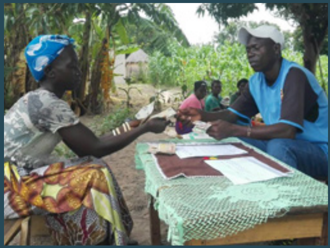




Agora Microfinance

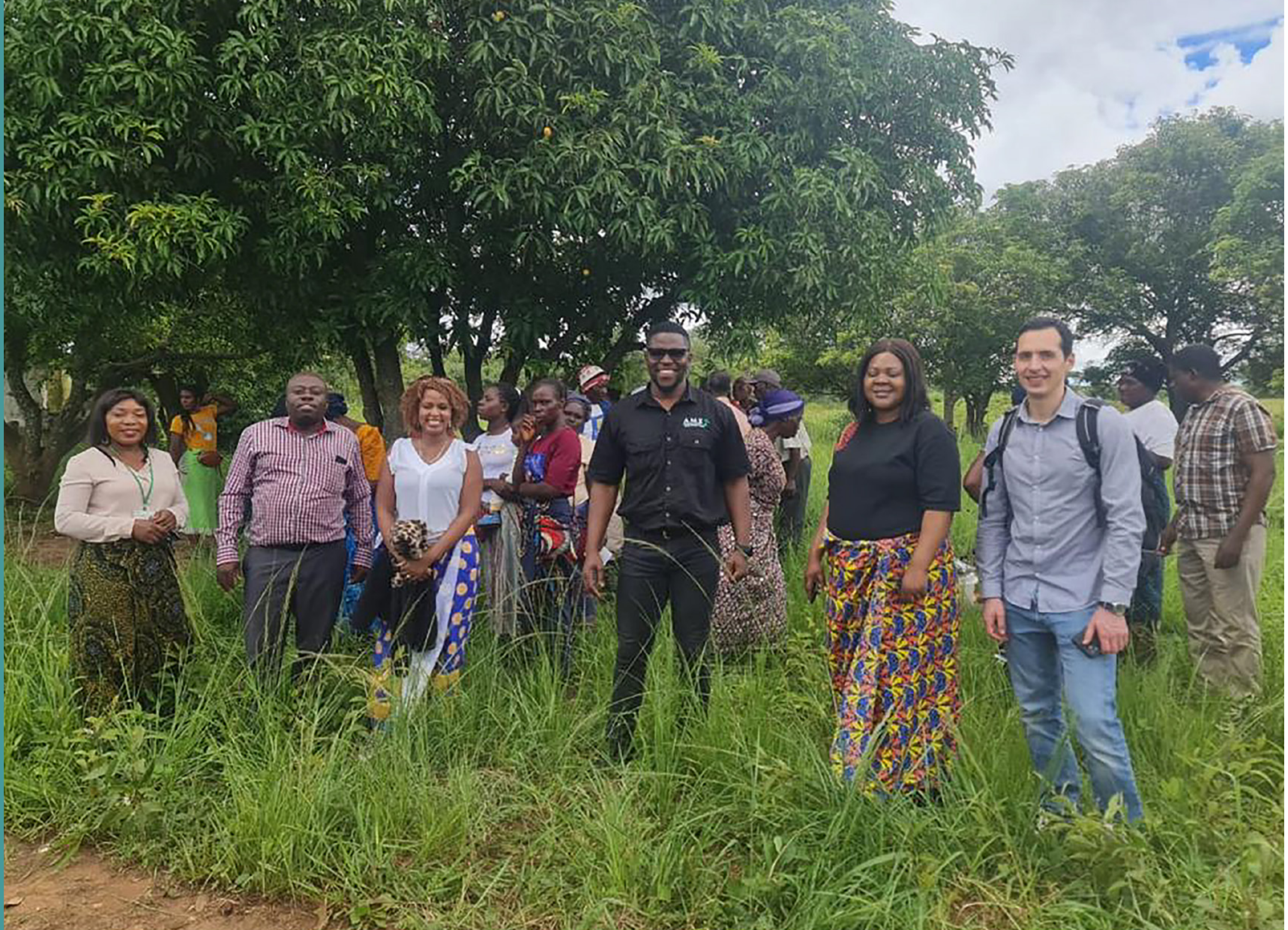
BANKING FOR CHANGE




Annual Accounts 2022

Mission:

The Company's mission is to maximise the social returns in microfinance while providing a fair and attractive financial return to its investors.



Contents

Management Board's Report

The Management Board of Agora Microfinance N.V. (hereinafter referred to as the ''Company") herewith presents its Management Board report for the financial year ended on 31 December 2022.

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 - 99.5%
- Agora Microfinance Zambia Limited ("AMZ"), Zambia - direct ownership 89% and indirectly 98.4%
- Agora Microfinance Botswana Proprietary Limited ("AMB"), Botswana - 100%
- 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.

Overview of core activities

The Company currently holds investments in two Microfinance Institutions (AMIL and AMZ) based in India and Zambia, as well as a dedicated facility for institutional debt (Moringaway) registered in Mauritius. The Company incorporated AMB on 23 February 2022 and is currently in the process of applying for a licence in Botswana to further its microfinance activities.

AMZ's principle activity is to provide financial services to the rural un-banked population in Zambia. 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 82. AMZ's product offerings further include farm equipment leasing and non-credit products such as micro insurance and mobile money transactions.

MANAGEMENT BOARD'S REPORT (Continued)

Overview of core activities (continued)

AMIL's principle activity is to provide affordable, convenient & timely financial services to low income urban clientele in India in a financially sustainable manner. AMIL's products and services include micro credit products, other credit products and micro-insurance products.

AMB is currently still in the process of obtaining a micro-lending licence from NBFIRA (Non-Bank Financial Institutions Regulatory Authority of Botswana), with operations anticipated to start at the end of 2023. This new operation in Botswana will take the Company's overall strategy in Sub-Saharan Africa forward.

Moringaway was created to hold equity investments in microfinance companies. Moringaway has extended its business activities to include third party debt financing with a main focus on microfinancing entities in the specific sectors of the economy and to create efficient funding sources for borrowing institutions. Its debt portfolio now exceeds USD 12 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.

Corporate structure and staffing

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 comprises of a three-member Supervisory Board and a two-member Management Board.

At the year end 2022 the Group had a total staff strength of 494 employees (2021: 385 staff) spread over the Group as follows:

- 2 in AMB (2021: 0 staff)
- 97 in AMIL (2021: 82 staff)
- 391 in AMZ (2021: 300 staff)
- 2 in Moringaway (2021: 1 staff)
- 2 staff members employed by the Company in the Netherlands (2021: 2 staff)

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, asset-liability management, nominations and remunerations management, 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. At year end AMB was in the process of applying for a micro-lending licence in Botswana.

Overview of financial information

The Group showed a Net profit after tax of USD 529,164 for the year 2022 (2021: USD 7,992) with a total debt to equity ratio of 32%(2021: 27%), solvency ratio of 76% (2021: 79%) and liquidity ratio of 5.7 (2021: 6). Total Interest income increased from USD 5,062,168 in 2021 to USD 7,543,056 in 2022 which was driven by the growth in AMZ's loan book. AMZ increased its loan book by 119% while AMIL showed a 14% decrease. In 2022, the Company increased its stake in AMIL by making further equity investments of USD 1,082,148.

The positive result of the Company was predominately driven by the individual profits in both AMZ and Moringaway. For AMIL much of the year was focussed on recovering from the lasting effects of the Covid-19 pandemic. Nevertheless, we can say with satisfaction that despite the lingering effects of the pandemic and the global economic slow down resulting from the current cost of living and energy crisis stemming from the war in Ukraine, the Group made substantial progress towards its longer-term goals during the 2022 year. Individually, AMIL realised an overall loss after tax of USD 400,420 (2021: a loss of USD 1,067,201), while AMZ and Moringaway realised healthy profits of USD 615,104 (2021: USD 769,777) and USD 907,518 (2021: USD 1,012,446) respectively. Further details of each company are provided below.

Agora Microfinance Zambia (AMZ) is the largest, cheapest, and the deepest reaching financial institution in the country, and continued to enhance its footprint during the year. It now reaches almost 140,000 clients across all parts of the country; offering small loans, equipment leases, mobile money and different insurance products to the rural communities. With an impeccable performance that continues since it broke-even in 2016, AMZ has set a marker of excellence in the market, and continues to innovate and improve. Preparations for the next phase of this wonderful institution are already underway, and during 2022 we laid the foundations for several new developments that should see the light of the day during 2023/24. These include an enhanced information system, a research and social performance system, search for new shareholders, and eventually the launch of deposit products. These new areas will prepare AMZ for the next decade of delivering ever-more suitable products for its clients.

