Agora
Microfinance
BANKING FOR CHANGE

Agora Microfinance N.V.

Annual Accounts 2021

Mission:
To maximise the social returns in microfinance while providing a fair and attractive financial return to investors

Contents

Management Board's Report

The Management Board of Agora Microfinance N.V. (hereinafter referred to as the "Company") herewith presents the annual accounts for the accounting year ended on 31 December 2021.

General

The Company was incorporated on 9 December 2011 by the founding shareholders. The Company currently has three individual shareholders.

The Group consists of the following fully consolidated legal entities:

- **Agora Microfinance India Limited ("AMIL"), India** – 94%
- **Agora Microfinance Zambia Limited ("AMZ"), Zambia** – direct ownership 90% and indirectly 99.4%
- **Moringaway, Mauritius** – 100%

Principal objectives

The Company's objectives are:

A to make microfinance investments by:

i. establishing, acquiring and disposing of microfinance companies and enterprises, acquiring and disposing of interests in them and administering them or having them administered, conducting or having the management of companies and enterprises conducted and financing them or having them financed;

ii. acquiring, possessing, managing, selling, exchanging, transferring, alienating, issuing shares and other certificates of participation, bonds, funds, promissory notes, debentures, convertible loans, bills of exchange and other evidences of indebtedness and other securities;

B to contract, and to grant money loans and to give security for the fulfilment of the obligations of the corporation or of third parties;

C to enter into risk management transactions, including exchange traded and over the counter derivatives to hedge risks the Company or microfinance institutions affiliated with the Company are exposed to;

D the representation and the management of the interests of third parties;

E to act as principal agent, commission agent, manager and/or administrator, everything that is related to the foregoing.

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Overview of activities

The Group showed a Net profit after tax of USD 7,992 for the year 2021 (2020: USD 12,898,237) with a total debt to equity ratio of 27% (2020: 22%). Total Interest income increased from USD 3,966,585 in 2020 to USD 5,062,168 in 2021 which was driven by the growth in AMZ's loan book. AMZ increased its loan book by 104% while AMIL showed a 32% decrease. The Company increased its stake in AMZ by making further equity investments of USD 449,500 and also made a further equity injection into Moringaway of USD 3,000,000.

The positive result of the Company was predominately driven by the individual profits in both AMZ & Moringaway. For AMIL much of the year was mired in surviving the lasting effects of Covid-19 (hereafter: the pandemic). Nevertheless, we can say with satisfaction that despite all the lingering effects of the pandemic, the Group made substantial progress towards its longer-term goals during the 2021 year. Individually, AMIL realised an overall loss after tax of USD 1,067,201 (2020: a loss of USD 628,559), while AMZ and Moringaway realised healthy profits of USD 769,777 (2020: USD 229,624) and USD 1,012,446 (2020: a loss of USD 242,004) respectively. Further details of each company are provided below.

AMZ is now firmly established as Zambia's premier rural microfinance institution. In addition to being the largest (by customer numbers) retail operator, it possesses a long track-record of financial viability as well as strong asset quality. Almost 90% of its clients are rural, mostly small farmers, and its depth of reach is indicated by its average loan size of just USD 90. During 2021, AMZ opened new branches, added new products (notably farm equipment leasing), converted all its offices to solar, and undertook a number of technology upgrades, including the operationalisation of a real-time geo-tracking tool for its field operations.

At the same time, AMZ grew substantially during the year and finished the year with over 125,000 active clients – up 57% from the previous year. Its loan book with its clients has also grown proportionally and now exceeds USD 11 million. Its progress on non-credit products also continued, with its health insurance product with over 20,000 active policies, and over 36,000 mobile money transactions carried out during the year. In summary, we could not have expected better results for 2021, and the strong progress positions us in an ever-stronger position for the future.

During the 2021 year the situation remained challenging at AMIL, where the devastating second wave of the pandemic early in the year undid the recovery that AMIL had managed in the preceding months. As a result, operations were pushed further behind, and it now looks like a longer road to recovery than AMIL had initially hoped for. On the slightly positive side, by September clients had begun making monthly payments as their livelihoods slowly began to recover. The financial impact from the pandemic will only become clearer during 2022, after most of the restructured loans have run their course. In any event, we continue with the belief that over time AMIL will revive its operations and begin growing again, beginning 2022.

Moringaway, the Group's dedicated facility for institutional debt, more than trebled its portfolio during the year. Its debt portfolio now exceeds USD 15 million and includes exposure in Africa, India and Cambodia. The longer-term goal of the facility is to extend its coverage to more (African) markets while achieving the twin objective of viability as well as lower cost of funds for microfinance institutions, especially those with a strong social footprint. We will continue extending our reach during 2022.

Staffing

At the year end 2021 the Group had a total staff strength of 385 employees (2020: 308 staff) spread over the Group as follows:

- 82 in AMIL (2020: 98 staff)
- 300 in AMZ (2020: 208 staff)
- 1 in Moringaway (2020: 1 staff)
- 2 staff members employed by the Company in the Netherlands (2020: 1 staff member)

Investment and management policies

The Company pursues investment management policies based on its objective of balancing its social and financial goals. Its investment policy includes the maintenance of healthy solvency and adequate leverage levels in its subsidiaries, and could include a mix of its own investments as well as facilitation of capital through new investors depending on the level of capital and expertise required. New investments are backed by detailed due diligence and valuations are carried out using DCF and/or Net Asset based valuation models.

Once an investment is made, the Company assigns its key resources to the active management of the subsidiaries through their role in the Boards and Committees of the subsidiaries. The investment management is carried out through hands-on governance support and oversight on strategy development and execution, as well as on compliance, risk management, ALCO, Nominations and Remunerations, Social Performance and other related aspects of the business.

AMIL and AMZ hold Microfinance Licences and are regulated by the Reserve Banks in their respective countries. Moringaway holds a Global Business Licence and was issued with a Credit Finance Licence on 2 December 2020. It is regulated by the Financial Services Commission in Mauritius.

Risks and risk management

The Company's activities are exposed to a variety of risks, the main ones being currency, political/regulatory, operational and market risks. In addition, capital and liquidity risks also have a bearing on the Company's ability to continue its investments. The Company monitors these risks as part of its core activity, and has various strategies in place to mitigate such risks. Further information relating specifically to Financial Instruments can be found in Note 11.

The Company's Directors are responsible for risk identification, monitoring and control. In particular the risks that arise within its subsidiaries also have a direct bearing on the Company. Each of its subsidiaries manages their risks through the involvement of staff and management, their Management Board and associated committees. As a subsidiaries become more mature, separate risk departments are created, with each department having its own mandate to promptly identify and redress risks as and when they arise. In less mature subsidiaries the identification and mitigation of risks usually lies within the mandate of the senior management and the internal audit/control departments, and is overseen by the Management Board and the Risk or Audit and Finance Committees.

Overall risk profile 2021

Operational & credit risks: These risks manifest mainly in the form of loan losses, as the loan book of the subsidiaries is the main income-earning asset. Such risks are managed through the systems and structures at the subsidiaries, overseen by their respective Boards and committees. The Company recognises loss allowances on its Loans and advances using Expected Credit Losses. The loan allowances as a percentage of the total loan book is 1% for AMZ and 35% for AMIL.

Political & regulatory risks: The main driver of political and regulatory risk for 2021 was driven by the continued restrictions imposed relating to the ongoing pandemic which restricted activity of the Group and its clients throughout parts of the year. Although most country wide lockdowns were lifted towards the end of 2020, India experienced a devastating second wave of the pandemic early in 2021 impacting the extent to which operations were able to resume in AMIL. As a result AMIL have increased their ECL allowance to 35% in the current year. The Zambian environment remained stable during most parts of the year with the period leading up to the 2021 elections characterized by pockets of political instability. The elections however were relatively calm and well-administered with the new president sworn in on 24th August 2021. After the elections, the Zambian economy received a boost as the Kwacha began to appreciate against the USD and other currencies. Investor confidence was boosted by the change in government and the policies of the incoming United Party for National Development (UPND) government. No other significant new political or regulatory risks materialised.

Currency risks: The Group is exposed to currency risk denominated in a currency other than the respective functional currencies of group entities. The functional currencies in the subsidiaries are their respective local currencies. The presentation currency of the Group is USD. Some of the Company's operating currencies showed volatility during the year, particularly the Zambian Kwacha which appreciated against the US dollar after a significant devaluation in 2020. The Indian Rupee to US Dollar exchange rate has remained relatively stable. The group manages risk by keeping funds as much as possible in USD and converting funds into local currencies only when necessary. Further information can be found in Note 11 Financial Instruments.

Capital and liquidity risks: The Company's business depends on a mix of borrowings and equity capital raises to fund operations. The Company has sufficient liquidity for its short-to-medium term operational needs. The Company's subsidiaries manage their liquidity through a range of instruments, including equity and borrowings.

Market risks: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include deposits and loans and borrowings. While we discuss currency risks separately, interest-rate risks can potentially also create some uncertainty in the business. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. On the asset side, this relates to the loan pricing methods followed by the group's subsidiaries. On the liabilities within the Group, there is limited exposure to floating interest rates and the primary risk lies with interest rate movements for its subsidiaries at the time of their renewal of existing borrowing lines. Such market risks can manifest themselves in the loss of clientele, downward pressure on pricing or in extreme cases to client over-indebtedness.

Risk management structure and systems

Operational and credit risks: The first line of defence within the subsidiaries is their management supported by their respective second and third line risk management and internal audit departments. The management is regularly monitoring operational risks and discloses its risk profile and mitigation strategies to the board on an on-going basis. The Management Board and their relevant committees, especially the Risk Committee, Audit and Finance Committee and the Asset-Liability Committee are tasked to provide oversight on the risk management practices of the management. AMZ's Board is supported by the Audit and Finance Committee and the Remuneration and Nomination Committee and the Board of Directors appoints the Chief Executive Officer, who heads the management team, which includes four departments (Operations, Finance, Human Resources, and Information Technology). AMIL's Board is supported by the Audit and Finance Committee and the Remuneration, Nomination and Corporate Governance Committee and the Board of Directors appoints the Chief Executive Officer (CEO), who heads the management team, which includes four departments (Operations, Finance, Human Resources, and Information Technology). Moringaway's Board is also supported by a Risk and Credit Committee and an Audit Committee.

Currency risks: Due to the nature of its business the Company is exposed to currency risks in its investments. The Company monitors its currency exposure on a regular basis. For the time being, a large portion of the Company's assets are denominated in dollars and therefore its currency risks are limited. Moreover, strong operational results are also a way of compensating for potential currency losses.

Capital and liquidity risks: The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Group and cash flows. In qualifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the Group and also from the available financial institution facilities.

Market and interest rate risk: To manage the interest-rate risks arising on the asset side of the business, the Company's subsidiaries keep a close watch on market developments and the interest-rate movements through their respective market research functions. The interest-rate risk in India is limited on account of a hard interest-rate cap that exists at present, which results in relatively uniform pricing of loans in the market. In Zambia, on the other hand, AMZ remains a leader in pricing of small rural loans on account of its efficiency, increased scale and careful product design.

On the liability side of the subsidiaries' balance sheet, interest rates are generally fixed, and therefore the fluctuations in interest rates manifest primarily at the time of loan renewals. While this can potentially be a real risk for subsidiaries, our experience has shown that the movements are typically on account of hedging costs (FX risk) rather than significant changes to the underlying pricing mechanism used by lenders (LIBOR + margin). Interest rates quoted in USD/EUR have been consistent over the last 5 years in India and Zambia, though this does not provide guarantees for the future.

