Annual Report 2023

Agora Microfinance

BANKING FOR CHANGE

Mission

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

Pages 4 to 27 have been prepared by the Company's Management Board and have not been audited by the Company's Auditor. The Audited Financial Statements are included on pages 28 to 95, along with the Independent Auditor's Report which begins on page 96.

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Message from the Principals

Another year rolled by, during which Agora's operations evolved and expanded further. Since the beginning, we have had a vision of creating a meaningful impact in multiple African markets.

Tanmay Chetan
Chairperson

Gerhard Bruckermann
Anchor Investor

During 2023, we took substantial steps towards this goal by obtaining operating licenses in South Africa and Botswana for new retail operations. Our institutional lending arm, Moringaway, also extended its work in new markets such as Uganda, while deepening its presence in Kenya and Nigeria. The Group's work touches the lives of rural and/or under-banked populations in 8 countries – of which 6 are in Africa – and is set to grow further.

But first, a word about our retail operations. In terms of operating successes, the biggest highlight of the year was AMIL, our India operations. AMIL regained much of the lost ground during Covid expanded the market presence that it used to have prior. Its operations that were centred in and around Mumbai, have expanded substantially in Nashik and on the route between Mumbai and Nashik. It also opened its first two branches in Karnataka, venturing out of the State of Maharashtra for the first time. Alongside expansion and growth, it also registered a strong portfolio quality and impressive financial performance for the year. Further growth and expansion are expected during 2024, alongside initiatives to reach more under-served clients with tailor-made products.

In Zambia, AMZ also showed impressive growth during the year, and ended the year with over 150,000 clients. With presence throughout Zambia with 36 branches (40 at the start of 2024), and over 500 staff, AMZ is truly a national financial institution and perhaps the only of its kind in Zambia. It reaches further in the market than any other institution and its products are cheaper than any comparable offer in the Zambian market. However, a sharp decline in the USD-ZMW rate in the second half of the year, coupled with a commensurate increase in the costs of inputs and services, put unprecedented pressure on the financial performance of AMZ in the second half of 2023. It promptly initiated measures to counter these market downturns and was able to recover its bottom-line in the first half of 2024. Nevertheless, the impact of the global cost of living crisis, increased interest rates and a declined Kwacha will be a live issue for much of 2024. We expect these to slowly reduce in severity during 2024 and ease some of the pressure that AMZ has experienced recently. There are several exciting new developments underway at AMZ – but perhaps the most notable one at the moment is our endeavour to invite new shareholders to the Company. We will have more updates on this in due course, but we believe this would be a monumental step for AMZ as it will open the doors to further equity financing and will nudge AMZ towards greater stability and its evolution into a full service financial institution in the future, including the offer of deposits to its clients.

Aside from retail operations, our institutional lending vehicle, Moringaway made important strides during the year. Moringaway has now demonstrated during the past 5 years that it is feasible to create a lending model that combines local currency and USD lending in a way that is viable while reducing the cost of debt prevalent in the market, all this while avoiding high cost hedging arrangements (that bump up the cost of funds for borrowing institutions). Moringaway has taken on exposure to several currencies including the Kenyan Shilling, Ugandan Shilling, Indian Rupees, Khmer Riel and Zambian Kwacha, to name a few. It has combined it with USD denominated offers in institutions that have appetite for it or possess back-to-back facilities at reasonable rates. The overall financial results have been positive for the entire period, notwithstanding short periods of marginal losses due to currency volatility. This is indeed the principal objective of Moringaway – to build this model at scale – where financial institutions have more flexibility, choice and the opportunity to bring down some of their costs of funds.

Lastly, back to where we began this note – the creation of new retail entities in Southern Africa. After some 18 months of preparation, we were granted a license by the Botswana regulator NBFIRA to operate a financial institution for rural entrepreneurs and co-operatives. As this goes to print, operations are about to begin, and we are excited about the prospects of Agora Microfinance Botswana (AMB) to make a small difference in the lives of its rural clients. Despite being a more developed economy, access to finance in rural areas is a key missing link in the country, something that AMB will aim to address in the coming years. Similarly, Agora Microfinance South Africa (AMSA) is also slowly taking shape. We expect to begin operating in South Africa during the course of 2024 as well, with a different operating model than in neighbouring Zambia and Botswana. AMSA will look to create financing through entirely cashless means, leveraging technology and existing payment systems in the country, and will aim to reach a mix of rural and semi-urban/urban clients. Much more to come on both our new entities – please check into our website for more regular updates during the year.

In conclusion, much of the above is possible through the dedication and professionalism of our colleagues. As a Group, we work with almost 650 members of the team and will keep growing in the coming decade. At the Group level, we have had some important additions to manage our growth and add more expertise. We have, during the year and later, been delighted to welcome Jitske Cnossen as our Chief Operating Officer based in Cape Town and managing the growth in new territories, Andrea Stellini as our Finance Controller in Amsterdam, and Valeria Pujia as our Head of Research and Impact based in Milan. The three colleagues have already settled in their roles and are providing valuable guidance to the Group activities.

Best wishes

Tanmay Chetan
Chairperson

Gerhard Bruckermann
Anchor Investor

We look forward to a robust 2024 and to come back to you with regular updates on social media and our website.

In terms of operating successes, the biggest highlight of the year was AMIL, our India operations.

Corporate Structure

Investing companies:

Agora Microfinance N.V., Moringaway

Agora Microfinance N.V., a Dutch domiciled holding company invests in equity of financial institutions

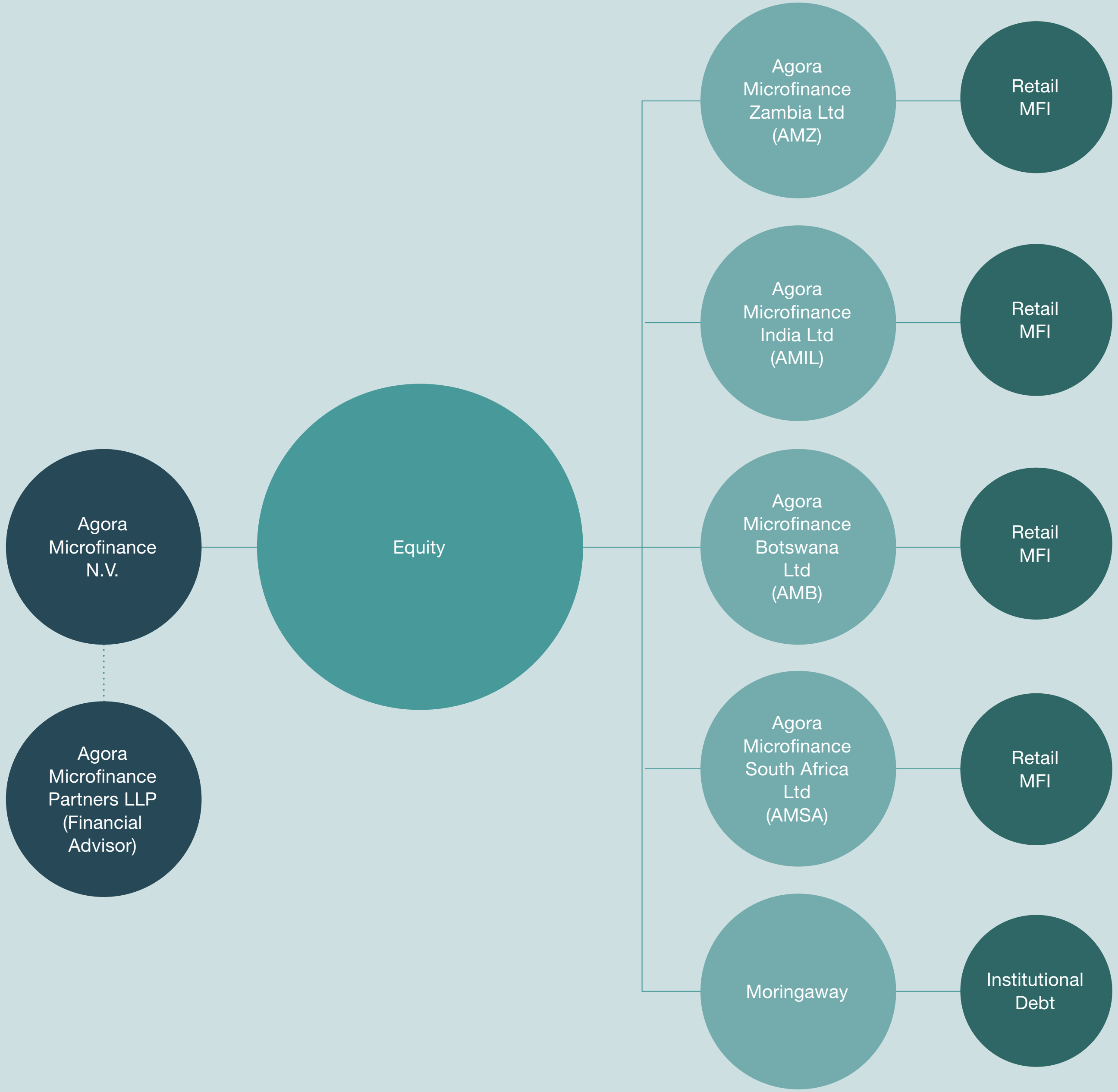
Moringaway, a Mauritius GBL Company, provides short-to-medium term debt to microfinance institutions

Equity investees:

Agora Microfinance Zambia Ltd, Agora Microfinance India Ltd, Agora Microfinance Botswana Ltd and Agora Microfinance South Africa Ltd.

Financial advisor:

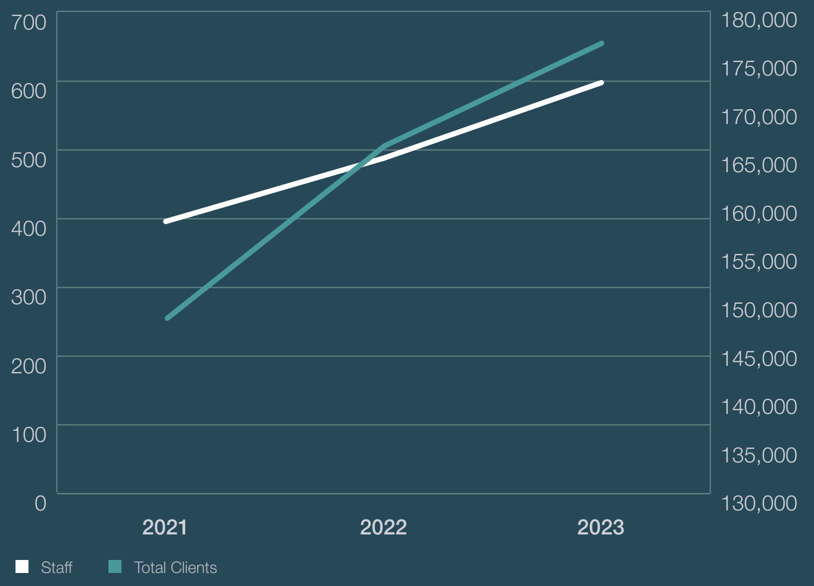
Agora Microfinance Partners LLP, is a financial advisor registered with the Companies House and regulated by the Financial Conduct Authority in the United Kingdom



