Norsad CAPITAL

ANNUAL REPORT 2021

Contents

Norsad Capital Limited

Our Purpose

Our core purpose is to ***"build a better Africa".*** Norsad supports the growth of profitable companies in Africa through tailor-made debt finance solutions, enabling them to continue to have substantial social impact through the services and employment they provide.

"Our aspiration is to positively impact the lives of 100 million Africans by 2030."

Our Values

Be Passionate

We are inspired to build a better Africa, and committed to positively impacting our communities and the environment.

Be Authentic

Be yourself. We keep it real with humility, conduct ourselves professionally and are guided by high ethical standards.

Seek Growth

We are active learners and constantly seek to improve, learning from others and our experiences.

Cultivate Adaptability

We are determined to be innovative in our thinking and execution, as we find ways to provide solutions and act on opportunities.

Embrace Collaboration

Together we make the difference, and our diversity and partnerships make us stronger.

Our Profile

Norsad Capital is an impact investor and a private credit provider, and we offer flexible debt-financing solutions to profitable growth-stage companies in Africa that deliver desirable social impact. Our investment coverage is Sub-Saharan Africa and our principal operational area is Southern Africa.

Norsad has invested over USD500 million in more than 150 companies in various sectors and countries in Africa. Our current diversified portfolio comprises over 30 companies. We are a long-term funding partner with a typical investment holding period of four to seven years. We work with sponsors, entrepreneurs and management teams of businesses to provide tailor-made financing solutions that enable their companies to achieve their strategic goals. We provide direct debt financing of between USD5 million and USD15 million to mid-market companies for growth and development.

We apply a rigorous investment approach and measure our investments against international Environmental, Social and Governance (ESG) standards, while ensuring alignment with regional development priorities. Norsad provides long-term risk capital to companies and financial service providers that are financially, socially and environmentally sustainable.

Our SDG Investment Impact

We are committed to positively impacting Africa's economic, social and environmental landscape. Our investments are aligned with the UN Sustainable Development Goals (SDG's), and we strive to contribute to building a better Africa, recognising that our daily actions have an impact on the region's interconnected economies, communities and families.

Norsad Timeline

Inception and Growth	1990	Norsad Fund is established with USD33.5 million capital.
	1993	Norsad transitions into a development finance institution (DFI) with a primary focus on small and medium-sized enterprises (SMEs) joint financing ventures between Southern African Development Community (SADC) and Nordic countries.
	2000	Norsad celebrates its 10th anniversary.
Fund Milestone	2004	Norsad Fund grows beyond USD80 million.
Consolidation and Focused Growth	2005	Norsad adopts a primary focus to support SME businesses through intermediary financial institutions.
	2009	Norsad reaches a finance milestone of 81 projects and disbursement of USD114 million since inception.
	2010	Norsad celebrates its 20th anniversary.
	2011	Norsad Finance Limited is established.
Fund Milestone	2012	Norsad's capital base increases to over USD100 million, and the business relocates to Gaborone, Botswana.
Innovation And Refinement	2016	Norsad invests in their first renewable energy project.
	2017	Norsad joins the United Nations' Principles for Responsible Investment (UNPRI) UNPRI and the Global Impact Investing Network (GIIN).
	2020	Norsad celebrates its 30th anniversary.
	2021	Norsad wins the United Nations' Principles for Responsible Investment (UNPRI) Emerging Markets Initiative of the Year Award.
	2022	Norsad Finance becomes Norsad Capital.

We Have Rebranded

THE REBRAND

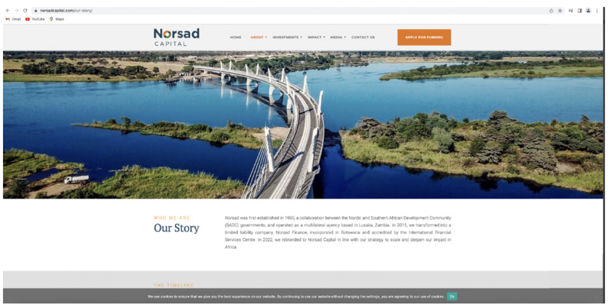
In 2021, the company initiated a strategy development process to chart the organisation's path for the next decade. As a result we rebranded the business to ensure that our brand aligns with the new strategy, with clear messaging that reflects our purpose and values. The rebranding positions Norsad as a leading private credit impact investor in Africa. Our Focus is on building a better Africa, where we can improve welfare, sustain livelihoods, and foster collective growth through our actions. We believe that Africa deserves the opportunity to thrive, and we are committed to playing a key role in driving progress across the continent.

Norsad
CAPITAL

NEW LOGO

Our new logo is part of the larger initiative to evolve and align our brand with the strategic objectives, purpose and impact. Through this process, we have developed a brand message that speaks to our business, purpose and values, including a brand differentiator and promise.

As an impact-driven organisation, we are committed to making a positive difference in Africa and our brand is a reflection of this commitment. We believe that our brand is more than just a visual identity. It represents our commitment to driving positive change and making a meaningful impact on the continent. We will continue to evolve our brand and align it with our strategic objectives, purpose and impact as we strive to build a better Africa.



WEBSITE REDESIGN

We redesigned our website to align with the new branding and to keep our stakeholders engaged with our latest content. This is expected to improve our reach, and engagement with the business community and wider audience. Our website is frequently the first touchpoint for individuals who wish to engage with our brand. Therefore, it is essential that the website accurately reflects our brand's story and values to ensure that we effectively connect with our audience and communicate through our content.

By redesigning the website, we aimed to create an engaging visual narrative that demonstrates Norsad's transformation, sustainability and relevance. These components are fundamental to our brand identity, and we are pleased to share our story with the world via our website.

Chairperson's Message

Dr Frannie Léautier

Norsad is excited to expand its horizons and discover new opportunities. Our rebranding as Norsad Capital reflects a renewed commitment to providing sustainable growth capital.

On behalf of the board of directors, I am pleased to present our annual report for the financial year ending 31 December 2021. In a year marked by unprecedented challenges, I am glad to reflect on our organisation's resilience, adaptability and unwavering commitment to making a positive impact on the African continent.

The Covid-19 pandemic has had far reaching consequences, affecting lives and economies globally. In the face of these adversities, Norsad Capital has remained steadfast in our mission to drive sustainable development and inclusive growth. We understand the importance of considering Environmental, Social and Governance (ESG) factors, even more so during times of crisis. Our approach to managing ESG responsibilities has been integral to our operations, ensuring that we remain socially responsible while pursuing our goal of making a meaningful difference.

At Norsad Capital, our purpose is clear: to build a better Africa. We believe that in times of crisis, it is our responsibility to step up and provide unwavering support to the communities we serve. Our investments have focused on sustainable livelihoods, financial inclusion, gender equality, and climate and clean energy. By aligning our efforts with these impact themes, we can contribute to a more prosperous and equitable future for all.

Operations

Despite the ongoing challenges, I am delighted to report that Norsad Capital has demonstrated strong operational performance in 2021. Our ability to adapt and seize emerging opportunities has allowed us to exceed expectations. The board approved 10 transactions, valued at USD66.9 million, surpassing our budget of USD61.4 million. This achievement showcases our commitment to driving sustainable growth and impact across the African continent.

Governance

Norsad maintains the highest level of ethical and accountable business practices and complies with international corporate governance guidelines, supporting the corporate governance outcomes of King IV.

The previous board chair, Mr. Martin Inkumbi, retired from the board on 19 April 2021, and I was subsequently appointed as chair of the board. The company followed proper procedures to ensure that a newly appointed director would adequately replace the departing board member. Mr. Molefi Leqhaoe was elected to the board of directors at an extraordinary general meeting on 6 December 2021.

Conclusion

Norsad is excited to expand its horizons and discover new opportunities. Our rebranding as Norsad Capital reflects a renewed commitment to providing sustainable growth capital. We are proud of our established identity as a sustainable impact investor and remain dedicated to building strong partnerships and embracing diversity, as these values are integral to our core philosophy.

In closing, I would like to express my sincere gratitude to the board of directors, our dedicated management team, and every member of the Norsad Capital staff for their unwavering commitment and remarkable contributions. Together, we will continue to navigate the challenges that lie ahead, guided by our collective vision of building a better Africa.

Thank you.

Dr Frannie Léautier
Chairperson of the Board, Norsad Capital

CEO's Statement

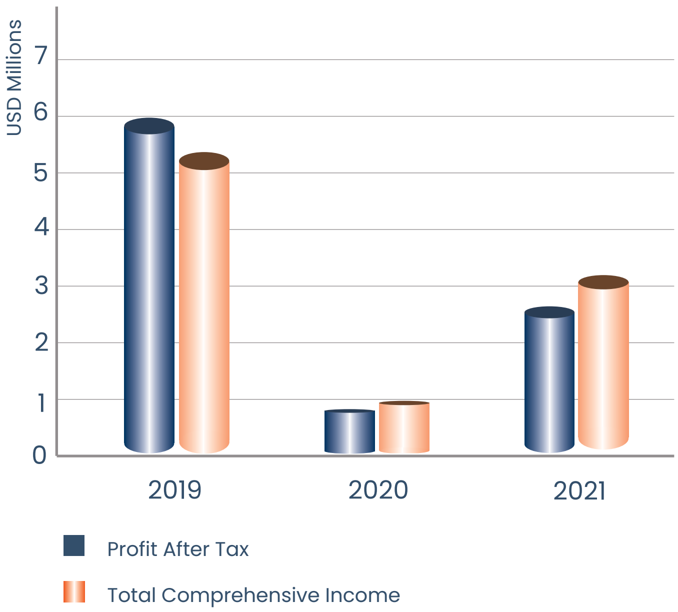
Mr Kenny Nwosu

Norsad Capital is recognised as a leader in ESG and impact, as evidenced by our awards, such as the PRI award for Emerging Markets Initiative of the Year.

Despite the challenging global and regional environment, Norsad remained resilient after experiencing setbacks in 2020. In 2021, collaborating with our partners, we shifted our focus towards growth and recovery.

Profit After Tax vs Total Comprehensive Income 2019-2021

In 2021, the company achieved a profit for the year of USD2 681 904 and a total comprehensive income of USD3 009 070.



Norsad Capital Strategy 2022-2026

Norsad Capital's new strategy (2022–2026) was approved in the year and Management commenced on the planning and configuration stage of the strategy implementation.

Strategic Goals and Aspirations

Norsad Capital intends to increase its Assets Under Management (AUM) to USD350 million by 2026 and USD1 billion by 2031 as it expands and intensifies its impact throughout Africa. This strategy involves retaining the Southern African Development Community (SADC) as the principal market, expanding into niche areas in the South African market, diversifying into key markets in Sub-Saharan Africa, and introducing sustainable infrastructure finance. Sustainable infrastructure related financing will be crucial to Norsad's long-term goal of impacting over 100 million African lives and promoting economic, social, and environmental progress.

Investment Operations

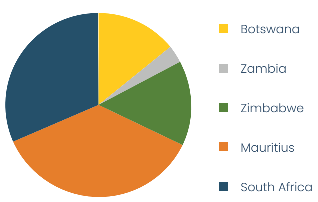
Prior to the start of the first year of execution, investment operations sought to align with the approved strategy. The primary emphasis was on preparing the balance sheet for the anticipated starting point for the first year (2022). Investments were aligned with the four sector themes of Financial Institutions, Food Value Chain, Industrials & Manufacturing, and (soft and social) Infrastructure.

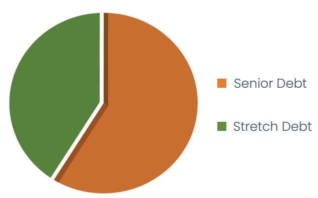
In addition, the team concentrated on some tactical initiatives to capture a larger market share in the Southern Africa (SADC) region, in alignment with the strategy levers. In South Africa, soft infrastructure advancements were made through a partnership with a platform company in the healthcare industry. In addition, initiatives were taken to enhance collaboration with Norsad's regional and international shareholders.

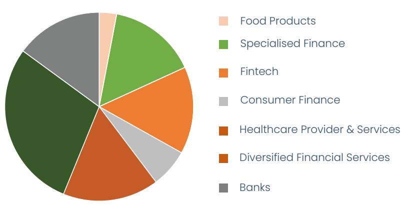
Investment Approvals and Disbursements in 2021

The board approved 10 (2020: eight) transactions valued at USD66.9 million in 2021 (2020: USD40.8 million), which was above the budget of USD61.4 million. The average size of an investment was USD6.7 million (2020: USD5.1 million).

The following charts illustrate approved investments in 2021 by country, sector and instrument:

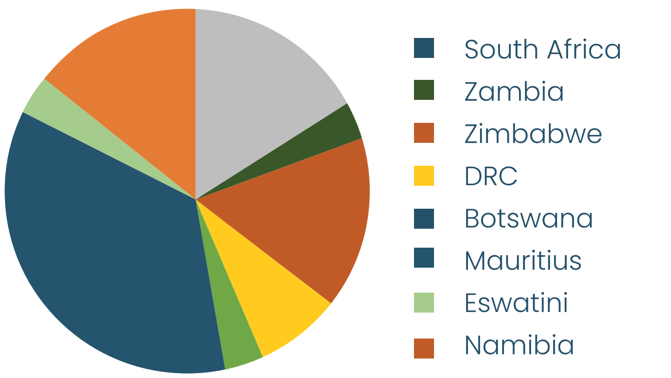


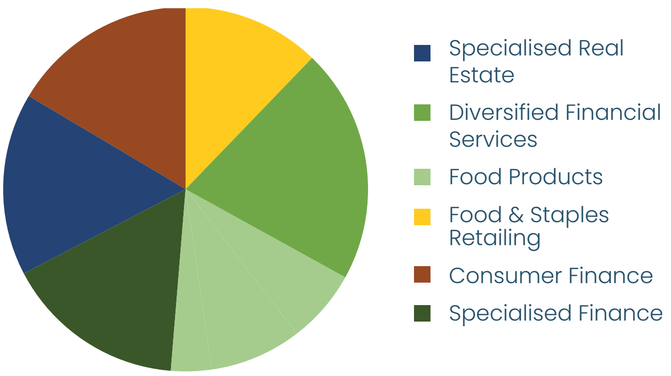


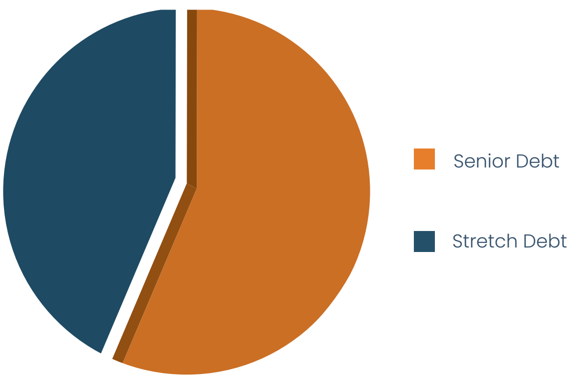


The company's total gross investment facility portfolio reached USD171.9 million (2020: USD141.1 million) with investment disbursements of USD61.2 million in 2021 (2020: USD15.1 million), which exceeded the budgeted total of USD55.2 million. This resulted in an investment portfolio with 21.3% growth in 2021 (2020: 0%).

The following charts illustrate disbursements in 2021 by country, sector and instrument:







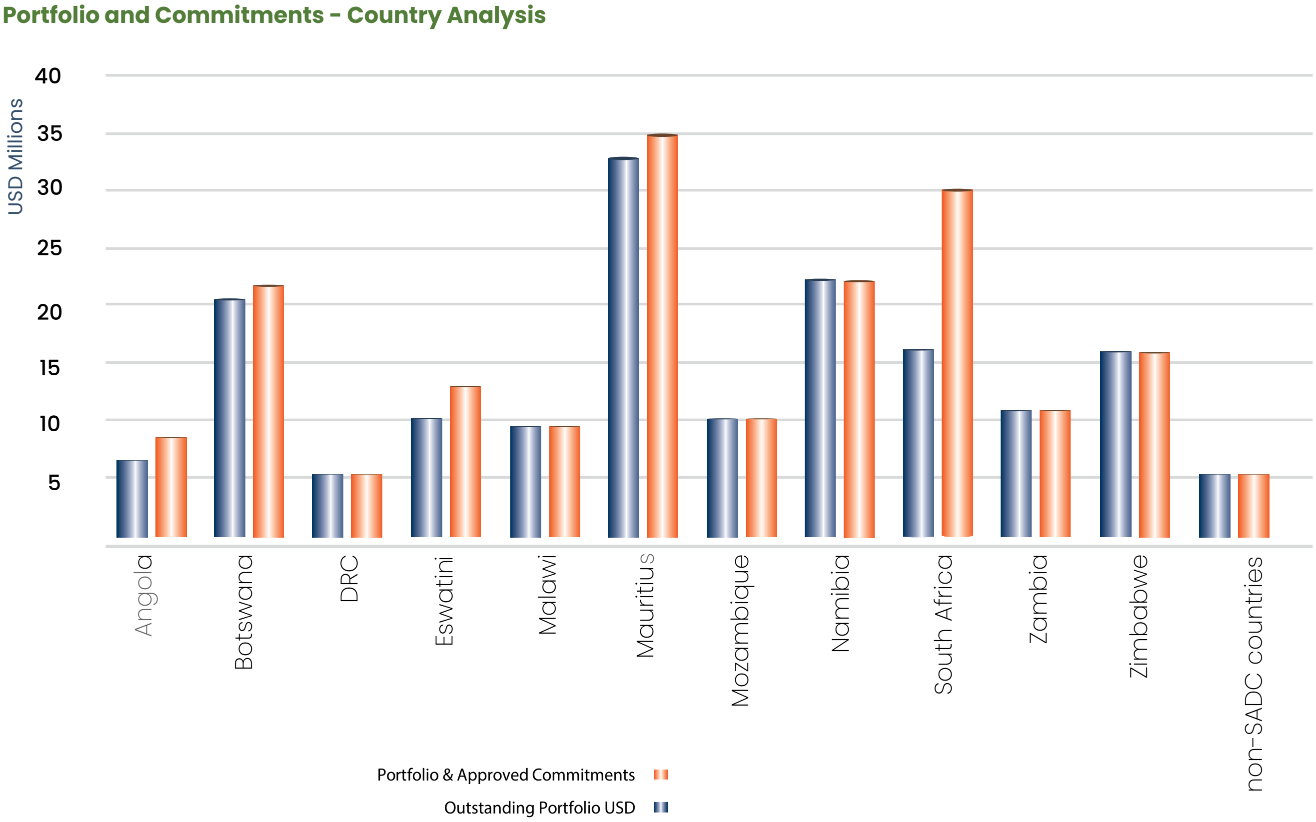
Investment Portfolio Analysis

The net outstanding investment portfolio increased by 21.3% to USD158.7 million as of 31 December 2021 (2020: USD131 million). The undisbursed commitments as of 31 December 2021 were USD22.1 million (2020: USD24.9 million).

