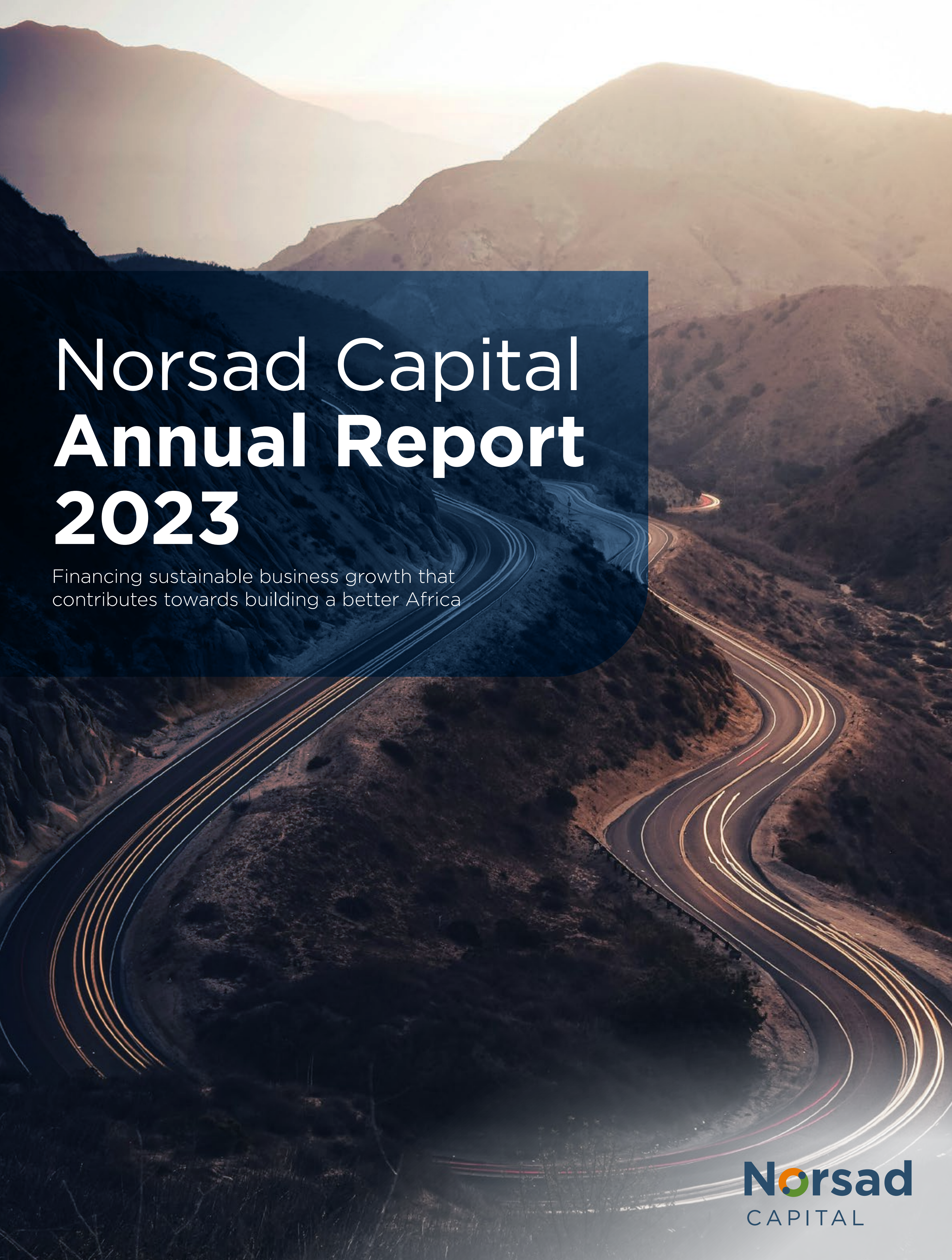


Norsad Capital
Annual Report 2023

Financing sustainable business growth that contributes towards building a better Africa

Norsad
CAPITAL

Contents

Chairperson's Statement

Frannie Léautier
Chair of the Board of Directors

I am honoured to address you as the Chairperson of Norsad Capital and provide insights into the developments and challenges we faced throughout the unprecedented year of 2023, as detailed in our Annual Report.

The year 2023 presented Norsad Capital with extraordinary challenges, primarily driven by the lingering effects of the COVID-19 pandemic, the significant indebtedness of the countries in which we operate, and the broader global macroeconomic impacts, including those stemming from the war in Ukraine. These factors, among others, have contributed to what is arguably the most challenging year in our history.

Despite these challenges, we have taken proactive measures to strengthen our risk management functions and align with IFRS 9 standards. This required a thorough review and reclassification of our portfolio, resulting in changes to our provisioning levels and overall portfolio management policy.

Furthermore, we have made strides in new investments, although we approach these developments with humility, refraining from celebratory language in light of our disappointing financial results. It is essential to note our ongoing efforts to transition leadership, highlighting the interim team's dedication and the search for a new CEO.

While our achievements may seem modest given the circumstances, we are proud to have successfully maintained a healthy "good book" percentage and managed our liquidity needs for 2023 and 2024. These accomplishments, though few, underscore our commitment to navigating these challenging times with prudence and resilience.