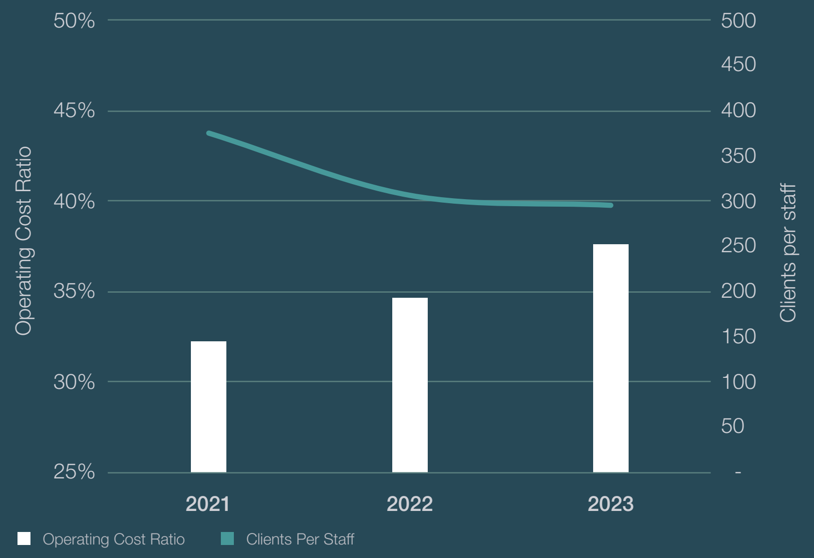
Operational and Financial Highlights

Retail Operations

Clients and staff



Operating cost and clients per staff



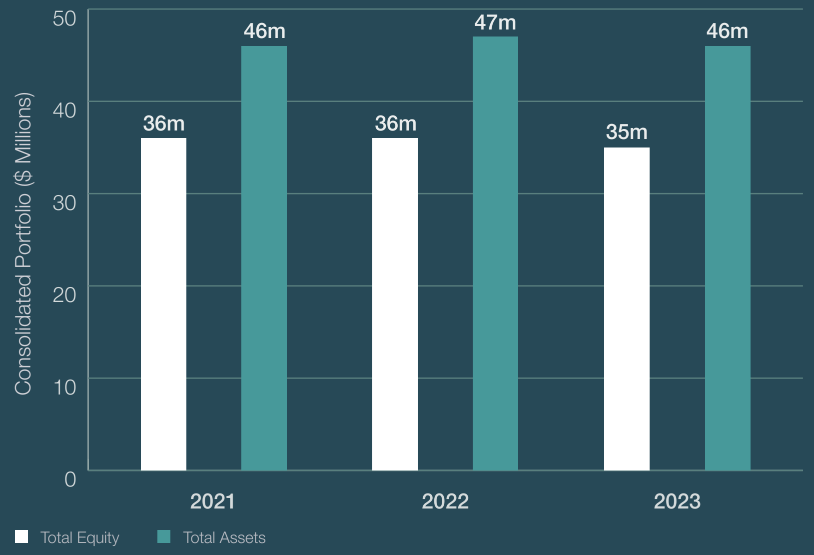
176,579
Total Clients

60
Branches

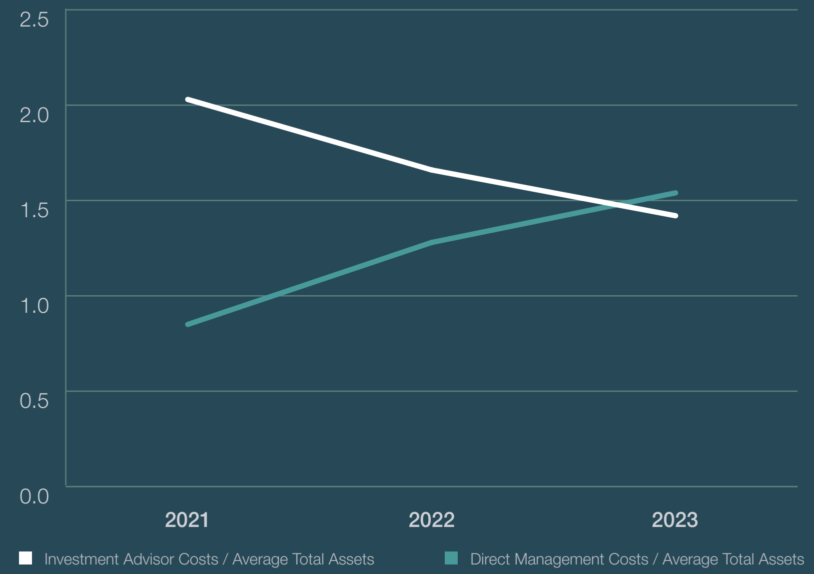
$18m
Loan Portfolio

AMNV Consolidated

Total equity & assets



Operating cost



1.42%
Investment Advisor Costs / Average Total Assets

1.54%
Direct Management Cost / Average Total Assets

AMZ Operational & Financial Highlights

5,819
Village Banks

$77
Average Loan Size

Agora Microfinance Zambia Ltd (AMZ), a company limited by shares, was licensed with the Bank of Zambia in 2011 as a non-deposit taking non-bank financial institution, with the objective of providing financial service to the financially excluded (largely rural) population of Zambia.

AMZ currently covers all parts of Zambia through its deep branch network and village banking methodology where transactions are taken to the clients' doorstep. In addition to its geographic reach, AMZ is also a pioneer in the market for its wide range of financial products that includes loans, leases, insurance, and mobile money.

	2021	2022	2023
No of Branches	24	30	**36**
No of Village Banks	3,812	4,733	**5,819**
Number of Active Borrowers	126,492	131,847	**152,197**
• Women Borrowers (%)	58%	54%	**57%**
• No of Rural borrowers (%)	93%	92%	**93%**
Loan Portfolio (USD)	11,276,516	12,110,327	**11,681,932**
PAR 30 Days	1.47%	1.95%	**1.16%**
Average Loan Size (USD)	89	92	**77**

57%
Women Borrowers

93%
Rural Borrowers

$11.6m
Loan Portfolio

AMIL Operational & Financial Highlights

Agora Microfinance India Limited

24
Branches

$297
Average Loan Size

Agora Microfinance India Ltd (AMIL) has been operating since 2011 and is registered with the Reserve Bank of India (RBI) as a Non Banking Finance Company (NBFC). AMIL plays a significant role in expanding financial services to the urban poor. Its vision is an urban society in which low-income communities have sufficient opportunities to improve their well-being.

AMIL currently operates in Maharashtra and Northern Karnataka in urban and peri-urban locations and aims to continue deepening its reach in the region through its range of affordable, convenient and timely financial services.

	2021	2022	2023
No of Branches	16	16	**24**
Number of Active Borrowers	21,650	17,576	**24,382**
• Women Borrowers (%)	94%	96%	**97%**
Loan Portfolio (USD)	5,173,932	4,908,421	**6,434,195**
PAR30 Days	32.2%	15.2%	**5%**
Average Loan Size (USD)	244	312	**297**
Return on Equity	-104.73%	-13.90%	**17.77%**

97%
Women Borrowers

24,382
Active Borrowers

$6.4m
Loan Portfolio

Moringaway Operational & Financial Highlights

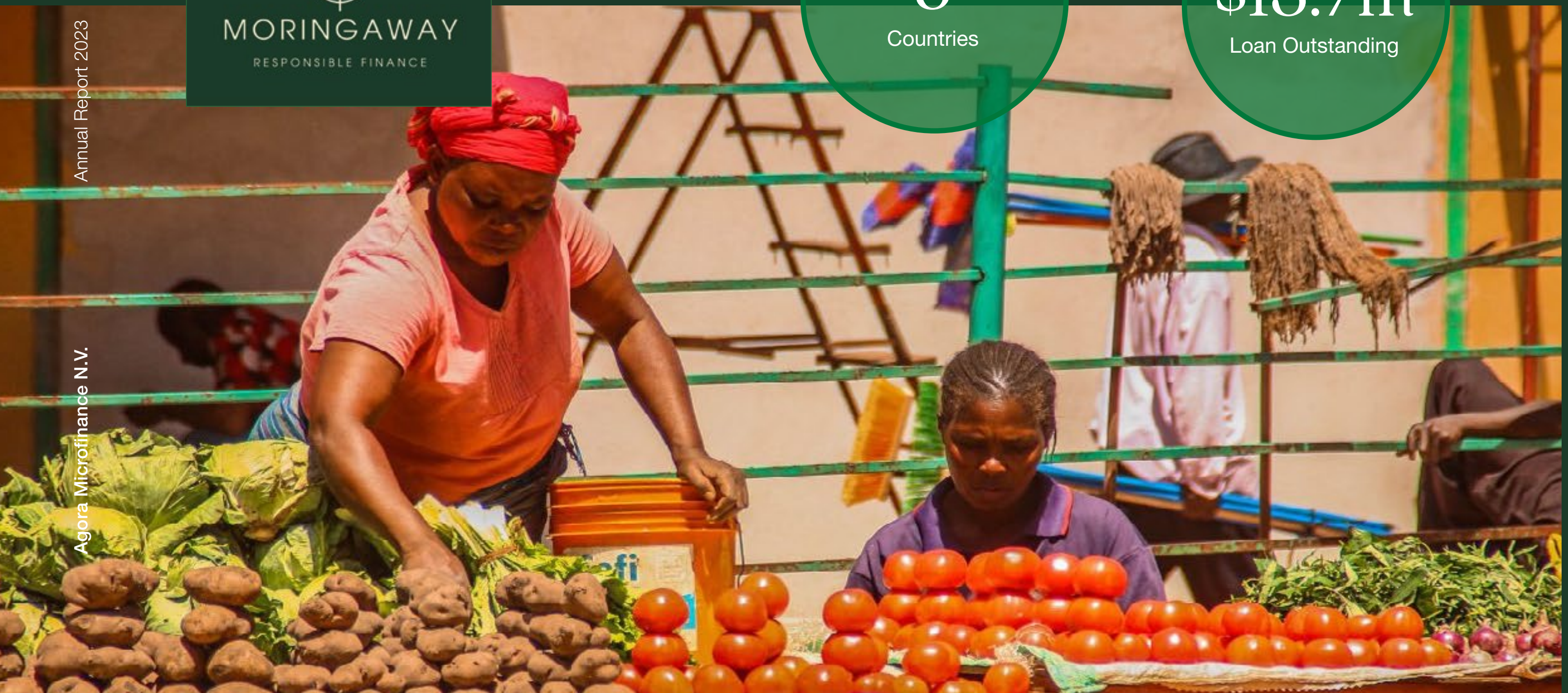
Moringaway is a wholly owned subsidiary of AMNV based in Mauritius that operates as a microfinance debt facility. It acquired its Credit Finance Licence in 2020.

	2021	2022	2023
Total Clients	5	5	5
Total Countries	5	5	5
Outreach to Loan clients, via Debt Portfolio	558,169	597,079	539,666
Outreach to Women Loan clients, via Debt Portfolio	75%	74%	73%
Loans Outstanding (USD)	$15.4m	$12.3m	$13.7m
Gross Interest Yield / Average Total Assets	8.80%	5.57%	8.73%
Return on Equity	30.14%	14.84%	1.94%
Equity / Assets	34%	38%	39%

MORINGAWAY
RESPONSIBLE FINANCE

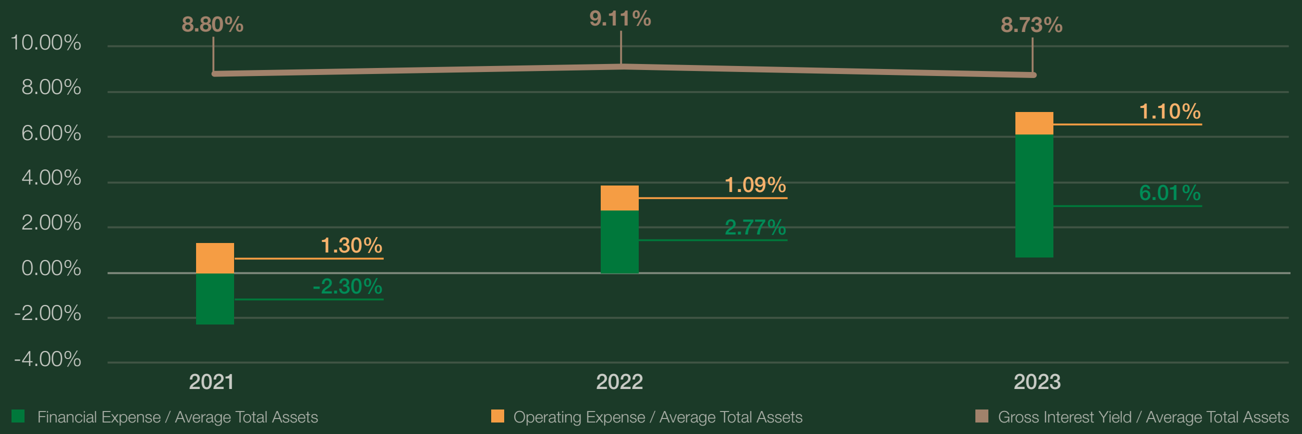
5
Countries

$13.7m
Loan Outstanding

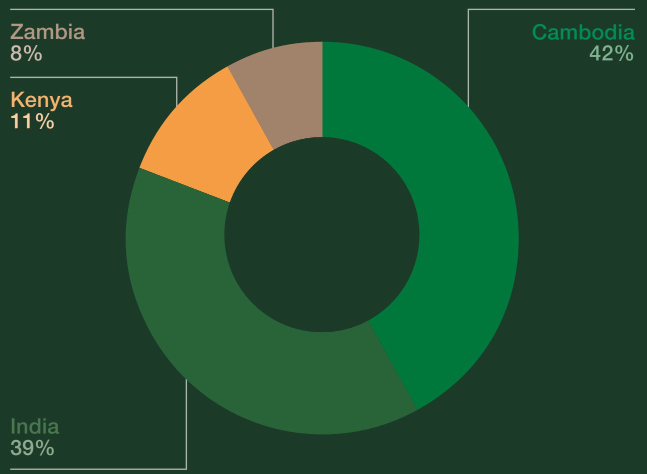


Moringaway's goal is to support socially responsible, financially stable MFIs in underserved microfinance markets to achieve optimum social and financial returns. It aims to make a considerable impact in financial inclusion by providing liquidity to institutions who work in the areas of rural finance and micro-insurance, with a focus on the use of technology to improve reach and efficiency in their work. The company operates predominantly in Africa but has some reach into Asia. Clients in these markets are mostly rural inhabitants dependent on subsistence and small farming.