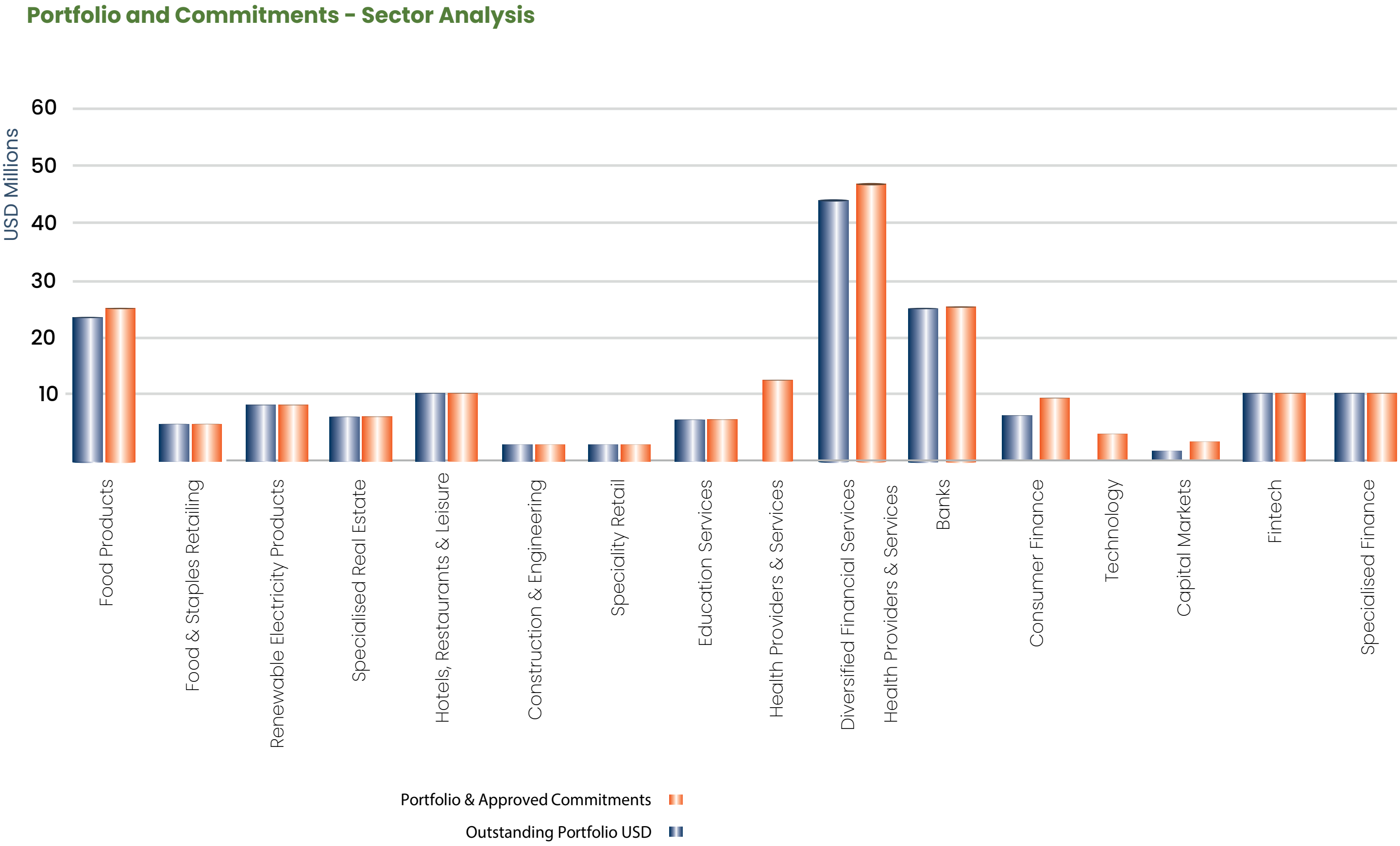
The table below summarises the investment portfolios for 2019, 2020, and 2021 in terms of gross investments per impairment stage and total impairments:

- Investments in the performing stage category decreased from 73% in 2019 to 51% in 2020, illustrating the portfolio quality decline from 2019 to 2020. This can be attributed in large part to the impact of Covid-19.
- However, some partial recovery from Covid-19 is reflected in 2021 as investments in this category recover to approximately 70% of the portfolio by the end of the year.

Norsad portfolio and commitments as of 31 December 2021 – country analysis

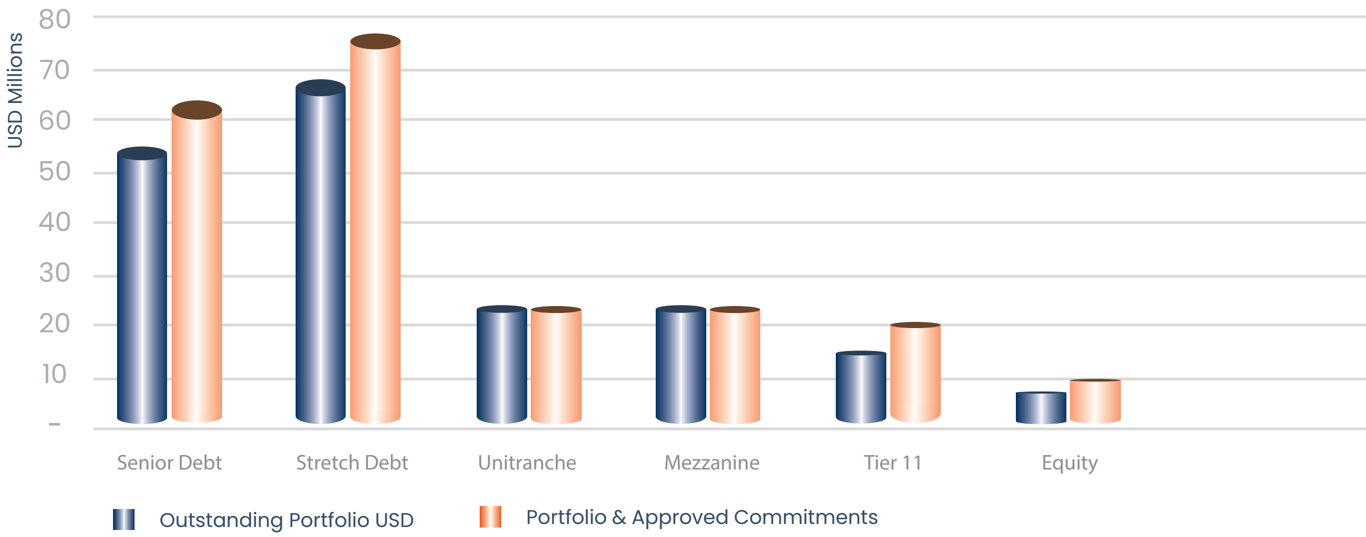


Norsad portfolio and commitments as of 31 December 2021 – sector analysis



Norsad portfolio and commitments as of 31 December 2021 – facility type analysis

Portfolio and Commitments - Facility Type



Financial Performance

The company achieved a Total Comprehensive Profit in 2021 of USD3 009 070 (2020: USD930 749) while also posting record disbursements of USD61.2 million (2020: USD15.1 million).

Environmental, Social and Governance (ESG)

In terms of social and economic recovery from the Covid-19 pandemic, Africa has a long way to go. We believe that our core purpose of "building a better Africa" has never been more pertinent. This challenging operating environment has further strengthened our commitment to ESG standards in our work and investments.

This further aligns with our impact investment thesis of promoting inclusive growth and addressing inequality in our markets and is closely aligned with the UN Sustainable Development Goals (SDGs), as well as our affiliations to global platforms such as the Global Impact Investing Network (GIIN). Additionally, Norsad is a proud signatory of the UNPRI.

With the publication of our fifth annual Impact Report, we are proud of the journey Norsad Capital continues to undertake. This report presents to stakeholders the ESG and Impact performance of our portfolio during the reporting period of 2021. It further emphasises our continued commitment to and improvement of ESG performance across our entire portfolio.

ESG Numbers that matter

SOCIAL IMPACT

13 882
total jobs supported

33%
increase in total jobs supported since 2020

41%
of jobs support women

16%
of jobs support youth employees

55% of our portfolio have community initiatives or programmes

USD1.1 Million
Spent on community initiatives/programme

(ESG) *Continued*

We are proud of the journey Norsad Capital continues to undertake with the publication of our fifth annual Impact Report. This report showcases the ESG and impact performance achieved by our portfolio in the 2021 reporting period to stakeholders and shareholders. We have highlighted our continued focus on and improvement in ESG performance across our portfolio.

Norsad continues to be recognised as a leader in ESG and impact, as evidenced by our awards, such as the PRI award for Emerging Markets Initiative of the Year. This prestigious award acknowledges the PRI signatory that seeks to achieve real-world impact by setting targets to shape sustainability outcomes, employing a variety of levers to achieve impact, and demonstrating how it is monitoring progress towards its goals. The Emerging Markets Initiative of the Year award is a reflection of Norsad's core purpose and impact over the past three decades.

2022 Outlook

As a responsible investor, Norsad aspires to play a significant role in improving livelihoods, and we are committed to continuing to monitor, measure, and report on the portfolio's developmental impact. Our impact focus is on Sustainable Livelihoods, Financial Inclusion, Gender Equality, and Climate & Clean Energy.

Gender is a core impact theme for Norsad, and we use the 2X Criteria to evaluate all new investments. In response to the global climate action objectives and as part of our responsibility to global actions, we will begin using Task Force on Climate Related Disclosures for reporting in 2022. Both of these commitments demonstrate our ongoing efforts to affect change.

I would like to take this opportunity to express my appreciation to the Norsad team for their dedication, hard work, and invaluable contributions to the company, which have been crucial to our progress and success. In addition, I want to take this opportunity to thank our investors and our partner companies for their significant contributions to our impact story.

Business Practices and Structure

Corporate governance

Norsad maintains the highest level of ethical and accountable business practices.

Our board is committed to preserving the organisation's integrity and its capacity to manage risk and perform optimally. Therefore, we adhere to international corporate governance standards.

Norsad supports the corporate governance outcomes of King IV, and one of our strategic objectives is to strengthen governance. The Institute of Directors South Africa (IoDSA) conducts periodic governance assessments; consequently, our board implements an improvement action plan and reviews the Board Charter on a regular basis to ensure alignment with King IV.

Code of ethics

Norsad promotes the principles of good ethical conduct as set out in the group's code of ethics. The code of ethics reflects the group's commitment to integrity and good governance in all business dealings and informs its approach to combatting bribery and corruption. The group has zero tolerance for willful and deliberate non-compliance. Employees are required to attest to the code of ethics and complete ethics training regularly. The board oversees the code of ethics and promotes ethical behaviour.

Governance structure

The board performs its duties and responsibilities in terms of a Board Charter that is reviewed annually. In discharging its responsibilities, the board is empowered to delegate its responsibilities to committees and management. As such, the board is supported by board committees and senior management.

The board has concluded that it has collectively satisfied and fulfilled its responsibilities in accordance with the Board Charter.

The board committees are satisfied that they have fulfilled their responsibilities in accordance with their respective terms of reference.

Combined assurance framework

The primary objective of combined assurance is to facilitate the integration, coordination and alignment of risk management and assurance activities within the organisation to optimise the level of risk, governance and control oversight of the organisation's risk landscape. The successful implementation of combined assurance is enabled through active participation and contributions from all assurance providers and the use of a common risk-rating methodology.
https://www.metricstream.com/whitepapers/combined-assurance-model.htm

Combined assurance allows Norsad to set priorities for assurance activities, which are harmonised across three parties. These are:

1. **Management assurance (IT, operations, HR, etc)**: assumes ultimate responsibility for managing risks and controls;

2. **Internal assurance providers (risk assessment, regulatory and risk management):** ongoing monitoring and oversight, support management through risk management, internal control and compliance functions;

3. **External assurance providers (internal audit, external audit)**: independent and objective assurance of the overall adequacy and effectiveness of governance, risk management and controls.

Risk governance

The Audit and Risk Committee of the Board oversees how management implements and monitors compliance with approved risk management policies through the internal risk governance structure, and continually reviews the adequacy of the risk management framework.

The year 2021 was challenging on the macroeconomic front driven by the ongoing pandemic marked by an uneven recovery in the markets we are invested. As new variants added uncertainty, Norsad remained committed to delivering desirable social impact by supporting impacted portfolio companies through the cycle. Credit risk was elevated as such, and we gave relief to selected portfolio companies directly affected by the pandemic while the majority remained in operation trading through liquidity and supply chain disruptions.

In light of the challenging trading environment, the Board reevaluated the effectiveness of the risk management framework, focusing on second-line responsibilities that include oversight and challenge of risk management actions of the Investment operations. This will result in enhanced risk management guidance, independent oversight of end-to-end investment processes, and coordinated enterprise standards for performance measurement, compliance, workflow, system, and model automation. This will place the approach to risk management at the core of our strategy for achieving sustainable growth and performance.

Internal audit

Norsad has an independent in-house internal audit function which operates in terms of an approved charter. The risk-based audit plans are presented to the Audit and Risk Committee for approval on an annual basis.

During the year, the audit plan is reviewed and adjusted as necessary in response to changes in the business, risks, operations, systems and controls, for example, responding to changes introduced by the Covid-19 pandemic. Progress against the plan, as well as changes to the plan, are approved on a quarterly basis by the Audit and Risk Committee.

The Internal Audit (IA) function is headed by the Head of Audit and Compliance, who reports functionally to the Audit Committee Chair and administratively to the CEO and has the mandate to communicate directly and freely with the Audit and Risk Committee. Where requisite skills are not available internally, IA co-sources these from external experts. IA has a quality assurance and improvement programme which ensures audit file quality conforms with the audit methodology and the International Professional Practices Framework of Internal Auditing. Independent assessments of the IA function are also undertaken every five years to test conformance with the Institute of Internal Audit standards.

Chief executive officer

Kenny Nwosu was appointed CEO by the board on 1 January 2017 and is responsible for leading the implementation and execution of approved strategy, policies and operational planning. The CEO leads and directs the executive management and serves as the principal link between management and the board.

The CEO is accountable to the board for, and amongst other things:

- Developing and recommending the short, medium and long-term strategies
- Managing the strategies, group performance and the vision
- Ensuring that Norsad has an effective management team and management structures
- Ensuring that appropriate policies are formulated and implemented
- Ensuring that effective governance measures are deployed
- Serving as Norsad's chief spokesperson

The CEO does not have any significant work commitments outside of Norsad and its related companies. The contract of the CEO is subject to a three-month notice period, and there are no unusual contractual conditions related to his termination. A succession plan for the CEO is in place and is reviewed annually

Company secretary

The company secretary is responsible to the board for, inter alia, acting as a central source of information and advice to the board on its duties and responsibilities, adherence to good corporate governance principles, and compliance with procedures and applicable statutes and regulations.

Desert Secretarial Services were appointed as Norsad's company secretary in September 2011. Aligned with good governance practice, the appointment and removal of the company secretary is a matter for the board.

All directors have full access to the professional services and advice of the company secretary in all aspects of the board's mandate and operations. The board is satisfied that these arrangements are effective.

An assessment of the performance of the company secretary is undertaken annually as part of the board evaluation process.

The assessment confirmed the company secretary:

- Is competent, suitably qualified and experienced
- Has the requisite skills, knowledge and experience to advise the board on good governance
- Maintains an arm's-length relationship with the board and directors
- Has discharged their responsibilities effectively during the current year under review.

Technology and information governance

Norsad has benefited from its current model of outsourcing IT delivery, which includes infrastructure management, security, and service desk operations. The IT environment remained resilient with no material events recorded during a time when the technology revolution saw heightened cyber security risks.

Cloud computing enables our employees to access data and work systems from any location, thereby facilitating flexible work arrangements. We continue to evaluate opportunities to improve and modernise service through our technology partners, while promoting operational resilience and defence against emerging risks, particularly those arising from agile methods of work. Our disaster recovery and business continuity plans will be strengthened accordingly.

Compliance governance

Compliance with laws and regulations applicable to operations is critical to the group, as non-compliance may have potentially profound consequences.

The Audit and Risk Committee;

- approves compliance management policies, frameworks, strategies and processes;
- monitors that the group takes appropriate action to manage its regulatory, tax and supervisory risks and complies with applicable laws, rules, codes and standards in a way that supports the group in being an ethical and good corporate citizen.

Key areas of focus;

- considered reports and presentations from group businesses and operational risk on the impact of Covid-19 and specific management actions taken to manage the additional risk, including tax risk and regulatory engagements;
- reviewed and approved governance frameworks, charters and mandates, including taking into consideration membership of the committee to ensure there is adequate knowledge, skills and experience for effective risk management;
- reviewed updates on operating business IT risk profiles and IT governance by the IT Consultant;

- reviewed policies, procedures and processes to ensure compliance with national laws and regulations; and

- reviewed statutory records to ensure compliance with the statutory requirements.

Compliance reviews are carried out on an annual basis and a report is issued on the outcomes, corrective action is monitored to ensure that the issues identified are addressed. Material issues identified are communicated to the board where appropriate. External reviews are also carried out by external parties to monitor the effectiveness of the compliance function.

The committee is satisfied that the group has adequate resources, systems, skills and remuneration practices to facilitate the ongoing effectiveness of the risk and compliance functions.

Board of Directors

The board serves as the focal point and custodian of corporate governance in the group.

The board retains full and effective control of the company and is supported by senior management to discharge its fiduciary duties and governance role and responsibilities objectively and effectively in a manner that is consistent with the interests of all stakeholders invested in the success of Norsad.

The board believes that its current size and composition given the mix of knowledge, skill, experience, diversity and independence is suitable to enable it to meet the group's strategic objectives.

Board of Directors

As at 31 December 2021, Norsad had a board of seven members; five of the directors are classified as independent non-executive directors to facilitate effective oversight in terms of King IV.