As we reflect on the past year, we acknowledge the need for continued vigilance and adaptability. We remain focused on safeguarding our investments and delivering value to our shareholders, even in the face of adversity.

Sustainable Strategy

In addition to the challenges mentioned earlier, we also faced difficulties in West Africa, prompting us to discontinue investments in the region. This decision represents a strategic shift as we redirect our focus to East Africa, evaluating growth opportunities on a case-by-case basis, and intensifying our efforts in the SADC region. Despite these challenges, we have identified new approvals in SADC that are performing well, indicating a successful pivot in our strategy.

Looking ahead, we are reviewing our overall strategy in light of these developments and will communicate any revised strategic direction in the coming months.

Regarding market and industry trends, we are closely monitoring emerging challenges such as the high debt levels in countries we operate in, which impact their ability to service debts. Additionally, we are addressing currency risks by re-evaluating our financing model to better match our debt and equity portfolios. As part of this shift, we are phasing out mezzanine financing in favour of stretch debt, aligning with market trends and improving our risk management practices.

Moreover, we are actively considering climate finance trends and their influence on our approach. We are exploring opportunities to align our investment strategies with sustainable practices, contributing positively to environmental conservation and sustainable development.

On the social and environmental impact front, we are proud to report positive outcomes. Our investments have made a meaningful difference in the communities we serve, as evidenced by our audited results. We remain committed to balancing our financial goals with a strong commitment to sustainability. Our philosophy dictates that we seek profit only where there is a clear impact, ensuring that our investments not only yield financial returns but also contribute to positive social and environmental outcomes.

Governance

In terms of governance and compliance, we are pleased to report that we have maintained a strong governance framework. Despite the changing regulatory landscape in Botswana, including our removal from the "grey list," we have remained vigilant in upholding the highest standards of governance. We have welcomed new board members and have successfully implemented the principles of Kings IV, including defining the role of alternate directors. Our board undergoes regular self-evaluations, and we have developed action plans to address any identified areas for improvement.

In terms of shareholder engagement, we acknowledge that 2023 was a challenging year, resulting in a loss. However, we have been actively engaging with shareholders to discuss our restructuring and future strategy. We have addressed the liquidity situation for 2024, ensuring its security, and have established a new subcommittee of the board to oversee the restructuring and credit approval processes. This subcommittee provides a platform for shareholders to contribute to our new direction.

We have maintained regular communication with shareholders through monthly updates and written communications, ensuring they are informed about our organizational progress. As we navigate these challenges and opportunities, we are grateful for the continued support and collaboration of our shareholders.

Amidst these challenges, as a thematic impact investor, Norsad Capital remains dedicated to addressing the social and environmental challenges faced in Sub-Saharan Africa. Our mission is to provide long-term risk capital to financially, socially and environmentally sustainable companies. With the long-term goal of impacting 100 million lives, we seek to promote economic, social and environmental progress across the region.

Risks and opportunities

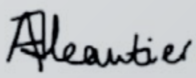
In terms of risk management, we have taken significant steps to enhance our capabilities, including the appointment of a new Chief Risk Officer and the implementation of new policies. These efforts have strengthened our risk management functions, particularly in the areas of portfolio management and impairments. Despite these improvements, we continue to face challenges, especially in managing the split between our "good book" and "bad book" portfolios. We are working diligently to address these challenges and mitigate associated risks.

Conclusion

In conclusion, while 2023 presented significant challenges, we remain committed to adapting our strategies to navigate these complexities successfully. We appreciate your continued support and look forward to sharing our revised strategies and future successes with you.

In closing, I would like to express my sincere gratitude to our esteemed board members, dedicated management team and all our staff for their unwavering commitment and invaluable contributions to Norsad Capital's success.

Thank you



Frannie Léautier
Chair of the Board of Directors

CEO'S Statement

Nathaniel Nyika
Acting CEO and Chief Investment Officer

During the period under review, African economies faced a confluence of macroeconomic challenges that had widespread implications for businesses across the region. The polycrisis was a combination of the effects of the long-tailed economic recovery from the COVID-19 pandemic exacerbated by geopolitical tensions, particularly the war in Ukraine and the Middle East, as well as the El-Nino induced drought in Southern Africa. Global inflation remained stubbornly, high resulting in the tightening of monetary policies particularly in the United States and Europe through higher interest rates. All these factors saw a rout on African currencies and a high inflationary environment. African central banks responded through hiking interest rates to near 20-year highs, which increased borrowing costs and significantly reduced demand and investment. The challenging environment had a direct bearing on Norsad's operations and those of its clients.

The Group achieved a record net operating income of USD 20.3 million, an increase of 26.1% compared to 2022 (USD 16.1 million). Operating expenses remained relatively flat at USD 6.3million, resulting in a cost to net operating income of 37.9% (2022: 40%).

Despite the record net operating income, the Group recorded a Total Comprehensive Loss of USD 30.4 million (2022: USD 2.55million Profit). Assets Under Management saw a decline to USD 205.7 million (2022: USD235.3 million) following significant credit impairment losses and fair value adjustments totalling USD 43.8m (2022: USD 6.3m). The sharp rise in impairments was a result of changes to the impairment policy to fully align with IFRS 9. Norsad had previously not fully implemented some aspects of the standard and the full adoption in 2023 led to an increase in provisioning particularly for legacy loans. Norsad successfully secured a line of credit from BADEA and Sustainability linked syndicated line of credit from Stanbic and ABSA banks.