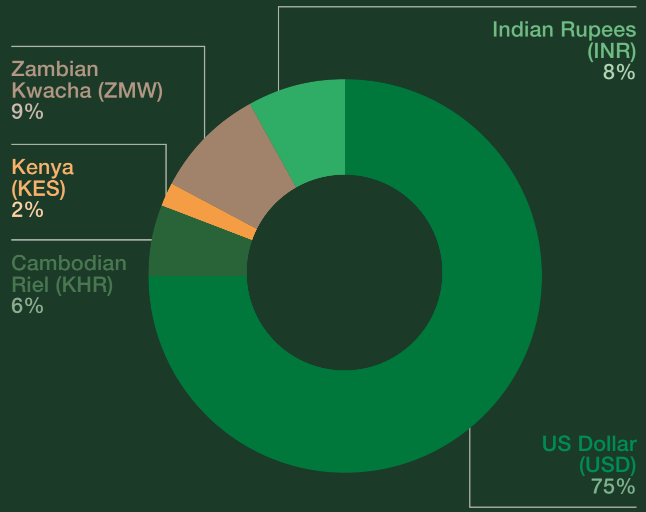
Financial Viability



Country Exposure



Currency Exposure



An Immersive Experience

Earlier this year, I had the privilege of visiting the Agora Microfinance India Limited (AMIL) subsidiary, in my capacity as member of the supervisory board of AMIL's principal shareholder, Agora Microfinance N.V.. An immersive experience that provided us with many new insights through our highly informative in person interactions with the Management Team, staff members as well as through our inspiring client visits.

The knowledge gained from local circumstances, societal dynamics, as well as the risks, and factors influencing our operations in the region, will undoubtedly be beneficial in assessing our group wide integrated risk strategy perspectives and ambitions, whilst ensuring further alignment with AMIL's short- and long-term goals and ambitions. All extremely relevant insights from a group wide governance as well as from an integrated group strategic perspective.

A Multinational Perspective

Operating in multiple geographies, at the group level we pride ourselves with offering differential risk-based pricing, with due consideration of the local factors. One of the highlights of our visit was meeting a variety of clients, each with unique needs and challenges. Meeting with our clients provided us with valuable insights into their lives and challenges. It was difficult not to feel proud of AMIL's operation across various regions, ensuring extensive reach and service delivery to our clients. We had the opportunity to visits clients in among others Chembur, Nashik, Ghoti, Dindori, from shoemakers working diligently to craft quality footwear, to street vendors, home cooks selling their healthy meals to construction workers, agricultural and dairy farmers, and livestock owners.

It was impressive to hear of the impact that the AMIL loans have had on our client's personal welfare, their dignity as well as on the development of their communities.

We also learned more about the diverse product delivery channels and the benefits of encouraging customers to repay via mobile phones, all with the aim of reducing poverty and increasing equality.

Diverse Client Base

It is heart-warming to see that respect for traditional farming practices combined with the positive impact of these small size farming practices, that are still prevalent in rural India, is high on our agenda. The clients emphasized the importance of the work AMIL is doing by financing both small entrepreneurs as well as rural clients. By supporting these clients, we are not only helping to sustain their livelihoods but also contributing to environmental conservation.

During our visit, we encountered a heart-warming scene that highlighted the blend of tradition and modernity in rural India. In a village near Belgaum, we met a client who owned cows with majestic horns—a sight that has become rare in many parts of Europe. The client explained how a Agora Micro Finance Indialoan helped him maintain and expand his herd, preserving traditional dairy farming practices and contributing to his family's livelihood.

Environmental and Social Impact

Through our financing efforts, we enable farmers to maintain and expand their agricultural activities sustainably. This support is crucial for preserving traditional farming methods and ensuring that rural communities thrive without compromising the natural resources they depend on. Additionally, our emphasis on digital repayments reduces the need for physical travel, thereby lowering carbon emissions and promoting eco-friendly practices.

Our commitment to social impact is evident in the diverse range of clients we serve. By providing financial support to shoemakers, factory workers, street vendors, agricultural workers, and livestock owners and small entrepreneurs, we help improve their economic conditions and overall quality of life. These efforts contribute to community development and social equity, ensuring that even the most marginalized groups have access to financial services.

Lead Generation and Outreach

We were impressed by the creative and innovative methods employed for lead generation. From pamphlet distribution and client meetings to WhatsApp messaging, the team in India has effectively utilized various channels to reach potential clients. This multi-faceted approach ensures that we can connect with a wide audience, addressing their specific needs and offering tailored solutions. Additionally, daily virtual meetings with all branch and collection managers have been initiated to ensure consistent communication and coordination. Physical visits to PAR (Portfolio at Risk) clients by Area Managers (AMs) and Heads of Operations (HOO) have also been successfully implemented to improve client interactions and recovery rates.

Resilience

One of the most inspiring aspects of our visit was witnessing the time, dedication, and determination with which the organisation has reinvented itself post-COVID. The resilience and adaptability of the team in India are truly commendable. They have not only managed to navigate the challenges posed by the pandemic but have also emerged stronger, ready to create new paths with renewed vigour and commitment.

Sector Insights

Our visit provided us with profound insights into the local microfinance sector. We learned about the various risks and opportunities that exist within the Indian market. Understanding these factors helps us to better tailor our financial products to meet the specific needs of our clients. Additionally, we observed the importance of digital transactions in improving repayment rates and customer satisfaction. The sector's growth potential is significant, particularly in rural areas where access to financial services is still limited.Furthermore, we are proud to mention that AMIL operates through sixteen branches across various regions, ensuring extensive reach and service delivery to our clients.

Conclusion

In conclusion, our visit to India was an immersive experience which provided us with a better understanding of local circumstances, allowing us to refine our strategies and to continuously improve our services. We are extremely proud of the team's efforts and look forward to building on the insights gained from this visit to achieve greater success in the future.

Through our continued efforts, we are not only supporting current generations but also paving the way for future generations to prosper. I will never forget the proud mother who told us that she is now able to send her young son to a school of good standing, increasing his chances of realising his dream of becoming an engineer. This young boy's dreams highlight the transformative power of our financial support. By enabling his family to sustain and grow their business, we are indirectly contributing to his education and prospects.

Our long-term vision ensures that our impact is sustainable and far-reaching, benefiting communities for years to come. Our visit to AMIL reaffirmed our commitment to making a meaningful difference in the lives of those we serve.

I want to express my gratitude to the entire AMIL team, to all the strong and passionate men and women I met, for sharing your knowledge, and for your continued dedication. Your passion and commitment continue to inspire me, and I am sure many of us to continue pushing boundaries and creating lasting impact, in eradicating poverty,increasing equality and creating a more just world.

Maya Mungra

Team Profiles

Holding Company & Financial Advisor

Tanmay Chetan
Group CEO

Tanmay is one of the founding promoters of Agora, and oversees its operations as the Group CEO. In his current role he manages the equity investments (Chair of Boards of the three investees) and also handles the Advisory Company as its Managing Partner. His additional roles include Chairing the Supervisory Board of AMNV and he is also a Director of Moringaway. In his role Tanmay focuses mainly on the development and execution of strategy at different levels of the structure. He brings considerable prior experience of microfinance operations, consulting and ratings.

Roanna Peat
Group CFO

Roanna is responsible for the financial control of AMNV as its Managing Director. She has been with Agora since 2017 and is based in The Netherlands. She brings many years of international experience across a range of industries including Financial Services, Oil & Gas, Energy and Real Estate.

Roanna is a Chartered Accountant with the Institute of Chartered Accountants of Australia and New Zealand and holds a bachelor's in accounting and economics and Diploma for Graduates from the University of Otago, New Zealand.

Jitske Cnossen
Group COO

Jitske has been a member of Agora's team since 2019, serving as a director of the Board in Zambia. In February 2023, Jitske was appointed as the Chief Operating Officer for the Group. In this capacity, she will lead Agora's expansion in the Southern African region, while also providing support in other areas of work within the Group.

She brings considerable experience of financial inclusion in Africa. In the past she has worked in various roles with the Dutch Development Bank (FMO) including as an Investment Officer for Africa.

Valeria Pujia
Head of Research and Impact
Agora Microfinance N.V.

Valeria joined Agora's team in 2022 as Head of Research and Social Performance in Zambia. In June 2024, she was appointed as Head of Research and Impact at Group level. In her current role, she is responsible for establishing and overseeing social performance, research and impact frameworks across the Agora group and its subsidiaries.

Valeria brings a wealth of experience in the financial inclusion sector, having completed over 45 consulting assignments with 50 financial service providers, in various developing and emerging countries. Her skill set encompasses social performance and client protection, research, poverty and outcome measurement, program monitoring and evaluation.

Andrea Stellini
Financial Controller
Agora Microfinance N.V.

Andrea Stellini is a seasoned Financial Controller at Agora Microfinance N.V., handling financial statements, audits, and budgeting cycles since April 2024. He co-founded Co-Cooking LAB Impresa Sociale, organizing sustainable cooking workshops in Milan. Previously, he has worked as a Project Accountant, responsible for accounting reconciliation, project budgeting, and financial management, and as a Business Controller, where he managed budget analysis, month-end closing, and financial risk analysis. With a robust background in financial management, he holds a master's degree in Sustainable Development Jobs and another in Tourism Economy from Università degli Studi di Milano-Bicocca, along with a bachelor's degree in Tourism Economy.

Josue Iyempermall
Finance Manager & Analyst,
Moringaway (Mauritius)

Josue joined Agora as the Finance Manager & Analyst of Moringaway. In his capacity, he looks after the financial control, reporting and compliance of Moringaway and also monitors the debt and asset portfolio of the company.

Josue has over 22 years of experience in accounting. Prior to joining Agora, he has worked in project finance and transaction advisory, most recently with the Big 4/5 firms in Mauritius.

Team Profiles

Holding Company & Financial Advisor (continued)

Irshaad Mungloo
Investment Analyst
Moringaway (Mauritius)

Irshaad joined Moringaway this year by end of Jan 2024 as Investment Analyst.Prior to Joining Moringaway he worked in the offshore financial sector in Mauritius. He also has worked in the telecom industry in a few Africa countries for a large Chinese telecom operator.

Over the years he has gained significant experience in different sectors such as Finance, accounting, marketing and procurement.

Sajia Alam
Management Accountant & Analyst, Agora Microfinance Partners LLP (London, UK)

As a Management Accountant & Analyst, Sajia joined Agora. She analyses key financial data in her current position to enhance financial planning. Sajia is responsible for Agora LLP's financial reporting and compliance.

Sajia has over 10 years of accounting expertise. She had worked in audit and consulting services for the Big 4 corporations in Bangladesh before joining Agora.

Monica Santos
Administrative Assistant,
Agora Microfinance Partners LLP (London, UK)

Monica joined Agora in February 2019 as an Administrative Support Officer. She is responsible for the day-to-day running tasks of Agora, as well as directly supporting the CEO and partners of the company with all their secretarial & administrative requirements. Monica also provides support to the accounts, communications and compliance departments.

Alpesh Bane
Management Accountant
Agora Microfinance Partners LLP (London, UK)

Alpesh joined Agora in February 2024 as a Management accountant. He analyses key financial data in his current position to enhance financial planning. He is responsible for Agora LLP's monthly management accounts, financial reporting and compliance. He has 8 years of experience in the accounting & finance field. Previously, he has worked for banking and insurance companies.

