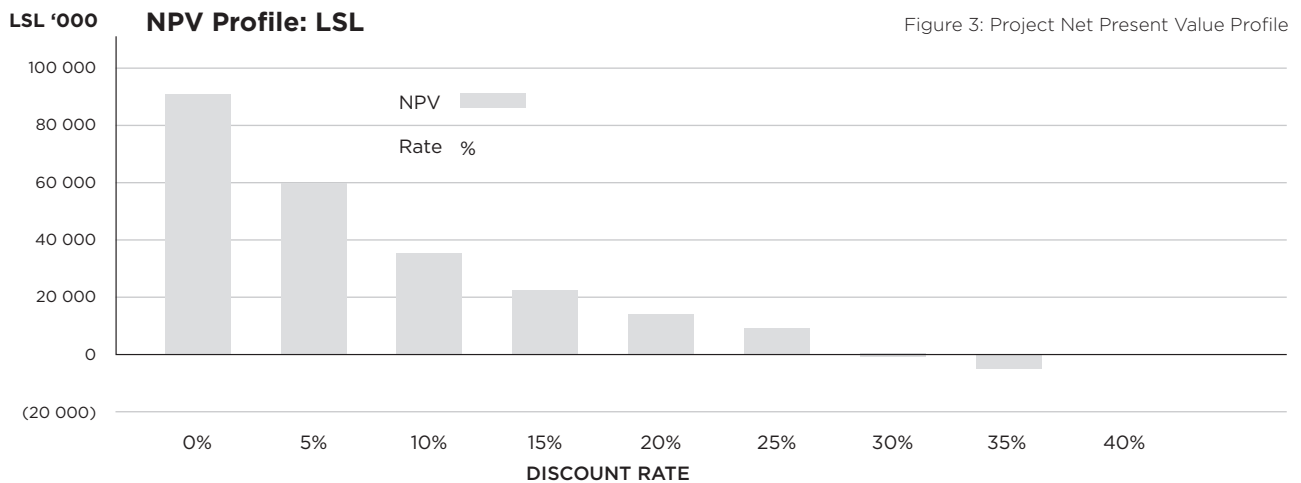
*1 LSL = 1 ZAR

Knowledge Process Outsourcing (KPOs)



Financial Analysis

The positive NPV at a discount rate of 10% corresponds to an IRR of 31.45% and highlights the financial viability of the Knowledge Process Outsourcing investment opportunity.



Maseru, Lesotho's Capital.

NOTES

The financial analysis of the Knowledge Process Outsourcing investment opportunity is computed over a ten-year period. Revenue and expenditure projections are in line with industry growth prospects and market potential and have been informed by and benchmarked against industry standards and norms. In addition, assumptions relating to inflation: depreciation and salvage value: and company tax have been worked out based on the existing laws and directives of the

country. The figures above represent high level estimates as of January 2021 and are not derived from a full feasibility study. Investors are advised to conduct their own due diligence.

For more information please contact:

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