In India, our subsidiary Agora Microfinance India Limited (AMIL) was able to successfully overcome the large-scale impact of the Covid pandemic that had devastated our clientele during 2020-21. Recovery from large scale crises such as these takes time, as many nations in the world are experiencing. At a smaller scale, AMIL has been able to help a large number of clients get back on their feet since the pandemic, even though many have equally not been able to revive their livelihoods. Despite losing a portion of its portfolio to the pandemic, it is on course to full financial viability in 2023. During the second half of the year AMIL began growing its operations again, and a number of exciting new developments are in the pipeline. These include more differentiated products, new branches and a new risk rating system. All of these are designed to support the next phase of growth of AMIL.

Moringaway, our institutional lending operation, continued to deliver strong results and ended the year with excellent financial performance. In the past years they have reached out to promising and well-performing institutions in 6 countries, and continue to build their debt portfolio into other markets including exposure in Africa, India and Cambodia.

On 23 February 2022 the Company incorporated Agora Microfinance Botswana Proprietary Limited (''AMB'') and holds 100% of the share capital. At year end AMB was in the process of applying for its licence to operate as a Microfinance Institution in Botswana. AMB is aiming to begin its microfinance activities towards the end of the first half of 2023.

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 2022

Strategic risks:

Economic uncertainty: Strategic risks arise when an initial business strategy fails to deliver the expected objectives, affecting the financial organization's progress and development. The onset of an economic slump may affect the demand for the company's products and services which may turn out to be lower than anticipated.

Operational activities:

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 2.4% for the Group.

Laws and regulation:

Political & Regulatory Risks: The main driver of political and regulatory risk for the past two years stemmed from the continued pandemic related restrictions imposed which restricted the activity of the Group and its clients throughout this period. During 2022 all remaining pandemic related restrictions were lifted and operations throughout the group were able to resume in full. Furthermore, in March 2022 the Reserve Bank of India removed the interest rate ceiling on loans offered by non-bank microfinance institutions to its clients enabling AMIL the freedom to adopt risk-based pricing when determining customer lending rates. The Zambian political and regulatory environment remained stable during the year. No other significant new political or regulatory risks materialised.

Financial position:

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 Indian Rupee which devalued sharply against the US dollar. The Zambian Kwacha 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. Furthermore, AMIL has entered into a foreign exchange option to reduce its foreign currency exposure risk on USD denominated loans held. 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 activities:

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.

Financial position:

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 & 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. In Zambia, 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). Therefore at present the subsidiaries' focus their efforts of managing hedging costs more carefully, staggering the maturity of debt and also by having a variety of lenders.

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.

Fraud risk analysis: In each of the Company's subsidiaries the Management Board together with their relevant committees, especially the Risk Committee and Audit and Finance Committee are tasked to provide oversight on fraud risk governance practices. Both AMZ's and AMIL's Boards are supported in this regard by their Audit and Finance Committees whereas Moringaway's Board is supported by a Risk and Credit Committee and an Audit Committee.

Result for the period

The Group showed a Net profit after tax of USD 529,164 for the year 2022 (2021: USD 7,992) with a total debt to equity ratio of 32%(2021: 27%). The positive result was predominately driven by the individual profits in both AMZ and 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 are confident that the business will continue to operate as such in the upcoming year.

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 2022, equity as a percentage of total assets was 76% for the Group, 29% for AMZ, 29% for AMIL and 38% 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.

Information regarding financial instruments

Information relating specifically to Financial Instruments can be found in Note 11.

Research and development information

There was no expenditure incurred for research and development during the year (2021: 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.

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.

Diversity policy board of management and supervisory board

The Group is dedicated to embracing diversity and aims to provide equal employment opportunities, career growth, and personal development to all staff members based on their abilities, qualifications, suitability for the work, and potential for further development in their roles.

At all levels of management, there is a continuous focus on promoting diversity among staff, senior management, and each of the management boards. The belief is that individuals from diverse backgrounds bring fresh perspectives, ideas, and approaches, leading to more effective and efficient work practices.

In 2022, the Company did not create an internal plan or establish specific targets because the Board consists of an equal representation of 50% women and 50% men. Similarly, the Supervisory Board comprises 33% women and 67% men. However, both AMZ and AMIL have internal targets integrated into their reporting systems. AMZ employs 35% women, whereas AMIL employs 47%women. The Group also tracks its engagement with women clients, with AMZ having women borrowers comprising 54% of its portfolio and AMIL having 96% women borrowers.

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. AMZ's focus for 2023 will include the implementation of an enhanced information system as well as a research and social performance system. Furthermore, during 2023 AMIL aim to include more differentiated products to its product offerings and a new risk rating system.

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.

Subsequent events

There are no 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 2023 and beyond include amongst other things:

- further equity investments into its subsidiaries to finance growth
- intercompany financing
- possible new acquisitions or incorporations of new entities
- further increase in Moringaway's debt portfolio
- further development and diversification of the portfolio
- an overall increase in staffing levels coinciding with loan book growth in subsidiaries

Management at all levels continue to pay close attention to the impact of external factors such as post-pandemic spill overs, the continuing war in Ukraine and the subsequent global economic growth slow down on the financial position and operating results of the Company. To date AMIL has been the hardest hit by these external factors and is currently still battling the lasting economic effects. However, during the second half of the year AMIL have started growing its operations again and are experiencing a stabilisation in their client numbers and loan book. Management are confident that it is on course to full financial viability in 2023.

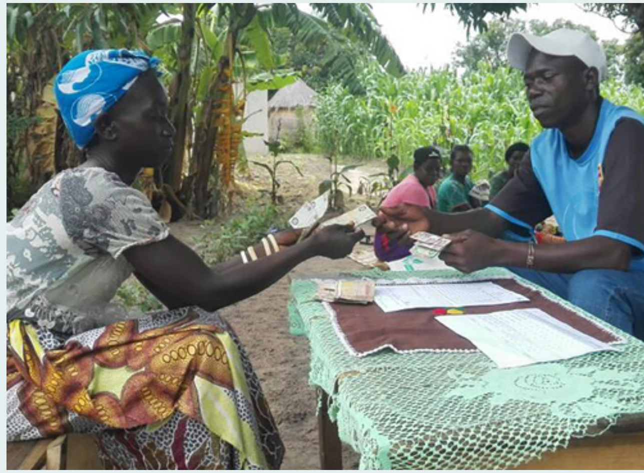
During 2021 the Company looked at a few markets and decided upon the location of its next greenfield operation – Botswana. Initial work on the company set up has been completed during 2022. The licensing application is currently still ongoing, with operations anticipated to start toward the end of 2023. This new operation in Botswana will take the Company's overall strategy in Sub-Saharan Africa forward.

Amsterdam, 6 July 2023

Managing Directors:

Ms. R.J. Peat

Mr. R.W. van Hoof



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.