Achieving our strategic goals

Norsad's strategy (2022–2026) is premised on growing Assets Under Management (AUM) to USD350 million by 2026. Expanding our AUM is crucial for achieving critical mass, diversifying risk, and entering attractive market segments. This diversification will enhance our access to funding, broaden our impact, and allow us to serve more lower-income countries in Sub-Saharan Africa.

Norsad's strategy comprises of four growth levers, executed in a phased manner to enable the organisation to achieve its financial and impact goals. The strategy continues to retain SADC as Norsad's principal market whilst diversifying into new markets and product segments to grow its AUM and impact on the African continent. The growth levers which are; deepening into the SADC market, expanding into niche segments in the South African market, diversifying into selected markets in East and West Africa and finally venturing into sustainable infrastructure finance. The focus of Norsad has been in the first two levers. The sectors of focus are Financial Institutions, Food value chain, Soft & social infrastructure and Industrials.

Investment operations

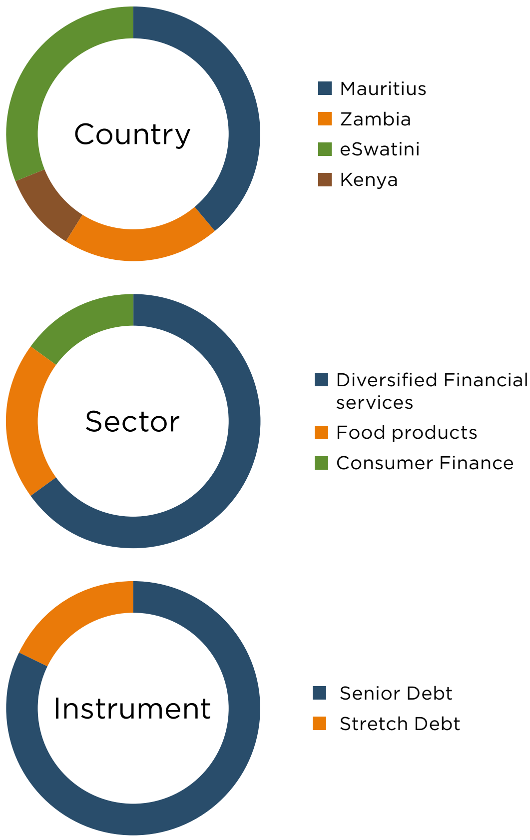
Our investment operations have aligned with our growth strategy, with approved and disbursed investments spanning across all target geographies and focus sectors. About 78% of our disbursements were in to the SADC region in line with the initiative to deepen investments into the SADC region and we particularly made significant approvals and disbursements into eSwatini and Mauritius and also grew our footprint into both East and West Africa through disbursements to Kenya, Uganda and Ghana. The Company made investments across all of its target sectors, however diversified financial services, food products and healthcare received the larger share of disbursements. In deepening our reach into the SADC region, Norsad also focused on repeat business with existing well-performing clients.

Investment approvals

The Board approved six transactions valued at USD 51.1 million in 2023, which was 26% below the approved transactions in 2022. However, the average size of an investment being increased to USD 8.5 million (2022: USD 6.3 million).

The following charts illustrate approved investments in 2023 by country, sector and instrument:

Approved investments in 2023 by country, sector and instrument



Notable approvals were African Milling Limited (AML) in Zambia, where Norsad approved and disbursed a USD10million Commodity Financing Facility for the procurement of maize and wheat. This investment reinforced the growth of AML following the investment by Norsad in 2019 towards the expansion of its maize and wheat milling plants and bringing the company to being the largest milling company in Zambia.

The significant investments in consumer finance were into Letshego eSwatini and First Finance (a subsidiary of Fincorp), both which are credit-only microfinance institutions in the Kingdom of eSwatini. Letshego has provided loans to over 300 000 previously unbanked unique beneficiaries with 55% of this customer base being female.

Investment disbursements

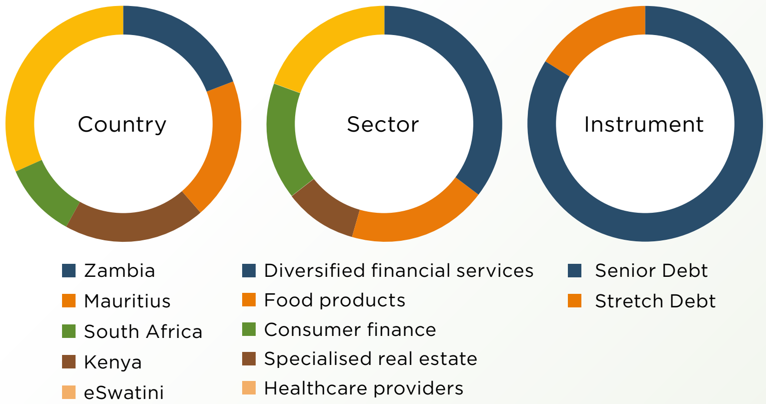
Disbursements amounted to USD 52.1 million in 2023 which was marginally below the USD 56.6 million achieved in 2022. The disbursements were very diversified and spread into 7 countries and 7 sub-sectors with senior debt as the key instrument.