Team Profiles

Investee Leadership

Manoj Neval
CEO, AMIL

During his career spanning over 25 years, worked across Microfinance, Retail Financial Services, Banking Business Correspondent, Food and Agro Processing industries and has sound understanding of P&L Management, Strategy, Operations, Finance and Business Development. He joined Agora Microfinance India Ltd as Deputy CEO in Oct, 2019 and has been working as Chief Executive Officer since April 2020.

Prior to joining Agora, Manoj was working as Vice President for the Payments and Remittance business of Manappuram Finance Ltd, a leading Non-Banking Finance Company with pan India operations through a network of more than 3000 branches.

He has completed his MBA and is a Member of All India Management Association.

Amandeep Singh
Head of Operations, AMIL

Amandeep is a seasoned management professional with over 13 years of diverse experience, currently serving as the Head of Operations at Agora Microfinance India Ltd. He is a results-oriented leader with a unique blend of skills that encompass leadership & people management, operations management, financial management, strategic business planning & implementation, risk management and internal audit.

Prior to joining AMIL, he worked with the Future Group, Fino Payments Bank and Morningstar in various positions within Business Operations, Strategy, Marketing and Risk.

Amandeep is a management graduate from IIFM, Bhopal (India).

Susan Chibanga
CEO, AMZ

Susan is a Chartered Accountant with 13 years of post-qualifying experience in Zambia, 8 years have been at management level in microfinance. She joined Agora Microfinance in 2016 as a Chief Financial Officer, a position she held till her appointment as Chief Executive Officer.

Prior to joining Agora, she worked with FINCA Zambia serving in various positions within the finance department and was responsible for influencing the implementation of the finance strategy.

Susan is a member of the Association of Chartered Certified Accountants (ACCA) and holds a Bachelor of Science degree from the University of Zambia.

Mwape Mwila
Deputy CEO, AMZ

Mwape has over 17 years' experience in Microfinance industry in Zambia. He started his career in Microfinance sector in 2001 as a Credit Officer with Care Pulse Zambia. He has worked in other institutions – Pride Zambia, Madison Finance and now Agora Microfinance Zambia. Mwape has been with Agora Microfinance Zambia since its inception. He has risen through the ranks from Branch Manager, Business Development Manager, Operations Manager and is currently Deputy CEO.

Mwape holds a Diploma in Marketing from Evelyn Hone College and a Bachelors of Arts Degree in Marketing from University of Lusaka.

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 2023.

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** - direct ownership 99.7%
- **Agora Microfinance Zambia Limited ("AMZ"), Zambia** - direct ownership 88.8% and indirectly 98.4%
- **Agora Microfinance Botswana Proprietary Limited ("AMB"), Botswana** - direct ownership 100%
- **Agora Microfinance South Africa Limited ("AMSA"), South Africa** - direct ownership 100%
- **Moringaway, Mauritius** - direct ownership 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 AMSA on 18 August 2023 with the objective to further its microfinance activities in Botswana and South Africa.

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 77. AMZ's product offerings further include farm equipment leasing and non-credit products such as micro insurance and mobile money transactions.

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 and AMSA have not yet started their microfinance operations, with operations for both anticipated to start during 2024. These new operations in Botswana and South Africa will take the Company's overall strategy in Sub-Saharan Africa forward.

Moringaway was created to hold equity investments in microfinance companies and has since extended its business activities to include third party debt financing with a main focus on microfinancing entities in specific sectors of the economy and to create efficient funding sources for borrowing institutions. 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 2023 the Group had a total staff strength of 604 employees (2022: 494 staff) spread over the Group as follows:

- 115 in AMIL (2022: 97 staff)
- 483 in AMZ (2022: 391 staff)
- 1 in Moringaway (2022: 2 staff)
- 2 in AMB (2022: 2 staff)
- 3 staff members employed by the Company in the Netherlands (2022: 2 staff)

Management Board's Report (continued)

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. AMSA received its Credit License to act as a Credit Provider on 21 December 2023. In January 2024 AMB was granted permission to act as a Financing Company in Botswana.

Overview of financial information

The Group showed a Net profit after tax of USD 5,996 for the year 2023 (2022: USD 529,164) with a total debt to equity ratio of 0.34:1 (2022: 0.32:1), equity to asset ratio of 74% (2022: 76%) and liquidity ratio of 10.9 (2022: 5.7). Total Interest income increased from USD 7,543,056 in 2022 to USD 7,963,543 in 2023 which was driven by the growth in AMIL's loan book. AMIL's loan book grew by 53% which was supported by an equity investments of USD 1,088,271.

The positive result of the Company was driven by the individual profits in AMIL and Moringaway. Individually, AMIL realised an overall profit after tax of USD 303,955 (2022: a loss of USD 400,420), AMZ showing a loss of USD 116,801 (a profit in 2022: USD 615,104) and Moringaway realised a profit USD 205,751 (2022: USD 907,518). AMB and AMSA are still not operational and showed losses of USD 60,934 and USD 1,308 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, including opening 6 new branches. The economic pressures in the country caused by global forces led to significant devaluations in the local currency, higher inflation and an increase in prices of major commodities such as fuel. This position produced an unfavourable outcome for the year. However, its client base continued to grow and now reaches over 152,000 clients across all parts of the country; offering small loans, equipment leases, mobile money and different insurance products to the rural communities. AMZ exemplifies an approach of an intense focus on understanding and meeting the needs of its clients through solutions identified internally at all levels, something that it has successfully internalised during the last few years.

In India, AMIL had faced the brunt of the pandemic in 2020 and 2021, and its financial results were severely impacted. While 2022 still ended in a loss, the Company has made a full recovery in 2023, showing a Net Profit after tax of USD 303,955. During 2023 AMIL was designing a new risk-based system for product pricing, alongside expanding its range of products as well as its geographical spread. Most importantly, AMIL management has enabled – through a high standard of loan appraisals – the recovery of its loan book. Its current portfolio, loans given after the pandemic – have now been operating at near zero loss for 2023 (PAR30 at around 1%).

Our institutional lending arm, Moringaway also had a continued year of successful operations, with its financing being able to support institutions in Nigeria, Kenya, Cambodia, Zambia and India, including our own group companies. Moringaway continues to operate with a viable business model while offering tailor-made products to institutions and through a judicious mix of local currency as well as USD denominated lending. The plans to scale up Moringaway further are under implementation, and we expect its reach to extend to new institutions as well as new markets in the coming year.

In January 2024, AMB received approval to operate as a financing company in Botswana with the aim of beginning its microfinance activities in 2024.

After incorporating AMSA on 18 August 2023, the Company received approval to operate as a credit provider in South Africa, where it plans to establish a high-quality financial institution catering to rural and urban livelihoods. As part of its current plans, operations will begin soon in the Western Cape, with its headquarters in Cape Town. Over time, AMSA will seek to expand to other parts of the country, focusing on rural smallholders and other allied households.

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 2023

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 a reduced loan book or 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 less than 1% for the Group.

Geographical / Climate risks: Geographical and climate risks encompass events such as droughts, floods, and other severe weather conditions that can negatively impact clients' livelihoods, resulting in potential loan losses. To mitigate these risks, we maintain a diversified portfolio across various livelihoods and geographical regions and implement strategies to spread risk and enhance resilience. Additionally, some clients have access to weather index insurance for agriculture loans, providing further protection. This comprehensive approach helps safeguard against the economic impacts of climate events, ensuring greater stability for both our clients and our operations.

Laws and regulation:

Political & Regulatory Risks: The Corporate Sustainability Reporting Directive (CSRD) is a regulatory framework introduced by the European Union to improve and standardise how companies report sustainability-related information. The Company will include its first CSRD report in the 2025 Annual Accounts. The political and regulatory environments in the countries of operation remained stable during the year. However, election periods often bring an elevated level of uncertainty and potential instability in some regions. We do not anticipate that the outcome of the 2024 elections in India will impact the operations of AMIL. Zambia's next general elections are scheduled for 2026.

Management Board's Report (continued)

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 Zambian Kwacha which devalued sharply against the US dollar. 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, the Assets and Liabilities Committee, the Remuneration and Nomination Committee and the Research and Social Performance Committee and the Board of Directors appoints the Chief Executive Officer, who heads the management team, which includes five departments (Operations, Finance, Human Resources, Information Technology and Internal Audit). AMIL's Board is supported by the Audit and Finance Committee. 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. AMSA and AMB are currently in the process of building appropriate Corporate Structures to support operations.

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 (SOFR + 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 India. 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.

In 2024, a minor fraud incident was uncovered at one of AMIL's branches and was then followed up by AMIL's management, its Audit and Finance Committee, local auditors and finally by the Group auditors. The fraud involved approximately USD 48,000 and was spread across 233 loan accounts, with approximately 121 loan accounts found to be duplicates.

After considering the fraud incident and the internal controls of the subsidiaries the Management Board feels the internal controls are adequate. The Board of both AMIL and AMZ are very active in their oversite of the senior management teams and the audit and finance committees report directly to its board. If a similar type of fraud did occur again, the Management Board feels that current internal controls are adequate to identify the fraud in a timely manner. If fraud is identified, the response to such fraud would be adequate and timely and reduce the chances of any material risk for the Group.

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 2023, equity as a percentage of total assets was 74% for the Group, 20% for AMZ, 38% for AMIL and 39% 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.

Non-financial performance indicators play a crucial role in evaluating the overall health and impact of the company and is at the core of the Company's mission is to maximise the social returns in microfinance while providing a fair and attractive financial return to its investors.

Management Board's Report (continued)

AMZ is currently establishing a comprehensive research and impact assessment framework, focusing on product development, innovation, and expanding its geographic reach. This framework will include client outreach and satisfaction, loan portfolio quality, and other social impact metrics. Client outreach will measure the number and demographics of clients served, highlighting AMZ's effectiveness in reaching underserved communities. Loan portfolio quality, assessed through repayment rates and the number of active loans, reflects the institution's financial stability and risk management. Social impact metrics, such as improvements in clients' economic well-being, will demonstrate the broader societal benefits of AMZ's microfinance initiatives.

Once the assessment framework for AMZ is completed and tested, the goal is to develop similar frameworks for AMIL, AMSA and AMB.

Result for the period

The Group showed a Net profit after tax of USD 5,996 for the year 2023 (2022: USD 529,164) with a total debt to equity ratio of 0.34: 1 (2022: 0.32:1). The positive result was predominately driven by the individual profits in both AMIL 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.

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 (2022: 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.

As per the requirements under Dutch law, the Company shall set appropriate and ambitious targets in the form of a target to increase the ratio or balance of men and women on the management and supervisory boards as well as other categories of managerial positions. The Supervisory Board of the Company currently consists of one women and two men, while the Management Board consists of one women and one man. For those employed by the Company, 66% are women.

The Company has set goals in the form of a target with the target being that all levels of management should have at least 30% women or men. Currently these targets are being met.

The Company is committed to maintaining these targets and plans to maintain them through diverse job listings, active outreach, inclusive hiring practices, and following up on potential referrals, as well as having a workplace culture that encourages inclusiveness, a zero policy tolerance to discrimination and a leadership commitment to its current employees. Currently, the targets are being met. However, if anyone were to resign, maintaining these targets would become a primary focus.

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 2024 will be to continue the implementation of an enhanced information system as well as building its research and social performance 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 2024 and beyond include amongst other things:

- further equity investments into its subsidiaries to finance growth
- the start up of operations in South Africa and Botswana
- 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

The Corporate Sustainability Reporting Directive (CSRD) is a regulatory framework introduced by the European Union to improve and standardise how companies report sustainability-related information. The Company will include its first CSRD report in the 2025 Annual Accounts with the reporting work commencing in 2024. By fostering consistent and reliable sustainability reporting, the CSRD aims to enhance corporate accountability and facilitate the transition to a more sustainable economy. The directive mandates that companies disclose detailed information about their sustainability practices, encompassing impacts on climate change, human rights, social and employee matters, and anti-corruption measures.

Management at all levels continue to pay close attention to the impact of external factors such as high inflationary pressure, continued devaluation of some currencies and the unstable situation in the Middle East, along with the continuing war in Ukraine and the subsequent global economic growth slow down and the affect it has on the financial position and operating results of the Company.