Therefore at present the subsidiaries' focus their efforts of managing hedging costs more carefully, through back-to-back arrangements or sometimes taking on USD/EUR exposure for short periods (in Zambia) due to prohibitive hedging costs.

Risk mitigation

Established microfinance strategy: The Group has been in the business of microfinance since 2011, and has an established and a proven track-record. Its operations are growing in Zambia and were seeing growth in India before the onset of the pandemic. The Group's approach to microfinance is to establish operating systems that mitigate risk exposure in operations. Its long-term loan losses as well as profitability profile confirms that its approach to microfinance is viable and is managed within acceptable risk levels.

Systems and processes: The Company ensures, through its role in the governance of the Subsidiaries that appropriate levels of risk management processes and systems are in place. The establishment of such systems is relevant to the context and complexity in each subsidiary but the focus on risk management remains important within these institutions. The subsidiaries follow processes appropriate to their size, scale and complexity. The Company oversees this aspect closely through its representation on the governance of the Subsidiaries.

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Operating policies: The Company ensures that its Subsidiaries follow responsible lending practices and thereby maintain the credit risk in their operations within acceptable limits. Each of the subsidiaries work with established policies for lending, which includes amongst other things, a focus on geographical and market diversification, risk exposure limits by sector, cash-flow based loan assessments, checks and balances in lending decisions and ongoing monitoring/audits. These practices help in managing the credit risk inherent in the business. In India, the second wave of the pandemic at the start of 2021 resulted in AMIL's operations being pushed further behind and has compounded the adverse effects on the loan losses for AMIL. In reaction, AMIL restructured its loan book at year end and has implemented a detailed collection strategy to collect outstanding amounts.

Result for the period

"The Group showed a Net profit after tax of USD 7,992 for the year 2021 (2020: USD 12,898,237) with a total debt to equity ratio of 27% (2020: 22%). The positive result was predominately driven by the individual profits in both AMZ & Moringaway.

The Company plans to invest its own equity and this, coupled with ongoing support from the subsidiaries' Lenders, will enable the Group to expand its current operations and also make further inroads to its expansion. The Company itself does not carry borrowings on its balance sheet and the entire asset base is funded by shareholder capital and retained earnings. The subsidiaries have comfortable solvency levels in excess of the regulatory requirements in their countries of operations.

Management opinion on going concern

The directors have assessed the ability of the Company to continue as a going concern and believe that the business will be on a going concern basis in the year ahead.

Financial and non-financial (social performance) indicators

The principal financial indicators relevant to the Company's operations relate to efficiency, portfolio quality, solvency and liquidity. As at 31 December 2021, equity as a percentage of total assets was 79% for the Group, 30% for AMZ, 26% for AMIL and 34% for Moringaway. Most of these indicators are applicable more to the subsidiaries than to the Company itself. Through their reporting systems, the performance of the subsidiaries on their key financial indicators is reviewed and monitored on a monthly basis. The Company monitors its own stand-alone performance on profitability and tracks indicators such as Return on Equity and Return on Assets.

The Company translates its social objectives into its non-financial Indicators and monitors aspects such as outreach to the unbanked/ rural populations, and over time aims to evaluate the impact of its financial services on the income or consumption levels of end-users (clients). In addition it monitors other social performance aspects such as client satisfaction and retention, staff satisfaction, and gender representation amongst clients and staff. Some of the above indicators are not easily quantifiable and are evaluated through qualitative assessments.

Environmental factors

The Company's subsidiaries are signatories of environmental exclusion lists as part of their borrowing contracts with lenders. These exclusion lists usually prohibit lending to polluting industries. Since the typical customer of the subsidiaries is a small farmer, there is little risk of the Company's investments leading to the financing of polluting industries. The subsidiaries also pro-actively lend to clean energy related livelihoods when the opportunity arises.

Research and development information

There was no expenditure incurred for research and development during the year (2020: Nil).

Codes of conduct

The Company is governed by the Articles of Association. The 'Articles' define the corporate governance structure and mandate of directors. Furthermore, the Company is a signatory to the Universal Standards of the Social Performance Task Force. The Company and its subsidiaries are signatories to the Client Protection Principles of the SMART Campaign.

In addition, AMIL is a signatory to the Fair Practices Code of the Microfinance Association of India (MFIN), a self-regulatory body recognised by the Reserve Bank of India. Each of the subsidiaries also follow their own, voluntary code of conduct that guides their work.

Information supply and computerisation

The Group is continuously striving to strengthen its information supply and security and stay up to date with new technologies. With the broadening and increasing distribution channels, this is becoming an important emerging risk. The Group takes this threat seriously and has implemented a broad range of controls to identify and mitigate risk to its customer and business. During 2021, AMZ undertook a number of technology upgrades, including the operationalisation of a real-time geo-tracking tool for its field operations. Its focus for 2022 will be on the integration and improvement of all information systems and testing its readiness for deposit taking.

Financing

The Group is financed with a combination of equity and debt. The debt held by the subsidiaries includes financial products from local and international financial institutions. At year end the Company holds significant cash balances. The funds will be utilised for future growth in both new and existing markets.

Post balance sheet events

On 23 February 2022 the Company incorporated Agora Microfinance Botswana Proprietary Limited ("AMB") and owns 100% of the share capital. AMB is aiming to begin its microfinance activities towards the end of 2022.

There are no other events after balance sheet that need to be included in these accounts.

Future developments

The Company will continue its microfinance investment activities and expects its current investments to grow organically while at the same time looking for new opportunities as and when they arise. The expected future developments for 2022 and beyond include amongst other things:

- further equity investments into its subsidiaries to finance growth and sustain operations
- intercompany financing
- possible new acquisitions
- further increase in Moringaway's debt portfolio, with an additional staff member being added in 2022
- and further development and diversification of the portfolio

The pandemic continued to have a significant impact on the Company and its subsidiaries in 2021 and the effects are expected to continue into 2022 and beyond. Management at all levels continue to pay close attention to the development of the pandemic and are continuously monitoring its impact on the financial position and operating results of the Company. AMIL has been the hardest hit and is currently still battling the lasting economic effects. AMIL have however been experiencing a stabilisation in the number of active clients and its Loan book and while AMIL has been set back by events outside of its control, management are confident that it will recover.

In an exciting new development, the Company looked at a few markets during 2021 and decided upon the location of its next greenfield operation – Botswana. While Botswana is economically relatively better off than many other countries in the region, there are rural populations that have little access to financial services and the Company believes that a mid-sized microfinance institution will address this gap well. Botswana is a well-regulated market with supportive policies in place for foreign owned financial institutions, which makes it a friendly market to conduct business in. Initial work on company set up and licensing application is expected to be completed in the first half of 2022, with operations hopefully beginning before the new year is out. This new operation in Botswana will take the Company's overall strategy in Sub-Saharan Africa forward.

Amsterdam, 28 June 2022

Managing Directors:

Ms. R.J. Peat
Mr. R.W. van Hoof

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Supervisory Board's Report

Governance

The Company has a corporate governance structure that reflects and protects its mission and meets all relevant legal obligations. The two-tier governance structure of the Company comprised of a three-member Supervisory Board and a two-member Management Board.

Supervisory Board

The Supervisory Board supervises and reviews the activities and the decisions of the Management Board and the functioning of the organisation's operations. In addition, the Supervisory Board provides advice and guidance to the Management Board. In formulating the strategy for realising Agora Microfinance's mission, the Management Board engages the Supervisory Board at an early stage. Its supervision is based on internal and external reports on, amongst others, the company's business, operations, impact, risks and financial performance, augmented by presentations, conversations and visits.

Members of the Supervisory Board are appointed and reappointed by a General Meeting, based on the recommendations of the Supervisory Board.

Management Board

The members of the Management Board have a shared overall responsibility for the management of the company. Members of the Management Board oversee the overall operations, and their investments are advised by the Financial Advisor (Agora Microfinance Partners LLP). There were no changes to the Management Board during the year. The Management Board members are accountable to the Supervisory Board on who's recommendation they have been appointed by the General meeting of the company.

Meetings of the Supervisory Board

All regular meetings of the Supervisory Board are held jointly with the Management Board. The Supervisory Board met a total of two times during the current year. The Supervisory Board regularly reviews the financial and operational performance of the Company, business and strategic plans, performance of the Management Board, identified and/or emerging risks, and approves proposals for new investments that the company intends to make.

The Supervisory Board followed closely the impact of the pandemic. Together with the Management Board, we considered short- and mid-term plans for continued support of our subsidiaries, and through them the populations that we serve. Furthermore, the tightening regulatory conditions in the markets where we operate, along with the impacts of the pandemic were again high on the Supervisory Board's agenda.

Conclusion

The Supervisory Board reviewed and approved the 2021 Audited Financial Statements and the Management Board report. These documents were evaluated by and discussed with the Management Board and the independent auditor. The Supervisory Board has advised the shareholders to adopt the 2021 Audited Financial Statements at the Annual General meeting and discharged the members of the Management Board for their management of the Company during 2021 and the members of the Supervisory Board for their supervision.

The Supervisory Board would like to thank all stakeholders and the Management Board for their efforts. The Supervisory Board supports the Management Board and in their continuing efforts to make a positive difference to the communities that we serve.

The Supervisory Board is confident that the Company will be able to meet the challenges in the coming years and will continue to be a frontrunner in the development of frontier markets.

Amsterdam, 28 June 2022

Supervisory Board:

Mr. T. Chetan
Ms. M.S. Mungra
Mr. G.E. Bruckermann

Consolidated Balance Sheet

as at 31 December 2021 (before proposed appropriation of net result and expressed in USD)

	Notes	31 Dec 21 USD	31 Dec 20 USD
Assets			
Fixed assets			
Intangible fixed assets	2	885,208	1,054,224
Tangible fixed assets	3	1,772,385	736,175
Financial fixed assets	4	11,242,019	2,472,895
Total fixed assets		13,899,612	4,263,294
Current assets			
Short term loans and advances	5	14,033,981	8,948,799
Interest receivable		513,813	495,023
Trade and other receivables	6	2,764,572	2,159,242
Cash and cash equivalents	7	14,435,659	26,841,434
Total current assets		31,748,025	38,444,498
Total assets		45,647,637	42,707,792
Equity and liabilities			
Group equity	8		
Shareholders' equity		35,819,150	34,940,324
Minority interests		96,008	153,385
Total group equity		35,915,158	35,093,709
Non-current liabilities			
Non-current borrowings	9	4,542,974	2,723,979
Total non-current liabilities		4,542,974	2,723,979
Current liabilities			
Interest payable		297,147	128,774
Current part of borrowings	10	3,604,715	4,429,637
Accrued expenses and other liabilities	13	1,287,643	331,693
Total current liabilities		5,189,505	4,890,104
Total equity and liabilities		45,647,637	42,707,792

The notes on pages 16 to 52 are an integral part of these consolidated financial statements.