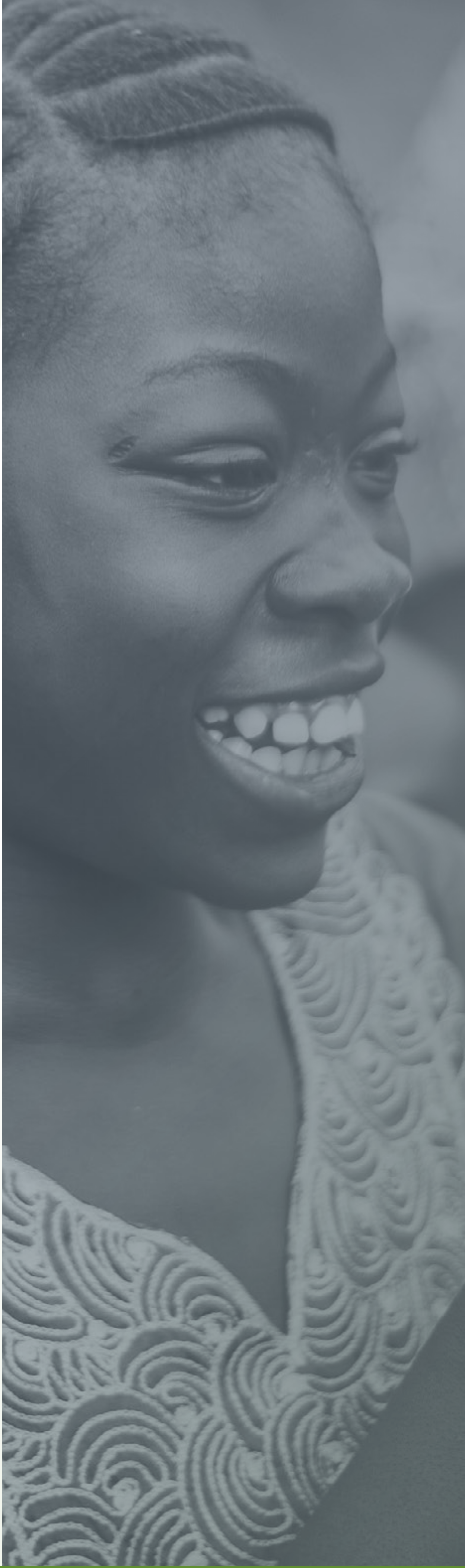
Highlights with respect to disbursements include Lakutshona, a housing development company in South Africa. Lakutshona is developing a 319-unit affordable housing development in Paarl, Western Cape in South Africa. The first phase of 168 units is complete and the company is now developing phase 3 made up of 161 units. The project provides direct employment to 200 construction workers and support an estimated additional 700 full-time employee jobs in various sectors and supply chains.

Additionally, we made an exciting investment in healthcare through Ruai Family Hospital, a private hospital that offers affordable healthcare services in Kenya. The investment is towards the construction of an oncology centre and acquisition of medical equipment. This investment will create over 500 jobs with more than 60% of them being held by women.

The following charts illustrate disbursements in 2023 by country, sector and instrument:

Disbursements in 2023 by country, sector and instrument





Investment portfolio

The net outstanding investment portfolio declined by 6.9% as at 31 December 2023 to USD172.1 million (2022: USD184.9 million). Whereas new disbursements for the year were USD52.1 million, the growth was offset by significant write-offs of USD51.6 million of legacy non-performing investments.

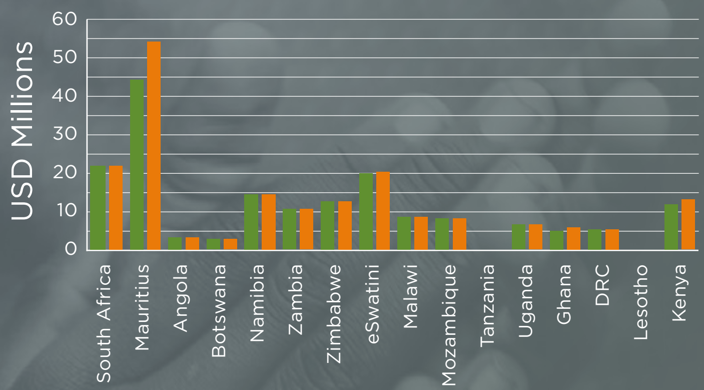
The investment portfolio exhibits good diversification across countries and sectors. The top 4 exposure countries include Mauritius, South Africa, eSwatini and Namibia, while the largest client group are Diversified financial services, Food products and Healthcare. This allocation aligns with our risk appetite and impact strategy.