Amsterdam, 24 June 2024
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 high inflationary pressure, continued devaluation of some currencies and the unstable situation in the Middle East, along with the continuing war in Ukraine and the subsequent global economic growth slow down and the affect the these factors may have 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.

Conclusion

The Supervisory Board reviewed and approved the 2023 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 2023 Audited Financial Statements at the Annual General meeting and discharged the members of the Management Board for their management of the Company during 2023 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, 24 June 2024
Supervisory Board:

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

Consolidated Financial Statements 2023

Consolidated Balance Sheet

as at 31 December 2023

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

	Notes	31 Dec 23 USD	31 Dec 22 USD
Assets			
Fixed assets			
Intangible fixed assets	2	588,882	797,443
Tangible fixed assets	3	2,088,839	2,292,016
Financial fixed assets	4	5,622,275	7,196,750
Total fixed assets		8,299,996	10,286,209
Current assets			
Short term loans and advances	5	19,370,770	17,553,004
Interest receivable		653,601	509,010
Trade and other receivables	6	7,945,581	3,912,165
Cash and cash equivalents	7	10,163,455	15,225,361
Total current assets		38,133,407	37,199,540
Total assets		46,433,403	47,485,749
Equity and liabilities			
Group equity	8		
Shareholders' equity		34,489,971	35,816,287
Minority interests		56,342	77,730
Total group equity		34,546,313	35,894,017
Non-current liabilities			
Non-current borrowings	9	8,373,316	5,066,530
Total non-current liabilities		8,373,316	5,066,530
Current liabilities			
Interest payable		373,722	403,665
Current part of borrowings	10	2,370,227	5,509,033
Accrued expenses and other liabilities	13	769,825	612,504
Total current liabilities		3,513,774	6,525,202
Total equity and liabilities		46,433,403	47,485,749

The notes on pages 44 to 82 are an integral part of these consolidated financial statements.

Consolidated Profit and Loss Account

for the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Interest income	14	7,963,543	7,543,056
Interest expense	15	(2,563,900)	(2,177,693)
Net interest income		5,399,643	5,365,363
Other financial income	16	3,834,817	3,448,021
Other financial expenses	17	(979,007)	(421,842)
Net other finance income		2,855,810	3,026,179
Net margin		8,255,453	8,391,542
Total operating expenses			
General and administrative expenses	18	(8,142,121)	(7,220,068)
Impairment of loans & advances		(191,118)	(302,452)
Releases of write-offs		78,921	-
		(8,254,318)	(7,522,520)
		1,135	869,022
Transaction with minority shareholders	19	-	(5,354)
Result before tax		1,135	863,668
Income tax expense	23	4,861	(334,504)
Result after tax		5,996	529,164
Minority Interest			
Result Minority Interest on investments	26	(1,002)	7,850
Group Net Result		6,998	521,314

The notes on pages 44 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Group Net Result		6,998	521,314
Translation differences on foreign operations	32	(1,333,315)	(524,177)
Total of items recognised directly in shareholders' equity		(1,333,315)	(524,177)
Total Comprehensive income of the legal entity		(1,326,317)	(2,863)

The notes on pages 44 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Cashflows

for the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Operating Activities			
Result before tax		1,135	863,668
Adjusted for:			
Depreciation and amortisation	18	1,105,475	983,583
Impairments (loan losses)	17	191,118	302,452
Interest expenses	15	2,563,900	2,177,693
Interest income	14	(7,963,543)	(7,543,056)
Foreign Exchange (Gain) / Loss	17	255,228	(21,326)
Operating cashflows before changes in operating assets and liabilities		(3,846,687)	(3,236,986)
Changes in operating assets and liabilities			
Loans to customers	4	(93,038)	828,026
Other assets		(579,207)	(313,759)
Other liabilities		479,104	15,493
		(4,039,828)	(2,707,226)
Income tax paid		(321,783)	(690,632)
Interest received		7,818,952	7,547,859
Interest paid		(2,593,843)	(2,071,175)
Cash from operating activities		863,498	2,078,826
Investing Activities			
Investment in group companies	28	(1,154,652)	(1,075,596)
Investment in deposits	4	(3,604,462)	(225,054)
Investments in property and equipment	3	(1,204,311)	(1,463,797)
Investment in software	2	(11,529)	(47,844)
Cash from investing activities		(5,974,954)	(2,812,291)

Consolidated Statement of Cashflows

for the year ended 31 December 2023 (continued)

	Notes	2023 USD	2022 USD
Financing Activities			
Proceeds from borrowings	9	2,944,741	6,247,551
Repayment of borrowings	9	(2,578,256)	(3,561,479)
Payment of lease liabilities	21	(125,230)	(190,638)
Cash from financing activities		241,255	2,495,434
Net (decrease) / increase in cash and cash equivalents		(4,870,201)	1,761,969
Cash and cash equivalents at the beginning of the year	7	15,225,361	13,525,099
Exchange rate & translation differences on cash and cash equivalents		(191,705)	(61,707)
Cash and cash equivalents at the end of the year		10,163,455	15,225,361

The notes on pages 44 to 82 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 Company incorporated AMB on 23 February 2022 and AMSA on 18 August 2023 with the objective to further its microfinance activities in Botswana and South Africa. The activities of the Group are carried out primarily in Zambia, India and Mauritius and more recently Botswana and South Africa.

ii) Financial reporting period

These financial statements cover the year 2023, which ended at the balance sheet date of 31 December 2023.

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.

General (continued)

v) General (continued)

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. The functional currency diverges from the local currency employed within the Netherlands due to the Group’s multinational operational footprint, wherein the USD is adopted as the industry standard 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 2023. Group companies are legal entities and are fully consolidated as from the date on which control is obtained and until the date that control no longer exists.

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

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

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

Business combinations

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

Notes to the Consolidated Financial Statements
(continued)

vii) Consolidation principles (continued)

Business combinations (continued)

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

Consolidation method

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group. In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable. For a transaction whereby the Company has a less than a 100% interest in the selling group company, the elimination from the group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company. Subsidiaries are consolidated in full, whereby minority interest is presented separately within group equity. If losses to be allocated to the minority interest exceed the minority interest within equity of the consolidated entity, the difference, including any further losses, is fully charged to the majority shareholder, except to the extent that the minority shareholder has the obligation to, and is able to, compensate for the losses. The minority interest in the result is deducted from group result on a separate line item in the consolidated profit and loss account.

viii) Principles for the translation of foreign currencies

Transaction in foreign currencies

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

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

Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into the functional currency at the exchange rates at the date of the transactions.

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

Foreign operations

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

General (continued)

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

Foreign operations (continued)

The following rates have been applied for the various currencies:

	2023	2022
USD/EUR	0.9	0.9
USD/KHR	4,085.0	4,117.0
USD/INR	83.3	82.9
USD/ KES	158.0	122.0
USD/ BWP	13.4	12.8
USD/ZMW	25.7	18.1
USD/ ZAR	18.4	17.1

USD: United States Dollar; EUR: Euro; KHR: Khmer Riel; INR: Indian Rupees; KES: Kenya Shilling; BWP: Botswana Pula; ZMW: Zambian Kwacha; ZAR: South African Rand

ix) Changes in accounting policy

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

x) Accounting policies

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.

Notes to the Consolidated Financial Statements
(continued)

x) Accounting policies (continued)

a) Financial instruments (continued)

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.

x) Accounting policies (continued)

a) Financial instruments (continued)

Financial instruments (continued)

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 **X** Loss given Default
X 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.

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.

Notes to the Consolidated Financial Statements
(continued)

x) Accounting policies (continued)

a) Financial instruments (continued)

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.

x) Accounting policies (continued)

c) Tangible fixed assets (continued)

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 year
• 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.

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.

Notes to the Consolidated Financial Statements
(continued)

x) Accounting policies (continued)

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.

x) Accounting policies (continued)

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.

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 and there are no liabilities for post-employment (pension) benefits.

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.

Notes to the Consolidated Financial Statements
(continued)

xi) Principles of determination of result (continued)

c) Leasing (continued)

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 taxable temporary differences, a provision for deferred tax liabilities is recognised. For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation.

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.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities.

xi) Principles of determination of result (continued)

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

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.

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 2023 the carrying amounts of all financial assets and financial liabilities represented a reasonable approximation of their fair value.

h) Related parties

The nature and amounts involved in related party transactions have been disclosed, along with other information necessary to provide insight into these 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.

Notes to the Consolidated Financial Statements
(continued)

1 Acquisitions and Disposals

AMIL

In September 2023 the Company invested in an additional 7,894,737 newly issued shares in AMIL for USD 1,088,271 (INR 90,000,000). At year end the Company now holds 99.73% of issued share capital in AMIL. For further information on the loss on share transactions refer to note 19.

AMB

During the year the Company invested in an additional 810,000 newly issued shares in AMB for USD 60,799 (BWP 810,000). At year end the Company now holds 100% of issued share capital in AMB.

AMSA

During the year the Company incorporated AMSA on 22 August 2023 by issuing 100,000 shares for USD 5,582 (ZAR 100,000). At year end the Company now holds 100% of issued share capital in AMSA.

2 Intangible fixed assets

Summary

	2023 USD	2022 USD
Intangible fixed assets consists of:		
Goodwill	503,859	654,112
Software	85,023	143,331
Total Intangible fixed assets	588,882	797,443

2 Intangible fixed assets (continued)

Movements in intangible fixed assets were as follows:

Goodwill

	AMIL USD	AMZ USD	Moringaway USD	Total USD
Cost				
At 1 Jan. 2023	939,167	135,649	760,758	1,835,574
At 31 Dec. 2023	939,167	135,649	760,758	1,835,574
Accumulated Amortisation				
At 1 Jan. 2023	775,972	82,167	323,323	1,181,462
Amortisation	60,615	13,565	76,073	150,253
At 31 Dec. 2023	836,587	95,732	399,396	1,331,715
Net Book Value				
At 31 Dec. 2023	102,580	39,917	361,362	503,859

Goodwill

	AMIL USD	AMZ USD	Moringaway USD	Total USD
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

Notes to the Consolidated Financial Statements
(continued)

2 Intangible fixed assets (continued)

Software

	AMIL USD	AMZ USD	Total USD
Cost			
At 1 Jan. 2023	11,623	235,412	247,035
Additions	6,683	4,846	11,529
Translation	(56)	(69,922)	(69,978)
At 31 Dec. 2023	18,250	170,336	188,586
Accumulated Amortisation			
At 1 Jan. 2023	6,644	97,060	103,704
Amortisation	3,183	25,531	28,714
Translation	(32)	(28,823)	(28,855)
At 31 Dec. 2023	9,795	93,768	103,563
Net Book Value			
At 31 Dec. 2023	8,455	76,568	85,023

2 Intangible fixed assets (continued)

Software

	AMIL USD	AMZ USD	Total USD
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

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.

AMZ has a Construction in progress balance of USD 19,677 (2022: USD 12,690) and relates to ongoing development costs of a new management information system.

Notes to the Consolidated Financial Statements
(continued)

3 Tangible fixed assets

Fixed Assets

	Leasehold Improvements	Land	Right-of-use Assets	Motor Vehicles & Bikes	Computer and Office Equipment	Construction in Progress	Total (in USD)
Cost							
At 1 Jan. 23	437,608	439,170	767,327	938,269	1,215,478	125,067	3,922,919
Additions	101,437	-	225,485	271,361	392,829	213,199	1,204,311
Disposals	-	-	(57,752)	-	-	-	(57,752)
Transfers	-	-	-	81,569	12,734	(87,910)	6,393
Translation	(88,458)	(130,442)	(77,790)	(120,557)	(196,981)	(37,147)	(651,375)
At 31 Dec. 23	450,587	308,728	857,270	1,170,642	1,424,060	213,209	4,424,496
Accumulated Depreciation							
At 1 Jan. 23	139,091	-	415,702	532,384	543,726	-	1,630,903
Depreciation	68,607	-	167,716	255,809	242,529	-	734,661
Disposals	-	-	(29,907)	-	-	-	(29,907)
At 31 Dec. 23	207,698	-	553,511	788,193	786,255	-	2,335,657
Net Book Value							
At 31 Dec. 23	242,889	308,728	303,759	382,449	637,805	213,209	2,088,839

3 Tangible fixed assets (continued)

Fixed Assets

	Leasehold Improvements	Land	Right-of-use Assets	Motor Vehicles & Bikes	Computer and Office Equipment	Construction in Progress	Total (in USD)
Cost							
At 1 Jan. 22	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. 22	437,608	439,170	767,327	938,269	1,215,478	125,067	3,922,919
Accumulated Depreciation							
At 1 Jan. 22	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. 22	139,091	-	415,702	532,384	543,726	-	1,630,903
Net Book Value							
At 31 Dec. 22	298,517	439,170	351,625	405,885	671,752	125,067	2,292,016

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 213,209 (2022: USD 125,067) 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 and the market value does not significantly differ from the carrying value of the Tangible fixed assets. The useful life of the fixed assets is as below.