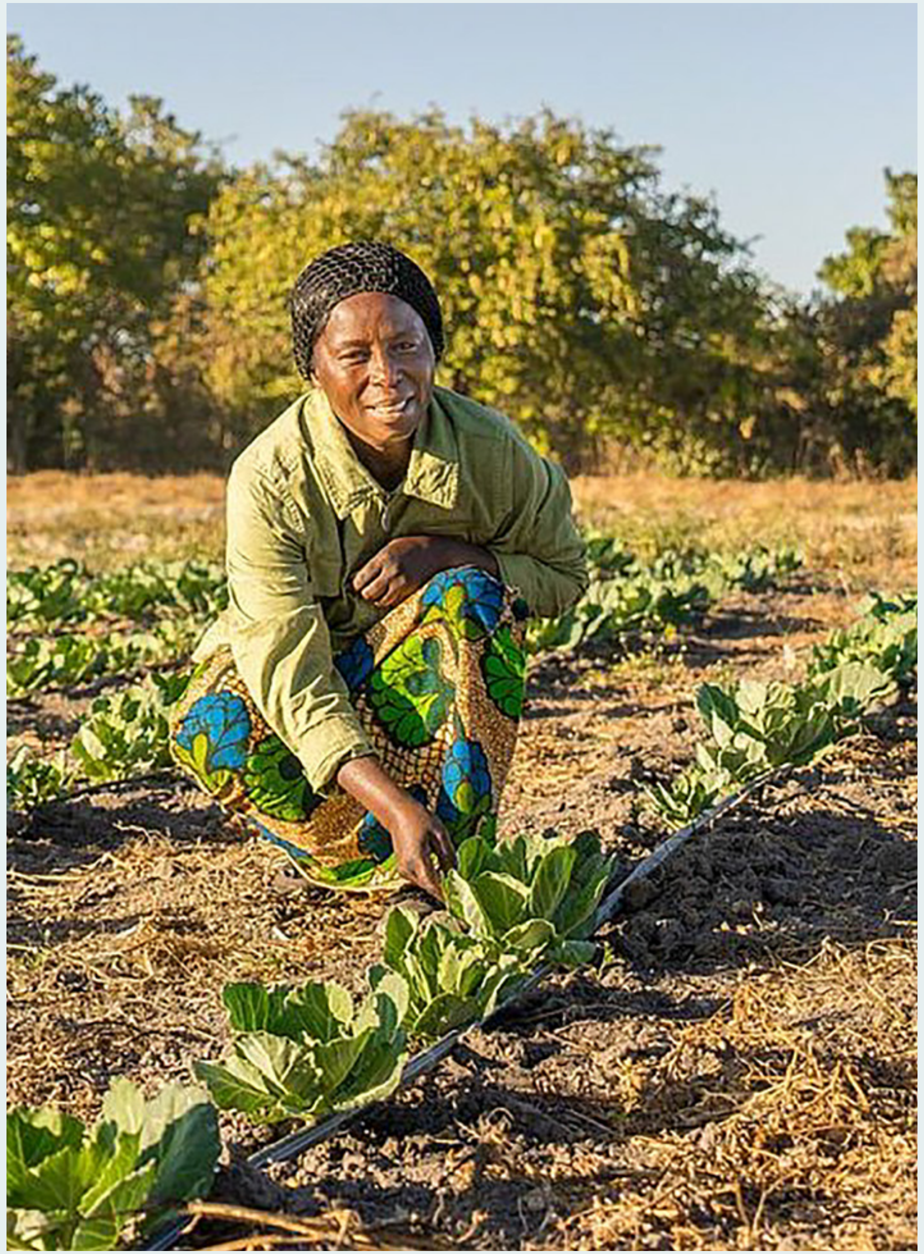
Management Board

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 factors such as post-pandemic spill overs, the continuing war in Ukraine and the subsequent global economic growth slow down on the Company. 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 aforementioned factors are high on the Supervisory Board's agenda.



Conclusion

The Supervisory Board reviewed and approved the 2022 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 2022 Audited Financial Statements at the Annual General meeting and discharged the members of the Management Board for their management of the Company during 2022 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, 6 July 2023

Supervisory Board:

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

Consolidated Balance Sheet as at 31 December 2022

(before proposed appropriation of net result and expressed in USD)

(in USD)

	Notes	31-Dec-2022	31-Dec-2021
Assets			
Fixed Assets			
Intangible fixed assets	2	797,443	885,208
Tangible fixed assets	3	2,292,016	1,772,385
Financial fixed assets	4	7,196,750	11,242,019
Total fixed assets		10,286,209	13,899,612
Current Assets			
Short term loans and advances	5	17,553,004	14,033,981
Interest receivable		509,010	513,813
Trade and other receivables	6	2,779,995	2,764,572
Cash and cash equivalents	7	16,357,531	14,435,659
Total current assets		37,199,540	31,748,025
Total Assets		47,485,749	45,647,637
Equity and Liabilities			
Group Equity	8		
Shareholders' equity		35,816,287	35,819,150
Minority interests		77,730	96,008
Total group equity		35,894,017	35,915,158
Non-current Liabilities			
Non-current borrowings	9	5,066,530	4,542,974
Total non-current liabilities		5,066,530	4,542,974
Current Liabilities			
Interest payable		403,665	297,147
Current part of borrowings	10	5,509,033	3,604,715
Accrued expenses and other liabilities	13	612,504	1,287,643
Total current liabilities		6,525,202	5,189,505
Total Equity and Liabilities		47,485,749	45,647,637

The notes on pages 18 to 58 are an integral part of these consolidated financial statements.

Consolidated Profit and Loss account

for the year ended 31 December 2022

(in USD)

	Notes	2022	2021
Interest income	14	7,543,056	5,062,168
Interest expense	15	(2,177,693)	(1,525,404)
Net interest income		5,365,363	3,536,764
Other financial income	16	3,448,021	3,032,343
Other financial expenses	17	(724,294)	(712,768)
Net other finance income		2,723,727	2,319,575
Net margin		8,089,090	5,856,339
Total operating expenses			
General and administrative expenses	18	(7,220,068)	(5,279,054)
		(7,220,068)	(5,279,054)
Net result		869,022	577,285
Transaction with minority shareholders	19	(5,354)	-
Result before tax		863,668	577,285
Income tax expense	23	(334,504)	(569,293)
Result after tax		529,164	7,992
Minority Interest			
Result Minority Interest on investments	26	7,850	(61,404)
Group Net Result		521,314	69,396

The notes on pages 18 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

(in USD)

	Notes	2022	2021
Group Net Result		521,314	69,396
Translation differences on foreign operations	33	(524,177)	809,430
Total of items recognised directly in shareholders' equity		(524,177)	809,430
Total Comprehensive income of the legal entity		(2,863)	878,826

The notes on pages 18 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Cashflows

for the year ended 31 December 2022

(in USD)

	Notes	2022	2021
Operating Activities			
Result before tax		863,668	577,285
Adjusted for:			
Depreciation and amortisation	2 & 3	983,583	671,348
Impairments (loan losses)	17	302,452	1,103,438
Interest expenses	15	2,177,693	1,525,404
Interest income	14	(7,543,056)	(5,062,168)
Foreign Exchange (Gain) / Loss	17	(21,326)	(1,001,212)
Operating cashflows before changes in operating assets and liabilities		(3,236,986)	(2,185,905)

Consolidated Statement of Cashflows (continued)

for the year ended 31 December 2022

(in USD)

	Notes	2022	2021
Changes in operating assets and liabilities			
Loans to customers	4	828,026	(12,670,589)
Other assets		(313,759)	(679,436)
Other liabilities		15,493	748,805
		(2,707,226)	14,787,125
Income tax paid		(690,632)	(274,460)
Interest received		7,547,859	5,203,723
Interest paid		(2,071,175)	(1,503,599)
Cash from operating activities		2,078,826	(11,361,461)
Investing Activities			
Investment in group companies	19	(1,075,596)	-
Investment in deposits	4	(3,444)	160,900
Investments in property and equipment	3	(1,463,797)	(997,319)
Investment in software	2	(47,844)	(21,941)
Cash from investing activities		(2,590,681)	(858,360)
Financing Activities			
Proceeds from borrowings	9	6,247,551	3,973,014
Repayment of borrowings	9	(3,561,479)	(4,123,717)
Payment of lease liabilities	9	(190,638)	(189,823)
Cash from financing activities		2,495,433	(340,526)
Net (decrease) / increase in cash and cash equivalents		1,983,578	(12,560,347)
Cash and cash equivalents at the beginning of the year	7	14,435,659	26,841,434
Exchange rate & translation differences on cash and cash equivalents		(61,706)	154,572
Cash and cash equivalents at the end of the year		16,357,531	14,435,659

The notes on pages 18 to 58 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.

General

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').

The Company currently holds investments in two Microfinance Institutions (AMIL and AMZ), as well as a dedicated facility for institutional debt (Moringaway). The activities of the Group are carried out primarily in Zambia, India and Mauritius and more recently Botswana.

ii) Financial reporting period

These financial statements cover the year 2022, which ended at the balance sheet date of 31 December 2022.

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 historical cost, 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.

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 principles

Consolidation scope

The consolidated financial statements include the financial data of the Company and its group companies as at 31 December 2022. 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.

vii) Consolidation principles (continued)

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.

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.

The following rates have been applied for the various currencies:

	2022	2021
EUR/USD	1.07	1.14
USD/KHR	4117	4074
USD/UGX	3717	3546
USD/INR	82.87	75.35
USD/KES	122	114
USD/BWP	12.77	11.74
USD/ZMW	18.07	16.64

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

ix) Changes in accounting policy

There have 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.

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

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

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 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 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.

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 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).

Software

Software acquired by the Company is measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits of the asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Software is amortised on a straight-line basis in the profit or loss over its useful life, from the date on which it is available for use. The estimated useful life of software is between three to six years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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.

Leasehold improvements, land, right-of-use assets, motor vehicles & bikes, computer and office equipment and tangible fixed assets under construction 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 and tangible fixed assets under construction. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

The following rates of depreciation are applied:

Leasehold improvements	Length of the lease
Motor vehicles & Bikes	3 to 8 years
Computer and Office Equipment	2 to 4 years

Tangible fixed assets, for which the Company and its group companies possess the economic ownership under a finance lease, are capitalised. The obligation arising from the finance lease contract is recognised as a liability. The interest included in the future lease instalments is charged to the profit and loss account during the term of the finance lease contract.

x) Accounting policies (continued)

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 recognized 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 recognized 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). 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.

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 nominal 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.

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).

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.

xi) Principles of determination of result (continued)

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 Company does not arrange for a pension scheme for its employees in the Netherlands. AMZ, AMIL and Moringaway pay into National Pension Schemes or Private Pension Schemes on behalf of their employees but have no obligation other than the contribution payable.

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.