We are pleased to report two successful exits: Central Africa Building Society (CABS) Zimbabwe and the Pungwe C Hydroelectric Power Station. Our partnership with CABS played a catalytic role in unlocking opportunities for local farmers and SMEs, enabling them to export both regionally and internationally. CABS provides lending to export clients across various key sectors, including agriculture, manufacturing, mining, and tourism. Pungwe C is a 3.75MW hydroelectric power scheme in Zimbabwe's Honde Valley. The project was constructed in 2015 and commissioned in early 2016. It has powered over 10 000 homes and taken together with the output of the other four power stations built by Nyangani Renewable Energy, enough electricity is produces to power 85 000 households across eastern Zimbabwe.

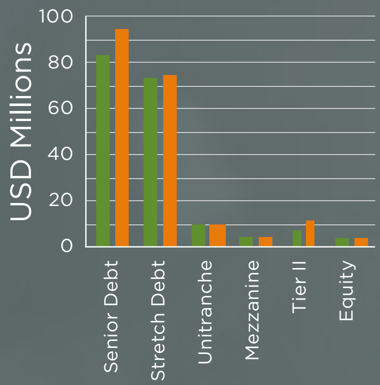
Norsad portfolio and commitments as at 31 December 2023:

Outstanding portfolio   Portfolio and approved commitments

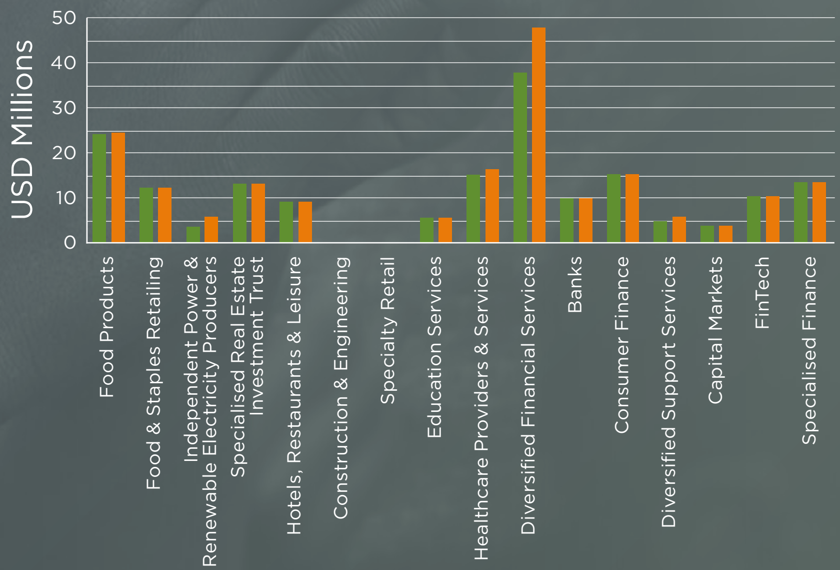
Country analysis



Facility type analysis



Sector analysis



Making an impact

As an impact investor, Norsad's investments support the UN Sustainable Development Goals (SDGs), and the SADC regional indicative strategic development plan (RISDP). We updated our Theory of Change, a fundamental step towards our long-term goal of impacting 100 million African lives. Our focus impact themes are: Sustainable livelihoods, Financial inclusion, Climate action and Gender equality. We developed climate risk assessment tools to ensure that we are able to assess this critical risk in a methodical way.

In 2023 Norsad made significant strides to create meaningful change in Africa focusing on high- impact sectors such as healthcare and financial services. Despite the tough economic environment, our portfolio supported 14,921 jobs, 22% of which were new employees joining the workforce. Gender equality remains a significant theme, with 45% of jobs held by women, and 22% of jobs occupied by young people aged 25 or younger.

To enhance financial inclusion, we partnered with micro-finance clients to launch the Client Protection Certification Project, ensuring adherence to international best practices and promoting fair access. Our financial institutions portfolio reached 2,491,511 unique clients,

As a responsible investor, we are aware of the urgency of climate change and its impacts on vulnerable communities. We are dedicated to collaborating with our partners and clients to identify climate-related risks and implement effective mitigation and adaptation strategies.

Our portfolio generated renewable energy equivalent to supplying 200 000 households. Currently, 10% of our portfolio measures its carbon footprint, 26% utilizes renewable energy, and our renewable energy investments contribute 2% to Zimbabwe's national energy supply. We continued to build on the progress achieved by advancing our impact strategy and working towards our strategic goals.

Continuously improving our data quality standards and adherence to impact reporting global standards we are proud to note that the 2023 impact report has been through an internal audit process as well as an external assurance process.

The following are significant impact numbers in our portfolio:

14,921
jobs supported

3,263
new jobs created in 2022

3,321
youth jobs supported

7,242
employees trained

$3,197,951
employee training spend

Community Development (CSI)

133
community development programmes or initiatives were carried out in 2022

298,894
beneficiaries supported

$1,376,109
CSI spend across the portfolio

18.75 GWh

energy generated through renewable energy portfolio

200,000

households powered through renewable energy generated

300 tCO_2e CO_2

emissions avoided

2% Contribution of our renewable energy portfolio to national energy supply in Zimbabwe