INDEPENDENT NON-EXECUTIVE CHAIRPERSON

Dr Frannie Léautier

Appointed: 14 May 2020
Appointed chairperson: 22 April 2021
Qualifications: PhD in Infrastructure Systems, Doctor in Law, Master of Science in Transportation

NON-EXECUTIVE DIRECTOR

Mr Jacob Hagerman

Appointed: 25 April 2019
Qualifications: Master of Laws, International Finance Law

NON-EXECUTIVE DIRECTOR

Mr Molefi Leqhaoe

Appointed: 6 Dec 2021 (regulatory approvals to be finalised)
Qualifications: Master of Business Administration, Postgraduate Diploma in Corporate Governance and Legislation, CIS Graduate Diploma

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Andrew Madeswi

Appointed: 26 April 2017

Qualifications: Master's in Business Administration, Bachelor of Business Administration, Associate Diploma in Banking

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Aurora Malene

Appointed: 20 April 2016

Appointed LID: 22 April 2021

Qualifications: Master's in Development Finance, Honours in Business Administration

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Anastasia Soula Proxenos

Appointed: 14 May 2020

Qualifications: Master of Business Management and Administration Honours in Business and Administration, Bachelor of Arts

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Jørgen Høholt

Appointed: 14 May 2020

Qualifications: Bachelor of Commerce, Bachelor of Science in Civil Engineering

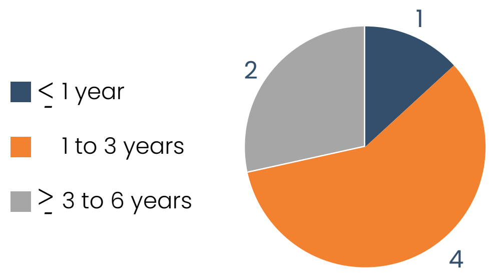
The board is satisfied that all directors, whether classified as non-executive or independent non-executive, act independently, free of undue influence and in the best interests of Norsad.

In response to the Covid-19 social-distancing restrictions, board and committee meetings were conducted virtually. Due to Norsad's sound and deeply embedded governance frameworks, principles and practices, the switch to remote meetings did not impact the effectiveness of board and committee oversight. The board and management collaborated effectively, ensuring continuity in effective governance and decision-making.

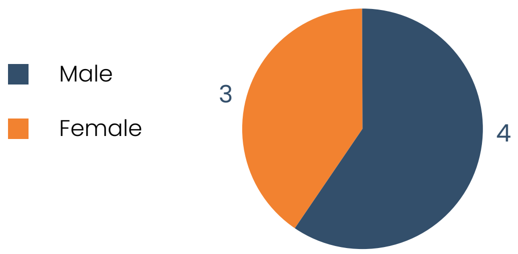
The board attends the scheduled quarterly board meetings, the monthly investment approvals meetings and a strategic conference. The board of directors held eight meetings in 2021, where attendance of directors was recorded at 98% (93% in 2020).

Name	Approval of financial statements	Quarterly board meetings	Age	Number of Meetings Attended (Including investment calls)
Dr Frannie Léautier	1	4	63	8
Ms Aurora Malene	1	4	53	7
Mr Jørgen Høholt	1	4	63	7
Ms Anastasia Soula Proxenos	1	4	58	8
Mr Andrew Madeswi	1	4	42	8
Mr Jacob Hagerman	1	4	49	8
Mr Molefi Leqhaoe	1	4	48	6

Tenure of the Norsad board members:



Gender diversity of the Norsad board members:



Appointments to the board

There is a clear policy in place detailing procedures for nominations, elections and appointments to the board to determine an optimally diverse board with the required skill set. Non-executive directors are expected to ensure that other professional commitments outside the company do not impinge on their ability to perform their duties as directors of Norsad Capital Limited and do not present any material conflicts of interest. The appointment of all directors to the board requires the approval of shareholders at the annual general meeting. All directors of the company must be assessed as fit and proper by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA).

The board acknowledges and recognises the benefits of diversity. The policy on the promotion of race and gender diversity is included in the Board Charter, which requires that, when appointing new directors, the nominations committee takes cognisance of the board's needs in terms of different skills and experience, as well as cultural and gender diversity.

This is in addition to considering the board's effectiveness, together with the need to have a majority of independent non-executive directors. While no specific targets have been set, the board is committed to increasing its gender and race diversity at board and top management level.

The board of directors reviews the governance guidelines of the company on an annual basis. The following corporate governance guidelines were last amended and approved in June 2021:

1. Board Charter
2. Governance Committee Charter
3. Audit and Risk Committee Charter
4. Human Resources and Remuneration Committee Charter.
5. The Ethical Code of Conduct for the Directors
6. Remuneration and Compensation of Expenses for Directors.

An extraordinary general meeting was held on 6 December 2021 to address the director-replacement appointments. The following replacement appointments were made

Nominee director	Replacing
Mr Molefi Leqhaoe	Mr Martin Inkumbi

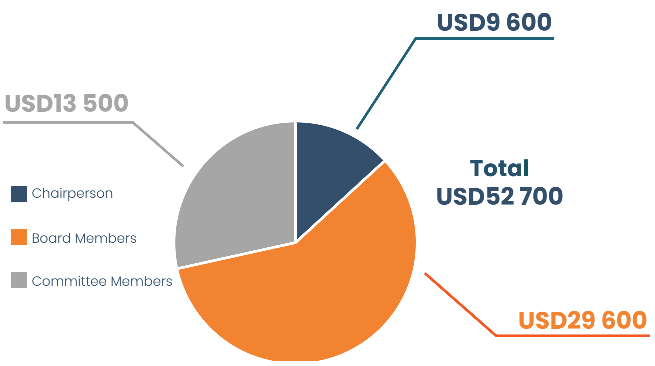
The composition of the board as at 31 December 2021 is presented in the following table:

Director	Nationality	Personal alternate	Nationality
Dr Frannie Léautier (C)	Tanzanian	Mr Väinö Esilä	Finnish
Ms Anastasia Soula Proxenos	South African	Ms Marianne Halvorsen	Norwegian
Mr Andrew Madeswi	Motswana	Mr Charles Singili	Tanzanian
Ms Aurora Malene	Mozambican	Ms Ana Maria De Campos	Angolan
Mr Jacob Hagerman	Swedish	Mr Jakob Larsson	Swedish
Mr Jørgen Høholt	Danish	Mr Alexander Kronvall	Swedish
Mr Molefi Leqhaoe	Mosotho	TBC	TBC

(C) – Chair

Dr Ann Frannie Léautier was appointed as chairperson of the board on 22 April 2021 by the board of directors.

The total allowances paid to the directors during the year were as follows:



Board chairperson

Dr Frannie Léautier is the independent non-executive chairperson of the board. She has extensive experience in financial services in diverse industries. The chairperson's duties and responsibilities are clearly defined in the Board Charter and are in accordance with the provisions of King IV.

In addition, Ms Aurora Malene, the lead independent non-executive director (LID), is responsible for fulfilling the following roles and responsibilities:

- To lead in the absence of the chair
- To serve as a sounding board for the chair
- To act as an intermediary between the chair and other members of the governing body, if necessary
- To deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate
- To strengthen independence of the governing body if the chair is not an independent non-executive member of the governing body

- To chair discussions and decision-making by the governing body on matters where the chair has a conflict of interest ; and
- To lead the performance appraisal of the chair.

Succession plan

Norsad benefits from access to an extensive pool of directors with diverse experience and competence. Norsad continues to apply specific focus on succession planning at board level. The board is comfortable that its composition, and that of its committees, is appropriately constituted with the correct mix of knowledge, skill, experience, diversity and independence.

Induction

The directors are accountable and responsible for all actions of board committees. This is emphasised during the induction training provided to new directors.

Ongoing training

Other ongoing training and education courses allow directors to familiarise themselves with Norsad's operations, the business environment, fiduciary duties and responsibilities, and the board's expectations in respect of a director's commitment, ethical behaviour and keeping abreast of regulatory changes and trends. The Governance Committee oversees directors' induction and ongoing training programmes, and they will continue to make the professional development of its members a priority.

Directors have full and unrestricted access to management, group information and property. They are entitled to seek independent professional advice on matters within the scope of their duties at Norsad's expense.

Annual assessment

During the year a formal evaluation was conducted, which measured the board's performance and effectiveness, as well as that of the individual members.

The Governance Committee reviewed the evaluation and identified no material concerns in respect of the areas assessed. The Committee however developed and tracked a board improvement action plan. The board is satisfied that the evaluation process continues to improve its performance and effectiveness.

The following areas were assessed:

- Board and committee governance, performance and effectiveness
- Performance and effectiveness of the board chairperson
- Performance and effectiveness of individual non-executive directors
- Performance and effectiveness of the CEO; and
- Performance and effectiveness of the company secretary.

Retirement and rotation of directors

The constitution of Norsad Capital Limited stipulates that a director may be appointed for a term of up to three (3) years, but each such director shall be able to offer himself/herself up for re-election for one more term. Therefore, a director shall have a maximum term of six (6) years.

Independence

Norsad is guided by the criteria set out in King IV to assess the independence of directors and to ensure that no director wields unfettered power over the board or is likely to influence unduly or cause bias in decision-making when judged from the perspective of a reasonable and informed outside party. The board is satisfied that all directors, whether classified as non-executive or independent non-executive, act independently, free of undue influence and in the best interests of Norsad.

Conflict of interest

Policies are in place to manage any potential conflicts of interest. Directors sign annual declarations stating that they are not aware of any undeclared conflicts of interest that may exist due to their interests in, or association with, any other company. In addition, directors disclose interests in contracts and related party transactions for the board to assess whether such transactions are on arm's-length commercial terms. In instances where they are conflicted, directors will recuse themselves from the relevant deliberations.

Board committees

The board has three committees: the Governance Committee, the Audit and Risk Committee, and the Human Resources and Remuneration Committee to assist and support the board in discharging its duties. Each committee acts in terms of a written charter. The charters were reviewed and approved during the year. The board and subcommittees are satisfied that they have executed their duties during the past financial year in accordance with their terms of reference.

Governance Committee

Summary of responsibilities

The purpose of the Governance Committee is to evaluate the adequacy, efficiency and appropriateness of the corporate governance practices of Norsad and assist the board in discharging its duties in respect of:

- Governance and board effectiveness
- Board continuity
- Executive succession planning.

The committee fulfills its responsibilities as guided by King IV.

Composition	Record of attendance
Dr Frannie Léautier (C)	4
Mr Jacob Hagerman	4
Ms Aurora Malene	4

(C) – Chair

The Governance Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Audit and Risk Committee

Summary of responsibilities

The Audit and Risk Committee provides independent oversight of risk, compliance and portfolio-monitoring activities undertaken in the company. This includes ensuring that an effective policy and plan for risk management has been implemented to improve Norsad's ability to achieve its desired outcomes and that risk disclosures are timely, sufficiently detailed and relevant to the stakeholders. The fundamental role of an audit committee is to assist the board in fulfilling its oversight responsibilities in areas such as financial reporting, internal control systems and internal and external audit functions.

Composition	Record of attendance
Mr Jørgen Høholt (C)	5
Mr Andrew Madeswi	5
Mr Molefi Leqhaoe	5

(C) – Chair

The committee has assessed the performance of the Head of Audit and Compliance and the arrangements of internal audit and is satisfied that the internal audit function is independent and appropriately resourced and that the Head of Audit and Compliance has fulfilled the obligations of that position.

The committee reviewed and approved the annual internal audit plan. On a quarterly basis, the committee reviewed the status of the audit plan to ensure that it remained agile in the face of the changing risk landscape. The committee reviewed quarterly activity reports from internal audit, which covered audit plan progress, insights and opportunities for improvement, significant matters for escalation, a cumulative view on internal financial controls and risk management processes, and a summary of audit observations with respective status updates on remediation efforts.

The committee is satisfied with the expertise, effectiveness and adequacy of arrangements in place for combined assurance. Further, the Audit and Risk Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Human Resources and Remuneration Committee

Summary of responsibilities

The Human Resources and Remuneration Committee oversees Norsad's remuneration and ensures that practices align employees and shareholders. The committee promotes fairness of remuneration by ensuring the principle of equal pay for work of equal value is applied and that remuneration is market related and sustainable.

Composition	Record of attendance
Ms Aurora Malene (C)	4
Mr Andrew Madeswi	4
Ms Anastasia Proxenos	4

(C) – Chair

The committee is satisfied that it has executed its duties during the past financial year in accordance with its charter, relevant legislation, regulation and governance practices.

Overall, the board is satisfied that the composition of the committees of the board and the arrangements of delegation within its own structures promote independent judgement and assist with the balance of power and effective discharge of its duties.

Our people

The executive management team

Kenny Nwosu
Chief Executive Officer

Kenny Nwosu holds a BA (Hons) degree in Economics from the University of Nottingham and an MBA from the London Business School. He has extensive investment management and private equity experience and has served on the boards of directors of several banks and investment funds across Africa.

Nathaniel Nyika
Chief Investment Officer

Nathaniel Nyika holds a BSc (Hons) degree in Engineering and an MBA (cum laude) from the University of the Witwatersrand. He has in-depth experience in private equity, investment banking and fund management in the Sub-Saharan Africa region. Prior to transitioning into finance, he practised as an engineer.

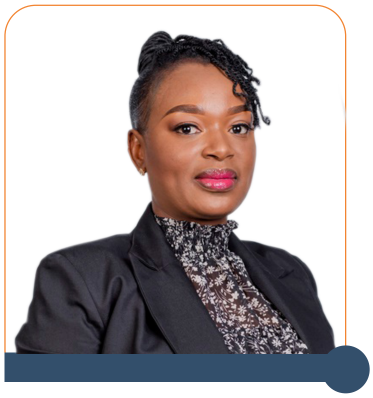
Jonathan Davies
Chief Financial Officer

Jonathan Davies holds an Honours degree in Accounting and Finance. He is a Fellow of the Association of Chartered Certified Accountants and Fellow of the Botswana Institute of Chartered Accountants. He has over 20 years' experience in financial management in Southern Africa.

The team

Lantlha Anderson
Business Support Officer

Keboetswe Letsholo
Senior Investment Analyst



Charity Malatsi
Administration Manager

Topo Mabophiwa
Portfolio & ESG Analyst

Keoleboge Malela
ESG Officer

Gosegomang Modise
Head of Audit and Compliance

Brian Moipone
Treasury Manager

Melissa Morapedi
Investment Analyst

Tshepho Mpolokeng
Portfolio Manager

(continued)

Justin Nthala
Investment Principal

Gorata Ogotseng
Corporate Coms Manager

Matthew Pratt
Investment Associate

Mercy Ramateke
Finance Manager

Mabedi Rasedie
Senior Portfolio Analyst

Oteng Sebonego
Investment Director

Zubair Suliman
Investment Director

Khumoetsile Sekucha
Portfolio & Risk Director

Thabo Toko
Office Assistant

Mbaki Wotho
Investment Analyst

Alice Zulu
Investment Principal

Our investment Approach

Our investment philosophy

The main principle in Norsad Capital's investment operations is to provide innovative and flexible solutions for financing and risk sharing, primarily to achieve the commercially viable expansion of investments to reach sustainable development outcomes. Hence, we focus on companies and projects that can deliver attractive returns while having significant social, environmental and developmental impact.

Our purpose is to "build a better Africa". This is currently achieved primarily by investing in responsibly inclined businesses in the Southern African region and enabling sustainable enterprise growth.

Our solutions are complementary to other sources of funding and are layered between senior debt and equity of a company's capital structure.

Our range of investment products includes senior, stretched senior, unitranche, second-lien, subordinated and mezzanine debt financing. The private credit solutions we offer constitute an innovative funding component (complementary to bank financing or an alternative sustainable financing solution) that can be better structured to the needs of growing mid-sized companies.

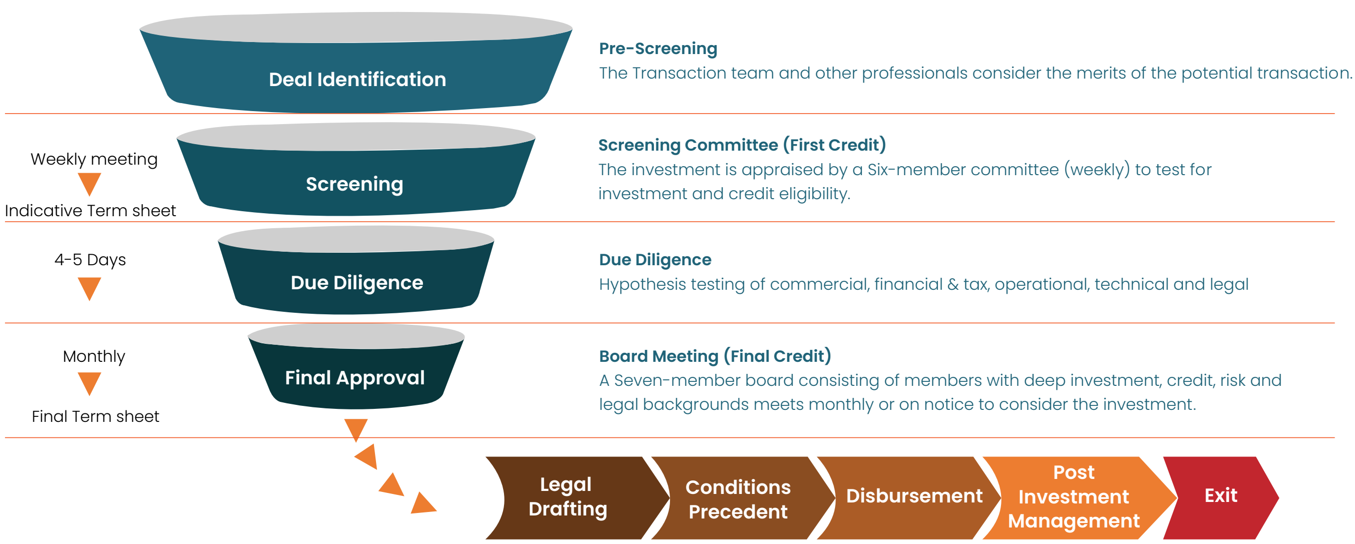
We partner with banks, other financial institutions and investors by providing complementary financing that allows them to stay within their core lending mandates and investment policies while unlocking potential future lending capacity for their clients.