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 deductible temporary differences regarding group companies, 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

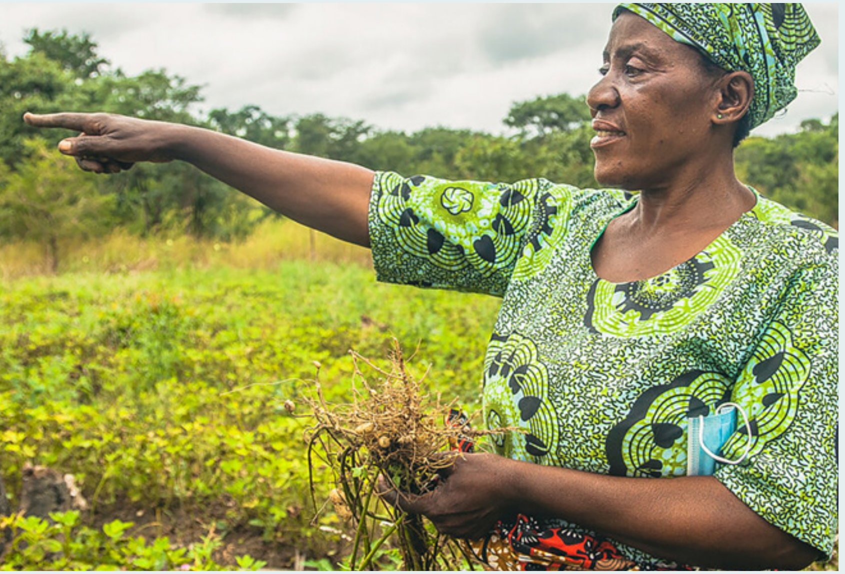
The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated 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 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.

As at 31 December 2022 the carrying amounts of all financial assets and financial liabilities represented a reasonable approximation of their fair value.

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

AMIL

In January 2022 the Company gifted 56,529 shares to an affiliate of AMIL and purchased 332,998 shares in AMIL from an existing shareholder for USD 79,208. Furthermore, in November 2022 the Company invested in an additional 7,751,938 newly issued shares in AMIL for USD 996,388. The aforementioned transactions have resulted in an overall loss of USD 5,354. At year end the Company now holds 99.5% of issued share capital in AMIL. For further information on the loss on share transactions refer to note 19.

2 Intangible fixed assets

Summary

(in USD)

	2022	2021
Intangible fixed assets consists of:		
Goodwill	654,112	837,669
Software	143,331	47,539
Total Intangible fixed assets	797,443	885,208

Movements in intangible fixed assets were as follows:

Goodwill

(in USD)

	AMIL	AMZ	Moringaway	Total
Cost				
At 1 Jan. 2022	939,167	135,649	760,758	**1,835,574**
At 31 Dec. 2022	939,167	135,649	760,758	**1,835,574**
Accumulated Amortisation				
At 1 Jan. 2022	682,056	68,602	247,247	**997,905**
Amortisation	93,916	13,565	76,076	**183,557**
At 31 Dec. 2022	775,972	82,167	323,323	**1,181,462**
Net Book Value				
At 31 Dec. 2022	163,195	53,482	437,435	**654,112**

2 Intangible fixed assets (continued)

Goodwill (continued)

(in USD)

	AMIL	AMZ	Moringaway	Total
Cost				
At 1 Jan. 2021	939,167	135,649	760,758	**1,835,574**
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**

Software

(in USD)

	AMIL	AMZ	Total
Cost			
At 1 Jan. 2022	20,796	116,289	**137,085**
Additions	6,396	41,448	**47,844**
Transfers	-	74,189	**74,189**
Construction in progress	-	12,690	**12,690**
Disposal/write off	(13,682)	-	**(13,682)**
Translation	(1,887)	(9,204)	**(11,091)**
At 31 Dec. 2022	11,623	235,412	**247,035**
Accumulated Amortisation			
At 1 Jan. 2022	19,278	70,268	**89,546**
Amortisation	2,513	32,360	**34,873**
Disposal/write off	(13,398)	-	**(13,398)**
Translation	(1,749)	(5,568)	**(7,317)**
At 31 Dec. 2022	6,644	97,060	**103,704**
Net Book Value			
At 31 Dec. 2022	4,979	138,352	**143,331**

Software (continued)

(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**

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 software is between 3-6 years. Amortization is charged on a straight-line basis.

The construction in progress amount of USD 12,690 relates to AMZ and includes the ongoing development costs of a new management information system.

3 Tangible fixed assets

Fixed Assets

(in USD)

	Leasehold Improvements	Land	Right-of-use Assets	Motor Vehicles & Bikes	Computer and Office Equipment	Construction in Progress	Total
Cost							
At 1 Jan. 2022	221,137	-	534,018	851,517	922,134	384,867	**2,913,673**
Additions	231,705	439,170	291,650	66,282	297,247	137,743	**1,463,797**
Disposals	(4,069)	-	(35,544)	(119,435)	(67,011)	-	**(226,059)**
Transfers*	-	-	-	174,193	106,007	(367,079)	**(86,879)**
Translation	(11,165)	-	(22,797)	(34,288)	(42,899)	(30,464)	**(141,613)**
At 31 Dec. 2022	437,608	439,170	767,327	938,269	1,215,478	125,067	**3,922,919**
Accumulated Depreciation							
At 1 Jan. 2022	79,393	-	261,156	418,369	382,370	-	**1,141,288**
Depreciation	63,767	-	190,090	233,157	226,924	-	**713,938**
Disposals	(4,069)	-	(35,544)	(119,142)	(65,568)	-	**(224,323)**
At 31 Dec. 2022	139,091	-	415,702	532,384	543,726	-	**1,630,903**
Net Book Value							
At 31 Dec. 2022	298,517	439,170	351,625	405,885	671,752	125,067	**2,292,016**

3 Tangible fixed assets (continued)

Fixed Assets (continued)

(in USD)

	Leasehold Improvements	Land	Right-of-use Assets	Motor Vehicles & Bikes	Computer and Office Equipment	Construction in Progress	Total
Cost							
At 1 Jan. 2021	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. 2021	221,137	-	534,018	851,517	922,134	384,867	**2,913,673**
Accumulated Depreciation							
At 1 Jan. 2021	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. 2021	79,393	-	261,156	418,369	382,370	-	**1,141,288**
Net Book Value							
At 31 Dec. 2021	141,744	-	272,862	433,148	539,764	384,867	**1,772,385**

* During the year ended 31 December 2022 Construction in Progress totalling USD 86,879 was transferred from Fixed Assets to Software. Of this amount USD 74,189 was completed during the financial year, with USD 12,690 still in progress at year end. For further information in this regard refer to note 2.

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. The useful life of Right-of-use assets is the length of the lease.

The construction in progress amount of USD 125,067 (2021: USD 384,867) relates to AMZ and includes the ongoing costs relating to 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 year

4 Financial fixed assets

Summary

(in USD)

	2022	2021
Financial fixed assets consists of:		
Loans and advances	6,989,096	11,033,693
Derivative financial assets	187,188	138,729
Deposits with banks	20,466	69,597
Total Financial fixed assets	7,196,750	11,242,019

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

Derivative financial assets relate to a foreign exchange option entered into by AMIL to reduce its foreign currency exposure risk on USD denominated loans held.

Movements in Loans and advances were as follows:

Loans and advances

(in USD)

	2022	2021
Long term loans and advances		
Balance as at 1 January	26,754,938	11,847,921
Movement during the year	(1,570,967)	14,907,017
Gross advance to customers	25,183,971	26,754,938
Less provision for expected credit losses		
Balance as at 1 January	(1,687,264)	(656,724)
Movements during the period	1,045,393	(1,030,540)
Total provision for expected credit losses	(641,871)	(1,687,264)
Balance as at 31 December	24,542,100	25,067,674
Less: Current portion of borrowings	(17,553,004)	(14,033,981)
	6,989,096	11,033,693

AMIL wrote-off 6,453 loan accounts in December 2022, totalling USD 1,082,028 and was mainly made up of non-performing portfolio over 365 days. The amount was reduced from the provision for expected credit losses.

4 Financial fixed assets (continued)

Loans and advances (continued)

(in USD)

	2022	2021
The outstanding Loan and advances have been granted by the following companies to third parties:		
AMIL	1,379,064	640,242
AMZ	379,305	281,714
Moringaway	5,230,727	10,111,737
Balance as at 31 December	6,989,096	11,033,693

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 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. At year end the average loan outstanding per client amounted to INR 21,220 (USD: 256).

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. At year end the average loan outstanding per client amounted to ZMW 1,478 (USD: 82).

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, 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 third party loans. 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. The loan is repayable in five equal instalments, with the last instalment due on 31 October 2026.

Furthermore, during 2022, Moringaway entered into a Local Currency Equivalent of USD 625,000 Senior Debt Term Facility Agreement with a third party. The interest rate is fixed at 17% per annum and the loan is repayable in five equal instalments, with the last instalment due on 30 September 2024. The loan is denominated in KES.