26% of our portfolio uses renewable energy

10% of our portfolio measured their carbon footprint

8,038 tCO_2e

Scope 1 emissions

68,607 tCO_2e

Scope 2 emissions

Recognition

Norsad has been a recipient of several impact awards including recognitions from the Principles for Responsible Investment (PRI), Reuters and Southern Africa Venture Capital Association (SAVCA) amongst others. We were finalists in two categories at the ESG Investing Awards: Best ESG Investment Fund – Emerging Markets (Private Markets) and Best Corporate Sustainability Strategy: Investment Manager. Furthermore, the company has been recognized as one of the top impact companies, ranking 104th out of 185, at the 2024 Real Leaders Impact Awards

Looking ahead

We have revised our strategy and curtailed some elements and are focused on consolidating and deepening our presence in the SADC region while selectively identifying new growth opportunities in East Africa. The recovery of the written off book as well as effective portfolio management are the key initiatives for 2024 as there will be a moderation on new investments. The restructuring and stabilization of our portfolio will be a critical priority as we manage the "good" and "bad" books with increased discipline and rigour. Strengthening our risk management functions has been a central focus, as reflected in our appointment of a Chief Risk Officer and the implementation of enhanced impairment policies as well as the introduction of a new operating model and a special asset management unit. These measures will allow us to navigate credit risks more effectively and align our provisioning practices with global standards.

Looking ahead, we are optimistic about the future. We have taken critical steps toward enhancing liquidity and bolstering our operational capacity. We will embark on a transformation strategic journey that will see Norsad being restructured to enhance shareholder returns. The addition of new leadership, including a permanent CEO, will further strengthen our ability to drive our ambitious growth agenda. As we build on our strategic partnerships and continue to attract new investors, we are confident in our ability to deliver sustainable returns to our shareholders and create meaningful impact across the region.

We express our gratitude for your continued support and trust in Norsad Capital as we embark on this next phase of our journey.

Thank you,

Nathaniel Nyika
Acting CEO and Chief Investment Officer

Who We Are

Our profile

As an impact investor and private credit provider, Norsad has invested over USD500 million in more than 170 companies across various sectors and countries in Africa. We offer flexible debt-financing solutions to profitable growth-stage companies that deliver desirable social impact. Our investments cover Sub-Saharan Africa, with our principal operational area being Southern Africa. We currently have 31 companies in our diversified portfolio.

With a typical investment holding period of four to seven years, we work with sponsors, entrepreneurs and management teams to provide tailor-made financing solutions that enable their companies to achieve their strategic goals. Our direct debt financing offers from USD5 million to USD15 million to mid-market companies for growth and development.

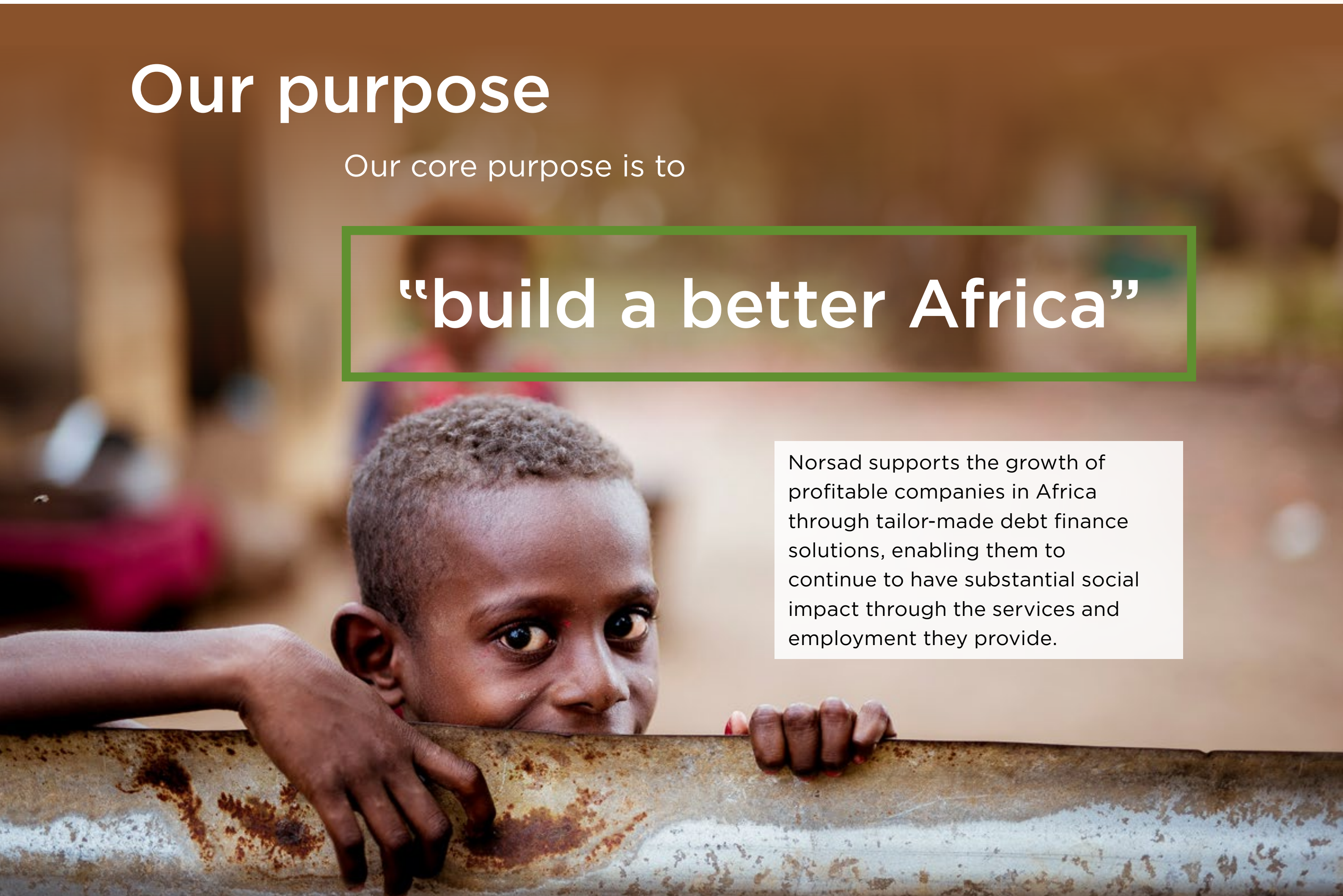
Our rigorous investment approach is guided by and measured against international environmental, social and governance (ESG) standards, the United Nations SDGs and regional development priorities. This ensures that we provide long-term risk capital only to those companies and financial service providers that are financially, socially and environmentally sustainable.