Consolidated Profit and Loss Account and Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	2021 USD	2020 USD
Interest income	14	5,062,168	3,966,585
Interest expense	15	(1,525,404)	(1,559,784)
Net interest income		3,536,764	2,406,801
Other financial income	16	3,032,343	1,822,692
Other financial expenses	17	(712,768)	(1,333,452)
Net other finance income		2,319,575	489,240
Net margin		5,856,339	2,896,041
Total operating expenses			
General and administrative expenses	18	(5,279,054)	(4,253,612)
		(5,279,054)	(4,253,612)
Net result		577,285	(1,357,571)
Sale of AMK	19	-	14,373,659
Result before tax		577,285	13,016,088
Income tax expense	23	(569,293)	(896,744)
Share of result from participating interests	28	-	778,893
Result after tax		7,992	12,898,237
Minority interest			
Result Minority Interest on investments	26	(61,404)	(38,217)
Group net Result		69,396	12,936,454
Translation differences on foreign operations	33	809,430	(992,002)
Total of items recognised directly in shareholders' equity		809,430	(992,002)
Total result of the legal entity		878,826	11,944,452

The notes on pages 16 to 52 are an integral part of these consolidated financial statements.

Consolidated Statement of Cashflows
for the year ended 31 December 2021

	Notes	2021 USD	2020 USD
Operating activities			
Result before tax		577,285	13,016,088
Adjusted for:			
Gain on AMK Sale	19	-	(14,373,659)
Depreciation and amortisation	2 & 3	671,348	573,907
Impairments (loan losses)	17	1,103,438	567,015
Provision Business Correspondence collections		-	156,075
Interest expenses	15	1,525,404	1,559,784
Interest income	14	(5,062,168)	(3,966,585)
Foreign Exchange (Gain) / Loss		(1,001,212)	589,582
Operating cashflows before changes in operating assets and liabilities		(2,185,905)	(1,877,793)
Changes in operating assets and liabilities			
Loans to customers	4	(12,670,589)	(2,908,270)
Other assets		(679,436)	(542,876)
Other liabilities		748,805	43,334
		(14,787,125)	(5,285,605)
Income tax paid		(274,460)	(118,742)
Interest received		5,203,723	3,652,841
Interest paid		(1,503,599)	(1,553,119)
Cash from operating activities		(11,361,461)	(3,304,625)
Investing activities			
Proceeds from sale of AMK, net of withholding tax	19	-	25,259,354
Investment/ disposal of deposits	4	160,900	162,208
Investments in property and equipment	3	(997,319)	(475,541)
Investment in software	2	(21,941)	(1,754)
Cash from investing activities		(858,360)	24,944,267

Consolidated Statement of Cashflows (continued)
for the year ended 31 December 2021

	Notes	2021 USD	2020 USD
Financing activities			
Proceeds from borrowings	10	3,973,014	4,364,205
Repayment of borrowings	10	(4,123,717)	(4,936,901)
Payment of lease liabilities	21	(189,823)	(153,638)
Cash from financing activities		(340,526)	(726,334)
Net (decrease) / increase in cash and cash equivalents		(12,560,347)	20,913,308
Cash and cash equivalents at the beginning of the year	7	26,841,434	6,276,893
Exchange rate & translation differences on cash and cash equivalents		154,572	(348,767)
Cash and cash equivalents at the end of the year		14,435,659	26,841,434

The notes on pages 16 to 52 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

The notes to the consolidated financial statements are numbered i) to xi), followed by 1 to 27.

i) Group affiliation and principal activity

Agora Microfinance N.V. (hereinafter referred to as the "Company") was incorporated under Dutch law on 9 December 2011 and is registered under number 54114268 in the Trade Register, having its legal address in Strawinskylaan 4117, 1077 ZX Amsterdam, The Netherlands. The principal activity of the Company is to make microfinance investments. The Company's shareholders are individual investors. These financial statements contain the financial information of both the Company and the consolidated subsidiaries of the Company ('the Group').

ii) Financial reporting period

These financial statements cover the year 2021, which ended at the balance sheet date of 31 December 2021.

iii) Basis of presentation

The consolidated financial statements of the Company are part of the statutory financial statements of the Company and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Part 9. The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

iv) Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

Accounting policies for the measurement of assets and liabilities and the determination of the result.

v) General

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

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v) General (continued)

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction. If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed. Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability. Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership to the buyer.

Functional and presentation currency

The financial statements are presented in United States Dollars ('USD'), which is the Company's functional currency.

vi) Use of estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The following accounting policies are in the opinion of management the most critical in preparing the financial statements and require judgements, estimates and assumptions: Financial instruments and the related Expected Credit Losses assessment. For further information refer to note x) a).

vii) Consolidation scope

The consolidated financial statements include the financial data of the company and its group companies as at 31 December 2021. Group companies are legal entities and are fully consolidated as from the date on which control is obtained and until the date that control no longer exists.

Group companies are participating interests in which the Company has a majority interest, or in which it can exercise decisive influence (control) by other means. In assessing whether the Company has control, potential voting rights are taken into account that can be exercised in such a way that they will provide the Company with more or less influence. For an overview of the consolidated group companies, refer to note 28.

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Participating interests disposed of remain included in the consolidation until the date of loss of this influence.

Minority interests in group equity and group net income are disclosed separately. Prior year data is presented as per audited accounts.

Business combinations

A business combination is a transaction whereby the group obtains control over the assets and liabilities and the activities of the acquired party. Business combinations are accounted for using the 'purchase accounting' method on the date that control is transferred to the group (the acquisition date). The transaction price is the cash consideration or equivalent agreed as part of the acquisition, or the fair value of the consideration transferred at the acquisition date. Transaction costs that are directly attributable to the business combination are allocated to the transaction price. In case of deferred payment of the consideration, the transaction price is the discounted value of the consideration. The group recognises the identifiable assets and liabilities of the acquiree at the acquisition date. These assets and liabilities are recognised individually at their fair values, provided that it is probable that future economic benefits will flow to the group (assets) or settlement will result in an outflow of resources embodying economic benefits (liabilities), and the cost or fair value of it can be measured with reliability. Refer to the accounting policy under the heading 'Intangible fixed assets' for the recognition of positive or negative goodwill resulting from a business combination.

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vii) Consolidation scope (continued)

Business combinations (continued)

An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. It is also possible that a previous estimate of the adjustment to the purchase price must be revised. Such adjustments to the purchase price, that are recorded as changes in estimates, will also result in an adjustment to (positive or negative) goodwill. The adjusted goodwill is amortised prospectively from the date of the adjustment of the purchase price. Comparative figures are not adjusted.

Consolidation method

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group. In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable. For a transaction whereby the Company has a less than a 100% interest in the selling group company, the elimination from the group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company.

Subsidiaries are consolidated in full, whereby minority interest is presented separately within group equity. If losses to be allocated to the minority interest exceed the minority interest within equity of the consolidated entity, the difference, including any further losses, is fully charged to the majority shareholder, except to the extent that the minority shareholder has the obligation to, and is able to, compensate for the losses. The minority interest in the result is deducted from group result on a separate line item in the consolidated profit and loss account.

viii) Principles for the translation of foreign currencies

Transaction in foreign currencies

At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the Company at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into to the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss in the period in which the exchange difference arise. Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into the functional currency at the exchange rates at the date of the transactions.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at current value, are translated into the functional currency at the exchange rates when the current value is determined. Exchange rate differences that arise from this translation are directly recognised in equity as part of the revaluation reserve.

Foreign operations

The assets and liabilities that are part of the net investment in a foreign operation are translated to the presentation currency at the exchange rate on the reporting date. The revenues and expenses of such a foreign operation are translated to the presentation currency at the exchange rate on the transaction date. Currency translation differences are directly recognised in the translation reserve within equity. Goodwill resulting from the acquisition of a foreign operation and fair value adjustments made at the acquisition date are translated to the presentation currency at the exchange rate at the transaction date. When a foreign operation is fully or partially sold, the cumulative amount that relates to that foreign operation is transferred from the translation reserve to the profit and loss account.

viii) Principles for the translation of foreign currencies (continued)

Foreign operations (continued)

The following rates have been applied for the various currencies:

	2021	2020
EUR/USD	1.14	1.22
USD/KHR	4074	4045
USD/UGX	3546	3646
USD/INR	75.35	73.81
USD/ZMW	16.64	21.14

USD: United States Dollar; EUR: Euro; KHR: Khmer Riel; INR: Indian Rupees; UGX: Uganda Shilling; ZMW: Zambian Kwacha

ix) Changes in accounting policy

There has been no changes to accounting policies for the year under review.

x) Accounting policies

a) Financial instruments

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives. The Company does not hold a trading portfolio.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. Financial instruments are derecognised if a transaction results in a considerate part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account. Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract. Derivatives separated from the host contract are, in accordance with the measurement policy for derivatives for which no cost price hedge accounting is applied, measured at cost or lower fair value.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

After initial recognition, financial instruments are valued in the manner described below.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

x) Accounting policies (continued)

a) Financial instruments (continued)

Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are stated after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account. Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

Derivatives

Derivatives are carried after their initial recognition at the lower of cost or fair value, except if the cost model for hedge accounting is applied. Purchases and sales of financial assets that belong to the category derivatives are accounted for at the transaction date.

Impairment of financial assets

The Company has opted to determine and account for impairments and bad debts regarding financial instruments based on the 'expected credit loss' model from IFRS 9 Financial Instruments as endorsed by the European Union and hence management has decided to use this option in this financial statements as permitted by RJ 290.

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

The Company computes the ECL as follows:

Expected Credit loss = Probability of Default * Loss given Default * Exposure at Default.

With the definitions for each input being:

Probability of default: The Company uses the industry default rate applicable at the point in time of computing the impairment. The rate can be adjusted depending on Management's judgment on the performance of the Company compared to the sector.

Loss given default: This rate is determined based on historical performance of the loan book. A five-year period is considered retrospectively in order to obtain an average of the risk migrations of the individual loans and to determine any significant increase in credit risk for each loan. This allows the Company to obtain a product risk profile that can be applied to new disbursements.

Exposure at Default: This is considered as the actual portfolio expected to be lost once default occurs. This has been taken as the actual outstanding portfolio as at a particular review date.

x) Accounting policies (continued)

a) Financial instruments (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously. If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

b) Intangible fixed assets

Intangible fixed assets are only recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Intangible fixed assets are measured at acquisition or construction cost, less accumulated amortisation and impairment losses.

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognised as an expense in the profit and loss account.

The accounting principles for the determination and recognition of impairments are included under the section Impairments of fixed assets.

Goodwill

Goodwill represents the excess of the cost of the acquisition of the participating interest (including transaction costs directly related to the acquisition) over the Company's interest in the net realisable value of the assets acquired and the liabilities assumed of the acquired entity, less cumulative amortisation and impairment losses. Internally generated goodwill is not capitalised. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rates at the date of acquisition. The capitalised positive goodwill is amortised on a straight-line basis over the estimated useful life, determined at 10 years. In case of a full or partial sale of a participating interest, the positive goodwill that can be allocated to the sold part is written off proportionally (in case of capitalised goodwill).

x) Accounting policies (continued)

c) Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Land and buildings, plant and equipment, other fixed operating assets, tangible fixed assets under construction and prepayments on tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses. The cost comprises the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalised when it extends the useful life of the asset. The cost of self-constructed assets includes the cost of materials and consumables and other costs that can be directly attributed to the construction. In addition, the cost of construction includes a reasonable part of the indirect costs and interest on loans for the period attributable to the construction of the asset.

Depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into account any estimated residual value of the individual assets. No depreciation is recognised on land, tangible fixed assets under construction and prepayments on tangible fixed assets. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

d) Financial fixed assets – participating interests with significant influence

Participating interests over whose financial and operating policies the group exercises significant influence are valued using the net asset value method. Under this method, participating interests are carried at the group's share in their net asset value plus its share in the results of the participating interests and its share of changes recognised directly in the equity of the participating interests as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements, less its share in the dividend distributions from the participating interests. The group's share in the results of the participating interests is recognised in the Profit & Loss statement. If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve.