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

Notes to the Consolidated Financial Statements
(continued)

4 Financial fixed assets

Summary

	2023 USD	2022 USD
Financial fixed assets consists of:		
Loans and advances	5,455,486	6,989,096
Derivative financial assets	129,214	187,188
Deposits with banks	37,575	20,466
Total Financial fixed assets	5,622,275	7,196,750

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

	2023 USD	2022 USD
Long term loans and advances		
Balance as at 1 January	25,183,971	26,754,938
Movement during the year	(201,425)	(1,570,967)
Gross advance to customers	24,982,546	25,183,971
Less provision for expected credit losses		
Balance as at 1 January	(641,871)	(1,687,264)
Movements during the period	485,581	1,045,393
Total provision for expected credit losses	(156,290)	(641,871)
Balance as at 31 December	24,826,256	24,542,100
Less: Current portion of borrowings	(19,370,770)	(17,553,004)
	5,455,486	6,989,096

4 Financial fixed assets (continued)

AMIL wrote-off a total of USD 406,723 (2022: USD 1,082,028) loan balances in 2023 which were mainly made up of non-performing portfolio over 365 days. The amount was reduced from the provision for expected credit losses.

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 21,375 (USD: 257).

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 1,968 (USD: 77).

At the year end Moringaway had four loans outstanding with corporate clients in Africa and Cambodia. The loans vary in term from 2-5 years and are repayable over the term of the loan. The currencies are either local currency or USD with the interest rate ranging from 6.6% to 17%.

5 Short term Loans and advances

	2023 USD	2022 USD
Balance as at 1 January	18,194,875	15,721,245
Movement during the year	1,327,042	2,473,630
Gross advance to customers	19,521,917	18,194,875
Less provision for bad debts	(151,147)	(641,871)
Closing balance 31 December	19,370,770	17,553,004

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

Notes to the Consolidated Financial Statements
(continued)

6 Trade and other receivables

	2023 USD	2022 USD
VAT receivable	8,086	11,575
Deposits with financial institutions	6,846,596	3,259,243
Prepayments	218,742	357,629
Derivative financial assets	6,088	5,587
Income tax paid in advance	132,888	125,138
Other receivables	733,181	152,993
Balance as at 31 December	7,945,581	3,912,165

Deposits with Financial institutions 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 2023 all amounts included under trade and other receivables have an estimated maturity of shorter than one year.

7 Cash and cash equivalents

	2023 USD	2022 USD
Cash at banks	10,163,455	15,225,361
Balance as at 31 December	10,163,455	15,225,361

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 32 Shareholders' equity in the separate financial statements.

Minority Interest

	2023 USD	2022 USD
AMIL	7,992	6,917
AMZ	48,350	70,813
Balance as at 31 December	56,342	77,730
The movements in minority interests are as follows:		
Balance as at 1 January	77,730	96,008
Minority share in result	(1,002)	7,849
Other movements	(20,386)	(26,127)
Balance as at 31 December	56,342	77,730

The Company acquired majority (controlling) stake in AMIL in 2013. During 2023 the Company acquired a further 0.23% ownership in AMIL, increasing its equity stake to 99.73% in AMIL at year end (2022: 99.5%).

During 2020, AMZ launched its Employee Share Ownership Plan and on 31 July 2021 the employees of AMZ were issued 0.7% of the total share capital in AMZ via a Zambian based Co-operative. In 2022, AMZ increased the number of shares issued via the Zambian Co-operative to 1.6%, which has been recorded as a minority interest. However, no additional shares have been issued since that date. At year end the Company and Moringaway held 98.4% (2022: 98.4%) 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.

Notes to the Consolidated Financial Statements
(continued)

9 Non-current Borrowings

	2023 USD	2022 USD
Borrowings	10,743,543	10,575,563
Less: Current portion of borrowings	(2,370,227)	(5,509,033)
Non-current borrowings	8,373,316	5,066,530

Borrowings carry customary covenants including solvency ratios, debt to equity ratios, return on assets, write-off ratios and unhedged foreign exchange positions. The Company is guarantor to two third party loans, relating to loans made to AMZ. More detail is give in Note 12 Off-balance sheet assets and liabilities. No assets have been pledged in relation to Non-current or Current Borrowings. Lease liabilities amounting to USD 328,848 (2022: USD 358,241) are included under Borrowings.

As at year end, only AMZ carried third party debt. AMZ has secured (by guarantee) 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.

Changes in borrowings

	Borrowings USD	Lease liabilities USD	Non-current borrowings USD
Balance as at 1 January 2023	4,886,980	179,550	5,066,530
Movement during the year:			
Proceeds from/Increase in borrowings and lease liabilities	5,457,462	47,490	5,504,952
Transfer to Current part of borrowings	(748,274)	-	(748,274)
Other movements	(1,449,892)	-	(1,449,892)
Balance as at 31 December 2023	8,146,276	227,040	8,373,316
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

10 Current part of borrowings

	2023 USD	2022 USD
Current portion of borrowings	2,370,227	5,509,033
Balance as at 31 December	2,370,227	5,509,033

For the conditions relating to the Current portion of borrowings, reference is made to Note 9 - Non-current Borrowings.

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.

Notes to the Consolidated Financial Statements
(continued)

11 Financial instruments (continued)

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 2023 their non-performing loans value was equivalent to USD 56,836 (2022: USD 49,220) and the collateral pledged against it amounted to USD 61,298 (2022: USD 278,288).

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 2023 (2022: 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 2023 (2022: nil).

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:

	2023 USD Gross Carry Amount	2023 USD Loss allowance	2023 USD Net	2022 USD Gross Carry Amount	2022 USD Loss allowance	2022 USD Net
Stage 1 – Performing	24,703,558	57,481	24,646,077	24,371,965	216,161	24,155,804
Stage 2 – Not late	109,493	19,709	89,784	137,457	38,388	99,069
Stage 3 – Late	169,495	79,100	90,395	674,549	387,322	287,227
Total	24,982,546	156,290	24,826,256	25,183,971	641,871	24,542,100

11 Financial instruments (continued)

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:

	2023 USD	2022 USD
Neither past due nor impaired	24,354,258	24,107,392
Past due 1-29 days	349,300	264,573
Past due 30-59 days	72,918	82,916
Past due 60-89 days	36,575	54,541
Past due 90-180 days	49,036	111,821
Past due >180 days	120,459	562,728
Gross	24,982,546	25,183,971
Provision for impairment	(156,290)	(641,871)
Total	24,826,256	24,542,100

Concentration of risk of financial assets with credit risk exposure

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

	2023 USD	2023 % of total portfolio	2022 USD	2022 % of total portfolio
Corporate customers	6,654,261	27%	8,136,045	32%
Agriculture and allied	1,369,109	5%	1,165,972	5%
Manufacturing, mining and production	21,951	0.1%	13,876	0.1%
Trade and services	15,654,260	63%	14,863,627	59%
Other sectors	1,282,965	5%	1,004,451	4%
Total	24,982,546		25,183,971	

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.

Notes to the Consolidated Financial Statements
(continued)

11 Financial instruments (continued)

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

	Carrying Amount USD	Less than 3 Months USD	3 months to 1 year USD	1 year to 5 years USD
31 December 2023				
Financial liabilities				
Borrowings and Interest payable	10,788,417	787,986	1,854,155	8,146,276
Lease liabilities	328,848	27,427	74,381	227,040
Trade and other payables	769,825	769,825	-	-
Total	11,887,090	1,585,238	1,928,536	8,373,316
Financial assets				
Loans and advances	24,826,256	4,234,537	15,136,233	5,455,486
Derivative financial assets	135,302	1,522	4,566	129,214
Deposit with financial institutions	6,884,171	-	6,846,596	37,575
Interest receivable	653,601	653,601	-	-
Trade and other receivables	1,092,897	273,224	819,673	-
Cash and cash equivalents	10,163,455	10,163,455	-	-
Total	43,755,682	15,326,339	22,807,068	5,622,275
Net amount as at 31 December:	31,868,592	13,741,101	20,878,532	(2,751,041)

11 Financial instruments (continued)

	Carrying Amount USD	Less than 3 Months USD	3 months to 1 year USD	1 year to 5 years USD
31 December 2022				
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	3,279,709	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	15,225,361	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

Revenue per Geographical Segment: The Company's revenue can be broken down into geographical segments and is presented below:

	2023 Revenue USD	2022 Revenue USD
Zambia	5,707,890	5,669,177
India	1,325,242	852,671
Mauritius	800,654	936,884
The Netherlands	129,757	84,324
Total	7,963,543	7,543,056

Notes to the Consolidated Financial Statements
(continued)

11 Financial instruments (continued)

Currency Risks: The Group is exposed to currency risk denominated in a currency other than the respective functional currencies of group entities. The functional currencies in the subsidiaries are their respective local currency. Some of the Company's operating currencies showed volatility during the year, particularly the Zambian Kwacha which depreciated against the US dollar by 42%. 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 is presented below:

	2023 Assets USD	2023 Liabilities USD	2023 Net position USD	2022 Assets USD	2022 Liabilities USD	2022 Net position USD
USD	21,115,044	(66,134)	21,048,910	23,107,948	(64,393)	23,036,251
ZMW	15,592,814	(11,496,720)	4,096,094	15,804,431	(11,210,443)	4,593,988
INR	7,795,600	(279,574)	7,516,026	5,560,862	(144,675)	5,416,187
KHR	1,495,216	-	1,495,216	2,223,110	-	2,223,110
KES	365,833	-	365,833	581,330	-	581,330
BWP	33,705	(8,765)	24,940	-	-	-
EUR	29,994	(34,818)	(4,824)	208,068	(172,221)	35,847
ZAR	5,197	(1,079)	4,118	-	-	-
Total	46,433,403	(11,887,090)	34,546,313	47,485,749	(11,591,732)	35,894,017

The pre-tax result as of 31 December 2023 would be USD 11,680 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 2023 would be USD 30,396 higher/lower, in case the exchange rate of the INR against USD would increase/decrease by 10 percent, leaving all other variables constant.

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, the Assets and Liabilities Committee, the Remuneration and Nomination Committee and the Research and Social Performance Committee and the Board of Directors appoints the Chief Executive Officer, who heads the management team, which includes five departments (Operations, Finance, Human Resources, Information Technology and Internal Audit). AMIL's Board is supported by the Audit and Finance Committee. 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. AMSA and AMB are currently in the process of building appropriate Corporate Structures to support operations.

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, 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 (SOFR + 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.

Notes to the Consolidated Financial Statements
(continued)

11 Financial instruments (continued)

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 brought 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.

12 Off-balance sheet assets and liabilities

Guarantees

The Company is guarantor to two third party loans, relating to loans made to AMZ. As at 31 December 2023 the outstanding balance on these loans were ZMW 20,000,000 (USD: 777,898), ZMW 40,000,000 (USD: 1,555,796).

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 USD 151,106. 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 131,267. 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 2023 (2022: nil).

13 Accrued expenses & other liabilities

	2023 USD	2022 USD
Accrued expenses & other liabilities	537,194	307,397
Current income tax payable	10,417	92,106
Other statutory obligations	222,214	213,001
Total	769,825	612,504

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

14 Interest income

	2023 USD	2022 USD
Interest income	7,963,543	7,543,056
Total	7,963,543	7,543,056

In the context of financial instruments such as loans, interest income is recognised not based on performance obligations, but rather through accrual basis, using the effective interest rate method.

15 Interest expense

	2023 USD	2022 USD
Interest expense	(2,563,900)	(2,177,693)
Total	(2,563,900)	(2,177,693)

Notes to the Consolidated Financial Statements
(continued)

16 Other financial income

	2023 USD	2022 USD
Loan processing fee income	3,667,171	3,234,392
Other income	167,646	213,629
Total	3,834,817	3,448,021

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.