We customise financing solutions to each individual client, depending on their business needs and capital structure. We prioritise and focus on the following sector themes:

- Financial Institutions
- Food Value Chain
- Industrials and Manufacturing
- Infrastructure (soft and social).

Our investment process

Our disciplined investment process is streamlined to two decision-making committees with combined experience in multiple financial instruments, sectors and geographies.



MFS Africa

Country: Mauritius

Sector: Information Technology

MFS AFRICA

Omnichannel payment systems to expand on the African continent

Despite progress in recent years, formal financial services remain beyond the reach of many people in Africa. And, even when these services become available, the rate of usage is low because of a range of factors, including the costs and the security of transacting.

It has been shown that mobile money and other non-traditional forms of financial services are key enablers for financial inclusion in Africa - they have disrupted traditional financial services by providing better ways to transfer funds than using cash. With mobile and other digital payment systems, customers in Sub-Saharan Africa are gaining access to business loans, savings and other services that a traditional bank would otherwise provide. The greater availability of financial services has an incredible impact on many aspects of life in Africa and plays a role in alleviating poverty for communities.

One player in the omnichannel payment field helping to make the sort of impact that the continent needs is MFS Africa. It is the largest hub for omnichannel payments in Africa, providing services that connect over 400 million mobile money users on the continent. Impacting largely on the unbanked and the underbanked demographic on the continent, MFS Africa connects mobile-network operators, money-transfer organisations, cross-border payments remittance firms, financial-service providers, and worldwide merchants to millions of mobile wallets on the continent. “Our services focus on creating more possibilities for Africans needing to make payments, to carry out money transfers, and to remit funds to others,” explains Dare Okoudjou, Founder and CEO of MFS Africa. “Merchants, banks, mobile operators, and mobile money transfer firms have come to rely on our compliant and the cost-effectiveness service, and this is why the MFS Africa network has grown so extensively across the continent of Africa.”

MFS Africa has achieved a significant presence in Sub-Saharan Africa, being connected today to over 60% of all mobile money wallets in the region. Understanding the need for connecting mobile money to the rest of the world, MFS Africa recently broadened its bank and fintech base offering through the acquisition of US fintech Global Technology Partners. This will enable the company to tokenize the mobile money space and connect to traditional card-scheme ecosystem such VISA and Mastercard. Okoudjou explains that “Our guiding principle is that African consumers and businesses should be able to pay for anything, both offline and online. We’ve always known that in order to really eliminate borders, we needed to connect mobile money to the rest of the world; card networks seem to be the most effective means to do so.”

The firm works in over 35 countries in Africa but believes that there are still more areas that it can provide its services to. It is against this background that MFS Africa negotiated a deal for additional funding from Norsad Capital, an impact investor offering tailor-made debt solutions to mid-market growth companies in Sub-Saharan Africa.

Kenny Nwosu CEO at Norsad Capital says: “The Norsad Capital term facility will assist MFS Africa to break into Nigeria, a market that is key to MFS Africa’s growth strategy. With its extensive population and capacity to do business, Nigeria accounts for the largest movement of money around the continent, and our funding is important as it comes at a point in the company’s development where it is poised for significant growth.”

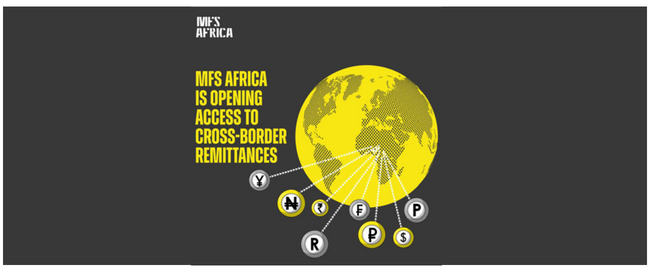
According to Nwosu, "This is a very attractive investment for Norsad as MFS Africa has a strong market position, and this market share puts MFS Africa in a position to be at the forefront of financial inclusion and digital payments in Africa."

There is also great synergy between the two service providers, since MFS Africa is aligned with Norsad's Purpose of "building a better africa", its goal as an impact investor. As Okoudjou of MFS Africa explains: "MFS aims to decrease the cost of money remittances to Africa. We currently connect mobile money systems to one another and to money transfer organisations, banks, and other financial institutions, enabling money remittances to and from mobile money accounts. Our move into the Nigerian market will allow us to extend our footprint extensively on the African continent, bringing much-needed financial services to thousands more people."

Mobile money has disrupted traditional financial services by providing a better way to transfer funds instead of cash. With mobile payments, customers in Sub-Sharan Africa are gaining access to business loans, savings and other services they would get in a bank. Mobile money has incredible impact on many aspects of life in Africa and plays a role in alleviating poverty for communities.

About MFS Africa

MFS Africa is the largest digital payments hub in Africa, with over 320 million Mobile Money users connected. The company works closely with mobile network operators ("MNOs") money transfer organisations ("MTOs") and financial institutions to bring simple and relevant financial services to unbanked and underbanked clients in Africa.
www.mfsafrica.com



Norsad Capital Funds the Expansion of RH Bophelo With a ZAR 100 million Stretched Debt Facility

Norsad Capital has extended a ZAR 100 million stretched debt facility to RH Bophelo Limited, for the expansion of its hospitals and clinics across South Africa. RH Bophelo is a healthcare investment holding company investing in the healthcare sector with a focus on low- and middle-income earners.

Accessible and quality healthcare is an economic and social necessity. In emerging markets this need is further evident with poor access and only basic healthcare in a number of rural and peri-urban areas. RH Bophelo seeks to support the healthcare sector and reduce the burden on public services by providing affordable private healthcare to the underserved population. This positively contributes to the success of the UN Sustainable Development Goals.

RH Bophelo is a Johannesburg Stock Exchange listed company currently owning a network of hospitals and clinics across South Africa. Furthermore, through its hospital consulting, commissioning and management subsidiary, RH Bophelo manages additional facilities for third parties across eight provinces in South Africa. Their investments expand to pharmacies, emergency services, and healthcare related insurance products with primary target towards the underserve market in South Africa.

Zubair Suliman, Investment Director at Norsad Capital and transaction lead said: "Norsad has identified healthcare as a growth area under our focus sector theme of soft & social infrastructure. Partnering with RH Bophelo in their growth plans is truly inspiring especially as RH Bophelo provides a blend of unique and accessible healthcare services. With this structured funding, Norsad will play a catalytic role in unlocking access to healthcare services for previously underserved communities and furthermore support a customer-focused group intent on promoting transparency, competition and providing better value for their patients."

Quinton Zunga, CEO of RH Bophelo said: "We are delighted to have found a partner in Norsad matching our passion and vision to make a tangible difference in the provision of healthcare in a socially and economically sustainable way. As a growth-oriented firm, speed and flexibility in execution is of paramount importance to us and Norsad is the ideal counterparty. We look forward to a fruitful partnership as we embark on our pan-African mission."

About RH Bophelo

RH Bophelo is an investment company in set up to invest in the healthcare services value chain across South Africa. The company is engaged specifically in operational infrastructure, health insurance, private hospital infrastructure, pharmaceuticals, retail, and distribution. RH Bophelo is dual listed on the Johannesburg Stock Exchange and the Rwanda Stock Exchange. For more information: **www.rhbophelo.co.za**

Group Annual Financial Statements and annual financial statements for the year Ended **31 December 2021**

Norsad Capital Limited

Directors' Responsibility Statement
for the year ended 31 December 2021

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Norsad Capital Limited, comprising the statements of financial position at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The directors have made an assessment of the ability of the company and its subsidiaries to continue a going concern and have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The auditor conducts an examination of the annual financial statements in conformity with International Standards on Auditing, which include tests of transactions and internal accounting control. Discussions meetings are held between the auditor and management, the Audit and Risk Committee and the Board of Directors.

Approval of group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of Norsad Capital Limited, as identified in the first paragraph, were approved by the Board of Directors on the 22 March 2022 and signed on their behalf by:

Dr. Frannie Léautier

Chair of the Board of Directors

Jørgen Høholt

Chair of the Audit & Risk Committee

Independent Auditor's Report
to the shareholders of Norsad Capital Limited

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Norsad Capital Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards "IFRS".

What we have audited

Norsad Capital Limited's consolidated and separate financial statements set out on pages 50 to 93 comprise:

- The consolidated and separate statements of financial position as at 31 December 2021
- The consolidated and separate statements of profit or loss and other comprehensive income for the year then ended
- The consolidated and separate statements of changes in equity for the year then ended
- The accounting policies to the consolidated and separate financial statements
- The use of estimates and judgements to the consolidated and separate financial statements
- The notes to the consolidated and separate financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards [IESBA Code]) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matter that relates to the audit of the consolidated and separate financial statements of the current period in the table below:

Independent Auditor's Report (Continued)
to the shareholders of Norsad Capital Limited

Key audit matter	How our audit addressed the key audit matter

Key audit matter

Assessment of Allowances for Expected Credit Losses on Loans Advances

The Group applies IFRS 9 - Financial Instruments ("IFRS") which requires it to assess allowances required for impairment of loans and advances on an expected loss basis. Accordingly, the Group measures such allowances using its own impairment model to calculate Expected Credit Losses "ECLs".

In determining the ECLs, the following key judgements were applied by the Group:

- Choosing an appropriate model and assumptions for the measurement of ECLs
- Determining appropriate Probabilities of Default "PDs", Loss Given Default "LGD" applying to loans and advances
- Determining criteria for significant increase in credit risk "SICR";
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECLs.

The impairment of loans and advances to customers was considered to be a matter of most significance to the current year audit due to the degree of judgement applied by the Group in determining:

- The PD, LGD, EAD and forward-looking scenarios
- SICR thresholds.

Refer to the following notes to the financial statement:

How our audit addressed the key audit matter

Assessment of Allowances for Expected Credit Losses on Loans Advances

Our audit addressed the assessment of allowance for ECLs of loans and advances to customers by performing the following:

- We utilised our actuarial expertise to assess the appropriateness of the model used by the Group to determine ECLs against the requirements of IFRS 9. We did not note any significant exceptions.

- We tested, on a sample basis, the underlying information with respect to loans and portfolios of loans utilised in the model, underlined in the model, to underlying accounting records and other information maintained by the Group and found no exceptions.

- We used our actuarial expertise to evaluate- through independent recomputation- the reasonableness of key judgmental inputs used in the model, with specific focus on the model, with specific focus on the following components:
- PDs, including adjustment to point-in-time estimates through the application of a forward-looking macroeconomic model, currency convertibility risks for high risk countries (where applicable) and other information relevant to ECLs for specific balances
- LGD and EAD
- The process followed in determining SICR;
- The calculation through which the......

Independent Auditor's Report (Continued)
to the shareholders of Norsad Capital Limited

Key audit matter	*How our audit addressed the key audit matter*
• 2 Significant Accounting Policies- a) Financial assets and liabilities- iii) Impairment; • 3 Use of Estimates and Judgements - Measurement of the expected credit loss allowance; • 20 Loans and advances; and • 38 Financial Risk Management - (b) Credit risk	PD, LGD and EAD components are converted into ECLs. These procedures did not identify any exceptions or differences having a material impact on the ECLs as reported.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Norsad Finance Limited Group annual financial statements and annual financial statements for the year ended 31 December 2021". The other information does not include the consolidated and separate financial statements and our auditors report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information, and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other informantion identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report (Continued)
to the shareholders of Norsad Capital Limited

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. Conclude on the appropriateness of the directors' 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 Group'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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion.

- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report (Continued)
to the shareholders of Norsad Capital Limit

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statement. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Individual practicing member: Rudi Binedell

24 June 2022
Gaborone

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2021

The directors have pleasure in presenting their report to shareholders, together with the audited group annual financial statements and the annual financial statements for the year ended 31 December 2021.

Norsad Capital Limited
Directors' report
for the year ended 31 December 2021

Name Change

With effect from 28 December 2021, the name of the company was changed from Norsad Finance Limited to Norsad Capital Limited.

Nature of Business and Principal Activities

Norsad Capital Limited is a company domiciled and incorporated in Botswana on 23 November 2011 with company registration no BW00001164284. It is registered under the Botswana Companies Act and regulated by (NBFIRA). The company is accredited under the Botswana International Financial Services, Centre which became the Botswana International Trade Centre (BITC). Principal activity is providing medium-to long-term risk capital to mid-market growth companies in Sub-Saharan Africa that are financially, socially and environmentally sustainable. These financial statements represent the statutory financial statements.

Investment in Subsidiaries

Norsad Capital Limited holds 100% of the issued share capital of Norsad Finance (Botswana) Ltd, comprising 100 shares at no par value, a company incorporated in Botswana on 9 September 2013, **(Company Registration No. BW00001350365).** In addition, Norsad Capital Limited holds 100% of the issued stated capital of Norsad Finance (Pty) Ltd, comprising 100 shares at no par value, a company incorporated in South Africa on 24 March 2017, **(Company Registration No. CO.2017/137409/07).** These investments are accounted for by the reporting of stand-alone financial statements by the two entities.

Review of the Group's Financial Position and Results

The financial statements incorporate the financial statements of the company, referred to as the Company, and consolidated statement incorporating entities controlled by the company, reflect the financial statements of the company and its subsidiaries and are collectively referred to as the Group. The financial results and position are reflected in the financial statements set out on pages **50 to 93.**

Currency of Presentation

The Group's annual financial statements and the annual financial statements are presented in United States dollars (USD), which is the Group's functional and presentation currency.

Events after the Reporting Date

On 22 March 2022 a dividend of USD75 (2020:24) for each 9 172 ordinary share and USD150 (2020: 48) for each 5 545 preference share was approved by the Board of Directors for the year ended 31 December 2021, for recommendation to the shareholders at the annual general meeting.

Going Concern

All of the countries in which the Group operates has suffered the social and economic impact of the global COVID-19 pandemic. The impact on global, regional and domestic economies and the full impact has been and is likely to remain significant. The Group has developed and implemented a COVID-19 management and relief support programme for eligible clients impacted by the pandemic. The intervention and support scheme takes account of the varying impact the pandemic has had on different industries. For example, it acknowledges that clients involved in tourism and export-orientated businesses where foreign markets are currently closed may be more adversely impacted and probably also for longer periods.

Interventions under the programme include the provision of repayment breaks to mitigate the impact of the economic downturn and adverse business impact caused by the pandemic. These include defined principal installment payment deferrals for impacted businesses and, on an exceptional basis, interest capitalisation.

The Group has determined that key drivers of its financial performance which have been materially impacted as a result of the COVID-19 pandemic are facility disbursements, repayments, impairment levels, LIBOR and JIBAR interest rates and operational costs. The Group recognises the dynamic nature of this situation and will continue to review and refine this programme as may be necessary.

Norsad Capital Limited
Directors' report
for the year ended 31 December 2021

Guided by these principles and the continued interventions and relief support programme, the Group has assessed the adequacy of liquid assets through preparation of stress-tested cash-flow projections. Such projections took into account the Group's current assessment of the following:

- How individual client facilities may be impacted, taking account of their country of operation, industry and the Group's understanding of their own financial strength, and how the Group may be able to assist clients through relief interventions structured to the specific needs of each client, without placing undue strain on the Group
- Manners in which the Group could manage its extension of credit facilities to best deploy cash resources on facilities, which will support business and economic recovery in the regions where it already operates
- Available liquid resources, repayment obligations on the Group's leverage debt facilities, likelihood of factors which may trigger changes in these obligations and possible mitigants against such changes;
- Realistic reduction of operating expenses to conserve cash resources
- Issuance of a stock dividend in lieu of cash dividend.

Based on these stress-tested cash-flow projections, which took account of a range of possible cash-flow impacts of measures to be undertaken by the Group, the Group has concluded that existing liquid facilities are sufficient to sustain the Group's operations for a period of no less than 12 months from the date of approval of these financial statements.

The Group's Board of Directors and executive management will continue to monitor closely the implementation of risk-mitigation plans, and the Group will change these in order to support not only its clients but also the sustainability of the Group during these unprecedented times. On this basis the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Property, plant and equipment

Details of changes in property, plant and equipment during the year are reflected in Note 25.

Stated capital

In 2021 declared dividends totalling USD484 992 relating to the year ended 31 December 2020 were settled by the authorisation and issue of 54 shares to the shareholders in lieu of a dividend payment. Changes in the stated capital is disclosed in Note 36.