5 Short term Loans and advances

(in USD)

	2022	2021
Balance as at 1 January	15,721,245	9,605,523
Movement during the year	2,473,630	6,115,722
Gross advance to customers	18,194,875	15,721,245
Less provision for bad debts	(641,871)	(1,687,264)
Closing balance 31 December	17,553,004	14,033,981
The outstanding Loan and advances have been granted by the following companies to third parties:		
Holding Company	-	517,546
AMIL	3,136,499	3,951,341
AMZ	11,751,824	11,002,359
Moringaway	3,306,551	250,000
Less provision for bad debts	(641,871)	(1,687,264)
Balance as at 31 December	17,553,004	14,033,981

For the conditions relating to the Short term Loans and advances reference is made to Note 4 - Financial Fixed Assets.

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)

	2022	2021
VAT receivable	11,575	7,881
Deposits with financial institutions	1,489,255	1,445,511
Deposits with banks	637,818	628,987
Prepayments	357,629	358,414
Derivative financial assets	5,587	49,955
Income tax paid in advance	125,138	124,197
Other receivables	152,993	149,627
Balance as at 31 December	2,779,995	2,764,572

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

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.

As at 31 December 2022 all amounts included under trade and other receivables have an estimated maturity of shorter than one year.

7 Cash and cash equivalents

(in USD)

	2022	2021
Cash at banks	15,225,361	13,525,099
Deposits with banks	1,132,170	910,560
Balance as at 31 December	16,357,531	14,435,659

Cash and cash equivalents 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)

	2022	2021
AMIL	6,917	70,138
AMZ	70,813	25,870
Balance as at 31 December	77,730	96,008
The movements in minority interests are as follows:		
Balance as at 1 January	96,008	153,385
Minority share in result	7,849	(61,404)
Other movements	(26,127)	4,027
Balance as at 31 December	77,730	96,008

The Company acquired majority (controlling) stake in AMIL in 2013. During 2022 the Company acquired a ownership in AMIL, increasing its equity stake to 99.5% in AMIL at year end (2021: 94%).

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. During 2022 AMZ increased the number of shares issued via the Zambian Co-operative to 1.6%. This has been reflected as a minority interest. At year end the Company and Moringaway held 98.4% (2021: 99.4%) of the total share capital in AMZ.

Other movements relate to foreign exchange differences on the revaluation of minority interests as well as changes in shareholding relating to transactions with minority shareholders as detailed above.

9 Non-current Borrowings

(in USD)

	2022	2021
Borrowings	10,575,563	8,147,689
Less: Current portion of borrowings	(5,509,033)	(3,604,715)
Non-current borrowings	5,066,530	4,542,974
The Non-current Borrowings have been obtained by the following companies:		
AMIL	61,516	68,803
AMZ	5,005,014	3,791,694
Moringaway	-	682,477
Balance as at 31 December	5,066,530	4,542,974

9 Non-current Borrowings (continued)

Lease liabilities amounting to USD 358,241 (2021: USD 277,738) 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 currently does not have any third party debt. The balance at year end represents Lease liabilities.

AMZ has secured and unsecured third party debt denominated in ZMW, with interest rates ranging from 8% to 27% 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, with interest rates ranging from 3% to 5.5% per annum. The borrowings are due to be repaid in 2023 and are shown in Note 10 Current part of borrowings.

Changes in non-current borrowings

(in USD)

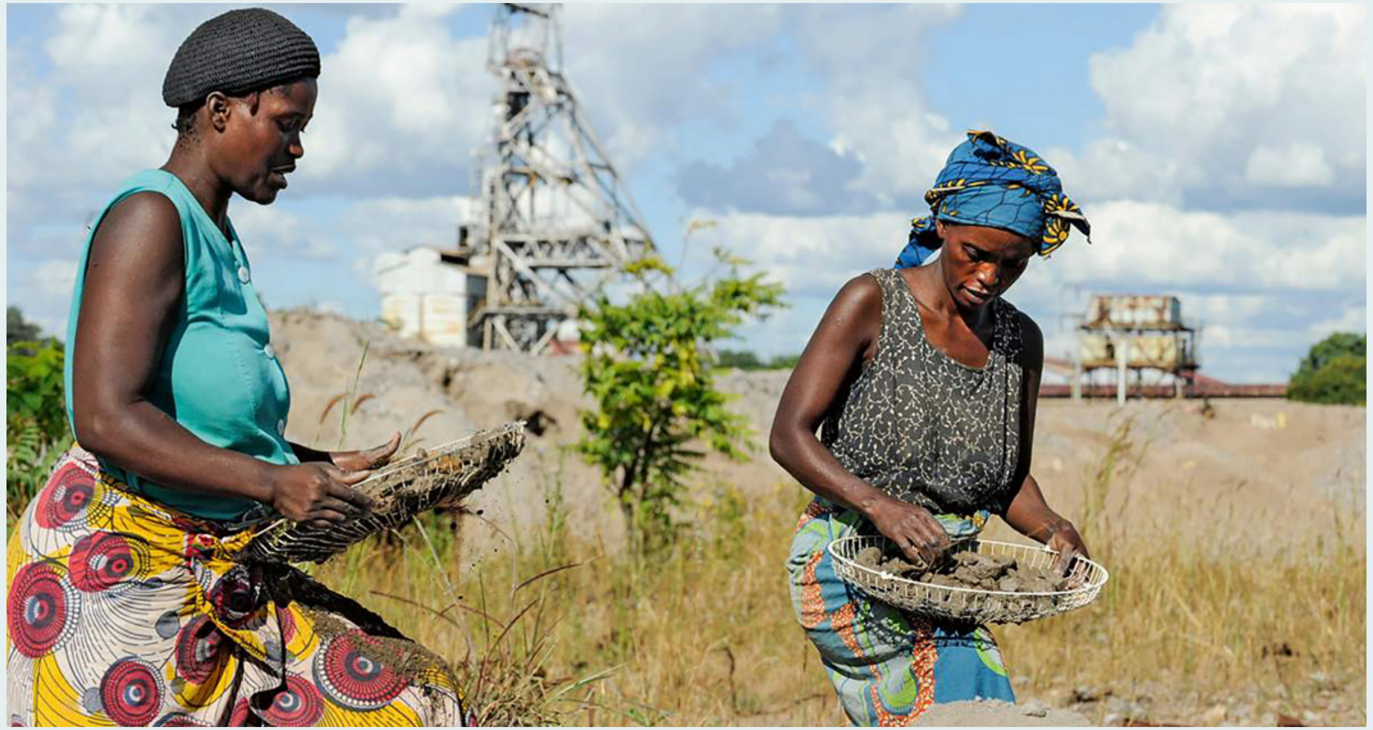
	Borrowings	Lease liabilities	Non-current borrowings
Balance as at 1 January 2022	4,428,266	114,708	4,542,974
Movement during the year:			
Proceeds from/Increase in borrowings and lease liabilities	2,672,059	64,842	2,736,901
Repayment of borrowings and lease liabilities	(1,839,561)	-	(1,839,561)
Other movements	(373,784)	-	(373,784)
Balance as at 31 December 2022	4,886,980	179,550	5,066,530
Balance as at 1 January 2021	2,641,223	82,756	2,723,979
Movement during the year:			
Proceeds from/Increase in borrowings and lease liabilities	3,473,206	31,952	3,505,158
Repayment of borrowings and lease liabilities	(216,858)	-	(216,858)
Other movements	(1,469,305)	-	(1,469,305)
Balance as at 31 December 2021	4,428,266	114,708	4,542,974

10 Current part of borrowings

(in USD)

	2022	2021
Current portion of borrowings	5,509,033	3,604,715
Balance as at 31 December	5,509,033	3,604,715
The Current borrowings have been obtained by the following companies:		
AMIL	39,820	242,486
AMZ	5,344,231	2,592,138
Moringaway	124,982	770,091
Balance as at 31 December	5,509,033	3,604,715

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 2022 their non-performing loans value was equivalent to USD 49,220 (2021: USD 34,417) and the collateral pledged against it amounted to USD 278,288 (2021: USD 174,311).