If the value of the participating interest under the net asset value method has become nil, this method is no longer applied, with the participating interest being valued at nil if the circumstances are unchanged. In connection with this, any long-term interests that, in substance, form part of the investor's net investment in the participating interest, are included. A provision is formed if and to the extent the company stands surety for all or part of the debts of the participating interest or if it has a constructive obligation to enable the participating interest to repay its debts.

A subsequently acquired share of the profit of the participating interest is recognized only if and to the extent that the accumulated share of the previously unrecognized loss has been reversed.

e) Impairments of fixed assets

Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other assets of the unit pro rata to their book values.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated. Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash- generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

x) Accounting policies (continued)

e) Impairments of fixed assets (continued)

An impairment loss of goodwill is not reversed in a subsequent period. Contrary to what is stated before, at each reporting date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet
- intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/ use)

f) Disposal of fixed assets

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

g) Cash and cash equivalents

Cash at bank and in hand are carried at face value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies. Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial fixed assets.

h) Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution. Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense. The purchase of own shares is deducted from other reserves.

i) Share premium

Amounts contributed by the shareholders of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire shares of the Company. Costs and capital taxes associated with the issue of shares that are not capitalized are deducted from share premium, after taking into account tax effects. If the share premium is insufficient for such deductions, the amounts are deducted from Other reserves.

j) Minority interest

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities of a consolidated entity, determined in accordance with the Company's accounting policies.

k) Provisions

A provision is recognised if the following applies:

- the Company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

l) Non-current liabilities

The valuation of non-current liabilities is explained under the heading 'Financial instruments'.

m) Current liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

xi) Principles of determination of result

a) Interest income and similar income and interest expenses and similar charges

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Premium, discount and redemption premiums are recognised as interest expense in the period to which they belong. The allocation of these interest expenses and the interest income on the loan is the effective interest rate that is recognised in the profit and loss account. On the balance sheet, the amortised value of the debt(s) is recognised (on balance).

xi) Principles of determination of result (continued)

a) Interest income and similar income and interest expenses and similar charges (continued)

The amounts of the premium that are not yet recognised in the profit and loss account and the redemption premiums already recognised in the profit and loss account, are recognised as an increase in debt(s) to which they relate. Amounts of the discount that are not yet recognised in the profit and loss account are recognised as a reduction of the debt(s) to which they relate.

b) Employee benefits/ pensions

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

The employees in the Netherlands do not have a pension scheme. For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the liability as at balance sheet date.

c) Leasing

The Company has opted to determine and account for Leasing based on the IFRS 16 as endorsed by the European Union as permitted by RJ 292. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee, at commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a Right-of-use asset and a Lease liability at the lease commencement date. The Right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the Right-of-use asset reflects that the Company will exercise a purchase option. In that case the Right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the Right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Company has elected not to recognise Right-of-use assets and Lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

xi) Principles of determination of result (continued)

d) Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. For taxable temporary differences, a provision for deferred tax liabilities is recognised. The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax liability is recognised, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference can be utilised. Deferred tax assets and deferred tax liabilities are offset in the balance sheet if the company has a legally enforceable right to offset current tax assets against current tax liabilities, insofar as they relate to the same financial year and deferred tax assets relate to income taxes levied by the same tax authority on the same taxable Company, or the same fiscal unity.

e) Share in result of participating interests

The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised. The results of participating interests acquired or sold during the financial year are measured in the group result from the date of acquisition or until the date of sale respectively.

f) Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value. Cash flows in foreign currency are translated into USD using the weighted average exchange rates at the dates of the transactions. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statement.

Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities. The consideration of acquired group companies is presented under the cash flows from investment activities, for the considerations paid in cash and cash equivalents. The cash and cash equivalents obtained through the acquired group companies at the acquisition date, are deducted from the consideration paid.

Transactions that do not include an exchange of cash and cash equivalents, such as finance leases, are not included in the cash flow statement. The payment of finance lease terms is allocated for the part related to the repayment of the lease obligation to the cash flows from financing activities and is allocated for the part related to the interest component to the cash flows from operational activities.

xi) Principles of determination of result (continued)

g) Determination of fair value

“The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

- The fair value of listed financial instruments is determined on the basis of the exit price.
- The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

h) Related parties

Transactions with related parties are disclosed if they have not been entered into at arm’s length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

i) Commission income

Income from Business Correspondence services is recognized as and when the services are rendered as per agreed terms and conditions of the contract.

j) Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

1 Acquisitions and disposals

AMK sale

On 31 August 2020 the Company sold all of its remaining share capital in AMK to The Shanghai Commercial and Savings Bank Limited (SCSB). As a result, the Company no longer holds any share capital in AMK. As per the agreement, the Company sold 15% of the total share capital in AMK for USD 26,120,019, showing a gain on sale of USD 14,373,659. For further information on the gain on sale refer to note 19.

2 Intangible fixed assets

Summary

(in USD)	2021	2020
Intangible fixed assets consists of:		
Goodwill	**837,669**	1,021,227
Software	**47,539**	32,997
Total Intangible fixed assets	**885,208**	1,054,224

Movements in intangible fixed assets were as follows:

Goodwill

(in USD)	AMK	AMIL	AMZ	Moringaway	Total
Cost					
At 1 Jan. 2021	-	939,167	135,649	760,758	**1,835,574**
Additions	-	-	-	-	**-**
At 31 Dec. 2021	-	939,167	135,649	760,758	**1,835,574**
Accumulated Amortisation					
At 1 Jan. 2021	-	588,139	55,037	171,171	**814,347**
Amortisation	-	93,917	13,565	76,076	**183,558**
At 31 Dec. 2021	-	682,056	68,602	247,247	**997,905**
Net Book Value					
At 31 Dec. 2021	-	257,111	67,047	513,511	**837,669**

2 Intangible fixed assets (continued)

Goodwill (continued)

(in USD)	AMK	AMIL	AMZ	Moringaway	Total
Cost					
At 1 Jan. 2020	1,291,185	939,167	135,649	760,758	**3,126,759**
AMK Sale	(1,291,185)	-	-	-	**(1,291,185)**
At 31 Dec. 2020	-	939,167	135,649	760,758	**1,835,574**
Accumulated amortisation					
At 1 Jan. 2020	774,709	494,222	41,472	95,095	**1,405,498**
Amortisation	86,079	93,917	13,565	76,076	**269,637**
AMK Sale	(860,788)	-	-	-	**(860,788)**
At 31 Dec. 2020	-	588,139	55,037	171,171	**814,347**
Net book value					
At 31 Dec. 2020	-	351,028	80,612	589,587	**1,021,227**

Software

(in USD)	AMIL	AMZ	Total
Cost			
At 1 Jan. 2021	21,228	70,907	**92,135**
Additions	-	26,223	**26,223**
Translation	(432)	19,159	**18,727**
At 31 Dec. 2021	20,796	116,289	**137,085**
Accumulated amortisation			
At 1 Jan. 2021	18,646	40,492	**59,138**
Amortisation	1,012	18,835	**19,847**
Translation	(380)	10,941	**10,561**
At 31 Dec. 2021	19,278	70,268	**89,546**
Net book value			
At 31 Dec. 2021	1,518	46,021	**47,539**

2 Intangible fixed assets (continued)

Software (continued)

(in USD)	AMIL	AMZ	Total
Cost			
At 1 Jan. 2020	21,262	86,880	**108,142**
Additions	677	1,077	**1,754**
Transfers	-	12,177	**12,177**
Translation	(711)	(29,227)	**(29,938)**
At 31 Dec. 2020	21,228	70,907	**92,135**
Accumulated amortisation			
At 1 Jan. 2020	17,907	42,074	**59,981**
Amortisation	1,338	12,572	**13,910**
Translation	(599)	(14,154)	**(14,753)**
At 31 Dec. 2020	18,646	40,492	**59,138**
Net book value			
At 31 Dec. 2020	2,582	30,415	**32,997**

There are no limited property rights to the intangible fixed assets. Nor are there any obligations relating to the acquisition of intangible fixed assets. The useful life of intangible fixed assets is between 3-6 years. Amortization is charged on a straight-line basis.

3 Tangible fixed assets
Fixed Assets

	Leasehold Improvements	Right-of-use Assets	Motor Vehicles & Bikes	Computer and Office Equipment	Construction in Progress	Total (in USD)
Cost						
At 1 Jan. 21	130,223	376,694	444,972	470,012	-	**1,421,901**
Additions	66,953	291,667	352,089	388,970	384,867	**1,484,546**
Disposals	-	(154,651)	(3,605)	(1,327)	-	**(159,583)**
Translation	23,961	20,308	58,061	64,479	-	**166,809**
At 31 Dec. 21	221,137	534,018	851,517	922,134	384,867	**2,913,673**
Accumulated depreciation						
At 1 Jan. 21	40,843	196,097	230,091	218,695	-	**685,726**
Depreciation	38,550	155,238	190,850	164,763	-	**549,401**
Disposals	-	(90,179)	(2,572)	(1,088)	-	**(93,839)**
At 31 Dec. 21	79,393	261,156	418,369	382,370	-	**1,141,288**
Net book value						
At 31 Dec. 21	141,744	272,862	433,148	539,764	384,867	**1,772,385**

3 Tangible fixed assets (continued)
Fixed Assets (continued)

	Leasehold Improvements	Right-of-use Assets	Motor Vehicles & Bikes	Computer and Office Equipment	Construction in Progress	Total (in USD)
Cost						
At 1 Jan. 20	102,666	313,938	376,635	368,605	18,354	**1,180,198**
Additions	54,935	106,011	144,862	169,733	-	**475,541**
Disposals	-	(2,307)	(7,649)	-	-	**(9,956)**
Transfers	-	-	-	-	(12,177)	**(12,177)**
Translation	(27,378)	(40,948)	(68,876)	(68,326)	(6,177)	**(211,705)**
At 31 Dec. 20	130,223	376,694	444,972	470,012	-	**1,421,901**
Accumulated depreciation						
At 1 Jan. 20	20,584	105,580	171,901	151,263	-	**449,328**
Depreciation	20,259	90,517	65,840	67,432	-	**244,048**
Disposals	-	-	(7,650)	-	-	**(7,650)**
At 31 Dec. 20	40,843	196,097	230,091	218,695	-	**685,726**
Net book value						
At 31 Dec. 20	89,380	180,597	214,881	251,317	-	**736,175**

The Group leases office space which typically run for a period of 1 year to 3 years with an option to renew the lease after that date. Lease payments are renegotiated every time after the lease term to reflect market rentals. Previously, these leases were classified as operating leases. The useful life of Right-of-use assets is the length of the lease.

The construction in progress amount of USD 384,867 (2020: nil) relates to AMZ and includes the ongoing development costs of a new management information system, the installation of solar panels still to be completed and purchase of property and equipment for new branches yet to be opened.

There are no limited property rights to the tangible fixed assets and no security in the form of tangible fixed assets has been provided for liabilities. Nor are there any obligations relating to the acquisition of tangible fixed assets. The useful life of the fixed assets is as below.