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 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.

Impacting 100 million African lives

Our aspiration is to positively impact the lives of 100 million Africans by 2030. We seek to do this by strengthening the market positioning and capabilities of the companies in which we invest and contributing to the growth of the economies in which our partner companies operate. Central to this goal is an emphasis on sustainable, innovative and inclusive job creation.

In 2023 we measured the number of lives impacted (the number of people reached via the provision of credit by Norsad Capital through its portfolio companies) from inception (1993) to 2023. Specific data was collected and analysed, including:

- disbursements per sector per annum (USD)
- number of jobs (permanent, temporary, construction) created by the sector
- number of customers/clients served by the sector.

Researching and reviewing academic sources allowed us to collate and apply sector-specific impact multipliers to our investments.

As of December 2023:

Norsad has impacted
35.5 million lives.

Based on our current trajectory and growth strategy, we are cautiously optimistic that our target of impacting 100 million lives by 2030 can be achieved.

Strategy and Progress

Our Impact focus

We focus on generating impact across four themes, which are strongly aligned with our shareholders' priorities and the SDGs

Sustainable Livelihoods

Norsad contributes to employment creation and increases people's capacity to provide for themselves.

Financial Inclusion

Norsad extends credit to companies that provide individuals and businesses with access to useful and affordable financial services.

Gender Equality

Norsad strives to cultivate a diverse and inclusive workplace. We have adopted a GLI approach across our investments to ensure women consideration and benefit remains central in our impact.

Climate and Clean Energy

Norsad supports the green transition, which includes providing sustainable-infrastructure finance.

In alignment with our impact themes, we aim to achieve positive economic, social and environmental impact through our sectoral focus. The following high-impact sectors are key to unlocking financial inclusion, the development and growth of SMEs, job creation, infrastructure development and climate change:

- financial institutions
- food value chain
- soft and social infrastructure
- industrials and manufacturing

Our timeline

Inception and growth

1990
Norsad Fund is established with USD33.5 million capital.

1993
Norsad transitions into a DFI with a primary focus on small to medium-sized enterprises (SMEs) joint financing ventures between 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.

Mezzanine finance focus (2016–2017)

2016 — Norsad invests in their first renewable energy project.

2017 — Norsad joins the UNPRI and GIIN.

New Norsad strategy (2020–2021)

2020 — Norsad celebrates its 30th anniversary.

2021 — Norsad wins the UNPRI's Emerging Markets Initiative of the Year Award.

West Africa investments (2022–2023)

2022 — Norsad Finance Limited becomes Norsad Capital.

2023

Our value proposition

We are a Permanent Capital Vehicle with a solid track record and an agile local African team.

Solid Track Record

Pioneers with 34+ years track record of investing in Africa. We have invested over USD500m in 170+ companies accross various sectors and countries in Africa.

Flexible and fast

We are accessible, agile and responsive. We have a quick turnaround time and a simplified decision-making structure that supports the urgency of investment needs.

Affinity

We are Easy to work with and keep our promises. We are professional, pragmatic and we listen.

Strong capital base with reputable shareholders

We are backed by Nordic and SADC development finance institutions, with an established regional partnership network. We have also developed a large and growing network of regional and international funding partners.

Truly African

We have a solid market knowledge of funding businesses in the region. Led and staffed by African professionals of diverse nationalities and backgrounds, with strong execution capability. We understand Africa.

How We Invest

Our investment philosophy

Norsad Capital is committed to delivering innovative and flexible financing and risk-sharing solutions that drive commercially viable investment expansion and promote sustainable development outcomes. Our mission of "building a better Africa" is realized by investing in companies and projects that generate significant social, environmental, and developmental impact while providing attractive returns.

Norsad's solutions complement other funding sources, strategically positioned between senior debt and pure equity in a company's capital structure. Our diverse investment products include senior, stretched senior, unitranche, second-lien, subordinated, and mezzanine debt financing. The private credit solutions we offer serve as an innovative funding component, either complementing traditional bank financing or providing an alternative, sustainable financing solution tailored to the unique needs of growing mid-sized companies.