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 2022 (2021: 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 2022 (2021: 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:

(in USD)

	2022 Gross Carry Amount	2022 Loss allowance	2022 Net	2021 Gross Carry Amount	2021 Loss allowance	2021 Net
Stage 1 – Performing	24,371,965	216,161	24,155,804	24,003,632	216,161	23,787,471
Stage 2 – Not late	137,457	38,388	99,069	224,914	38,388	186,526
Stage 3 – Late	674,549	387,322	287,227	2,526,392	1,432,715	1,093,677
Total	25,183,971	641,871	24,542,100	26,754,938	1,687,264	25,067,674

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)

	2022	2021
Neither past due nor impaired	24,107,392	23,725,901
Past due 1-29 days	264,573	277,731
Past due 30-59 days	82,916	137,379
Past due 60-89 days	54,541	87,535
Past due 90-180 days	111,821	248,496
Past due >180 days	562,728	2,277,896
Gross	25,183,971	**26,754,938**
Provision for impairment	(641,871)	(1,687,264)
Total	24,542,100	25,067,674

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:

(in USD)

	2022	2022 % of total portfolio	2021	2021 % of total portfolio
Corporate customers	8,136,045	32%	10,879,283	41%
Agriculture and allied	1,165,972	5%	1,148,616	4%
Manufacturing, mining and production	13,876	0.1%	20,633	0.1%
Trade and services	14,863,627	59%	13,195,010	49%
Other sectors	1,004,451	4%	1,511,396	6%
Total	25,183,971		26,754,938	

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

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 and the Indian Rupee which depreciated against the US dollar by 8.6% and 10% respectively. 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 2022 is presented below:

(in USD)

	2022 Assets	2022 Liabilities	2022 Net position	2021 Assets	2021 Liabilities	2021 Net position
USD	23,107,948	(64,393)	23,043,555	23,350,123	(930,286)	22,419,837
EUR	208,068	(172,221)	35,847	141,510	(661,313)	(519,803)
KHR	2,223,110	-	2,223,110	2,992,755	-	2,992,755
INR	5,560,862	(144,675)	5,416,187	4,366,901	(335,770)	4,031,131
ZMW	15,804,431	(11,210,443)	4,593,988	14,253,958	(7,805,110)	6,448,848
KES	581,330	-	581,330	-	-	-
UGX	-	-	-	542,390	-	542,390
Total	47,485,749	(11,591,732)	35,894,017	45,647,637	(9,732,479)	35,915,158

11 Financial instruments (continued)

The pre-tax result as of 31 December 2022 would be USD 61,510 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 2022 would be USD 39,948 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 2022 would be USD 1,623 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 2022 would be USD 1,375 higher/lower, in case the exchange rate of the EUR against USD would increase/decrease by 10 percent, leaving all other variables constant.

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 2022 are:

31 December 2022 *(in USD)*

	Carrying Amount	Less than 3 Months	3 months to 1 year	1 year to 5 years
Financial liabilities				
Borrowings and Interest payable	10,620,987	2,854,393	2,879,614	4,886,980
Lease liabilities	358,241	42,145	136,546	179,550
Trade and other payables	612,504	343,752	268,752	-
Total	11,591,732	3,240,290	3,284,912	**5,066,530**
Financial assets				
Loans and advances	24,542,100	2,146,104	15,406,899	6,989,096
Derivative financial assets	192,775	1,397	4,190	187,188
Deposit with financial institutions and banks	2,147,539	619,717	1,507,356	20,466
Interest receivable	509,010	499,887	9,123	-
Trade and other receivables	332,917	75,385	257,531	-
Cash and cash equivalents	16,357,531	16,357,531	-	-
Total	44,081,872	19,700,021	17,185,100	7,196,750
Net amount as at 31 December:	32,490,140	16,459,731	13,900,188	2,130,221

11 Financial instruments (continued)

31 December 2021 *(in USD)*

	Carrying Amount	Less than 3 Months	3 months to 1 year	1 year to 5 years
Financial liabilities				
Borrowings and Interest payable	8,167,098	703,638	3,035,194	4,428,266
Lease liabilities	277,738	74,186	88,844	114,708
Trade and other payables	1,287,643	631,094	656,549	-
Total	9,732,479	1,408,918	3,780,588	4,542,974
Financial assets				
Loans and advances	25,067,674	2,027,611	12,006,370	11,033,693
Derivative financial assets	188,684	12,489	37,466	138,729
Deposit with financial institutions and banks	2,144,095	398,152	1,676,346	69,597
Interest receivable	513,813	504,958	8,855	-
Trade and other receivables	287,226	60,533	226,693	-
Cash and cash equivalents	14,435,659	14,435,659	-	-
Total	42,637,152	17,439,401	13,955,731	11,242,019
Net amount as at 31 December:	32,904,672	16,030,484	10,175,143	6,699,045

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.

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 Companymonitors 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 & 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. In Zambia, 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). Therefore at present the subsidiaries' focus their efforts of managing hedging costs more carefully, staggering the maturity of debt and also by having a variety of lenders.

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.

Fraud risk Analysis: In each of the Company's subsidiaries the Management Board together with their relevant committees, especially the Risk Committee and Audit and Finance Committee are tasked to provide oversight on fraud risk governance practices. Both AMZ's and AMIL's Boards are supported in this regard by their Audit and Finance Committees whereas Moringaway's Board is supported by a Risk and Credit Committee and an Audit Committee.

12 Off-balance sheet assets and liabilities

Guarantees

The Company was guarantor to three third party loans during the 2022 financial year. Two relate to loans made to AMZ for ZMW 20,000,000 (USD: 1,106,571) and ZMW 40,000,000 (USD: 2,213,142) respectively. The other relates to a loan to Moringaway for EUR 300,000 (USD 321,802). As at 31 December 2022 the outstanding balance on these loans were ZMW 20,000,000 (USD: 1,106,571), ZMW 40,000,000 (USD: 2,213,142) and EUR 85,714 (USD: 91,943).

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 151,843 (2021: USD 208,756). Furthermore, as at 31 December 2022 an additional contingent tax liability was recorded in AMIL in regards to a demand from India's Tax Authorities relating to the 2016-2017 financial years for USD 131,908. AMIL is in the process of disputing these amounts. Management believes that it is unlikely that the amounts will need to be paid.

Commitments

There were no capital commitments as at 31 December 2022 (2021: nil).

13 Accrued expenses & other liabilities

(in USD)

	2022	2021
Accrued expenses & other liabilities	307,397	464,275
Current income tax payable	92,106	416,322
Other statutory obligations	213,001	407,046
Total	612,504	1,287,643

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

14 Interest Income

(in USD)

	2022	2021
Holding Company		
Interest income	84,325	168,320
Consolidated subsidiaries, interest income on loans		
AMIL	852,671	749,737
AMZ	5,669,177	3,881,699
Moringaway	936,883	262,412
Total	7,543,056	5,062,168

15 Interest Income

(in USD)

	2022	2021
Consolidated subsidiaries		
AMIL	(83,598)	(258,202)
AMZ	(2,022,558)	(1,145,216)
Moringaway	(71,537)	(121,986)
Total	(2,177,693)	(1,525,404)

16 Other financial income

(in USD)

	2022	2021
Consolidated subsidiaries		
AMIL		
Loan processing fee income	43,448	20,189
Other income	80,621	308,780
	124,069	328,969
AMZ		
Loan processing fee income	3,190,944	2,661,456
Other income	133,008	41,918
	3,323,952	2,703,374
Total	3,448,021	3,032,343

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.

Insurance brokerage fees relate to commissions earned on the sale of insurance products on behalf of third party insurance providers. AMIL and AMZ act as agents and therefore have no obligation to underwrite the insurance products sold.

17 Other financial expense

(in USD)

	2022	2021
Holding Company		
FX Results	(1,486)	66,054
Bank charges	(11,888)	(11,367)
Addition loan loss provision	(26,822)	-
	(40,196)	54,687
Consolidated subsidiaries		
AMIL		
FX result	(353,226)	(56,562)
Bank charges	(12,450)	(13,884)
Addition loan loss provision	(88,139)	(1,044,499)
	(453,815)	(1,114,945)
AMZ		
FX result	14,406	(50,450)
Bank charges	(50,081)	(21,373)
Addition loan loss provision	(180,511)	(58,939)
	(216,186)	(130,762)
AMB		
FX result	(6)	-
Bank charges	(110)	-
	(116)	-
Moringaway		
FX result	(3,378)	482,875
Bank charges	(3,623)	(4,623)
Addition loan loss provision	(6,980)	-
	(13,981)	478,252
Total	(724,294)	(712,768)

18 General and administrative expenses

(in USD)

	2022	2021
Holding Company		
Investment advisor fee	(596,955)	(583,397)
Depreciation & amortization	(183,557)	(183,558)
Salaries and wages	(93,841)	(97,224)
Social security charges	(31,632)	(39,482)
Auditor’s fees	(89,829)	(70,367)
Legal and professional fees	(18,222)	(7,885)
Premises costs	(4,951)	(4,554)
Website and publication expenses	(31,480)	(26,873)
General and administration fees	(6,877)	(9,497)
	(1,057,344)	(1,022,838)
Consolidated subsidiaries		
AMIL		
Salaries and wages	(362,722)	(384,327)
Social security charges	(5,118)	(12,341)
Pension Charges	(30,680)	(29,418)
Other premises costs	(2,138)	(2,268)
General Administration	(58,983)	(64,846)
Depreciation & amortization	(53,739)	(64,090)
Travel cost	(31,991)	(28,444)
Insurance	(1,795)	(2,612)
Consultancy, legal and audit	(61,538)	(66,752)
	(608,704)	(655,098)

18 General and administrative expenses (continued)

(in USD)