Leasehold improvements	Length of the lease
Motor vehicles & bikes	3 to 8 years
Computer and office equipment	2 to 4 years

4 Financial fixed assets

Summary

(in USD)	2021	2020
Financial fixed assets consists of:		
Loans and advances	11,033,693	2,242,398
Derivative financial assets	138,729	-
Deposits with financial institutions	69,597	230,497
Total Financial fixed assets	11,242,019	2,472,895

Deposits with Financial institutions are deposits held by the Company that are not readily available within 12 months.

Loans and advances

(in USD)	2021	2020
Long term loans and advances		
Balance as at 1 January	11,847,921	11,178,132
Movement during the year	14,907,017	669,789
Gross advance to customers	26,754,938	11,847,921
Less provision for expected credit losses		
Balance as at 1 January	(656,724)	(119,934)
Movements during the period	(1,030,540)	(536,790)
Total provision for expected credit losses	(1,687,264)	(656,724)
Balance as at 31 December	25,067,674	11,191,197
Less: Current portion of borrowings	(14,033,981)	(8,948,799)
	11,033,693	2,242,398

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4 Financial fixed assets (continued)

Loans and advances (continued)

(in USD)	2021	2020
The outstanding Loan and advances have been granted by the following companies to third parties:		
Holding company	-	499,193
AMIL	640,242	1,086,524
AMZ	281,714	281,681
Moringaway	10,111,737	375,000
Balance as at 31 December	11,033,693	2,242,398

Loans and advances with a maturity of greater than one year are shown as Long term loans and advances while those with a maturity of less than one year are shown in Note 5 Short term loans and advances.

AMIL's offers a range of microfinance products including Group Business Loans, Group Housing Loans, Group Education Loans, Group Emergency Loans, Group Top up Loans, Individual Loans and Small Medium Enterprise Loans. The duration of the loans range from 6 to 48 months, with the most common term being between 12 and 24 months.

AMZ offers a range of microfinance products including Village Bank Loans, Small Group Business Loans, Small Group Agriculture Loans, Individual Agriculture Loans, Individual Micro Business Loan and Small Medium Enterprise Loans. The duration of the loans range from 6 to 36 months, with the most common term being between 12 and 24 months.

On 30 October 2020, Moringaway entered into a USD 500,000 senior debt term facility agreement with a third party. The interest rate is fixed at 10% per annum and the loan is repayable in eight equal instalments from 30 September 2021, with the last instalment due on 30 June 2023. The loan is guaranteed by the Shareholder of the third party Borrower.

During 2021, Moringaway entered into two further loans with third parties. One is a Local Currency Equivalent of USD 3,000,000 senior debt term facility agreement. The interest rate is fixed at 6.6% per annum and the loan is repayable in four equal instalments from 31 December 2022, with the last instalment due on 30 June 2024. The loan is denominated in KHR. The second loan is a USD 7,000,000 subordinated debt term facility with a fixed interest rate of 8.75% per annum and the loan is repayable in full on 31 October 2026.

5 Short term loans and advances

(in USD)	2021	2020
Balance as at 1 January	9,605,523	9,048,931
Movement during the year	6,115,722	556,592
Gross advance to customers	15,721,245	9,605,523
Less provision for bad debts	(1,687,264)	(656,724)
Closing balance 31 December	14,033,981	8,948,799
The outstanding Loan and advances have been granted by the following companies to third parties:		
Holding company	517,546	-
AMIL	3,951,341	4,237,587
AMZ	11,002,359	5,242,937
Moringaway	250,000	125,000
Less provision for bad debts	(1,687,264)	(656,724)
Balance as at 31 December	14,033,981	8,948,799

On 3 September 2019, the Company entered into a local currency term facility agreement with a third party. The loan is for UGX 1,835,270,000 (equivalent to USD 517,546) and was fully repaid to the Group on 21 March 2022. For further information refer to note 29.

6 Trade and other receivables

(in USD)	2021	2020
VAT receivable	7,881	5,972
Deposits with financial institutions	2,074,498	1,586,911
Receivable from Business Correspondence collections	-	156,727
Provision Business Correspondence collections	-	(156,727)
Prepayments	358,414	306,447
Derivative financial assets	49,955	-
Income tax paid in advance	124,197	127,685
Other receivables	149,627	132,227
Balance as at 31 December	2,764,572	2,159,242

Deposits with Financial institutions are deposits held by the Company that are readily available to the Company within 12 months.

The provision relates to a business correspondence agreement that AMIL entered with a third party to render services related to acquisition and management of new loans. As a part of the agreement, AMIL has given a guarantee to the counterparty to bear credit losses on all loans sourced by the Company for the counterparty. During the 2020 period, AMIL made a payment of INR 11,568,502 (USD 156,727) to the counterparty towards shortfall in collections received on these loans. In the absence of certainty of recoverability of this amount as a result of the Pandemic, the Company made a provision of 100% on this receivable as at 31 December 2020. Subsequently, the agreement ended on 10 December 2021 with all amounts due to the third party being paid. Any loans due have consequently been transferred to Loans and advances (Note 4) and provisioned based on ECLs.

Other receivables include staff advances, accruals and statutory advanced payments. The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

7 Cash and cash equivalents

(in USD)	2021	2020
Cash at banks		
Deposits with banks	13,525,099	26,086,466
	910,560	754,968
Balance as at 31 December	14,435,659	26,841,434

Cash at banks is available on demand and is held in current accounts or savings accounts. Cash and cash equivalents that are not readily available to the Company are presented under Trade and other receivables or Financial fixed assets, depending on their maturity date.

8 Group equity

For a detailed explanation of the share of the Company in group equity, reference is made to note 33 Shareholders' equity in the separate financial statements.

Minority interest

(in USD)	2021	2020
AMIL	70,138	137,733
AMZ	25,870	15,652
Balance as at 31 December	96,008	153,385
The movements in minority interests are as follows:		
Balance as at 1 January	153,385	182,573
Minority share in result	(61,404)	(38,217)
Revaluation	4,027	9,029
Balance as at 31 December	96,008	153,385

The Company acquired majority (controlling) stake in AMIL in 2013. The Company owned a 94% equity stake in AMIL at year end.

During 2020, AMZ launched its Employee Share Ownership Plan and on 31 July the employees of AMZ were issued 0.7% of the total share capital in AMZ via a Zambian based Co-operative. This has been reflected as a minority interest. At year end the Company and Moringaway held 99.4% (2020: 99.3%) of the total share capital in AMZ.

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9 Non-current borrowings

(in USD)	2021	2020
Borrowings	8,147,689	7,153,616
Less: Current portion of borrowings	(3,604,715)	(4,429,637)
Non-current borrowings	4,542,974	2,723,979
The Non-current Borrowings have been obtained by the following companies:		
AMIL	68,803	780,070
AMZ	3,791,694	313,193
Moringaway	682,477	1,630,716
Balance as at 31 December	4,542,974	2,723,979

Lease liabilities amounting to USD 277,738 (2020: USD 221,000) are included under Borrowings.

Borrowings carry customary covenants including solvency ratios, debt to equity ratios, return on assets, write-off ratios and unhedged foreign exchange positions.

AMIL has secured third party debt denominated in INR repayable within 12 months with a maximum rate of interest of 17% per annum. The debt is secured by first pari passu charge over all loan receivables and margin money deposit. The total amount owing is shown in Current liabilities.

AMZ has unsecured third party debt denominated in ZMW, with interest rates ranging from 8% to 28.4% per annum. The borrowings are due within 1 - 5 years. Any borrowings due within one year are shown in Current liabilities.

Moringaway has unsecured third party debt denominated in Euros and USD, with interest rates ranging from 3.5% to 6.5% per annum. The borrowings are due within 1 - 4 years. Any borrowings due within one year are shown in Current liabilities.

10 Current part of borrowings

(in USD)	2021	2020
Current portion of borrowings	3,604,715	4,429,637
Balance as at 31 December	3,604,715	4,429,637
The Current borrowings have been obtained by the following companies:		
AMIL	242,486	2,250,514
AMZ	2,592,138	1,346,139
Moringaway	770,091	832,984
Balance as at 31 December	3,604,715	4,429,637

The Current liabilities for AMIL, AMZ and Moringaway represents the current portion of Borrowings. For the conditions relating to the current borrowings reference is made to Note 9 - Non-current Borrowings for further details.

11 Financial instruments

General

During the normal course of business, the Company uses various financial instruments that expose it to credit risk and other risks such as market, currency, interest, cash flow and liquidity risks. To control these risks, the Company has risk management structures and systems in place that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Company makes allowance for impairment in line with the requirement of IFRS 9. Management evaluates credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering their financial position, past experience and other factors.

Collateral held and other credit enhancement

In order to determine the credit worth of a particular client, AMZ and AMIL have established a robust system for client assessment which includes determination of the cashflows of the business, determination of the value of collateral as well as the financial capability of the guarantor. In the case of group lending a three-tier guarantee is applied. All these factors help to determine the credit quality of the loan extended to the clients.

AMZ ensures that the collateral pledged for Small and Medium Size Entities (SMSE) loans have a value that is at least 150% of the value of the loan facility requested by the client. This helps to mitigate the credit risk and, in the event that the collateral has to be liquidated, there is surety that the loan will be recovered.

As at 31 December 2021 their non-performing loans value was equivalent to USD 34,417 (2020: USD 86,750) and the collateral pledged against it amounted to USD 174,311 (2020: USD 125,432).

AMIL's focus is on individual lending, however it is also involved in Group lending with a minimum of three participants in each group. The group lending structure enables group members to cross-guarantee one another's loans. Loan amounts for each individual in the group are determined following a robust cash flow assessment of the client's household and business. AMIL held no collateral as at 31 December 2021 (2020: nil).

The Company and Moringaway carry out robust due diligence on each new Borrower, which includes desk top reviews and on-site due diligence visits. Any collateral or credit enhancement takes the form of corporate guarantees, shareholder guarantees or letters of comfort. The Company and Moringaway held no collateral as at 31 December 2021 (2020: nil).

11 Financial instruments (continued)

Credit quality analysis

The table below sets out information about the credit quality of loans and advances to customers and the allowance for impairment/loss held by the Company against those assets. The carrying amount of loans and advances to customers represents the main credit exposure. The maximum exposure to credit risk on these assets at the reporting date was:

	2021 USD Gross Carry Amount	2021 USD Loss Allowance	2020 USD Gross Carry Amount	2020 USD Loss Allowance
Stage 1 – Performing	24,003,632	216,161	9,508,940	122,875
Stage 2 – Not late	224,914	38,388	1,775,640	279,399
Stage 3 – Late	2,526,392	1,432,715	563,341	254,450
Total	26,754,938	1,687,264	11,847,921	656,724

Impairment losses

Impaired loans and advances are loans and advances for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreements. The aging of loans and advances to customers at reporting date was:

(in USD)	2021	2020
Neither past due nor impaired	23,725,901	8,904,268
Past due 1-29 days	277,731	604,672
Past due 30-59 days	137,379	1,029,792
Past due 60-89 days	87,535	745,848
Past due 90-180 days	248,496	417,216
Past due >180 days	2,277,896	146,125
Gross	26,754,938	11,847,921
Provision for impairment	(1,687,264)	(656,724)
Total	25,067,674	11,191,197

11 Financial instruments (continued)

Concentration of risk of financial assets with credit risk exposure

Industry sector risk concentrations within customer loan portfolio was as follows:

	2021 USD	2021 % of Total Portfolio	2020 USD	2020 % of Total Portfolio
Corporate customers	10,879,283	41%	999,192	8%
Agriculture and allied	1,148,616	4%	599,888	5%
Manufacturing, mining and production	20,633	0.1%	3,999	0.03%
Trade and services	13,195,010	49%	7,530,568	64%
Other sectors	1,511,396	6%	2,714,274	23%
Total	26,754,938		11,847,921	

The majority of the AMIL and AMZ's customers are individuals, who access financial services, either in community bank, solidarity groups, or as individuals. The Company and Moringaway hold corporate loans with corporations working within the Microfinance industry.