The primary performance obligation for loan processing fees is the service of processing the loan application. This includes evaluating the creditworthiness of the applicant, preparing and reviewing necessary documents, and managing the administrative aspects of setting up the loan.

Other income include 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. The primary performance obligation for insurance brokerage fees relate to advising clients on the relevant products, helping the client fill in the application and submitting to the third party insurance providers. The primary performance obligation for Mobile money income relate to advising clients on the process and helping the client through the process.

17 Other financial expense

	2023 USD	2022 USD
FX Results	(916,839)	(343,690)
Bank charges	(62,168)	(78,152)
Total	(979,007)	(421,842)

18 General and administrative expenses

	2023 USD	2022 USD
Salaries and wages	(3,630,076)	(3,011,446)
Social security charges	(174,236)	(172,261)
Pension Charges	(93,552)	(80,207)
Investment advisor fee	(515,778)	(620,330)
Other premises costs	(255,859)	(240,573)
General Administration	(1,301,261)	(1,184,022)
Depreciation & amortization	(1,105,475)	(983,583)
Travel cost	(727,446)	(600,963)
Consultancy, legal and audit	(338,438)	(326,683)
Total General and administrative expenses	(8,142,121)	(7,220,068)

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

	2023 USD	2022 USD
Salaries and wages	(3,630,076)	(3,011,447)
Social security charges	(174,236)	(172,261)
Pension Charges	(93,552)	(80,207)
Depreciation and amortisation	(1,105,475)	(983,583)
	(5,003,339)	(4,247,498)

Notes to the Consolidated Financial Statements
(continued)

19 Transaction with AMIL

	2023 USD	2022 USD
Remuneration for Shares purchased (gross)	(1,088,271)	(1,075,596)
Net Asset Value of shares purchased	1,159,517	1,082,148
Net Asset Value of shares gifted	-	(11,906)
Total movement on share transactions	71,246	(5,354)
Recorded in Profit and Loss account	-	(5,354)
Recorded as Translation differences on foreign operations	71,246	-
	71,246	(5,354)

On 28 September 2023, the Company made a further equity investment into AMIL to the value of USD 1,088,271 (INR 90,000,000) for the purchase of 7,894,737 shares at par value of INR 10 per share. The overall result of the transaction was a gain of USD 71,246 and the movement was recorded in FX Translation in Equity.

During 2022 the Company carried out three transactions with AMIL including gifting 56,529 shares to an affiliate, purchasing 332,998 shares from an existing shareholder and was issued a further 7,751,938 shares at par value of INR 10 per share, for a total amount of USD 996,388 (INR 80,000,000). The overall result of these transactions was a loss of USD 5,354 and the loss was recorded in the Profit and Loss Account.

20 Personnel

At the year end 2023 the Group had a total staff strength of 604 employees (2022: 494 staff) spread over the Group as follows:

- 115 in AMIL (2022: 97 staff)
- 483 in AMZ (2022: 391 staff)
- 1 in Moringaway (2022: 2 staff)
- 2 in AMB (2022: 2 staff)
- 3 staff members employed by the Company in the Netherlands (2022: 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

	2023 USD	2022 USD
Balance as at 1 January	351,625	272,862
Additions to Right-of-use assets	225,485	291,650
Depreciation charge for the year	(167,716)	(190,090)
Derecognition to right-of-use assets	(27,845)	-
Translation	(77,790)	(22,797)
Balance as at 31 December	303,759	351,625

Lease liability

	2023 USD	2022 USD
Less than 12 Months	101,808	178,691
1 years to 2 years	173,186	81,268
2 years to 3 years	53,854	51,033
3 years to 4 years	-	8,801
4 years to 5 years	-	38,448
Balance as at 31 December	328,848	358,241

Amounts recognised in profit or loss

	2023 USD	2022 USD
Interest on Lease liabilities	73,275	67,559
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	10,811	6,751
Total amount recognised in profit and loss	84,086	74,310

Notes to the Consolidated Financial Statements
(continued)

21 Leases as lessee (continued)

Amounts recognised in cashflow statement

	2023 USD	2022 USD
Total cash outflow for leases	198,505	258,197

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 amount recognised in the profit and loss account for 2023 was a positive movement of USD 4,861 (2022 expense: USD 334,504).

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

	%	2023 USD	%	2022 USD
Result before tax		1,135		869,022
Income tax using the applicable tax rate in the Netherlands	25.8%	293	26%	224,208
Tax effect of:				
• Other applicable tax rates abroad	-1519%	(17,239)	-7%	(58,653)
• Non-deductible expenses	12884%	146,239	19%	162,841
• Tax exempt income	-7876%	(89,392)	-23%	(196,045)
Tax losses not recognised	20%	230	22%	188,475
Other	-3964%	(44,992)	2%	13,678
Tax (income)/expense	-428%	(4,861)	38%	334,504

The Holding Company has carry-forward tax losses of USD 5,966,911 as at 31 December 2023 (2022: USD 5,702,123) for which no deferred tax asset for unused tax loss carry-forward has been recognised.

24 Audit fees

	Mazars Accountants N.V. 2023	Other Mazars network 2023	Total Mazars 2023
Audit of the financial statements	55,450	13,800	69,250
Tax advisory services	-	-	-
	55,450	13,800	69,250

Audit fees paid to auditors other than the Group auditor include KPMG Chartered Accountants, Zambia of USD 63,539 for the audit of AMZ and Shah Taparia Chartered Accountants, India of USD 8,427 for the audit of AMIL.

	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

The fees were charged by Mazars (2022: 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 38 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 515,778 (2022: 620,330). All transactions between the Group and Agora Microfinance Partners LLP during the year took place at arms length.

Notes to the Consolidated Financial Statements
(continued)

26 Result Minority interest

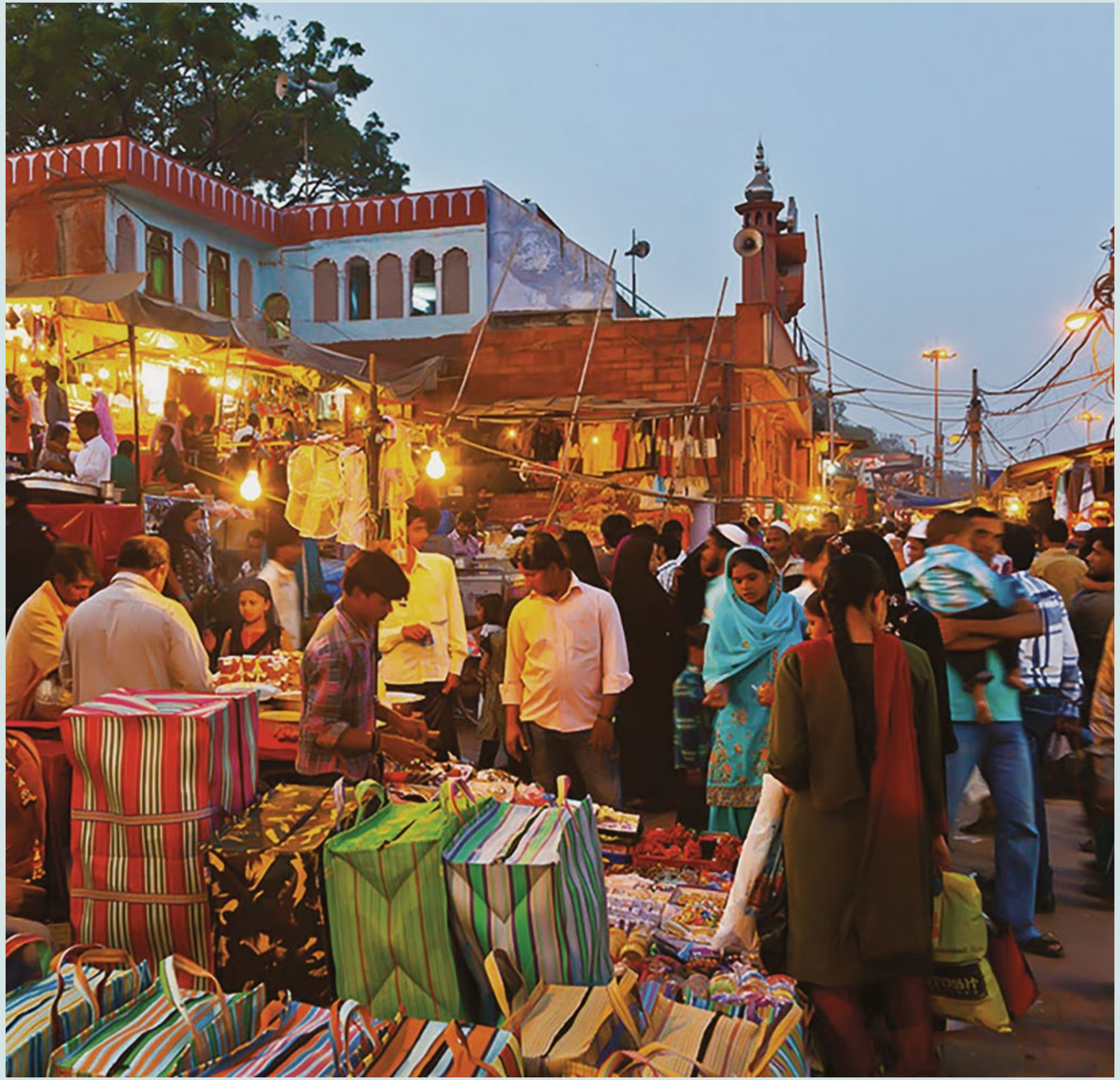
	2023 USD	2022 USD
(Profit)/ Loss at AMIL	(817)	1,724
Loss/ (Profit) at AMZ	1,819	(9,574)
	1,002	(7,850)

The Company acquired majority (controlling) stake in AMIL in 2013. During 2023 the Company acquired a further 0.23% ownership in AMIL, increasing its equity stake to 99.73% in AMIL at year end (2022: 99.5%).

During 2020, AMZ launched its Employee Share Ownership Plan and on 31 July 2021 the employees of AMZ were issued 0.7% of the total share capital in AMZ via a Zambian based Co-operative. In 2022, AMZ increased the number of shares issued via the Zambian Co-operative to 1.6%, which has been recorded as a minority interest. However, no additional shares have been issued since that date. At year end the Company and Moringaway held 98.4% (2022: 98.4%) 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 2023

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

	Notes	31 Dec 23 USD	31 Dec 22 USD
Assets			
Fixed assets			
Intangible fixed-assets	2	503,859	654,112
Financial fixed-assets	28	22,718,922	22,576,528
Total fixed assets		23,222,781	23,230,640
Current assets			
Interest receivable	29	175,511	19,648
Trade and other receivables	30	3,721,431	2,319,352
Cash and cash equivalents	31	7,327,897	10,292,517
Total current assets		11,224,839	12,631,517
Total assets		34,447,620	35,862,157
Equity and liabilities			
Capital and reserves	32		
Issued and paid-up share capital		318,007	308,575
Share premium		6,450,525	6,450,525
Currency translation reserve		(4,124,437)	(2,791,122)
Other reserves		31,838,877	31,326,995
Unappropriated result for the year		(107,954)	521,314
Shareholders' equity		34,375,018	35,816,287
Current liabilities			
Accrued expenses	33	72,602	45,870
Total current liabilities		72,602	45,870
Total equity and liabilities		34,447,620	35,862,157

The notes on pages 87 to 94 are an integral part of these separate financial statements.

Separate Profit and Loss Account

for the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Interest income	34	532,249	474,109
Net interest income		532,249	474,109
Other financial income/ (expenses)	35	(17,485)	(21,493)
Net other finance income		(17,485)	(21,493)
Net margin		514,764	452,616
Total operating expenses			
Other operating income	36	110,784	101,994
General and administrative expenses	37	(1,040,591)	(1,057,344)
Impairment of loans & advances		(35,855)	(15,569)
		(965,662)	(970,919)
Share of result from participating interests			
Transaction with AMIL	19	-	(5,354)
AMIL	28	303,138	(386,466)
AMZ	28	(103,704)	542,066
AMB	28	(60,934)	(18,148)
AMSA	28	(1,308)	-
Moringaway	28	205,752	907,519
		342,944	1,039,617
Result before tax		(107,954)	521,314
Tax on result	23	-	-
Result after tax		(107,954)	521,314

The notes on pages 87 to 94 are an integral part of these separate financial statements.