Board of Directors	Alternate Directors
Hagerman, Jacob	Larsson, Jakob
Høholt, Jørgen	Kronvall, Alexander
Léautier, Frannie	Esilä, Väinö
Leqhaoe, Molefi	TBC
Madeswi, Andrew	Singili, Charles
Malene, Aurora	De Campos, Ana Maria
Proxenos, Anastasia (Soula)	Halvorsen, Marianne

Changes during the period

Inkumbi, Martin	*(Retired 22 April 2021)*
Leqhaoe, Molefi	*(Appointed 6 December 2021)*

Registered office

Plot 54366, Western Commercial Road,
Central Business District, P.O. Box 1476 ABG, Gaborone

Company Secretary

Desert Secretarial Services (Proprietary) Limited
Plot 64518, Fairgrounds Office Park, Gaborone

Auditors

PricewaterhouseCoopers
Plot 50371, Fairgrounds Office Park, Gaborone

Principal Bankers

Stanbic Bank Botswana
Head Office, Stanbic House, Plot 50672 Off Machel Drive, Fairgrounds, Gaborone

Exchange Rates	2021	2020
USD/ZAR (ZAR = South African Rand)	15.8899	14.6246
USD/BWP (BWP = Botswana Pula)	11.7371	10.7875
USD/EUR (EUR = Euro)	0.8831	0.8141

Norsad Capital Limited

Income statements and statements of other comprehensive income
for the year ended 31 December 2021

		Group		Company	
Operating Income	*Note*	**2021 USD**	**2020 USD**	**2021 USD**	**2020 USD**
Interest Received	5	14 266 278	15 436 146	13 010 172	14 555 885
Interest Paid	6	(2 634 369)	(2 484 039)	(2 634 369)	(2 484 039)
Net Interest Income		**11 631 909**	**12 952 107**	**10 375 803**	**12 071 846**
Fees and Similar Charges Received	7	794 804	260 698	794 804	260 698
Fees and Similar Charges Paid	8	(138 264)	(150 000)	(138 264)	(150 000)
Net Fee and Charges Income		**656 540**	**110 698**	**656 540**	**110 698**
Investment Income	9	328 790	320 906	328 790	320 906
Other Income	10	–	–	332 556	271 092
Fair Value Adjustment on FVPL Assets	14	(748 345)	(1,329 451)	(748 345)	(1 329 451)
Other Operating (Deficit) income		**(418 555)**	**(1 008 545)**	**(86 999)**	**(737 453)**
Total Operating income		**11 868 894**	**12 054 260**	**10 945 344**	**11 445 091**
Operating Expenses					
Personnel Expenses	11	(2 880 538)	(2 630 547)	(2 614 501)	(2 375 752)
General and Administration Expenses	12	(270 001)	(213 458)	(235 079)	(205 082)
Depreciation Charge	25	(99 654)	(76 460)	(97 832)	(74 846)
Amortisation Expense	26	(145 731)	(145 376)	(133 225)	(131 071)
Other Operating Expenses	13	(1 111 937)	(847 097)	(1 307 441)	(1 032 723)
Total Operating Expenses		**(4 507 861)**	**(3 913 169)**	**(4 388 078)**	**(3 819 474)**
Operating Profit		**7 361 033**	**8 141 091**	**6 557 266**	**7 625 617**
Credit Impairment Losses	14	(3 133 315)	(6 172 468)	(1 832 273)	(5 639 974)
Foreign Exchange Losses on Loans & Bank	15	(2 555 429)	(343 230)	(2 555 429)	(343 230)
Foreign Exchange Gains on Borrowings	31	2 378 468	617 235	2 378 468	617 235
Profit Before Income Tax		**4 050 767**	**2 242 628**	**4 548 032**	**2 259 648**
Income Tax Expense	16	(1 368 853)	(1 446 346)	(1 368 853)	(1 446 346)
Profit For The Year		**2 681 904**	**796 282**	**3 179 179**	**813 302**
Other Comprehensive Income					
Items that may be subsequently reclassified to the income statement					
Unrealised Net Gain on Equity Investments	24	327 166	134 467	327 166	134 467
Total Other Comprehensive Income		**327 166**	**134 467**	**327 166**	**134 467**
Total Comprehensive Income		**3 009 070**	**930 749**	**3 506 345**	**947 769**

Norsad Capital Limited

Statements of financial position
for the year ended 31 December 2021

		Group		Company	
ASSETS	*Note*	**2021 USD**	**2020 USD**	**2021 USD**	**2020 USD**
Cash	17	6 570 919	27 910 547	6 179 168	26 736 378
Financial guarantees	18	–	65 000	–	65 000
Cash held as investments	19	11 756 756	13 756 756	11 756 756	13 756 756
Cash in transit	20	10 000 000	–	10 000 000	–
Loans and advances	21	147 526 161	129 983 734	136 795 513	119 315 411
Loans and advances to subsidiaries	22	–	–	11 330 202	11 134 775
Investment in subsidiaries	23	–	–	107	107
Investment securities	24	1 294 320	967 154	1 294 320	967 154
Property, plant and equipment	25	138 086	149 384	134 952	144 122
Right-of-use Assets	26	274 436	462 477	238 273	396 749
Current tax assets	27	82 515	45 313	13 051	–
Deferred tax assets	28	14 207	8 090	6 876	6 574
Other assets	29	1 482 055	1 881 365	1 019 288	1 694 824
Total assets		**179 139 455**	**175 229 820**	**178 768 506**	**174 217 850**
LIABILITIES					
Secured debt	31	46 903 454	45 459 842	46 903 454	45 459 842
Current tax liabilities	32	25 066	73 329	18 480	13 691
Lease liabilities	33	326 771	516 384	285 327	446 246
Other liabilities and provisions	34	1 438 167	848 493	1 415 321	763 647
Total liabilities		**48 693 458**	**46 898 048**	**48 622 582**	**46 683 426**
Shareholders' equity					
Stated capital	36	122 165 817	121 680 825	122 165 817	121 680 825
Retained earnings		8 293 736	6 096 824	7 993 663	5 299 476
Other reserves		(13 556)	554 123	(13 556)	554 123
Total equity		**130 445 997**	**128 331 772**	**130 145 924**	**127 534 424**
Total liabilities and equity		**179 139 455**	**175 229 820**	**178 768 506**	**174 217 850**

Frannie Léautier
Chair of the Board of Directors

Jørgen Høholt
Chair of the Audit & Risk Committee

Kenny Nwosu
Chief Executive Officer

Norsad Capital Limited

Statements of changes in equity
for the year ended 31 December 2021

Group	Stated Capital Ordinary shares	Stated Capital Preference shares	Available for sale equity reserve	Interest suspense reserve	Retained earnings	Total equity
	USD	USD	USD	USD	USD	USD
Balance at 1 January 2020	**73 071 690**	**45 907 055**	**(475 189)**	**-**	**8 003 111**	**126 506 667**
Profit for the year	-	-	-	-	795 793	795 793
Other comprehensive income	-	-	134 467	-	-	134 467
Interest added	-	-	-	894 845	-	894 845
2019 dividends settled by 318 ordinary shares	2 702 080	-	-	-	(2 702 080)	-
Balance at 31 December 2020	**75 773 770**	**45 907 055**	**(340 722)**	**894 845**	**6 096 824**	**128 331 772**
Profit for the year	-	-	-	-	2 681 904	2 681 904
Other comprehensive income	-	-	327 166	-	-	327 166
Interest added	-	-	-	(894 845)	-	(894 845)
2020 dividends settled by 54 ordinary shares	484 992	-	-	-	(484 992)	-
Balance at 31 December 2021	**76 258 762**	**45 907 055**	**(13 556)**	**-**	**8 293 736**	**130 445 997**

Company

Company	Stated Capital Ordinary shares	Stated Capital Preference shares	Available for sale equity reserve	Interest suspense reserve	Retained earnings	Total equity
Balance at 1 January 2020	73 071 690	45 907 055	(475 189)	-	7 188 254	125 691810
Profit for the year	-	-	-	-	813 302	813 302
Other comprehensive income	-	-	134 467	-	-	134 467
Interest added	-	-	-	894 845	-	894 845
2019 dividends settled by 318 ordinary shares	2 702 080	-	-	-	(2 702 080)	-
Balance at 31 December 2020	**75 773 770**	**45 907 055**	**(340 722)**	**894 845**	**5 299 476**	**127 534 424**
Profit for the year	-	-	-	-	3 179 179	3 179 179
Other comprehensive income	-	-	327 166	-	-	327 166
Interest added	-	-	-	(894 845)	-	(894 845)
2020 dividends settled by 54 ordinary shares	484 992	-	-	-	(484 992)	-
Balance at 31 December 2021	76 258 762	45 907 055	(13 556)	-	7 993 663	130 145 924

Norsad Capital Limited

Statements of cash flows
for the year ended 31 December 2021

		Group		Company	
Operating activities:	*Note*	**2021 USD**	**2020 USD**	**2021 USD**	**2020 USD**
Cash generated by operations before taxation and working capital changes	35	(4 950 346)	(3 980 516)	(4 515 577)	(3 645 953)
Interest received	5	14 266 278	15 436 146	13 010 172	14 555 885
Interest paid on debt leverage	6	(2 634 369)	(2 484 039)	(2 634 369)	(2 484 039)
Interest paid on lease liabilities	33	(31 199)	(51 136)	(27 958)	(36 831)
Movement in other receivables	29	(399 310)	878 035	(675 536)	797 747
Movement in accruals and other payables	34	589 674	(301 552)	651 674	(404 200)
Taxation paid	16	(109 488)	(167 811)	(88 450)	(87 427)
Cash generated in operating activities		**6 731 239**	**9 129 127**	**5 719 956**	**8 695 182**
Investing activities:					
Proceeds from disposal of cash investments	19	10 000 000	-	10 000 000	-
Payments to acquire cash investments	19	(8 000 000)	(3 756 756)	(8 000 000)	(3 756 756)
Cash in transit	20	(10 000 000)	-	(10 000 000)	-
Loan investment principal repayments	21	32 716 986	10 544 830	32 716 986	10 544 830
Loan investment disbursed	21	(51 157 754)	(18 837 178)	(51 157 754)	(18 238 773)
Interest added	21	(5 557 806)	-	(3 690 595)	-
Subsidiary loan interest charged	22	-	-	(485 789)	(529 744)
Subsidiary loan additions	22	-	-	(727 705)	(409 899)
Subsidiary loan repayment	22	-	-	1 020 000	-
Sale proceeds of plant and equipment	25	14 711	13 554	14 711	13 554
Acquisition of plant and equipment	25	(91 897)	(15 810)	(91 897)	(14 106)
Amounts held as financial guarantees	18	65 000	20 000	65 000	20 000
Cash used from investing activities		**(32 115 571)**	**(12 031 360)**	**(30 338 976)**	**(12 370 894)**
Financing activities:					
Unsecured debt borrowings repaid	30	-	(5 104 541)	-	(5 104 541)
Secured debt borrowings advanced	31	13 716 532	29 061 370	13 716 532	29 061 370
Secured debt borrowings repaid	31	(9 894 452)	(3 636 916)	(9 894 452)	(3 636 916)
Lease rental payments	33	(176 543)	(166 087)	(159 437)	(149 708)
Cash generated from financing activities		**3 645 537**	**20 153 826**	**3 662 643**	**20 170 205**
Movement in cash		**(21 738 795)**	**17 251 593**	**(20 956 377)**	**16 494 493**
Cash at the beginning of year	17	27 910 547	11 280 230	26 736 378	10 863 161
Effects of exchange rate changes on cash	15	399 167	(621 276)	399 167	(621 276)
Cash at end of year	17	**6 570 919**	**27 910 547**	**6 179 168**	**26 736 378**

Norsad Capital Limited

Accounting Policies
for the year ended 31 December 2021

1. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with the (IFRS).

b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for financial instruments, which are disclosed at fair value.

C) Functional and presentation currency

The financial statements are presented in United States Dollar (USD), which is also the functional currency.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the development, selection and disclosure of the Group's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information regarding estimates and judgments in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are included in Notes 3 and 4.

2. Significant accounting policies

(a) Financial assets and liabilities measurement methods

(i) Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs and fees that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(ii) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired or 'stage 3', for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision)

(iii) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability, not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

Financial Assets

i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and credit lines.

Classification and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss (FVPL).

Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's business model for the loan facility book is to hold to collect contractual cash flows. Another example is the cash held as investments, which are held by the Group as part of liquidity management and are generally classified within the hold to collect and sell business model.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Solely payments of principal and interest: Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest the 'SPPI test'.

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured as described in Note 3. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI).

Movements in the carrying amount are taken through OCI. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'.

(FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that was designated at fair value, or which is not held for trading, is presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

(ii) Investment securities

Investment securities are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group has elected, at initial recognition, to irrevocably designate an equity investment FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(iii) Impairment

The Group assesses on a forward-looking basis the ('ECL') associated with its debt instrument assets carried at amortised cost with the exposure arising from loan commitments. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 39b provides more detail of how the ECL loss allowance is measured.

(iv) Modification and derecognition of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate
- Change in the currency the loan is denominated in
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset.

The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets on the ECL calculation is detailed in Note 39b.

(a) Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified and subsequently measured at amortised cost.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Loan commitments

The Group contractually recognises loan commitments on the signing of the facility agreement. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

(b) Foreign currency

Foreign currency translations

Transactions in foreign currencies are translated into the functional currency of Group at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the period.

(c) Investment in subsidiaries

Subsidiary

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the "company" and entities controlled by the company, its subsidiaries, which are collectively referred to as the Group.

(d) Fees and commissions

Fees and commission income and expenses that are integral to the financial asset or liability are by their nature recognised as they are paid or received at a given point in time. There are three types of fees included Due Diligence fee for assessing suitability for financing, Available fee on an undrawn portion of the approved facility and a Disbursement fee.

(e) Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in other operating income based on the underlying classification of the equity investment.

(f) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects,

at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(1) Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(2) Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(g) Cash

Cash and cash equivalents include mainly highly liquid financial assets with original maturities of less than one month from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short-term commitment Such assets are held with regulated banks that have risk ratings above "non-investment grade – Baa3, per Moody's ratings". Also included are notes and coins on hand.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(h) Cash held as investments

Fixed deposit investments are fixed term deposit investments with regulated banks that have risk ratings above "non-investment grade – Baa3, per Moody's ratings", with original maturities of one month or more from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its loan commitments.

Fixed deposit investments are carried at amortised cost in the statement of financial position.

(i) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group holds to collect and does not intend to sell immediately or in the near term. They include both investment loans to financial institutions and directly to customers.

The classification and recognition of loans and advances in explained under Financial Assets in Note 2a(i) on pages 16-18.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of plant or equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use.

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is recognised in profit or loss. Significant items of plant and equipment are depreciated as follows:

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Motor vehicles	25% reducing balance
Computer equipment	33.3% straight line
Office equipment	20% straight line

(k) Leases

The Group leases various offices, houses and equipment. Rental contracts are typically made for fixed periods of three to five years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

At inception the Group recognises a Right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as lease assets with a value of USD5 000 or less at the inception of the lease).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Payments of penalties for terminating the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The asset is depreciated over the lease term on a straight-line basis, where ownership is not transferred at the end of the lease term.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date.

(l) Impairment of non-financial assets

The Group's non-financial assets are identified as plant & equipment and deferred taxation. Their carrying amounts are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment was recognised.

(m) Secured and unsecured debt

Borrowings are initially recognised at fair value and are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Other liabilities and accruals

An accrual is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Accruals are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

Short-term employee benefits

The cost of short term benefit is recognised during the period in which the employee renders the related service.

Employee entitlements to incentive payments, medical aid and gratuity benefits are recognised when they accrue to employees, and an accrual is recognised for the estimated liability as a result of services rendered by the employee up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Employees who are not members of an approved pension scheme are entitled to gratuity benefits as stipulated in their employment contracts. An accrual is recognised for the estimated liability for services rendered by the employee up to the reporting date.

(p) Stated capital and equity

Shares issued

Ordinary and preference shares are recognised as equity.

Dividend

Dividends on ordinary and preference shares are recognised against equity.

Other reserves

Other reserves recognised by the Group include reserves arising from valuation changes in available for-sale equity investments and interest from investments not charged to the income statement until payment has been received from the client.

3. Use of estimates and judgements

Management discusses with the Audit and Risk Committee of the Board the development, selection and disclosure of the Group's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is disclosed below.

Measurement of the expected credit loss (ECL) allowance

The measurement of the ECL allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 39b, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 39b.

Fair value

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in the Group's accounting policy in Note2. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly or indirectly derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

3. Use of estimates and judgements

The asset classed as a Level 2 was valued using the observable net asset value of the fund in which it is housed using verifiable financial reports produced by the entity.

Due to the material nature of the change in valuation for level-3 assets in 2021, the carrying amount of these assets was adjusted by any expected credit loss allowance recognised and measured as described in Note 3. The sensitivity of inputs of these level-3 assets is not deemed to be significant.

The table below analyses the level of fair value hierarchy of financial instruments:

Group & Company 31 December 2021	*Note*	Level 1	Level 2	Level 3	Total
Investment securities	23	874 908	419 412	-	**1 294 320**
Loans and advances	21	-	-	15 895 067	**15 895 067**
		874 908	**419 412**	**15 895 067**	**17 189 387**

Group & Company 31 December 2020	*Note*	Level 1	Level 2	Level 3	Total
Investment securities	23	265 611	701 543	-	**967 154**
Loans and advances	21	-	-	15 699 342	**15 699 342**
		265 611	**701 543**	**15 699 342**	**16 666 496**

The table below analyses the reconciliation of fair values of level-2 and 3 financial instruments:

Group & Company	2021		2020	
	Level 2	Level 3	Level 2	Level 3
Balance as at 1 January	701 543	15 699 342	703 976	15 304 564
Changes in market value	(282 131)	-	(2 433)	-
Interest added	-	596 767	-	1 714 229
Changes in PDs/LGDs/EADs	-	(401 042)	-	(1 319 451)
Balance as at 31 December	**419 412**	**15 895 067**	**701 543**	**15 699 342**

Norsad Capital Limited

Notes to the financials
for the year ended 31 December 2021

4. Financial Assets and Liabilities

Financial Assets

The table below sets out the carrying amounts and fair values of the group's financial assets:

Group	*Note*	**Amortised cost**	**FVPL**	**FVOCI**	**Total carrying amount & fair value**
31 December 2021					
Cash	17	6 570 919	-	-	6 570 919
Cash held as investments	19	11 756 756	-	-	11 756 756
Cash in transit	20	10 000 000	-	-	10 000 000
Loans and advances	21	131 631 094	15 895 067	-	147 526 161
Investment securities	24	-	-	1 294 320	1 294 320
		159 958 769	**15 895 067**	**1 294 320**	**177 148 156**

Company analysis has not been reported separately as the vast majority of the totals for 2021 and 2020 relate to the Company itself, except for cash of USD817 (2020: USD 1 020 817) and loans and advances of USD10 656 140 (2020: USD10 668,323).

Group	**Note**	**Amortised cost**	**FVPL**	**FVOCI**	**Total carrying amount & Fair Value**
31 December 2020					
Cash	17	27 910 547	-	-	27 910 547
Financial guarantees	18	65 000	-	-	65 000
Cash held as investments	19	13 756 756	-	-	13 756 756
Loans and advances	21	114 284 392	15 699 342	-	129 983 734
Investment securities	24	-	-	967 154	967 154
		156 016 695	**15 699 342**	**967 154**	**172 683 191**

Financial liabilities

In both the 2021 and 2020 periods, all financial liabilities are classified and subsequently measured at amortised cost.