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11 Financial instruments (continued)

Other risks

Currency risks: The Group is exposed to currency risk denominated in a currency other than the respective functional currencies of group entities. The functional currencies in the subsidiaries are their respective local currency. Some of the Company's operating currencies showed volatility during the year, particularly the Zambian Kwacha which appreciated against the US dollar after a significant devaluation in 2020. The presentation currency of the Group is USD. The group manages risk by keeping funds as much as possible in USD and converting funds into local currency only when necessary. The net currency position in USD as of 31 December 2021 is presented below:

	2021 Assets USD	2021 Liabilities USD	2021 Net Position USD	2020 Assets USD	2020 Liabilities USD	2020 Net Position USD
USD	23,350,123	(930,286)	22,419,837	28,891,498	(333,693)	28,557,805
EUR	141,510	(661,313)	(519,803)	284,532	(1,492,791)	(1,208,259)
KHR	2,992,755	-	2,992,755	1,520	-	1,520
INR	4,366,901	(335,770)	4,031,131	6,158,212	(2,683,061)	3,475,151
ZMW	14,253,958	(7,805,110)	6,448,848	6,847,399	(3,104,538)	3,742,861
UGX	542,390	-	542,390	524,631	-	524,631
Total	45,647,637	(9,732,479)	35,915,158	42,707,792	(7,614,083)	35,093,709

The pre-tax result as of 31 December 2021 would be USD 76,978 higher/lower, in case the exchange rate of the ZMW against USD would increase/decrease by 10 percent, leaving all other variables constant.

The pre-tax result as of 31 December 2021 would be USD 106,720 higher/lower, in case the exchange rate of the INR against USD would increase/decrease by 10 percent, leaving all other variables constant.

The interest income as of 31 December 2021 would be USD 22,901 higher/lower, in case the exchange rate of the UGX against USD would increase/decrease by 10 percent, leaving all other variables constant.

The interest expense as of 31 December 2021 would be USD 4,096 higher/lower, in case the exchange rate of the EUR against USD would increase/decrease by 10 percent, leaving all other variables constant.

11 Financial instruments (continued)

Other risks (continued)

Capital and liquidity risks: The Company's business depends on a mix of dividends, borrowings and equity capital raises to fund operations. The Company has sufficient liquidity for its short-to-medium term operational needs. The Company's subsidiaries manage their liquidity through a range of instruments, including equity and external borrowings. The undiscounted contractual financial obligations and rights as of 31 December 2021 are:

	2021 1 Year or Less USD	2021 Total USD	2020 1 Year or Less USD	2020 Total USD
Financial liabilities				
Borrowings	3,604,715	8,147,689	4,429,637	7,153,616
Trade and other payables	1,584,790	1,584,790	460,467	460,467
Total	5,189,505	9,732,479	4,890,104	7,614,083
Financial assets				
Loans and advances	14,033,981	25,067,674	8,948,799	11,191,197
Derivative financial assets	-	138,729	-	-
Deposit with financial institutions	-	69,597	-	230,497
Interest receivable	513,813	513,813	495,023	495,023
Trade and other receivables	2,764,572	2,764,572	2,159,242	2,159,242
Cash and cash equivalents	14,435,659	14,435,659	26,841,434	26,841,434
Total	31,748,025	42,990,044	38,444,498	40,917,393
Net amount as at 31 December:	26,558,520	33,257,565	33,554,394	33,303,310

The remaining financial liabilities and financial assets fall in the bracket of 1-5 years.

Market risks: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and deposits. While we discuss currency risks separately, interest-rate risks can potentially also create some uncertainty in the business. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. On the asset side, this relates to the loan pricing methods followed by the group's subsidiaries. On the third party liabilities within the Group, there is limited current exposure to floating interest rates and the primary risk lies with interest rate movements for its subsidiaries at the time of their renewal of existing borrowing lines. Such market risks can manifest themselves in the loss of clientele, downward pressure on pricing or in extreme cases to client over-indebtedness.

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11 Financial instruments (continued)

Risk management structure and systems

Operational and credit risks: The first line of defence within the subsidiaries is their management supported by their respective second and third line risk management and internal audit departments. The management is regularly monitoring operational risks and discloses its risk profile and mitigation strategies to the board on an on-going basis. The Management Board and their relevant committees, especially the Risk Committee, Audit and Finance Committee and the Asset-Liability Committee are tasked to provide oversight on the risk management practices of the management. AMZ's Board is supported by the Audit and Finance Committee and the Remuneration and Nomination Committee and the Board of Directors appoints the Chief Executive Officer, who heads the management team, which includes four departments (Operations, Finance, Human Resources, and Information Technology). AMIL's Board is supported by the Audit and Finance Committee and the Remuneration, Nomination and Corporate Governance Committee and the Board of Directors appoints the Chief Executive Officer (CEO), who heads the management team, which includes four departments (Operations, Finance, Human Resources, and Information Technology). Moringaway's Board is also supported by a Risk and Credit Committee and an Audit Committee.

Currency risks: Due to the nature of its business the Company is exposed to currency risks in its investments. The Company monitors its currency exposure on a regular basis. For the time being, a large portion of the Company's assets are denominated in dollars and therefore its currency risks are limited. Moreover, strong operational results are also a way of compensating for potential currency losses.

Capital and liquidity risks: The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Group and cash flows. In qualifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the Group and also from the available financial institution facilities.

Market and interest rate risk: To manage the interest-rate risks arising on the asset side of the business, the Company's subsidiaries keep a close watch on market developments and the interest-rate movements through their respective market research functions. The interest-rate risk in India is limited on account of a hard interest-rate cap that exists at present, which results in relatively uniform pricing of loans in the market. In Zambia, on the other hand, AMZ remains a leader in pricing of small rural loans on account of its efficiency, increased scale and careful product design.

On the liability side of the subsidiaries' balance sheet, floating interest rates are limited on any of the borrowings, and therefore the fluctuations in interest rates manifest primarily at the time of loan renewals. While this can potentially be a real risk for subsidiaries, our experience has shown that the movements are typically on account of hedging costs (FX risk) rather than significant changes to the underlying pricing mechanism used by lenders (LIBOR + margin). Interest rates quoted in USD/EUR have been consistent over the last 5 years in India and Zambia, though this does not provide guarantees for the future. Therefore at present the subsidiaries' focus their efforts of managing hedging costs more carefully, through back-to-back arrangements or sometimes taking on USD/EUR exposure for short periods (in Zambia) due to prohibitive hedging costs.

11 Financial instruments (continued)

Risk mitigation

Established microfinance strategy: The Group has been in the business of microfinance since 2011, and has an established and a proven track-record. Its operations are growing in Zambia and were seeing growth in India before the onset of the pandemic. The Group's approach to microfinance is to establish operating systems that mitigate risk exposure in operations. Its long-term loan losses as well as profitability profile confirms that its approach to microfinance is viable and is managed within acceptable risk levels.

Systems and processes: The Company ensures, through its role in the governance of the Subsidiaries that appropriate levels of risk management processes and systems are in place. The establishment of such systems is relevant to the context and complexity in each subsidiary but the focus on risk management remains important within these institutions. The subsidiaries follow processes appropriate to their size, scale and complexity. The Company oversees this aspect closely through its representation on the governance of the Subsidiaries.

Operating policies: The Company ensures that its Subsidiaries follow responsible lending practices and thereby maintain the credit risk in their operations within acceptable limits. Each of the subsidiaries work with established policies for lending, which includes amongst other things, a focus on geographical and market diversification, risk exposure limits by sector, cash-flow based loan assessments, checks and balances in lending decisions and ongoing monitoring/audits. These practices help in managing the credit risk inherent in the business. The pandemic has seen new challenges with the introduction of lockdowns and moratoriums which has had adverse effects on the loan losses for AMIL. In reaction, AMIL is pushing to diversify its loan book by focusing on geographical expansion and growth in new areas on operation.

12 Off-balance sheet assets and

Letter of comfort

The Company facilitated three commercial Bank loans to AMIL by offering a letter of comfort to the lenders, two of which have been repaid in full during 2021. The outstanding amount of the remaining loan was USD 15,020 as at 31 December 2021 (2020: USD 280,626).

Guarantees

The Company was guarantor to two existing third party loans during the 2021 financial year. One relates to a loan to AMZ for ZMW 20,000,000 (USD: 1,201,969) and the other relates to a loan to Moringaway for EUR 300,000 (USD 341,144). As at 31 December 2021 the outstanding balance on these loans were ZMW 21,405,209 (USD: 1,286,128) and EUR 171,429 (USD: 193,979) respectively.

In November 2021 the Company guaranteed a further third party loan facility to AMZ for ZMW 40,000,000 (USD: 2,403,392), as at 31 Dec 2021 no amounts had been drawn down on this facility.

Contingent liability

As at 31 December 2018, AMIL recorded a contingent tax liability in regards to a demand from India's Tax Authorities. The demand is for the USD 208,756 (2020: USD 213,097) and AMIL is in the process of disputing the amount. Management believes that it is unlikely that the amount will need to be paid.

Commitments

There were no capital commitments as at 31 December 2021 (2020: nil).

13 Accrued expenses & other liabilities

(in USD)	2021	2020
Accrued expenses & other liabilities	464,275	152,594
Current income tax payable	416,322	62,639
Other statutory obligations	407,046	116,460
Total	1,287,643	331,693

Accrued expenses & other liabilities includes audit fees, staff welfare and other general expenses.

14 Interest income

(in USD)	2021	2020
Holding company		
Interest income	168,320	144,257
Consolidated subsidiaries, interest income on loans		
AMIL	749,737	1,347,866
AMZ	3,881,699	2,463,767
Moringaway	262,412	10,695
Total	5,062,168	3,966,585

15 Interest expense

(in USD)	2021	2020
Consolidated subsidiaries		
AMIL	(258,202)	(594,426)
AMZ	(1,145,216)	(863,353)
Moringaway	(121,986)	(102,005)
Total	(1,525,404)	(1,559,784)

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16 Other financial income

(in USD)	2021	2020
Consolidated subsidiaries		
AMIL		
Loan processing fee income	20,189	27,333
Other income	308,780	108,686
	328,969	136,019
AMZ		
Loan processing fee income	2,661,456	1,643,920
Other income	41,918	42,753
	2,703,374	1,686,673
Total	3,032,343	1,822,692

Loan processing fees include transaction and service fees which are accounted for as the services are received. Other income includes interest on fixed deposits, insurance brokerage fees and mobile money income.