Notes to the Separate Financial Statement

General

The separate financial statements are part of the 2023 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.

28 Financial fixed assets

	2023 USD	2022 USD
Consolidated participating interest		
AMIL - Equity	2,964,479	1,599,677
AMZ - Equity	2,757,902	4,039,257
AMB - Equity	13,027	13,983
AMSA - Equity	4,118	-
Moringaway - Equity	6,629,245	6,551,575
Loans and advances	10,350,151	10,372,036
Balance as at 31 December	22,718,922	22,576,528

Details of each investment are shown below.

Notes to the Separate Financial Statement
(continued)

28 Financial fixed assets (continued)

AMIL - Equity

	2023 USD	2022 USD
Opening balance	1,599,677	1,062,992
Acquisition of new shares	1,088,271	1,082,148
Transfer of shares	-	(11,906)
Share of result in participating interest - AMIL	303,138	(386,466)
Revaluation	(26,607)	(147,091)
Balance as at 31 December	2,964,479	1,599,677

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 99.5% to 99.73%. 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.

AMZ - Equity

	2023 USD	2022 USD
Opening balance	4,039,257	3,836,637
Share of result in participating interest - AMZ	(103,704)	542,066
Revaluation	(1,177,651)	(339,446)
Balance as at 31 December	2,757,902	4,039,257

At year end the Company and Moringaway held 98.4% of the total share capital in AMZ (2022: 98.4%). The legal address of AMZ is Plot 57A, Lukanga Road, Roma Township, Lusaka, Zambia.

28 Financial fixed assets (continued)

AMB - Equity

	2023 USD	2022 USD
Opening balance	13,983	-
Acquisition of new shares	60,799	32,850
Share of result in participating interest - AMB	(60,934)	(18,148)
Revaluation	(821)	(719)
Balance as at 31 December	13,027	13,983

The Company incorporated AMB on 22 March 2022 and holds 100% of the share capital. During 2023, four separate equity investments were made for a total amount of USD 60,799. All new shares were issued to the Company. The legal address of AMB is Plot 2482b, Extension 9, Tshekedi Crescent, Gaborone, Botswana.

AMSA - Equity

	2023 USD	2022 USD
Acquisition of new shares	5,582	-
Share of result in participating interest - AMSA	(1,308)	-
Revaluation	(156)	-
Balance as at 31 December	4,118	-

The Company incorporated AMSA on 22 August 2023 by issuing 100,000 shares for ZAR 100,000 (USD 5,582). The Company holds 100% of the share capital. The legal address of AMSA is Devonport Road 25, Tamboerskloof, Cape Town, Western Cape, 8001, South Africa.

Moringaway - Equity

	2023 USD	2022 USD
Opening balance	6,551,575	5,680,974
Share of result in participating interest - Moringaway	205,752	907,519
Revaluation	(128,082)	(36,918)
Balance as at 31 December	6,629,245	6,551,575

The Company holds 100% of the shares in Moringaway. The legal address of Moringaway is 11th Floor, Tower 1, NeXTeracom Building, Cybercity, Ebene, Mauritius.

Notes to the Separate Financial Statement
(continued)

28 Financial fixed assets (continued)

Loans and advances

	2023 USD	2022 USD
Loan to subsidiary	10,401,575	10,387,605
Loan Loss Reserve	(51,424)	(15,569)
Balance as at 31 December	10,350,151	10,372,036

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. No disbursements were made during 2023 (2022: USD 1,100,000). 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 Interest receivable

	2023 USD	2022 USD
Accrued interest income	175,511	19,648
Balance as at 31 December	175,511	19,648

30 Trade and other receivables

	2023 USD	2022 USD
VAT receivable	8,086	11,575
Other receivables and prepayments	158,499	18,203
Deposits with financial institutions	3,554,846	2,289,574
Balance as at 31 December	3,721,431	2,319,352

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

As at 31 December 2023 all amounts included under trade and other receivables have an estimated maturity of shorter than one year.

31 Cash and cash equivalents

	2023 USD	2022 USD
Cash and cash equivalents	7,327,897	10,292,517
Balance as at 31 December	7,327,897	10,292,517

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.

32 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 2023 amounts to 2,876,692 shares valued at EUR 287,670 (the equivalent of USD 318,007 at the year end exchange rate).

	Issued and paid-up share capital USD	Share premium USD	Currency translation reserve USD	Other reserves USD	Un-appropriated result for the year USD
Opening balance	308,575	6,450,525	(2,791,122)	31,326,995	521,314
Profit appropriation 2022	-	-	-	521,314	(521,314)
FX Translation	-	-	(1,333,315)	-	-
Revaluation share capital	9,432	-	-	(9,432)	-
Result for the period	-	-	-	-	(107,954)
Closing balance at 31 December 2023	318,007	6,450,525	(4,124,437)	31,838,877	(107,954)

Total Shareholders' equity 31 December 2023	34,375,018
Total Shareholders' equity 31 December 2022	35,816,287

32a) Appropriation of result of 2022

The financial statements for the reporting year 2022 have been adopted by the General Meeting on 25 July 2023. The General Meeting has adopted the appropriation of profit after tax as proposed by the Management Board.

32b) Proposal for profit appropriation of 2023

The Management Board proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the loss after tax for 2023 amounting to USD 107,767 to the Other reserves. The 2023 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.

Notes to the Separate Financial Statement
(continued)

33 Accrued expenses

	2023 USD	2022 USD
Accrued expenses	72,602	45,870
Balance as at 31 December	72,602	45,870

Accrued expenses includes legal fees, tax advisory fees and audit fees.

34 Interest income

	2023 USD	2022 USD
Interest income	413,243	406,010
Interest income on Term Deposits	119,006	68,099
Total	532,249	474,109

35 Other financial income/ (expenses)

	2023 USD	2022 USD
Bank charges	(14,431)	(11,887)
FX Results	(3,054)	(9,606)
Total	(17,485)	(21,493)

36 Other operating income

	2023 USD	2022 USD
Service fees	52,500	52,500
Guarantee fees	58,284	49,494
Total	110,784	101,994

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.

37 General and administrative expenses

	2023 USD	2022 USD
Investment advisor fee	(497,586)	(596,955)
Salaries and wages	(176,628)	(93,841)
Depreciation & amortization	(150,256)	(183,557)
Auditor's fees	(75,079)	(89,829)
Wage tax and social security charges	(78,037)	(31,632)
General and administration fees	(25,679)	(6,877)
Website and publication expenses	(14,612)	(31,480)
Legal and professional fees	(14,303)	(18,222)
Premises costs	(8,411)	(4,951)
Total	(1,040,591)	(1,057,344)

The Company has 3 employees (2022: 2) with one being located in The Netherlands.

Notes to the Separate Financial Statement
(continued)

38 Remuneration of managing and supervisory directors

The Company has three Supervisory Directors (2022: 3) and two Managing Directors (2022: 2). The Supervisory Directors received remuneration of USD 2,677 (2022: USD 2,485) and Managing Directors received USD 89,465 (2022: 87,177) in respect of their services as Directors. All remuneration relates to periodically recurring remuneration.

39 Financial instruments

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

40 Off-balance sheet assets and liabilities

Guarantees

The Company is guarantor to two third party loans, relating to loans made to AMZ. As at 31 December 2023 the outstanding balance on these loans were ZMW 20,000,000 (USD: 777,898), ZMW 40,000,000 (USD: 1,555,796).

Commitments

There were no capital commitments as at 31 December 2023 (2022: nil)

41 Subsequent events

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

Amsterdam, 24 June 2024
Managing Directors:

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

Supervisory Board:

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

Other Information

Auditor's report

The Auditor's report is included on page 96.

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 financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 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 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2023;
2. the consolidated and company profit and loss account for 2023; 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 for Professional Accountants).

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

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 following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

As part of our audit, we have obtained an understanding of the company and its environment. This includes obtaining an understanding of management's processes for identifying and responding to the risks of fraud and non-compliance in the company, and how management exercises oversight over these processes, as well as the outcomes. We refer to section 'Fraud risk analysis of the Directors' Report for management's fraud risk assessment.

Our fraud risk assessment

We identified fraud risk factors with respect to financial reporting fraud, misappropriation of assets and corruption. We evaluated if those factors indicate that a risk of material misstatement in the financial statements is present.

We had special attention for the fraud risk in revenue recognition and the risk of management override of controls. We identified this risk primarily in the area where journal entries are recorded in the general ledger and other adjustments are made in the preparation of the financial statements and where judgement is involved.

We have rebutted the presumed fraud risk in revenue recognition due to the nature of the transactions. The revenue consists of interest proceeds and loan processing fees. Other revenue streams are considered immaterial. The fraud risks are summarized in the table below.

Our specific response to the identified and assessed fraud risks

Fraud risk:	Our specific audit response
Corruption & Bribery We have identified a fraud risk due to Corruption & Bribary for subsidiaries that are based in countries with elevated perceived country risks. For the consolidated financial statements 2023 of Agora Microfinance N.V., that includes the subsidiaries based in India, Zambia and Mauritius.	We have performed the following procedures: • We have obtained and reviewed the screening procedures for the employees that are involved with the activities that are susceptible for misappropriation or kickbacks. • We have obtained and reviewed the process for the distribution of cash outflows and confirmed appropriate segregation of duties is implemented. • We have obtained and reviewed the process for the collection of cash inflows and confirmed appropriate segregation of duties is implemented. • We have identified expense categories that involve a higher risk for error, fraud or corruption and tested a selection of invoices. • We have reviewed the loan portfolio for loans distributed to employees and reviewed for any indications of misappropriation of assets

Our specific response to the identified and assessed fraud risks (continued)

Fraud risk:	Our specific audit response
Management Override 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	We have performed the following procedures: • We have evaluated the design and the implementation of internal controls that mitigate fraud risks. • mitigate the fraud risks. We have tested journal entries and other adjustments made in preparing the financial statements based on both qualitative and quantitative criteria. • We have evaluated the design and implementation of internal controls in the financial reporting cycle. • We have reviewed accounting estimates for potential indications of management bias. • We have evaluated the business rationale of significant transaction outside the normal course of business. • We have incorporated elements of unpredictability in our audit.
Revenue Recognition (Interest income and Loan processing fees over Microcredit loans) We have identified a risk of fraud due to the presumption that revenue recognition is inherently related to fraud risks. We consider the fraud risk primarily exists in relation to the risk of existence of loans (revenue does not exist as the underlying asset does not exist)	We have performed the following procedures: • We have evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to the disbursement and recognition of interest income and loan fees. • We have performed detailed testing to determine loans recorded in the system exist and parameters are consistent with underlying documentation. • We have performed detailed testing to determine the accuracy of redemptions and remaining loan balances recorded in the system. • We have performed a recalculation of interest income and loan processing fees.

Our observations

We refer to section 'Fraud Risk Analysis of the Directors' Report for management's disclosure of an alleged (immaterial) fraud uncovered in one of the group's subsidiaries. Our audit procedures did not reveal other indications ad/or reasonable suspicion of fraud.

Audit approach going concern

In preparing the financial statements, management must consider whether the company is able to continue as a going concern. Management must prepare financial statements on the going concern basis unless management intends to liquidate the company or cease operations or if termination is the only realistic alternative.

Management has not identified any circumstances that could threaten the continuity of the company and thus concludes that the going concern assumption is appropriate for the company.

Our audit of the financial statements requires us to determine that the going concern assumption used by management is acceptable. In doing so, based on the audit evidence obtained, we must determine whether there are any events or circumstances that might cast reasonable doubt on whether the company can continue as a going concern. We have, among other procedures, verified management's going concern assessment and the financial position of the company.

Our observation

Based on the procedures performed by us, we are of the opinion that the financial statements have been properly prepared on the going concern basis. However, future events or circumstances could cause the company to be unable to continue as a going concern.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

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 all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management 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, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management 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.

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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error 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 these 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 fraud or error, 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 error, 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- 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 a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Amsterdam, 24 June 2024
Forvis Mazars Accountants N.V.

Original was signed by: J.C. van Oldenbeek MSc RA

In the event of any differences and inconsistencies between the text and quantitative information in these Financial Statements from pages 28 to 100 and that in the original, as filed at the trade register of the Chamber of Commerce (Kamer van Koophandel), the latter shall prevail.

Agora
Microfinance
BANKING FOR CHANGE

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