	Group		**Company**	
	2021	**2020**	**2021**	**2020**
5. Interest received				
Loans and advances to financial institutions	9 218 870	10 374 436	8 715 142	10 121 422
Loans and advances direct to customers	5 047 408	5 061 710	4 295 030	4 434 463
	14 266 278	**15 436 146**	**13 010 172**	**14 555 885**
6. Interest paid				
Interest on secured debt facilities	2 634 369	2 424 573	2 634 369	2 424 573
Interest on unsecured debt facilities	-	59 466	-	59 466
	2 634 369	**2 484 039**	**2 634 369**	**2 484 039**
7. Fees and similar charges received				
Loans and advances to financial institutions	313 626	25 917	313 626	25 917
Loans and advances direct to customers	480 178	234 781	480 178	234 781
	794 804	**260 698**	**794 804**	**260 698**

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Notes to the financials (continued)
for the year ended 31 December 2021

	Group		Company	
	2021	**2020**	**2021**	**2020**
8. Fees and similar charges paid				
Interest on secured debt facilities	138 264	150 000	138 264	150 000
	138 264	**150 000**	**138 264**	**150 000**
9. Investment income				
Interest on cash held as investments	328 790	320 906	328 790	320 906
	328 790	**320 906**	**328 790**	**320 906**
10. Other income				
Expenses recharged to subsidiary	-	-	332 556	271 092
	-	**-**	**332 556**	**271 092**
11. Personnel expenses				
Salaries and incentive payments	2 109 699	1 912 049	1 902 711	1 707 917
Pension and gratuity costs	201 828	193 673	181 129	173 260
Leave pay costs and provisions	43 745	(2 343)	37 281	(10 089)
Health insurance and staff welfare	181 017	192 646	160 989	176 454
Other employee benefits	344 249	334 522	332 391	328 210
	2 880 538	**2 630 547**	**2 614 501**	**2 375 752**

At year end the number of staff employed by the Group was 23 (2020: 21).

	Group 2021	Group 2020	Company 2021	Company 2020
12. General and administrative expenses				
Office expenses	46 527	51 594	21 218	43 218
Administration and ICT costs	163 855	99 357	155 722	99 357
Communication expenses	60 985	60 521	59 505	60 521
Motor vehicle costs	10 110	9 487	10 110	9 487
Profit on sale of fixed assets	(11 476)	(7 501)	(11 476)	(7 501)
	270 001	**213 458**	**235 079**	**205 082**

Norsad Capital Limited

Notes to the financials
for the year ended 31 December 2021 (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
13. Other operating expenses				
Johannesburg office cost	-	-	390 722	307 622
Board of Director meeting costs	75 834	65 690	75 834	65 690
Finance costs	180 001	87 160	119 380	71 432
Travel and promotion expenses	204 304	102 441	161 096	94 540
Legal and consultancy expenses	493 231	430 933	408 662	339 076
Staff training costs	113 072	117 472	113 072	117 472
Auditor's remuneration	45 495	43 401	38 675	36 891
	1 111 937	**847 097**	**1 307 441**	**1 032 723**

Included in group 2021 finance costs is a total of USD 27,958 (2020: USD 51,136) relating to interest on lease liabilities.

	Group 2021	Group 2020	Company 2021	Company 2020
14. Credit impairment losses				
Specific provisions for impairment	3 133 315	6 172 468	1 832 273	5 639 974
Fair value adjustment on FVPL assets	748 345	1 329 451	748 345	1 329 451
	3 881 660	**7 501 919**	**2 580 618**	**6 969 425**
Specific Impairment Control Account				
Balance as at 1 January	8 483 149	2 310 681	7 880 349	2 240 375
Charge for the period	3 133 315	6 172 468	1 832 273	5 639 974
Committed impairment provision	(113 377)	-	(113 377)	-
Loan written off from books	(1 266 300)	-	(1 266 300)	-
Balance as at 31 December	**10 236 787**	**8 483 149**	**8 332 945**	**7 880 349**
Fair Value Adjustment Control Account				
Balance as at 1 January	1 678 171	348 720	1 678 171	348 720
Charge for the period	748 345	1 329 451	748 345	1 329 451
Balance as at 31 December	**2 426 516**	**1 678 171**	**2 426 516**	**1 678 171**
15. Foreign exchange losses on loans & others				
Realised (loss)/gain on ZAR loan advances	(12 804)	4 970	(12 804)	4 970
Total realised (loss)/gain on loan advances	(12 804)	4 970	(12 804)	4 970
Unrealised (loss) ZAR loan advances	(2 143 458)	(969 476)	(2 143 458)	(969 476)
Total Unrealised (loss) on loans and advances	(2 156 262)	(969 476)	(2 156 262)	(969 476)
Realised (loss)/gain on ZAR bank accounts	(399 167)	621 276	(399 167)	621 276
Net foreign exchange (loss) on loans and others	**(2 555 429)**	**(343 230)**	**(2 555 429)**	**(343 230)**
Exposure				
ZAR loans and advances	33 796 576	26 008 037	33 796 576	26 008 037
Total forex loan and advance exposure	**33 796 576**	**26 008 037**	**33 796 576**	**26 008 037**

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Notes to the financials
for the year ended 31 December 2021 (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
16. Income tax expense				
Normal company taxation	774 333	496 316	774 333	496 316
Foreign withholding tax	594 822	953 662	594 822	953 662
Deferred taxation charge per profit or loss	(302)	(3 632)	(302)	(3 632)
Taxation per statement of profit or loss	**1 368 853**	**1 446 346**	**1 368 853**	**1 446 346**
Taxation reconciliation				
Profit/(Loss) before taxation	4 050 767	2 242 628	4 548 032	2 259 648
Taxation at the rate of 15% on taxable profit	774 333	496 316	774 333	496 316
Effect of items disallowed and exempt income	594 520	950 030	594 520	950 030
Taxation per statement of profit or loss	**1 368 853**	**1 446 346**	**1 368 853**	**1 446 346**

Foreign withholding tax of USD1 293 757 has been included in the interest and fee income for 2021 and may be utilised against tax liabilities in the current year. Group income tax paid to taxation authorities in 2021 amounted to USD109 488.

17. Cash				
Balances with banks	6 567 887	27 902 403	6 176 136	26 728 234
Petty cash	3 032	8 144	3 032	8 144
	6 570 919	**27 910 547**	**6 179 168**	**26 736 378**
18. Financial Guarantees				
Balances with banks	-	65 000	-	65 000
	-	**65 000**	**-**	**65 000**

The Group had entered into a financial guarantee for a maximum of USD85 000 against bank balances held in its ABSA bank accounts, to provide security for costs in favour of third parties relating to legal fees in Zambia. The guarantee was renewed in 2020 for a further one-year period, with the facility expiring in June 2021 and not being renewed. Guarantees are classed as current assets.

	Group		Company	
	2021	**2020**	**2021**	**2020**
19. Cash held as investments				
Balances with banks	11 756 756	13 756 756	11 756 756	13 756 756
	11 756 756	**13 756 756**	**11 756 756**	**13 756 756**
Due within one year	8 000 000	2 513 459	8 000 000	2 513 459
Due between one and five years	3 756 756	11 243 297	3 756 756	11 243 297
	11 756 756	**13 756 756**	**11 756 756**	**13 756 756**

As at 31 December 2021 an amount of USD11 756 756 from the above total was encumbered to Stanbic as security on the debt facilities as highlighted in Note 31.

Norsad Capital Limited

Notes to the financials
for the year ended 31 December 2021 (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
20. Cash in transit				
Cash in transit to loan clients	10 000 000	-	10 000 000	-
	10 000 000	**-**	**10 000 000**	**-**

On the 31 December 2021 an amount of USD 10 000 000 was transferred from Norsad bank accounts as a loan disbursement to a client. The transfer was completed and irrevocable at that date, but due to banking holidays and timing matters the client received the funds on 5 January 2022, at which date the amount will be recognised under loans and advances.

	Group		Company	
	2021	**2020**	**2021**	**2020**
21. Loans and advances				
Loans and advances at amortised cost	142 259 569	122 767 541	129 625 079	111 496 418
Loans and advances at FVPL	17 929 895	17 377 513	17 929 895	17 377 513
Gross Loan Balance as at 31 December	160 189 464	140 145 054	147 554 974	128 873 931
Less specific allowance for impairment	(10 236 787)	(8 483 149)	(8 332 945)	(7 880 349)
Less fair value adjustment on FVPL assets	(2 426 516)	(1 678 171)	(2 426 516)	(1 678 171)
Net Loan Balance as at 31 December	**147 526 161**	**129 983 734**	**136 795 513**	**119 315 411**
Loan Control Account				
Balance transferred at 1 January	140 145 054	132 822 182	128 873 931	122 149 464
Loan disbursements	51 157 754	15 104 072	51 157 754	15 104 072
Interest adjustment	5 176 204	3 733 106	3 812 837	3 134 701
Repayment of loan principal	(32 716 986)	(10 544 830)	(32 716 986)	(10 544 830)
Foreign exchange (losses)/gains on loans	(2 156 262)	(969 476)	(2 156 262)	(969 476)
Write-offs against provisions	(1 416 300)	-	(1 416 300)	-
Gross Loan Balance as at 31 December	**160 189 464**	**140 145 054**	**147 554 974**	**128 873 931**
Maturity Analysis				
Due within one year	42 888 955	31 550 976	36 363 480	29 706 203
Due between one and five years	98 658 096	92 329 317	94 452 923	83 505 767
Due after five years	5 979 110	6 103 441	5 979 110	6 103 441
	147 526 161	**129 983 734**	**136 795 512**	**119 315 411**
22. Loans and advances to subsidiaries				
Norsad Finance (Botswana) Limited	-	-	10 970 779	11 074 171
Norsad Finance (Pty) Limited	-	-	359 423	60 604
Net Loan Balance at 31 December	**-**	**-**	**11 330 202**	**11 134 775**

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Notes to the financials
for the year ended 31 December 2021 (continued)

Loans and advances to subsidiaries (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
Control Account				
Opening balance at 1 January	-	-	11 134 775	10 195 132
Loan Interest charged to subsidiaries	-	-	485 789	529 744
Expenses recharged to subsidiaries	-	-	332 556	271 092
Other advances to subsidiaries	-	-	397 082	138 807
Loans and advances repaid from subsidiaries	-	-	(1 020 000)	-
Gross balance at 31 December	-	-	11 330 202	11 134 775
Less specific allowance for impairment	-	-	-	-
Net Loan Balance at 31 December	**-**	**-**	**11 330 202**	**11 134 775**
Due within one year	-	-	7 115 596	1 844 773
Due between one and five years	-	-	4 214 606	9 290 002
	-	**-**	**11 330 202**	**11 134 775**

The company holds a 100% share of both subsidiary companies. The directors of the holding company have indicated that they will not demand repayment of the loans to subsidiaries and will continue any necessary financial support. Having made an impairment assessment, no specific allowance for impairment is deemed necessary.

The loan given to Norsad Finance (Botswana) Limited was used for on-lending to customers and is repayable in full by 30 September 2025. The loan is interest bearing, on commercial market-elated terms, with no security on the facility. The advance given to Norsad Finance (Pty) Limited is for operational cost purposes and is free from interest with no security deemed necessary.

	Group		Company	
	2021	**2020**	**2021**	**2020**
23. Investment in subsidiaries				
Norsad Finance (Botswana) Limited	-	-	100	100
Norsad Finance (Pty) Limited	-	-	7	7
Investment at 31 December	**-**	**-**	**107**	**107**

The company has invested in 100 authorised, issued and fully paid shares in both subsidiaries.

	Group		Company	
	2021	**2020**	**2021**	**2020**
24. Investment securities				
Market value on 1 January	967 154	832 687	967 154	832 687
Movements in the year	327 166	134 467	327 166	134 467
Market value on 31 December	**1 294 320**	**967 154**	**1 294 320**	**967 154**
Due within one year	874 908	265 611	874 908	265 611
Due between one and five years	419 412	701 543	419 412	701 543
	1 294 320	**967 154**	**1 294 320**	**967 154**

Norsad Capital Limited

Notes to the financials
for the year ended 31 December 2021 (continued)

24. Investment securities (continued)

Norsad has subscribed to ordinary shares of a fund, initially at a value of USD840 263. The investment is not self-liquidating, so the capital contribution plus other income and capital gains accruing during the life of the fund are payable at the end of the fund's life which is 10 years, subject to extension by two years. Hence, the value of the investment can rise or fall depending on the performance of the overall investment portfolio created by the Fund. The investment cannot be recalled with distributions being made after the fund has exited from all investments made during its life and upon expiry of the life of the fund. In terms of valuation, this will be based on regular fund investor reports from the client in line with normal practices.

25. Plant and equipment **Group**	**Motor vehicles**	**Computer equipment**	**Office equipment**	**Total**
Cost				
Balance as at 31 December 2019	177 752	129 348	216 070	523 170
Additions	-	14 106	1 704	15 810
Disposals	(45 345)	-	-	(45 345)
Balance as at 31 December 2020	**132 407**	**143 454**	**217 774**	**493 635**
Additions	42 945	48 327	625	91 897
Disposals	(28 377)	-	(306)	(28 683)
Balance as at 31 December 2021	**146 975**	**191 781**	**218 093**	**556 849**
Accumulated depreciation				
Balance as at 31 December 2019	116 532	88 458	102 093	307 083
Charge for the period	13 792	23 978	38 690	76 460
Disposals	(39 292)	-	-	(39 292)
Balance as at 31 December 2020	**91 032**	**112 436**	**140 783**	**344 251**
Charge for the period	20 685	42 424	36 545	99 654
Disposals	(25 142)	-	-	(25 142)
Balance as at 31 December 2021	**86 575**	**154 860**	**177 328**	**418 763**
Carrying amounts				
As at 31 December 2021	**60 400**	**36 921**	**40 765**	**138 086**
As at 31 December 2020	41 375	31 018	76 991	149 384

Plant and equipment was disposed of in 2021 at a value of **USD14 711** with a gain on disposal of **USD11 476.**

25. Plant and equipment Company	Motor vehicles	Computer equipment	Office equipment	Total
Cost				
Balance as at 31 December 2019	177 752	129 348	209 605	516 705
Additions	-	14 106	-	14 106
Disposals	(45 345)	-	-	(45 345)
Balance as at 31 December 2020	**132 407**	**143 454**	**209 605**	**485 466**
Additions	42 945	48 327	625	91 897
Disposals	(28 377)	-	-	(28 377)
Balance as at 31 December 2021	**146 975**	**191 781**	**210 230**	**548 986**
Accumulated depreciation				
Balance as at 31 December 2019	**116 532**	**88 458**	**100 800**	**305 790**
Charge for the period	13 792	23 978	37 076	74 846
Disposals	(39 292)	-	-	(39 292)
Balance as at 31 December 2020	**91 032**	**112 436**	**137 876**	**341 344**
Charge for the period	20 685	42 424	34 723	97 832
Disposals	(25 142)	-	-	(25 142)
Balance as at 31 December 2021	**86 575**	**154 860**	**172 599**	**414 034**
Carrying amounts				
As at 31 December 2021	**60 400**	**36 921**	**37 631**	**134 952**
As at 31 December 2020	41 375	31 018	71 729	144 122

26. Right-of-use-assets

Group	Buildings	Equipment	Total
Cost			
Balance as at 31 December 2019	548 062	17 635	565 697
Additions	167 702	-	167 702
Exchange difference	(8 423)	(202)	(8 625)
Balance as at 31 December 2020	**707 341**	**17 433**	**724 774**
Exchange difference	(41 627)	(683)	(42 310)
Balance as at 31 December 2021	**665 714**	**16 750**	**682 464**
Accumulated Amortisation			
Balance as at 31 December 2019	112 234	4 687	116 921
Charge for the period	140 495	4 881	145 376
Balance as at 31 December 2020	**252 729**	**9 568**	**262 297**
Charge for the period	141 258	4 473	145 731
Balance as at 31 December 2021	**393 987**	**14 041**	**408 028**
Carrying amounts			
As at 31 December 2021	**271 247**	**3 189**	**274 436**
As at 31 December 2020	454 612	7 865	462 477

Company	Buildings	Equipment	Total
Cost			
Balance as at 31 December 2019	546 327	17 635	563 962
Additions	88 743	-	88 743
Exchange difference	(7 762)	(202)	(7 964)
Balance as at 31 December 2020	**627 308**	**17 433**	**644 741**
Exchange difference	(24 568)	(683)	(25 251)
Balance as at 31 December 2021	**602 740**	**16 750**	**619 490**
Accumulated Amortisation			
Balance as at 31 December 2019	112 233	4 687	116 921
Charge for the period	126 670	4 401	131 071
Balance as at 31 December 2020	**238 903**	**9 088**	**247 992**
Charge for the period	128 752	4 473	133 225
Balance as at 31 December 2021	**367 655**	**13 561**	**381 217**
Carrying amounts			
As at 31 December 2021	**235 085**	**3 189**	**238 273**
As at 31 December 2020	388 405	8 345	396 749

The expense total in 2021 for low value assets was USD19 200 (2020: USD18 800)

	Group		Company	
	2021	**2020**	**2021**	**2020**
27. Current tax assets				
Income tax	82 515	45 313	13 051	-
Asset at end of year	**82 515**	**45 313**	**13 051**	**-**
28. Deferred taxation				
Movement in deferred taxation				
Asset at beginning of year	8 090	2 942	6 574	2 942
Movement per profit or loss	9 059	5 148	302	3 632
Asset at end of year	**14 207**	**8 090**	**6 876**	**6 574**
Analysis of deferred taxation				
Accelerated allowances on property, plant & equipment	(36 086)	(71 349)	(30 650)	(53 226)
Fair value adjustments on financial assets and liabilities	50 293	79 439	37 526	59 800
Asset at end of year	**14 207**	**8 090**	**6 876**	**6 574**
Current assets	4 321	2 471	2 062	1 940
Non-current assets	9 886	5 619	4 814	4 634
Asset at end of year	**14 207**	**8 090**	**6 876**	**6 574**
29. Other assets				
Accrued interest from bank deposits	-	762 500	-	762 500
Accrued interest from loans and advances	948 105	597 567	489 962	417 283
Loans and advances to employees	68 248	44 620	68 248	44 620
Prepayments and deposits	465 702	476 678	461 078	470 421
Balance as at 31 December	**1 482 055**	**1 881 365**	**1 019 288**	**1 694 824**
Current assets	1 464 496	1 102 644	1 001 729	916 123
Non-current assets	17 559	778 701	17 559	778 701
Asset at end of year	**1 482 055**	**1 881 365**	**1 019 288**	**1 694 824**

An impairment assessment totalling USD2 051 (2020, USD22 165) was carried out on accrued interest from loans and advances. The total was deemed not material and no provision was accrued.

	Group		Company	
	2021	2020	2021	2020
30. Unsecured debt				
Opening balance as at 1 January	-	5 104 541	-	5 104 541
Borrowing repaid	-	(5 104 541)	-	(5 104 541)
Closing balance as at 31 December-	**-**	**-**	**-**	**-**

The facility was with FNB Botswana and was used for on-lending to customers and was a one-year facility repaid in 2020. The loan was interest bearing, on commercial market-related terms and was unsecured.