17 Other financial expense

(in USD)	2021	2020
Holding company		
FX Results	66,054	19,617
Bank charges	(11,367)	(6,115)
Total	54,687	13,502
Consolidated subsidiaries		
AMIL		
FX result	(56,562)	(35,372)
Bank charges	(13,884)	(13,515)
Addition loan loss provision	(1,044,499)	(536,411)
Provision for Business Correspondence	-	(156,075)
	(1,114,945)	(741,373)

17 Other financial expense (continued)

(in USD)	2021	2020
Consolidated subsidiaries (continued)		
AMZ		
FX result	(50,450)	(92,584)
Bank charges	(21,373)	(14,704)
Addition loan loss provision	(58,939)	(30,604)
	(130,762)	(137,892)
Moringaway		
FX result	482,875	(465,626)
Bank charges	(4,623)	(2,063)
	478,252	(467,689)
Total	(712,768)	(1,333,452)

18 General and administrative expenses

(in USD)	2021	2020
Holding company		
Investment advisor fee	(583,397)	(532,800)
Depreciation & amortization	(183,558)	(269,637)
Personnel expenses	(136,706)	(90,039)
Auditor's fees	(70,367)	(81,616)
Legal and professional fees	(7,885)	(26,723)
General and administration fees	(5,179)	(25,245)
Premises costs	(4,554)	(5,103)
Other cost	(31,192)	(16,451)
	(1,022,838)	(1,047,614)

18 General and administrative expenses (continued)

(in USD)	2021	2020
Consolidated subsidiaries		
AMIL		
Personnel expenses	(426,086)	(445,594)
Other premises costs	(2,268)	(2,739)
General Administration	(64,846)	(59,193)
Depreciation & amortization	(64,090)	(66,336)
Travel cost	(28,444)	(17,219)
Insurance	(2,612)	(2,453)
Consultancy, legal and audit	(66,752)	(105,254)
	(655,098)	(698,788)
AMZ		
Personnel expenses	(1,709,074)	(1,273,720)
Other premises costs	(172,742)	(111,219)
General Administration	(746,500)	(439,453)
Depreciation & amortization	(423,699)	(237,934)
Travel cost	(301,483)	(270,748)
Insurance	(15,438)	(10,358)
Consultancy, legal and audit	(120,830)	(68,809)
	(3,489,766)	(2,412,241)
Moringaway		
Personnel expenses	(48,742)	(35,221)
Premises costs	-	(600)
General Administration	(6,468)	(2,534)
Travel cost	(2,664)	(6,360)
Investment advisor fee	(20,217)	(20,054)
Insurance	(1,013)	-
Consultancy, legal and audit	(32,248)	(30,200)
	(111,352)	(94,969)
Total general and administrative expenses	(5,279,054)	(4,253,612)

18 General and administrative expenses (continued)

The total amount of personnel expenses, depreciation and amortisation is shown below:

(in USD)	2021	2020
Personnel expenses	(2,320,608)	(1,844,574)
Depreciation and amortisation	(671,347)	(573,907)
	(2,991,955)	(2,418,481)

19 Sale of AMK

(in USD)	2021	2020
Share Sale proceeds (gross)	-	26,120,019
Net Asset Value of shares sold	-	(11,145,232)
Release of goodwill*	-	(430,396)
Release of currency translation reserves	-	(58,056)
Less stamp duty and other related expenses	-	(112,676)
Total gain on sale	-	14,373,659

During 2020, the Company sold its remaining stake to in AMK to SCSB. On 16 June 2020 the National Bank of Cambodia (NBC) approved the sale and the transaction was fully completed on 31 August 2020. As per the agreement, the Company sold 15% of the total share capital in AMK for USD 26,120,019, showing a gain on sale of USD 14,373,659. In relation to the sale, withholding tax of USD 747,989 was paid by the Company and this has been recorded as income tax expense. For further information on the AMK sale refer to note 1.

*For further information refer to note 2 Intangible Fixed-assets

20 Personnel

At the year end 2021 the Group had a total staff strength of 385 employees (2020: 308 staff) spread over the Group as follows:

- 82 in AMIL (2020: 98 staff)
- 300 in AMZ (2020: 208 staff)
- 1 in Moringaway (2020: 1 staff)
- 2 staff members employed by the Company in the Netherlands (2020: 1 staff member)

21 Leases as lessee

The Group leases office space. The leases typically run for a period of 1 year to 3 years with an option to renew the lease after that date. Lease payments are renegotiated every after the lease term to reflect market rentals. Information about leases for which the Company is a lessee is presented below:

(in USD)	2021	2020
Right-of-use assets		
Balance as at 1 January	180,597	208,358
Additions to Right-of-use assets	291,667	106,011
Depreciation charge for the year	(155,238)	(90,517)
Derecognition to right-of-use assets	(64,472)	(2,307)
Translation	20,308	(40,948)
Balance as at 31 December	272,862	180,597
Lease liability		
Non-current portion of lease liability	114,708	82,756
Current portion of lease liability	163,030	138,244
Balance as at 31 December	277,738	221,000
Amounts recognised in profit or loss		
Interest on Lease liabilities	51,744	51,029
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	4,554	5,703
Total amount recognised in profit and loss	56,298	56,732
Amounts recognised in cashflow statement		
Total cash outflow for leases	189,823	153,638

22 Governance

The two-tier governance structure of the Company comprised of a three-member Supervisory Board and a two-member Management Board. Members of the Management Board oversee the overall operations, and their investments are advised by the Financial Advisor (Agora Microfinance Partners LLP). The Supervisory Board supervises, provides advice and guidance and reviews the activities and the decisions of the Management Board and the functioning of the organisation's operations. There were no changes to the Management Board or the Supervisory Board during the year.

23 Tax on result

The tax expense recognised in the profit and loss account for 2021 amounts to USD 569,293 (2020: USD 896,744).

The numerical reconciliation between the applicable and the effective tax rate is as follows:

(in USD)	%	2021	%	2020
Result before tax		577,285		13,016,088
Income tax using the applicable tax rate in the Netherlands	25%	144,321	25%	3,254,022
Tax effect of:				
• Other applicable tax rates abroad	5%	25,385	0%	55,864
• Results under the participation exemption	-	-	-27%	(3,548,008)
• Withholding tax paid on AMK sale	-	-	6%	747,989
• Non-deductible expenses	21%	121,689	1%	81,347
• Tax exempt income	-19%	(110,457)	-	-
Tax losses not recognised	66%	381,207	2%	305,530
Other	1%	7,148	-	-
Tax expense	99%	569,293	7%	896,744

The Holding company has carry-forward tax losses of USD 7,038,686 as at 31 December 2021 (2020: USD 6,552,661) for which no deferred tax asset for unused tax loss carry-forward has been recognised.

24 Audit fees

(in USD)	KPMG Accountants N.V. 2021	Other KPMG Network 2021	Total KPMG 2021
Audit of the financial statements	63,845	54,859	118,704
	63,845	54,859	118,704

(in USD)	2020	2020	2020
Audit of the financial statements	67,040	37,546	104,586
	67,040	37,546	104,586

The fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

25 Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged. There have been no transactions with related parties that were not on a commercial basis. Refer to note 39 for further information on the remuneration of managing and supervisory directors.

The Company pays an Investment advisor fee to Agora Microfinance Partners LLP. The amount paid during the year amounts to USD 583,397 (2020: USD 532,800). Refer to note 18 for further details.

26 Result minority interest

(in USD)	2021	2020
Loss at AMIL	66,057	38,906
Profit at AMZ	(4,653)	(689)
	61,404	38,217

The Company acquired majority (controlling) stake in AMIL in 2013. The Company owned a 94% equity stake in AMIL at year end.

During 2020, AMZ launched its Employee Share Ownership Plan and on 31 July the employees of AMZ were issued 0.7% of the total share capital in AMZ via a Zambian based Co-operative. This has been reflected as a minority interest. At year end the Company and Moringaway held 99.4% (2020: 99.3%) of the total share capital in AMZ.

27 Subsequent events

On 23 February 2022 the Company incorporated Agora Microfinance Botswana Proprietary Limited ("AMB") and owns 100% of the share capital. AMB is aiming to begin its microfinance activities towards the end of 2022.

The outstanding third party local currency term facility equivalent to USD 517,546 has been repaid to the Group in full on 21 March 2022.

There are no other events after balance sheet that need to be included in these accounts.

Separate Balance Sheet

as at 31 December 2021 (before proposed appropriation of net result and expressed in USD)

	Notes	31 Dec 21 USD	31 Dec 20 USD
Assets			
Fixed assets			
Intangible fixed-assets	2	837,669	1,021,227
Financial fixed-assets	28	19,854,239	6,746,369
Total fixed assets		20,691,908	7,767,596
Current assets			
Short term loans and advances	29	517,546	-
Interest receivable	30	44,753	42,018
Trade and other receivables	31	1,541,018	1,371,131
Cash and cash equivalents	32	13,057,946	25,858,104
Total current assets		15,161,263	27,271,253
Total assets		35,853,171	35,038,849
Equity and liabilities			
Capital and reserves	33		
Issued and paid-up share capital		327,121	350,121
Share premium		6,450,525	6,450,525
Currency translation reserve		(2,266,945)	(3,076,375)
Other reserves		31,239,053	18,279,599
Unappropriated result for the year		69,396	12,936,454
Shareholders' equity		35,819,150	34,940,324
Current liabilities			
Accrued expenses	34	34,021	98,525
Total current liabilities		34,021	98,525
Total equity and liabilities		35,853,171	35,038,849

The notes on pages 55 to 62 are an integral part of these separate financial statements.

Separate Profit and Loss Account

for the year ended 31 December 2021

	Notes	2021 USD	2020 USD
Interest income	35	295,095	148,739
Net interest income		295,095	148,739
Other financial income/ (expenses)	36	4,516	(1,362)
Net other finance income		4,516	(1,362)
Net margin		299,611	147,377
Total operating expenses			
Other operating income	37	48,125	52,500
General and administrative expenses	38	(1,022,837)	(1,047,650)
		(974,712)	(995,150)
Share of result from participating interests			
Sale of AMK	19	-	14,373,659
AMK	28	-	778,893
AMIL	28	(1,000,738)	(580,820)
AMZ	28	732,789	202,488
Moringaway	28	1,012,446	(242,004)
		744,497	14,532,216
Result before tax		69,396	13,684,443
Tax on result	23	-	747,989
Result after tax		69,396	12,936,454

The notes on pages 55 to 62 are an integral part of these separate financial statements.

Notes to the Separate Financial Statements

General

The separate financial statements are part of the 2021 statutory financial statements of the Company. The financial information of the Company is included in the Company's consolidated financial statements.

In so far as no further explanation is provided of items in the separate balance sheet and the separate profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account.

Participating interests in group companies

Participating interests in group companies are accounted for in the separate financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

Share of result of participating interests

This item concerns the Company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

Financial instruments

In the separate financial statements, financial instruments are presented on the basis of their legal form.

28 Financial fixed assets

(in USD)	2021	2020
Other participating interest		
AMK - Equity	-	-
Consolidated participating interest		
AMIL – Equity	1,062,992	2,087,418
AMZ – Equity	3,836,637	1,903,939
Moringaway – Equity	5,680,974	1,585,819
Loans and advances	9,273,636	1,169,193
Balance as at 31 December	19,854,239	6,746,369

Details of each investment are shown below and on the next page.

AMK – equity

(in USD)	2021	2020
Opening balance	-	10,518,324
Sale participating interest	-	(11,145,232)
Revaluation	-	(151,985)
Share of result in participating interest	-	778,893
Balance as at 31 December	-	-

During 2020, the Company sold its remaining stake to in AMK to SCSB. On 16 June 2020 the National Bank of Cambodia (NBC) approved the sale and the transaction was fully completed on 31 August 2020. As per the agreement, the Company sold 15% of the total share capital in AMK for USD 26,120,019, showing a gain on sale of USD 14,373,659. In relation to the sale, withholding tax of USD 747,989 was paid by the Company and this has been recorded as income tax expense. For further information on the AMK sale refer to note 1.