	2022	2021
Consolidated subsidiaries		
AMZ		
Salaries and wages	(2,476,341)	(1,598,746)
Social security charges	(124,634)	(77,743)
Pension Charges	(49,527)	(32,585)
Other premises costs	(231,684)	(172,742)
General Administration	(1,049,478)	(746,500)
Depreciation & amortization	(746,287)	(423,699)
Travel cost	(558,779)	(301,483)
Insurance	(27,141)	(15,438)
Consultancy, legal and audit	(109,100)	(120,830)
	(5,372,971)	(3,489,766)
AMB		
Salaries and wages	(3,597)	-
Social security charges	(138)	-
General Administration	(628)	-
Consultancy, legal and audit	(14,065)	-
	(18,428)	-
Moringaway		
Salaries and wages	(74,946)	(45,484)
Social security charges	(10,739)	(3,258)
Premises costs	(1,800)	-
General Administration	(10,251)	(6,468)
Travel cost	(10,193)	(2,664)
Investment advisor fee	(18,375)	(20,217)
Insurance	(2,390)	(1,013)
Consultancy, legal and audit	(33,927)	(32,248)
	(162,621)	(111,352)
Total General and administrative expenses	(7,220,068)	(5,279,054)

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

(in USD)

	2022	2021
Salaries and wages	(3,011,447)	(2,125,781)
Social security charges	(172,261)	(132,824)
Pension Charges	(80,207)	(62,003)
Depreciation and amortisation	(983,583)	(671,347)
	(4,247,498)	(2,991,955)

19 Transaction with AMIL

(in USD)

	2022	2021
Remuneration for Shares purchased (gross)	(1,075,596)	-
Net Asset Value of shares purchased	1,082,148	-
Net Asset Value of shares gifted	(11,906)	-
Total loss on share transactions	(5,354)	-

In January 2022 the Company gifted 56,529 shares to an affiliate and purchased 332,998 shares in AMIL from an existing shareholder for USD 79,208. Furthermore, during November 2022 the Company made a further equity investment into AMIL to the value of USD 996,388 (INR 80,000,000) for the purchase of 7,751,938 shares at par value of INR 10 per share. As a result the Company now holds 99.5% of share capital in AMIL, and is showing an overall loss on share transactions of USD 5,354.

20 Personnel

At the year end 2022 the Group had a total staff strength of 494 employees (2021: 385 staff) spread over the Group as follows:

- 97 in AMIL (2021: 82 staff)
- 391 in AMZ (2021: 300 staff)
- 2 in AMB (2021: 0 staff)
- 2 in Moringaway (2021: 1 staff)
- 2 staff members employed by the Company in the Netherlands (2021: 2 staff)

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:

Right-of-use assets

(in USD)

	2022	2021
Balance as at 1 January	272,862	180,597
Additions to Right-of-use assets	291,650	291,667
Depreciation charge for the year	(190,090)	(155,238)
Derecognition to right-of-use assets	-	(64,472)
Translation	(22,797)	20,308
Balance as at 31 December	351,625	272,862

Lease liability

(in USD)

	2022	2021
Less than 12 Months	178,691	163,030
1 years to 2 years	81,268	74,154
2 years to 3 years	51,033	20,884
3 years to 4 years	8,801	9,990
4 years to 5 years	38,448	9,680
Balance as at 31 December	358,241	277,738

Amounts recognised in profit or loss

(in USD)

	2022	2021
Interest on Lease liabilities	67,559	51,744
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	6,751	4,554
Total amount recognised in profit and loss	74,310	56,298

Amounts recognised in cashflow statement

(in USD)

	2022	2021
Total cash outflow for leases	258,197	189,823

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 2022 amounts to USD 334,504 (2021: USD 569,293).

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

(in USD)

	%	2022	%	2021
Result before tax		869,022		577,285
Income tax using the applicable tax rate in the Netherland	25.8%	224,208	25%	144,321
Tax effect of:				
- Other applicable tax rates abroad	-7%	(58,653)	5%	25,385
- Non-deductible expenses	19%	162,841	21%	121,689
- Tax exempt income	-23%	(196,045)	-19%	(110,457)
Tax losses not recognised	22%	188,475	66%	381,207
Other	2%	13,678	1%	7,148
Tax expense	38%	334,504	99%	569,293

The Holding Company has carry-forward tax losses of USD 5,702,123 as at 31 December 2022 (2021: USD 7,038,686) for which no deferred tax asset for unused tax loss carry-forward has been recognised.

24 Audit fees

(in USD)

	KPMG Accountants N.V. 2022	Other KPMG network 2022	Total KPMG 2022
Audit of the financial statements	74,360	41,979	116,339
Tax advisory services	-	5,242	5,242
	74,360	47,221	121,581

24 Audit fees continued

(in USD)

	2021	2021	2021
Audit of the financial statements	63,845	50,809	114,654
Tax advisory services	-	4,049	4,049
	63,845	54,859	118,704

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 and its subsidiary, Moringaway, pay an Investment advisor fee to Agora Microfinance Partners LLP. The amounts paid during the year amounted to a total of USD 615,330 (2021: 603,614). All transactions between the Group and Agora Microfinance Partners LLP during the year took place at arms length. Refer to note 18 for further details

26 Result Minority interest

(in USD)

	2022	2021
Loss at AMIL	1,724	66,057
Profit at AMZ	(9,574)	(4,653)
	(7,850)	61,404

The Company acquired majority (controlling) stake in AMIL in 2013. During 2022 the Company acquired a further 5.5%ownership in AMIL, increasing its equity stake to 99.5% in AMIL at year end (2021: 94%).

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. During 2022 AMZ increased the number of shares issued via the Zambian Co-operative to 1.6%. This has been reflected as a minority interest. At year end the Company and Moringaway held 98.4% (2021: 99.4%) of the total share capital in AMZ.

27 Subsequent events

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

Separate Financial Statements

Separate Balance Sheet as at 31 December 2022

(before proposed appropriation of net result and expressed in USD)

(in USD)

	Notes	31-Dec-2022	31-Dec-2021
Assets			
Fixed Assets			
Intangible fixed-assets	2	**654,112**	837,669
Financial fixed-assets	28	**22,576,528**	19,854,239
Total fixed assets		**23,230,640**	20,691,908
Current Assets			
Short term loans and advances	29	-	517,546
Interest receivable	30	**19,648**	44,753
Trade and other receivables	31	**1,519,033**	1,541,018
Cash and cash equivalents	32	**11,092,836**	13,057,946
Total current assets		**12,631,517**	15,161,263
Total Assets		**35,862,157**	35,853,171
Equity and liabilities			
Capital and Reserves	33		
Issued and paid-up share capital		**308,575**	327,121
Share premium		**6,450,525**	6,450,525
Currency translation reserve		**(2,791,122)**	(2,266,945)
Other reserves		**31,326,995**	31,239,053
Unappropriated result for the year		**521,314**	69,396
Shareholders' equity		**35,816,287**	35,819,150
Current Liabilities			
Accrued expenses	34	**45,870**	34,021
Total current liabilities		**45,870**	34,021
Total Equity and Liabities		**35,862,157**	35,853,171

The notes on pages 61 to 68 are an integral part of these separate financial statements.

Separate Financial Statements (continued)

Separate Profit and Loss Account
for the year ended 31 December 2022

(in USD)

	Notes	2022	2021
Interest income	35	474,109	295,095
Net interest income		474,109	295,095
Other financial income/ (expenses)	36	(37,062)	4,516
Net other finance income		(37,062)	4,516
Net margin		437,047	299,611
Total operating expenses			
Other operating income	37	101,994	48,125
General and administrative expenses	38	(1,057,344)	(1,022,837)
		(955,350)	(974,712)
Share of result from participating interests			
Transaction with AMIL	19	(5,354)	-
AMIL	28	(386,466)	(1,000,738)
AMZ	28	542,066	732,789
AMB	28	(18,148)	-
Moringaway	28	907,519	1,012,446
		1,039,617	744,497
Result before tax		521,314	69,396
Tax on result	23	-	-
Result after tax		521,314	69,396

The notes on pages 61 to 68 are an integral part of these separate financial statements.

Notes to the Separate Financial Statements

General

The separate financial statements are part of the 2022 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)

	2022	2021
Consolidated participating interest		
AMIL - Equity	1,599,677	1,062,992
AMZ - Equity	4,039,257	3,836,637
AMB - Equity	13,983	-
Moringaway - Equity	6,551,575	5,680,974
Loans and advances	10,372,036	9,273,636
Balance as at 31 December	22,576,528	19,854,239

Details of each investment are shown on the next page.

AMIL - Equity

(in USD)

	2022	2021
Opening balance	1,062,992	2,087,418
Acquisition of new shares	1,082,148	-
Transfer of shares	(11,906)	-
Share of result in participating interest - AMIL	(386,466)	(1,000,738)
Revaluation	(147,091)	(23,688)
Balance as at 31 December	1,599,677	1,062,992

The Company made an additional investment into AMIL during the year as indicated above. The new investment increased the company's direct equity stake in AMIL from 94% to 99.5%. Refer to note 19 for further information on the Acquisition and Transfer of shares. 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.