	Group		Company	
	2021	2020	2021	2020
31. Secured debt				
Opening balance as at 1 January	45 459 842	20 652 623	45 459 842	20 652 623
Borrowing advanced	13 716 532	29 061 370	13 716 532	29 061 370
Borrowing repaid	(9 894 452)	(3 636 916)	(9 894 452)	(3 636 916)
Foreign exchange (gain)	(2 378 468)	(617 235)	(2 378 468)	(617 235)
Closing balance as at 31 December	**46 903 454**	**45 459 842**	**46 903 454**	**45 459 842**
ABSA, Botswana	15 426 233	22 459 623	15 426 233	22 459 623
Stanbic Bank, Botswana	31 477 221	23 000 219	31 477 221	23 000 219
Closing balance as at 31 December	**46 903 454**	**45 459 842**	**46 903 454**	**45 459 842**
Due within one year	24 118 708	9 783 034	24 118 708	9 783 034
Due between one and five years	22 784 746	35 676 808	22 784 746	35 676 808
	46 903 454	**45 459 842**	**46 903 454**	**45 459 842**

One facility with ABSA is for the equivalent of **ZAR245 121 298 (2020, ZAR328 463 000)** and was used for on-lending to customers and is repayable in sixteen equal instalments by 30 June 2024. The loan is interest bearing on commercial market related terms. As security for the facility there is a deed of hypothecation in place in favour of Barclays to the value of **USD 40,000,000** against the loan & advances portfolio.

Two facilities with Stanbic comprise the equivalent of **ZAR297 576 684 and USD12 750,000 (2020, ZAR117 000 000 and USD15 000 000)** and was used for on-lending to customers and is repayable in 16 equal instalments by 31 December 2025. The loans are interest bearing on commercial market-related terms. Security for the facilities was given against the loan portfolio ranking pari passu with ABSA. In addition, an amount of **USD3 756 756** held in a fixed deposit account was encumbered to Stanbic as security on the facilities.

	Group		Company	
	2021	**2020**	**2021**	**2020**
32. Current tax liabilities				
Income tax	-	7 866	-	7 866
VAT	25 066	65 463	18 480	5 825
Balance as at 31 December	**25 066**	**73 329**	**18 480**	**13 691**
33. Lease liabilities				
Balance as at 1 January	516 384	479 208	446 246	477 937
New leases entered	-	167 702	-	88 416
Lease payments released from profit & loss	(176 543)	(166 087)	(159 437)	(149 708)
Interest charged to profit & loss	31 199	51 136	27 958	36 831
Exchange difference	(44 269)	(15 575)	(29 440)	(7 230)
Balance as at 31 December	**326 771**	**516 384**	**285 327**	**446 246**

The lease of significance related to head office premises.

Maturity analysis of Group lease liabilities	**Carrying amount**	**Within 1 year**	**1 to 5 Years**
Balance as at 31 December 2021	**326 771**	**157 838**	**168 933**
Balance as at 31 December 2020	516 384	137 222	379 162

	Group		Company	
	2021	**2020**	**2021**	**2020**
34. Other liabilities and provisions				
Accruals and provisions	1 035 703	639 302	1 012 858	554 456
Employee and payroll accruals	289 087	209 191	289 086	209 191
ECL on commitments	113 377	-	113 377	-
Balance as at 31 December	**1 438 167**	**848 493**	**1 415 321**	**763 647**
Current assets	1 252 198	712 015	1 229 352	627 169
Non-current assets	185 969	136 478	185 969	136 478
Balance as at 31 December	**1 438 167**	**848 493**	**1 415 321**	**763 647**

35. Cash generated by operations before taxation and working capital changes

	Group		Company	
	2021	2020	2021	2020
Profit (Loss) before taxation	4 050 757	2 242 628	4 548 032	2 259 648
Adjusted for:				
Depreciation	99 654	76 460	97 832	74 846
Amortisation	145 731	145 376	133 225	131 071
(Gain) on disposal of assets	(11 476)	(7 501)	(11 476)	(7 501)
Withholding tax deducted	(1 293 757)	(1 385 698)	(1 293 757)	(1 385 698)
Foreign exchange differences on loans	2 156 262	964 506	2 156 262	964 506
Foreign exchange differences on borrowings	(2 378 468)	(617 235)	(2 378 468)	(617 235)
Credit impairment losses	3 133 315	6 172 468	1 832 273	5 639 974
Fair value adjustment on FVPL assets	748 345	1 329 451	748 345	1 329 451
Interest income	(14 266 278)	(15 436 146)	(13 010 172)	(14 555 885)
Interest on debt leverage	2 634 369	2 484 039	2 634 369	2 484 039
Interest on lease liabilities	31 199	51 136	27 958	36 831
Net cash flow from operating activities	**(4 950 346)**	**(3 980 516)**	**(4 515 577)**	**(3 645 953)**

36. Stated capital

	Group		Company	
	2021	2020	2021	2020
Ordinary shares				
2019: 8 800 shares	73 071 690	73 071 690	73 071 690	73 071 690
318 shares authorised and issued	2 702 080	2 702 080	2 702 080	2 702 080
2020: 9 118 shares issued and fully paid	**75 773 770**	**75 773 770**	**75 773 770**	**75 773 770**
54 shares authorised and issued	484 992	-	484 992	-
2021: 9 172 shares issued and fully paid	**76 258 762**	**75 773 770**	**76 258 762**	**75 773 770**
Preference shares				
5 545 shares at USD8 279 per share issued and fully paid	**45 907 055**	**45 907 055**	**45 907 055**	**45 907 055**
Total share capital	**122 165 817**	**121 680 825**	**122 165 817**	**121 680 825**

For both classes of shares, being ordinary and preference, there were no issued shares that were not fully paid in 2021 or 2020. The holders of ordinary and preference shares are entitled to one vote per share at meetings of the Group. The distribution of any dividends declared from time to time shall ensure that the amount paid to a preference share shall be twice the amount paid as dividend to an ordinary share. Preference shares rank in priority over ordinary shares with regard to the Group's residual assets.

36. Stated capital (continued)

		31 December 2021	
		Number of shares	
Shareholder name	**Domicile**	**Ordinary**	**Preference**
Banco de Desenvolvimento de Angola	Angola	422	400
Citizen Entrepreneurial Development Agency	Botswana	413	128
National Industrial Development Cooperation of Eswatini	Eswatini	407	-
Development Bank of Namibia	Namibia	422	400
Development Bank of Zambia	Zambia	422	400
Export Development Fund	Malawi	407	-
Finnish Fund for Industrial Cooperation Ltd	Finland	1 021	906
Infrastructure Development Bank of Zimbabwe	Zimbabwe	407	-
Instituto de Gestão das Participações de Estado	Mozambique	407	-
Investment Fund for Developing Countries	Denmark	1 030	1 161
Lesotho Postbank Limited	Lesotho	407	-
Norwegian Investment Fund for Developing Countries	Norway	1 029	1 123
Swedfund International AB	Sweden	1 558	894
TIB Development Bank Ltd	Tanzania	413	133
The State Investment Corporation Ltd	Mauritius	407	-
		9 172	**5 545**

On 22 April 2021 a dividend of USD24 for each 9 118 ordinary shares and USD48 for each preference share was declared by shareholders, relating to 2020. This was settled by the authorisation and issue of 54 shares to the shareholders valued at a total of **USD484 992** in lieu of a dividend payment.

37. Related party transactions

Norsad Capital Limited holds a 100% share in Norsad Finance (Botswana) Ltd and a 100% share in Norsad Finance (Pty) Ltd. Details of transaction including recharging of operational expenses, loan interest charged and year-end balance are reflected in Note 22. There have been no other related party transactions during 2020 or 2021.

38. Key personnel

Members of the Board of Directors were paid USD39 200 **(2020: USD36 000)** for attending Board meetings during 2021 and USD 13 500 (2020: 11 700) for attending Board Committee meetings.

Total short-term benefits paid to management staff during 2021 were **USD1 005 409 (2020: USD989 149)** comprising salary of **USD654 360 (2020: USD645 336)** and other employee benefits of **USD351 049 (2020: USD343 813).**

39. Financial Risk Management
(a) Introduction and overview

The Group has exposure to various risks from financial instruments, the most significant of which are the following:

- Credit risk.
- Liquidity risk.
- Market risks.
- Operational risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the group's-risk management framework. The Group's risk management systems are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk-management systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee of the Board oversees how management monitors compliance with the Group's risk management systems and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers fail to fulfil their contractual obligations to the Group and arises principally from the Group's loans and advances to customers and other financial institutions. For risk-management reporting purposes, the group considers and consolidates all elements of credit-risk exposure (such as individual obligor default risk, country and sector risk). Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit-risk. The credit risk management and control are centralised in an asset-liability committee team which reports regularly to Audit and Risk Committee of the Board on matters of credit risk, including:

Formulating investment policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

Establishing the authorisation structure for the approval and renewal of credit facilities.

The measurement of ECL under IFRS 9 uses the information and approaches that the Group uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9. The approach taken for IFRS 9 measurement purposes is outlined below.

Limiting concentrations of loan portfolio exposure as follows:

- Unhedged foreign currency facilities, limited to 5% of equity total
- Hedged foreign currency facilities, limited to 50% of equity total
- Single company or corporate group facilities, limited to 15% of equity total
- Aggregate facilities per country, limited from 10% to a maximum of 30% of equity total
- Aggregate loans to a single sector other than financial, limited to 30% of equity total.

- Developing and maintaining the Group's risk-gradings in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. A risk-grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of four grades reflecting varying degrees of risk of default and the availability of collateral or other credit-risk mitigation. The responsibility for setting risk grades lies with the Board of Directors, and are subject to regular reviews.

- Reviewing compliance with agreed exposure limits. Quarterly reports on the credit quality of portfolios are provided to directors, who may require corrective action to be taken.

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The Investment team undertake the entire facility proposal process for potential customers including input from an internal screening committee, before they can be submitted to the Board of Directors for approval. On a continual basis, the Portfolio team monitor the operations of the customers to assess their ability to make repayments.

(i) Loans and Advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models as the exposure varies with changes in market conditions, expected cash flows and time.

The assessment of the credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

(ii) Credit-Risk Grading

The Group uses internal credit-risk gradings that reflect its assessment of the PD of individual customer. The Group uses internal grading models tailored to the various categories of customers. Borrower and loan-specific information collected at the time of application is fed into this grading model. This may be supplemented with external data, such as credit-bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Portfolio and Risk teams to be fed into the final internal credit grading for each investment. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between higher rating grade is lower than the difference in the PD between a lower rating grade. The major investment-related risks associated with Norsad facilities and incorporated into its risk-grading model include:

Political risk: High levels of potential political risk may be mitigated through structuring and/or the acquisition of political-risk insurance from the commercial or multilateral market. The political-risk factors are fundamental to working in developing economies and are considered manageable.

Foreign exchange risk: Norsad favours export-oriented businesses and those with some earnings linked to convertible/hard currencies. This risk is considered manageable and Norsad is currently not extending any further unhedged local currency facilities.

Reputational risk: Current worldwide attention to international best practice on sustainability issues and assessing and monitoring portfolio compliance with anti-money laundering and "know-your-client" policies are undertaken at the time of due diligence and monitored through regular portfolio reviews and strengthened through social and environmental plans.

Interest-rate risk: Norsad is currently not directly exposed to significant interest-rate risk as the Company is not extending fixed rates and the current pricing has a minimum margin. In addition, leverage levels in the Company are currently not significant. There is currently an indirect risk that higher rates could impact the asset quality of the Norsad portfolio. This risk is considered manageable and will be monitored more closely with increased leverage and/or interest rate increases.

Commercial risk: Other market risks. It is anticipated that through rigorous due diligence and regular monitoring, other systematic risks (inflation, recessions, commodity risk, etc.) will be managed. These day-to-day risks receive major attention from the Norsad Investment team.

Conflicts-of-interest risk: The role of the Board and Screening Committee in assessing conflicts of interest as part of the investment process, combined with the corporate governance of Norsad, should minimise any potential conflict-of-interest risk.

The following are the risk grading criteria for the two main investment types held by the Company:

Financial Institutions (FI)

To rate an FI investment, the risk grading model assesses a combined score relating to Financial Condition & Performance, Management & HR, External Conditions, Institutional & Sector Conditions and One-Time Items. Each of these factors is scored, with 1 being the best score possible and 4 being the worst score possible. As a policy, Norsad will not undertake an FI investment with a total score greater than 14. The overall risk grading of the investments is classified as follows:

Risk Classification	Overall Grading Score
Favourable	4-6
Good	7-10
Average	11-14
Poor	15-19

Direct Investments (DI)

To rate a DI investment, the risk-grading model assesses a combined score relating to Financial Condition & Performance, Management & Corporate Structure, Institutional Conditions, Sector Conditions, External Conditions and One-Time Items. Each of these factors is scored, with 1 being the best score possible and 4 being the worst score possible. As a policy, Norsad will not undertake a DI investment with a total score greater than 16. The overall risk grading of the investments is classified as follows:

Risk Classification	Overall Grading Score
Favourable	5-6
Good	9-12
Average	13-16
Poor	17-23

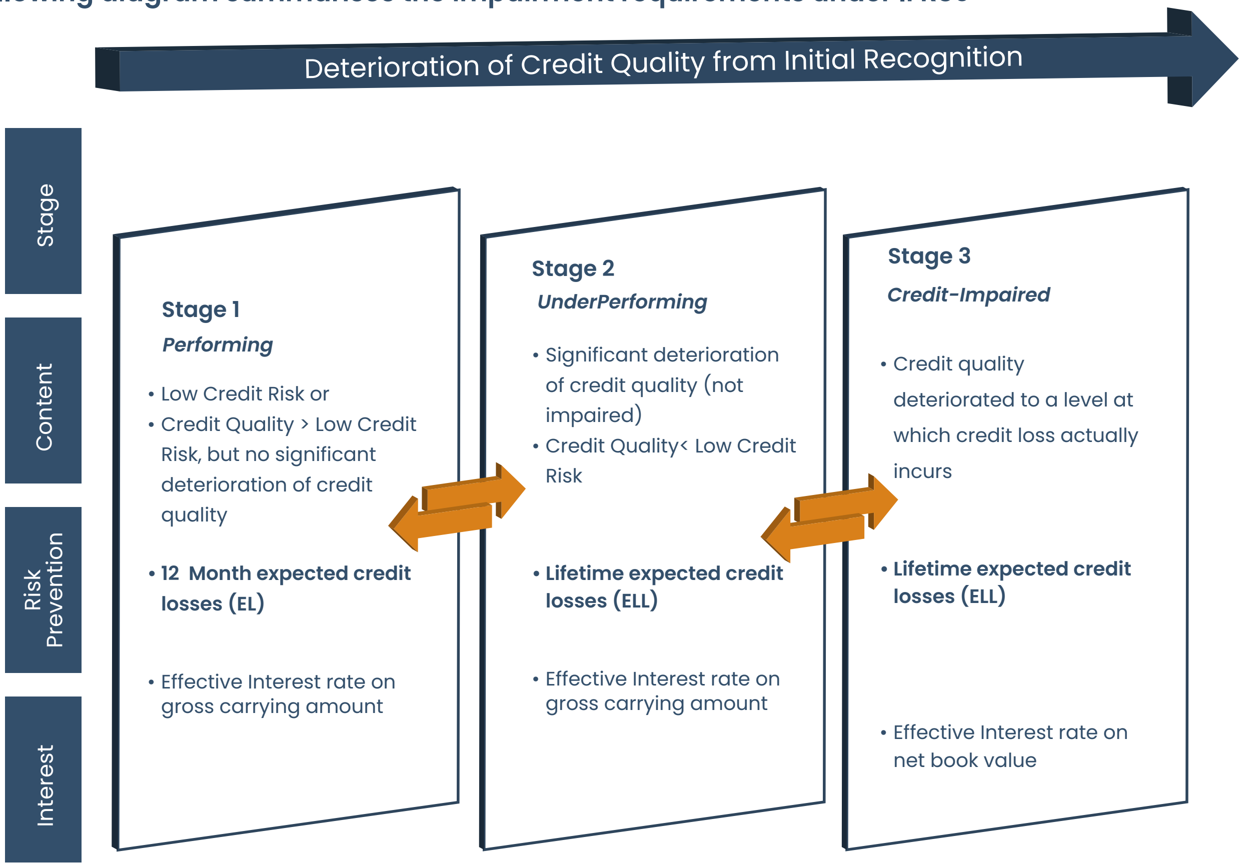
(iii) ECL Measurement

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition on disbursement, as summarised below:
A financial instrument that is not credit impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Group.

If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired. Please refer to the note below for a description of how the Group determines when a significant increase in credit risk has occurred.

If the financial instrument is credit impaired, the financial instrument is then moved to Stage 3. Please refer to the note below for a description of how the Group defines credit impaired and default. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on ECL on a lifetime basis. Please refer to the note below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

The following diagram summarises the impairment requirements under IFRS9



(iv) Significant Increase in Credit Risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

Quantitative criteria: Its credit risk score moves three or more notches downwards. The facility may remain in Stage 1 if its overall risk score is classified as average (FI: 11-14), (Dir: 13-16) and there is other evidence that its overall risk classifies it as a Stage 1.

Qualitative criteria: There is other evidence that its overall risk classifies it as a Stage 2.

(v)Credit Impaired and Default Definition

The Group considers a financial instrument to be credit impaired and in default when one or more of the following quantitative or qualitative criteria have been met:

Quantitative criteria: It has payments in arrears for 90 days and over. Its credit-risk score moves three or more notches downwards and there is other evidence of significant credit impairment.

Qualitative criteria: There is other evidence that its overall risk classifies it as a Stage 3.

(vi) (ECL) – Inputs, Assumptions and Estimates

(ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. ECLs are the discounted product of the PD, EAD and LGD, Probability of Default - represents the likelihood of a borrower defaulting on its financial obligation (as per "Credit impaired and Default Definition" above), either over the next 12 months (12m PD) or over the remaining lifetime (Lifetime PD) of the obligation.

Exposure at Default - is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12m EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current facility limit by the time of default.

Loss Given Default - represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of customer, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected if the default occurs over the remaining expected lifetime of the facility.

The ECL is determined by projecting the PD, LGD and EAD for each future quarter and for each individual facility exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier quarter). This effectively calculates an ECL for each future quarter, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12m PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loan facilities.