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28 Financial fixed assets (continued)

AMIL – equity

(in USD)	2021	2020
Opening balance	2,087,418	1,938,618
Acquisition of new shares	-	824,552
Share of result in participating interest - AMIL	(1,000,738)	(580,820)
Revaluation	(23,688)	(94,932)
Balance as at 31 December	1,062,992	2,087,418

The Company holds a direct equity stake in AMIL of 94% (2020: 94%). The legal address of AMIL is Office No.404, 4th Floor A wing, Technocity Premises Co-op Society Ltd, Plot No.X-4/1 & X-4/2, Shil Phata Mahape Road, Navi Mumbai-400709, India.

AMZ – equity

(in USD)	2021	2020
Opening balance	1,903,939	1,608,899
Acquisition of new shares	449,500	800,347
Share of result in participating interest - AMZ	732,789	202,488
Revaluation	750,409	(707,795)
Balance as at 31 December	3,836,637	1,903,939

The Company made an additional investment into AMZ during the year as indicated above. The new investment increased the Company's direct equity stake from 88% to 90%, and reduced the minority shareholder's stakes. At year end the Company and Moringaway held 99.4% of the total share capital in AMZ (2020: 99.3%). The legal address of AMZ is Plot 57A, Lukanga Road, Roma Township, Lusaka, Zambia.

Moringaway – equity

(in USD)	2021	2020
Opening balance	1,585,819	1,923,169
Equity investment	3,000,000	-
Share of result in participating interest - Moringaway	1,012,446	(242,004)
Revaluation	82,709	(95,346)
Balance as at 31 December	5,680,974	1,585,819

The Company made an additional investment into Moringaway during the year as indicated above. The Company owns 100% of the shares in Moringaway. The legal address of Moringaway is 11th Floor, Tower 1, NeXTeracom Building, Cybercity, Ebene, Mauritius.

28 Financial fixed assets (continued)

Loans and advances

(in USD)	2021	2020
Term facility	-	499,193
Loan to subsidiary	9,273,636	670,000
Balance as at 31 December	9,273,636	1,169,193

The Term facility was repaid on 21 March 2022 and is included in Short term loans and advances at 31 December 2021. For further information refer to note 29.

On 13 May 2020 the Company entered into an unsecured USD 2,000,000 Line of Credit Agreement with Moringaway, which was amended on 2 November 2021 to increase the maximum amount of the facility to USD 5,000,000. Two disbursements were made during 2021, totalling USD 1,670,000 (2020: USD 670,000). The maximum amount of the facility is USD 5,000,000 and interest is payable at the end of each quarter. The interest rate is fixed at 3% per annum and the balance is repayable on 30 September 2025.

On 27 September 2021 the Company entered into an unsecured USD 7,000,000 Senior Debt term facility agreement with Moringaway, with the total amount due for repayment on 30 September 2026. The Interest rate is 4% per annum and is payable at the end of each quarter.

29 Short term loans and advances

(in USD)	2021	2020
Term facility	517,546	-
Balance as at 31 December	517,546	-

On 3 September 2019 the Company entered into an unsecured Local Currency Equivalent of USD 500,000 term facility agreement with a third party. The principal amount is UGX 1,835,270,000 and interest is payable at the end of each quarter. Due to COVID-19 the terms of the loan were amended and the repayment date extended by 6 months from 3 September 2021 to 3 March 2022. The floating interest rate is fixed at the beginning of each quarter, with the current rate being 20% per annum. The loan is guaranteed by the Shareholder of the Borrower. The outstanding loan balance has been repaid in full on 21 March 2022.

30 Interest receivable

(in USD)	2021	2020
Accrued interest income	44,753	42,018
Balance as at 31 December	44,753	42,018

31 Trade and other receivables

(in USD)	2021	2020
VAT receivable	7,881	5,972
Other receivables and prepayments	87,626	149,478
Deposits with financial institutions	1,445,511	1,215,681
Balance as at 31 December	1,541,018	1,371,131

Deposits with Financial institutions are deposits held by the Company that are readily available within 12 months.

32 Cash and cash equivalents

(in USD)	2021	2020
Cash and cash equivalents	12,280,205	25,103,237
Deposits with banks	777,741	754,867
Balance as at 31 December	13,057,946	25,858,104

Cash at banks is available on demand and is held in current accounts or savings accounts. Cash and cash equivalents that are not readily available to the Company are presented under Trade and other receivables or Financial fixed assets, depending on their maturity date.

33 Shareholders' equity

The Company's authorised capital, amounting to EUR 1,000,000 (2020: EUR 1,000,000), consists of 10,000,000 shares of EUR 0.10 each, of which 2,876,692 shares have been issued. The issued and paid up capital as at 31 December 2021 amounts to 2,876,692 shares valued at EUR 287,670 (the equivalent of USD 327,122 at the year end exchange rate).

(in USD)	Issued and Paid-Up Share Capital	Share Premium	Currency Translation Reserve	Other Reserves	Un-appropriated Result for the Year
Opening balance	350,121	6,450,525	(3,076,375)	18,279,599	12,936,454
Profit appropriation 2020	-	-	-	12,936,454	(12,936,454)
Translation reserves	-	-	809,430	-	-
Revaluation share capital	(23,000)	-	-	23,000	-
Result for the period		-	-	-	69,396
Closing balance at 31 Dec 21	327,121	6,450,525	(2,266,945)	31,239,053	69,396

Total Shareholders' equity 31 December 2021	**35,819,150**
Total Shareholders' equity 31 December 2020	34,940,324

33 Shareholders' equity (continued)

a) Appropriation of result of 2020

The financial statements for the reporting year 2020 have been adopted by the General Meeting on 28 June 2021. The General Meeting has adopted the appropriation of profit after tax as proposed by the Management Board.

b) Proposal for profit appropriation of 2021

The Management Board proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the profit after tax for 2021 amounting to USD 69,396 to the Other reserves. The 2021 result after tax is presented as unappropriated result in shareholders' equity. The Company can only make payments to the shareholders and other parties entitled to the distributable profit in so far as the shareholders' equity exceeds the paid-up and called-up part of the capital plus the legal reserves and statutory reserves under the articles of association to be maintained.

34 Accrued expenses

(in USD)	2021	2020
Accrued expenses	34,021	98,525
Balance as at 31 December	34,021	98,525

Accrued expenses includes tax advisory fees and audit fees.

35 Interest income

(in USD)	2021	2020
Interest income	229,011	105,916
Interest income - Deposits with AMK	66,084	42,823
Total	295,095	148,739

36 Other financial income/ (expenses)

(in USD)	2021	2020
FX Results	15,883	4,752
Bank charges	(11,367)	(6,114)
Total	4,516	(1,362)

37 Other operating income

(in USD)	2021	2020
Service fees	48,125	52,500
Total	48,125	52,500

Service fees include fees charged to Group Companies.

38 General and administrative expenses

(in USD)	2021	2020
Investment advisor fee	(583,397)	(532,800)
Depreciation & amortization	(183,558)	(269,637)
Personnel expenses	(136,706)	(90,039)
Auditor's fees	(70,367)	(81,616)
Legal and professional fees	(7,885)	(26,723)
General and administration fees	(5,178)	(25,245)
Premises costs	(4,554)	(5,103)
Other cost	(31,192)	(16,487)
Total	(1,022,837)	(1,047,650)

The staff expenses includes social security charges of USD 39,482 (2020: USD 37,472). The Company has 2 employees (2020: 1) with one being located in The Netherlands.

39 Remuneration of managing and supervisory directors

The Company has three Supervisory Directors (2020: 3) and two Managing Directors (2020: 2). The Supervisory Directors received remuneration of USD 2,886 (2020: USD 0) and Managing Directors received USD 80,912 (2020: 90,039) in respect of their services as Directors.

40 Financial instruments

The risks relating to financial instruments relate predominantly to the subsidiaries. Refer to note 11 for further details.

41 Off-balance sheet assets and liabilities

Letter of comfort

The Company facilitated three commercial Bank loans to AMIL by offering a letter of comfort to the lenders, two of which have been repaid in full during 2021. The outstanding amount of the remaining loan was USD 15,020 as at 31 December 2021 (2020: USD 280,626).

Guarantees

The Company was guarantor to two existing third party loans during the 2021 financial year. One relates to a loan to AMZ for ZMW 20,000,000 (USD: 1,201,969) and the other relates to a loan to Moringaway for EUR 300,000 (USD 341,144). As at 31 December 2021 the outstanding balance on these loans were ZMW 21,405,209 (USD: 1,286,128) and EUR 171,429 (USD: 193,979) respectively.

In November 2021 the Company guaranteed a further third party loan facility to AMZ for ZMW 40,000,000 (USD: 2,403,392), as at 31 Dec 2021 no amounts had been drawn down on this facility.

Commitments

There were no capital commitments as at 31 December 2021 (2020: nil).

42 Subsequent events

On 23 February 2022 the Company incorporated Agora Microfinance Botswana Proprietary Limited (“AMB”) and owns 100% of the share capital. AMB is aiming to begin its microfinance activities towards the end of 2022.

The outstanding third party local currency term facility equivalent to USD 517,546 has been repaid in full to the Company on 21 March 2022.

There are no other events after balance sheet that need to be included in these accounts.

Amsterdam, 28 June 2022

Managing Directors:

Ms. R.J. Peat
Mr. R.W. van Hoof

Supervisory Board:

Mr. T. Chetan
Ms. M.S. Mungra
Mr. G.E. Bruckermann

Other Information

Auditor’s report

The Auditor’s report is included on page 64.

Provisions in the Articles of Association governing the appropriation of profit

In accordance with Article 23 of the Articles of Association, Distribution of Profits:

The amount of distributable profits shall be at the unrestricted disposal of the General Meeting, to be used for distribution of dividends, to be carried to reserves or to be used for such other ends fitting the Company’s objects as that meeting may resolve. From the profits shown in the Company’s adopted annual accounts any amount as the Supervisory Board may diem necessary may be added to the Company’s general reserves of the Company. In calculating the amount of profits to be distributed on each Share, only the amount of the compulsory payments on the nominal amount of the Shares shall be regarded.

The Company shall only be capable of making distributions to Shareholders and other persons who are entitled to profits that qualify for distribution up to a maximum of the Distributable Reserves. In the calculation of the distribution of profits the Shares which the Company holds in its own Share capital shall be disregarded.

Distribution of profits shall take place after confirmation and adoption of the Annual Accounts showing that this is allowed.

The Supervisory Board shall have power to make one or more interim dividends payable and/or to make one or more distributions out of a reserve of the Company payable up to a maximum of the Distributable Reserves.

Independent Auditor's Report

To the General Meeting and the Supervisory Board of Agora Microfinance N.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2021 of Agora Microfinance N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Agora Microfinance N.V. as at 31 December 2021 and of its result for the year 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and separate balance sheet as at 31 December 2021;
2. the consolidated profit and loss account and statement of comprehensive income and separate profit and loss account for the year 2021;
3. the consolidated statement of cashflows for the year ended 31 December 2021; and
4. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Agora Microfinance N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual accounts

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;

- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and the risk profile of the group entities. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 28 June 2022

KPMG Accountants N.V.
G.L. Brewster RA
Partner

In the event of any differences or inconsistencies between the text and quantitative information in these Annual Accounts and that in the original, including the audited financial statements, as filed at the trade register of the Chamber of Commerce, the latter shall prevail'.

Agora Microfinance

BANKING FOR CHANGE

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