28 Financial fixed assets (continued)

AMZ - Equity

(in USD)

	2022	2021
Opening balance	3,836,637	1,903,939
Acquisition of new shares	-	449,500
Share of result in participating interest - AMZ	542,066	732,789
Revaluation	(339,446)	750,409
Balance as at 31 December	4,039,257	3,836,637

During the year AMZ issued new shares to it's minority shareholders via their Zambian based Co-operative. The share issuance decreased the Company's direct equity stake from 90% to 88.7%, and increased the minority shareholder's stakes. At year end the Company and Moringaway held 98.4% of the total share capital in AMZ (2021: 99.4%). The legal address of AMZ is Plot 57A, Lukanga Road, Roma Township, Lusaka, Zambia.

AMB - Equity

(in USD)

	2022	2021
Acquisition of new shares	32,850	-
Share of result in participating interest - AMB	(18,148)	-
Revaluation	(719)	-
Balance as at 31 December	13,983	-

The Company incorporated AMB on 22 March 2022 and holds 100% of the share capital. The legal address of AMB is Plot 17295, Phase 1, Molekangwetsi Crescent, Gaborone, Botswana.

Moringaway - Equity

(in USD)

	2022	2021
Opening balance	5,680,974	1,585,819
Equity investment	-	3,000,000
Share of result in participating interest - Moringaway	907,519	1,012,446
Revaluation	(36,918)	82,709
Balance as at 31 December	6,551,575	5,680,974

The Company holds 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)

	2022	2021
Loan to subsidiary	10,387,605	9,273,636
Loan Loss Reserve	(15,569)	-
Balance as at 31 December	10,372,036	9,273,636

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 2022, totalling USD 1,100,000 (2021: USD 1,670,000). The interest rate is fixed at 3% per annum and is payable at the end of each quarter. The facility 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)

	2022	2021
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 loan has been repaid in full on 21 March 2022.

30 Interest receivable

(in USD)

	2022	2021
Accrued interest income	19,648	44,753
Balance as at 31 December	19,648	44,753

31 Trade and other receivables

(in USD)

	2022	2021
VAT receivable	11,575	7,881
Other receivables and prepayments	18,203	87,626
Deposits with financial institutions	1,489,255	1,445,511
Balance as at 31 December	1,519,033	1,541,018

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

As at 31 December 2022 all amounts included under trade and other receivables have an estimated maturity of shorter than one year.

32 Cash and cash equivalents

(in USD)

	2022	2021
Cash and cash equivalents	10,292,517	12,280,205
Deposits with banks	800,319	777,741
Balance as at 31 December	11,092,836	13,057,946

Cash and cash equivalents 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 (2021: 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 2022 amounts to 2,876,692 shares valued at EUR 287,670 (the equivalent of USD 308,575 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	327,121	6,450,525	(2,266,945)	31,239,053	69,396
Profit appropriation 2021	-	-	-	69,396	(69,396)
Translation reserves	-	-	(524,177)	-	-
Revaluation share capital	(18,546)	-	-	18,546	-
Result for the period	-	-	-	-	521,314
Closing balance at 31 Dec. 22	308,575	6,450,525	(2,791,122)	31,326,995	521,314

Total Shareholders' equity 31 December 2022	35,816,287
Total Shareholders' equity 31 December 2021	35,819,150

33a) Appropriation of result of 2021

The financial statements for the reporting year 2021 have been adopted by the General Meeting on 26 July 2022. The General Meeting has adopted the appropriation of profit after tax as proposed by the Management Board.

33b) Proposal for profit appropriation of 2022

The Management Board proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the profit after tax for 2022 amounting to USD 521,314 to the Other reserves. The 2022 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)

	2022	2021
Accrued expenses	45,870	34,021
Balance as at 31 December	45,870	34,021

Accrued expenses includes tax advisory fees and audit fees.

35 Interest income

(in USD)

	2022	2021
Interest income	406,010	229,011
Interest income - Deposits with AMK	68,099	66,084
Total	474,109	295,095

36 Other financial income/ (expenses)

(in USD)

	2022	2021
FX Results	(9,606)	15,883
Bank charges	(11,887)	(11,367)
Loan loss provision	(15,569)	-
Total	(37,062)	4,516

37 Other operating income

(in USD)

	2022	2021
Service fees	52,500	48,125
Guarantee fees	49,494	-
Total	101,994	48,125

Other operating income include fees charged to Group Companies.

The Company is guarantor to two third party loans made to AMZ. In consideration of the Company providing a guarantee for these Loans, AMZ is obliged to pay an annual fee of 3% (the 'Guarantee Fee') with respect to the outstanding principal amount pursuant to the loan agreement.

38 General and administrative expenses

(in USD)

	2022	2021
Investment advisor fee	**(596,955)**	(583,397)
Depreciation & amortization	**(183,557)**	(183,558)
Salaries and wages	**(93,841)**	(97,224)
Social security charges	**(31,632)**	(39,482)
Auditor's fees	**(89,829)**	(70,367)
Legal and professional fees	**(18,222)**	(7,885)
Premises costs	**(4,951)**	(4,554)
Website and publication expenses	**(31,480)**	(26,873)
General and administration fees	**(6,877)**	(9,497)
Total	**(1,057,344)**	(1,022,837)

The Company has 2 employees (2021: 2) with one being located in The Netherlands..

39 Remuneration of managing and supervisory directors

The Company has three Supervisory Directors (2021: 3) and two Managing Directors (2021: 2). The Supervisory Directors received remuneration of USD 2,485 (2021: USD 2,886) and Managing Directors received USD 87,177 (2021: 80,912) 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

Guarantees

The Company was guarantor to three third party loans during the 2022 financial year. Two relate to loans made to AMZ for ZMW 20,000,000 (USD: 1,106,571) and ZMW 40,000,000 (USD: 2,213,142) respectively. The other relates to a loan to Moringaway for EUR 300,000 (USD 321,802). As at 31 December 2022 the outstanding balance on these loans were ZMW 20,000,000 (USD: 1,106,571), ZMW 40,000,000 (USD: 2,213,142) and EUR 85,714 (USD: 91,943).

Commitments

There were no capital commitments as at 31 December 2022 (2021: nil).

42 Subsequent events

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

Amsterdam, 6 July 2023

Managing Directors:

Ms. R.J. Peat

Mr. R.W. van Hoof

Supervisory Board:

Mr. T. Chetan

Mr. G.E. Bruckermann

Ms. M.S. Mungra

Other Information

Auditor's report

The Auditor's report is included on page 70.

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 2022 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 2022 and of its result for the year 2022 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 2022;
2. the consolidated profit and loss account and separate profit and loss account for the year 2022; and
3. 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 designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non- compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In section 'Risk Mitigation' of the Management Board's report, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the supervisory board reflects on this.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's culture for commitment to integrity and ethical values and whistleblowing procedures for possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management and those charged with governance. As part of our audit procedures, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company. We identified compliance to anti-bribery and corruption laws as areas most likely to have a material effect on the financial statements as the Company is operational in higher risk jurisdictions and interact with governments, and other regulatory authorities, to obtained licenses and permits locally. In addition, we:

- obtained an understanding of how the Company uses information technology (IT) and the impact of IT on the financial statements.
- evaluated legal confirmation letters.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud and non- compliance risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries.
- We performed data analysis of high-risk journal entries and post-closing adjustments. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We examined all minutes and resolutions of the Company's to search for indications of fraud and for significant transactions that are outside the normal course of business, or are otherwise unusual.
- We incorporated elements of unpredictability in our audit, including a full reconciliation of all bank transactions for the financial year with the bank statements of the Company.
- We reviewed the audit files of the local auditors of the subsidiaries in India, Zambia and Mauritius on this significant risk area and concurred with their procedures and conclusions.

Revenue recognition (a presumed risk)

Risk:

- We have identified the risk of fraud due to the presumption that revenue recognition is inherently related to the fraud risk. Thereby we consider the risk of manipulation of revenue recognition throughout the year by recording non-existing revenue journal entries in order to meet the expectation from the shareholder.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to interest and other financial income.
- We recalculated the interest income and verified the relevant loan balances with agreements as well as performed recalculation for other finance income and other detail testing according to the type of income accounts.
- We reviewed the audit files of the local auditors of the subsidiaries in India, Zambia and Mauritius to assess their procedures and conclusions on this significant risk area and concurred with their procedures and conclusions.

We communicated our risk assessment, audit responses and results to management and the Supervisory Board in regard to above fraud risks.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non- compliance that are considered material for our audit.

Audit response to going concern

The Management Board has performed its going concern assessment and has not identified any going concern risks. To assess the Management Board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the Management Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

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 contains 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;

Our responsibilities for the audit of the financial statements (continued)

- 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.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

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, 6 July 2023
KPMG Accountants N.V.

G.L. Brewster RA

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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