The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit-grade band. This is supported by historical analysis.

The 12-month and Lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

- For revolving products, the EAD is predicted by taking current drawn balance and adding a credit-conversion factor, which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed. For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies.

Forward-looking information is incorporated in the ECL models. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECLs for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Forecasts of these economic variables are provided by the Risk & Portfolio department and provide the best estimate view of the economy over the next five years. Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors.

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Group exposure to credit risk

Risk grading and ECL staging 31 December 2021 Per risk grading:	Notes	Financial institutions	Direct investments	Total
Risk Grade 3 : **Average**		74 988 041	34 131 494	**109 119 535**
Risk Grade 4 : **Poor**		16 240 499	34 829 430	**51 069 929**
Gross amount		**91 228 540**	**68 960 924**	**160 189 464**
Loss allowance	21	(3 221 784)	(9 441 519)	**(12 663 303)**
Carrying amount 2021	**21**	**88 006 756**	**59 519 405**	**147 526 161**
Per ECL staging:				
Stage 1		74 988 041	34 131 494	109 119 535
Stage 2		5 845 880	25 908 983	31 754 863
Stage 3		10 394 619	8 920 447	19 315 066
Gross amount		91 228 540	68 960 924	**160 189 464**
Loss allowance	21	(3 221 784)	(9 441 519)	**(12 663 303)**
Carrying amount 2021	**21**	**88 006 756**	**59 519 405**	**147 526 161**

Risk grading and ECL staging 31 December 2020	Notes	Financial institutions	Direct Investments	Total
Per risk grading:				
Risk Grade 3 : **Average**		46 662 205	25 569 070	**72 231 275**
Risk Grade 4 : **Poor**		32 472 980	35 440 800	**67 913 780**
Gross amount		79 135 185	61 009 870	**140 145 055**
Loss allowance	21	(4 864 999)	(5 296 322)	**(10 161 321)**
Carrying amount 2020	**21**	**74 270 186**	**55 713 548**	**129 983 734**
Per ECL staging:				
Stage 1		46 662 205	25 569 070	72 231 275
Stage 2		32 472 980	25 996 647	58 469 627
Stage 3		-	9 444 153	9 444 153
Gross amount		79 135 185	61 009 870	**140 145 055**
Loss allowance	21	(4 864 999)	(5 296 322)	**(10 161 321)**
Carrying amount 2020	**21**	**74 270 186**	**55 713 548**	**129 983 734**

Company analysis relating to pages 46 and 47 has not been reported separately as the vast majority of the investment totals for 2021 and 2020 relate to the Company itself, except for a total of USD10 656 140 (2020: USD10 668 323), which relate to subsidiaries.

(vii) Concentration of credit risk

An analysis of concentrations of credit risk from investments is shown below:

Group concentration exposure 31 December 2021	Total	Investments to financial institutions	Direct investments	Investment securities
By location:	**Total**			
Angola	**6 101 152**	2 998 052	2 683 688	419 412
Botswana	**19 496 749**	13 993 8527	5 562 897	-
DRC	**4 943 654**		4 943 654	-
Eswatini	**8 827 560**	6 789 243	2 038 317	-
Kenya	**5 121 506**	-	5 121 506	-
Malawi	**7 812 103**	-	7 812 103	-
Mauritius	**22 217 579**	22 217 579	-	-
Mozambique	**8 955 860**	-	8 955 860	-
Namibia	**21 955 383**	14 975 164	6 980 219	-
South Africa	**16 326 989**	14 224 980	2 102 009	-
Zambia	**11 310 818**	-	11 310 818	-
Zimbabwe	**15 751 128**	10 940 752	3 935 468	874 908
	148 820 481	**86 079 622**	**61 446 539**	**1 294 320**

Group concentration exposure 31 December 2020	Total	Investments to financial institutions	Direct investments	Investment securities
By location:	**Total:**			
Angola	**9 432 316**	5 480 032	3 250 741	701 543
Botswana	**19 945 906**	14 293 856	5 652 050	-
Eswatini	**12 591 454**	12 591 454	-	-
Kenya	**5 070 694**	-	5 070 694	-
Malawi	**7 499 436**	-	7 499 436	-
Mauritius	**11 760 606**	11 760 606	-	-
Mozambique	**8 712 571**	-	8 712 571	-
Namibia	**9 846 374**	9 846 374	-	-
South Africa	**14 791 239**	9 723 314	5 067 925	-
Zambia	**15 660 478**	-	15 660 478	-
Zimbabwe	**15 639 814**	10 574 550	4 799 653	265 611
	130 950 888	**74 270 186**	**55 713 548**	**967 154**

The Group monitors concentrations of credit risk by sector and geographic location. The Group has extended five credit facilities in Zimbabwe, a country experiencing a restriction in terms of remittances of foreign currency. While three of the clients with a gross value of USD12 118 152 (2020: USD12 791 667) have not been affected adversely in terms of remittances, two clients have faced difficulties remitting to Botswana, instead placing the full principal repayments and interest in local accounts. The gross value of such facilities was USD3 599 292 (2020: USD4799 292). There has been no significant increase in credit risk relating to these two facilities since disbursement and therefore they have been classified as Stage 1 under IFRS 9. The risk in now in repatriation of monies to Botswana. The Reserve Bank of Zimbabwe has confirmed that both debts have been approved with legacy debt status. Although these funds are fully expected to be remitted, a specific loss allowance in the form of a time value of money adjustment has been made in the 2021 financial statements, valued at USD685 856. (2020: USD1 982 654)

(viii) Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The Group's loans and advances to corporate customers are subject to individual credit appraisal and impairment testing. The general credit worthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. In addition, the Group secures collateral for facilities advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan facility origination process. This assessment is reviewed periodically. The principal collateral types for loan facilities are:

- Charge over real estate
- Floating charges over all corporate assets
- Other liens and guarantees.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

Types of credit exposure Principal type of collateral held for secured lending	**Percentage collateralisation coverage arrangements over loan value**			
Guarantees	**Group**		**Company**	
	2021	**2020**	**2021**	**2020**
Direct investments				
Charge over real estate	53%	58%	57%	59%
Guarantees	57%	40%	56%	47%
Notarial bonds & floating charges	25%	43%	29%	42%
Total Coverage	**135%**	**141%**	**142%**	**148%**
Investments to financial institutions				
Cash	12%	16%	13%	18%
Guarantees	76%	52%	77%	50%
Notarial bonds & floating charges	34%	13%	37%	14%
Total Coverage	**122%**	**81%**	**127%**	**82%**

The Group does not hold collateral against investment securities, and as such no collateral was held as at 31 December 2021.

The Group closely monitors collateral held for financial assets considered to be credit impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. The realisation of security held by Norsad is in accordance with the client facility agreement and is also subject to the prevailing country laws. For the purpose of calculation of loss allowance, the value placed on the collateral shall be an estimate of the realisable value at the end of the collections process, after taking historical haircuts and recovery costs into account. Financial assets that are credit impaired and related collateral held in order to mitigate potential losses are shown below:

Credit quality of financial assets

Group credit impaired assets 31 December 2021	Gross exposure	Impairment allowance	carrying Amount	fair Value of collateral Held
Investments to financial institutions				
Stage 2	5 845 880	(678 129)	5 167 751	3 500 000
Stage 3	10 394 619	(3 747 479)	6 647 140	-
Direct investments				
Stage 2	25 908 983	(3 578 123)	22 330 860	19 721 292
Stage 3	8 920 447	(3 157 271)	5 763 176	4 540 500
Total credit impaired assets	**51 069 929**	**(11 161 002)**	**39 908 927**	**27 761 792**

Investments held by subsidiary companies with a carrying amount of USD10 656 140 (2020: USD10 668 323) had a fair value of collateral held totalling USD7 750 000 (2020: USD7 750 000).

Group credit impaired assets 31 December 2020	Gross exposure	Impairment allowance	carrying amount	Fair value of collateral held
Investments to financial institutions				
Stage 2	32 472 980	(3 386 345)	29 086 635	8 000 000
Direct investments				
Stage 2	25 996 647	(1 761 071)	24 235 576	23 823 481
Stage 3	9 444 153	(2 115 291)	7 328 862	6 840 000
Total credit impaired assets	**67 913 780**	**(7 262 707)**	**60 651 073**	**38 663 481**

(ix)Loss Allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

39. Financial Risk Management (continued)

(b) Credit risk, loss allowance (continued)

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and

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Notes to the financials
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Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loss Allowance 2021	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 1 January 2021	2 997 656	5 048 373	2 115 292	10 161 321
New Assets Originated	245 988	-	-	245 988
Movement in Stages	2 141 378	(3 060 468)	919 090	-
Changes in PD's/LGD's/EAD's	(3 882 721)	3 534 647	3 870 368	3 522 294
Assets derecognised	-	(1 266 300)	-	(1 266 300)
As at 31 December 2021	**1 502 301**	**4 256 252**	**6 904 750**	**12 663 303**

Loss Allowance 2020	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 1 January 2020	1 520 691	1 105 897	32 813	2 659 401
New Assets Originated	540 268	-	-	540 268
Changes in PD's/LGD's/EAD's	936 697	3 942 476	2 082 479	6 961 652
As at 31 December 2020	**2 997 656**	**5 048 373**	**2 115 292**	**10 161 321**

Company analysis has not been reported separately as the vast majority of the loss allowance totals for 2021 and 2020 relate to the Company itself, except for an allowance total of USD 1,903,842 (2020: USD 602,800) which relate to subsidiaries.

x) Write off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write off financial assets that are still subject to enforcement activity. The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

(xi) Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment-term arrangements and payment holidays. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.
The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group

may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

(xii) Cash and cash equivalents

At the year end the Group held cash and cash equivalents of USD6 570 919 (2020 USD27 910 547). The cash and cash equivalents with banks are held with financial institution counterparties which are rated Baa3 (above non-investment grade) per Moody's ratings or which is approved by the Audit Committee.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

(i) Management of liquidity risk

The Board of Directors sets the Group's strategy for managing liquidity risk and is responsible for the implementation of this policy. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The key elements of the Group's liquidity strategy are as follows:

- carrying a portfolio of highly liquid assets, diversified by currency and maturity; and
- monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the group's financial assets and liabilities, and the extent to which the group's assets are encumbered and so not available as potential collateral for obtaining funding.

(ii) Maturity analysis for financial assets and financial liabilities

The table below sets out the remaining contractual maturities of the group's financial assets and financial liabilities for 2021.

Exposure to liquidity risk

Group 31 December 2020	Note	Carrying amount	Less than 1 month	Within 1 year	1 to 5 years	More than 5 years
Asset by type						
Cash	17	**6 570 919**	6 570 919	-	-	-
Cash held as investments	19	**11 756 756**	-	8 000 000	3 756 756	-
Cash in transit	20	**10 000 000**	10 000 000			
Loans and advances	21	**147 526 161**	1 236 030	41 652 925	98 658 097	5 979 109
Investment securities	24	**1 294 320**	874 908	-	419 412	-
Total assets by maturity		**177 148 156**	**18 681 857**	**49 652 925**	**102 834 265**	**5 979 109**
Liability by type						
Secured debt	31	**(45 469 803)**	-	(19 397 316)	(26 072 487)	-
Lease liabilities	33	**(326 771)**	-	(157 838)	(168 933)	-
Other liabilities	34	**(1 438 167)**	-	(1 252 198)	(185 969)	-
Total liabilities by maturity		**(47 234 741)**	**-**	**(20 807 352)**	**(26 427 389)**	**-**
Maturity surplus		**129 913 415**	**18 681 857**	**28 845 573**	**76 406 876**	**5 979 109**

Company analysis has not been reported separately as the vast majority of the totals for 2021 and 2020 relate to the Company itself, except for Cash of USD 817 (2020: USD 1,020,817) and Loans and Advances of USD 10,656,140 (2020: USD 10,668,323)

Group 31 December 2020	Note	Carrying amount	Less than 1 month	Within 1 year	1 to 5 years	More than 5 years
Asset by type						
Cash	17	**27 910 547**	27 910 547	-	-	-
Cash held as investments	19	**13 756 756**	2 513 459	-	11 243 297	-
Loans and advances	21	**129 983 734**	2 203 055	49 347 921	72 329 317	6 103 441
Investment securities	24	**967 154**	265 611	-	701 543	-
Total assets by maturity		**172 618 191**	**32 892 672**	**49 347 921**	**84 274 157**	**6 103 441**
Liability by type						
Secured debt	31	**(45 459 842)**	-	(9 783 034)	(35 676 808)	-
Lease liabilities	33	**(516 384)**	(11 839)	(137 222)	(367 323)	-
Other liabilities	34	**(848 493)**	(77 331)	(651 242)	(119 920)	-
Total liabilities by maturity		**(46 824 719)**	**(89 170)**	**(10 571 498**	**(36 164 051)**	**-**
Maturity surplus		**125 793 472**	**32 803 502**	**38 776 423**	**48 110 106**	**6 103 441**

The above tables show the undiscounted cash flows on the Group's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity. As part of the management of its liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

(iii) Commitments

At the year end the Group had eight approved investments to the value of USD32 099 008 (2020: five projects, USD24 897 980), that were awaiting disbursement to clients, upon the conditions precedent of the loan facilities being met.

(d) Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market-risk management is to manage and control market-risk exposures within acceptable parameters in order to ensure the Group's solvency while optimising the return on risk.

(i) Exposure to interest-rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

Interest-rate movements affect reported equity in the following ways:

- Retained earnings arising from increases or decreases in net interest income and the fair value changes reported in profit or loss

- Fair value reserves arising from increases or decreases in fair values of available-for-sale financial instruments are reported directly in equity.

Interest rate sensitivity analysis	31 December 2021	31 December 2020
Floating rate assets (loans and advances)	140 874 398	130 724 758
Floating rate liabilities (secured debt)	(46 903 454)	(45 459 842)
Interest sensitivity gap	**93 970 944**	**85 264 916**
Increase in profit due to increase in annual average interest rates: 1%	939 709	852 649
2%	1 879 419	1 705 298
Decrease in profit due to decrease in annual average interest rates: 1%	(939 709)	(852 649)
2%	(1 879 419)	(1 705 298)

Company analysis has not been reported separately, as the vast majority of the totals for 2021 and 2020 relate to the Company, with loans and advances of USD10 656 140 (2020: USD10 668 323) relating to the subsidiary company.

(ii) Exposure to price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet as FVOCI.. Of the total held in the balance sheet at USD 1,294,320 the total exposed to price risk is USD 874,908.

In terms of sensitivity, should the market price move 5%, the other comprehensive income total will either increase or decrease by USD43 745. A 10% price move would result in the other comprehensive income total increasing or decreasing by USD87 491.

(iii) Exposure to foreign currency risk

Both the Company's and Group's exposure to foreign-currency risk at the end of the reporting period, expressed in USD was as follows:

	31 December 2021			31 December 2020		
	ZAR	EUR	BWP	ZAR	EUR	BWP
Cash	4 002 530	6 903	167 170	5 207 832	2 127 753	160 233
Loans & advances	32 086 341	-	2 129 998	27 382 693	-	-
Current tax assets	-	-	166 372	-	-	48 520
Other assets	36 163	-	336 113	-	-	68 129
Secured debt	(34 153 454)	-	-	(25 459 842)	-	-
Current tax liabilities	-	-	(25 066)	-	-	(65 232)
Other liabilities	(41 444)		(285 327)			
Total net exposure	**1 930 136**	**6 903**	**2 489 260**	**7 130 683**	**2 127 753**	**211 650**

Exchange rate sensitivity analysis

		31 December 2021	31 December 2020
Increase in profit due to foreign exchange appreciation against the USD:	5%	202 771	473 504
	10%	428 073	947 009
Decrease in profit due to foreign exchange devaluation against the USD:	5%	(183 460)	(450 956)
	10%	(350 241)	(860 917)

The foreign-currency exposure of these assets and liabilities has not been hedged.

Aggregate net foreign exchange gains and losses recognised in the profit and loss account were:

	2021	2020
Foreign-exchange gain on foreign-currency borrowings	2 378 468	617 235
Foreign-exchange (loss) on foreign-currency loans and advances	(2 156 262)	(964 506)
Foreign-exchange gain on foreign-currency bank accounts	(399 167)	621 276
Total Foreign exchange (loss) / gain	**(176 961)**	**274 005**

(iv) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio: Total Leverage debt divided by Total equity, both as recorded in the balance sheet.

During 2021, the Group's policy, which was unchanged from 2020, was to maintain a maximum gearing ratio of 100%.

Group & Company	**2021**	**2020**
Secured & unsecured debt	46 903 454	45 459 842
Total equity	130 445 977	128 308 145
Debt to equity ratio	**36%**	**35%**

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from other external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. In all cases, the Group policy requires compliance with all applicable legal and regulatory requirements.

40. New Accounting Pronouncements

At the date of authorisation of the Company annual financial statement and annual financial statements of Norsad Capital Limited for the year ended 31 December 2021, the Company had adopted the following standards, amendments to standards and interpretations that are applicable to the Company and that were issued and effective:

Standard/Interpretation	Effective date	Executive Summary
Amendments to IFRS 9, 'Financial Instruments, IAS 39, 'Financial Instruments: Recognition and Measurement, IFRS 7, 'Financial Instruments: Disclosures, IFRS 4 'Insurance Contracts' and IFRS 16, 'Leases' – interest-rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2021 (Published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest-rate benchmark, including the replacement of one benchmark with an alternative one.
IFRS 16, 'Leases', COVID-19-related lease payment concessions amendment	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a lease payment concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying lease-payment concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

At the date of authorisation of the Company annual financial statement and annual financial statements of Norsad Capital Limited for the year ended 31 December 2021, the following standards, amendments to standards and interpretations that apply to the Group and Company were in issue but not yet effective for 31 December 2021. The Company does not plan to adopt these standards early, but in the period that they become mandatory:

Standard/Interpretation	Effective date	Executive Summary
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting in order to determine what constitutes an asset or a liability in a business combination. In addition, the board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.
Amendment to IFRS 3, 'Business combinations' (continued)	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)	The board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net costs of exiting the contract and the costs to fulfill the contract. The amendment clarifies the meaning of 'costs to fulfill a contract'. Under the amendment, costs to fulfill a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Annual improvements cycle 2018-2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS', has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments', has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. • IAS 41, 'Agriculture', has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

Notes

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