We collaborate with banks, financial institutions, and investors by offering complementary financing that allows them to adhere to their core lending mandates and investment policies, while also unlocking future lending capacity for their clients. Our financing solutions are customized for each client, aligned with their specific business needs and capital structure. Our focus is prioritized on the following four sectors:

Our robust investment philosophy and processes have ensured that we have a diverse portfolio, have remained relevant and have created social impact through our investee companies in the region.

financial institutions

food value chain

soft and social infrastructure

industrials and manufacturing

New investments

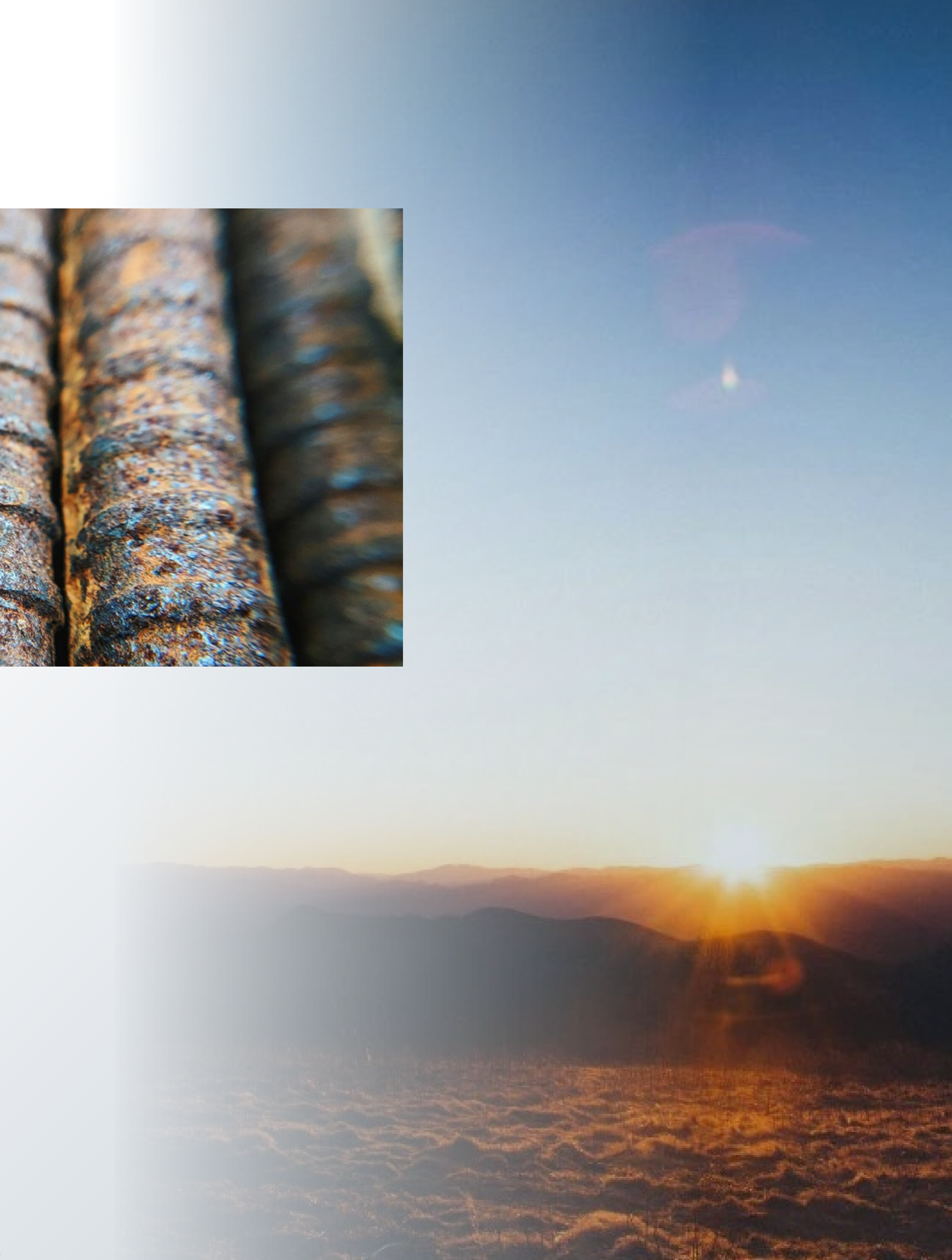
6 transactions approved by the board

USD$52 million in disbursements

247 total enquiries

18 transactions presented to the Credit Committee

9 transactions approved to proceed to due diligence



Case Study

African Milling Limited

Country: Zambia
Sector: Food Value Chain
Product: Maize Meal and Flour

Norsad extended a USD 10 million credit facility to African Milling Limited (AML). This funding will empower AML to optimize its milling plants, ensure a consistent supply of essential food products in the market, and support small-scale farmers by providing a market for their produce.

Agriculture and agribusiness play a crucial role in Zambia's economy, with agriculture alone contributing approximately 20% of the GDP and employing nearly 70% of the labour force. The food value chain sector is a key priority for Norsad, as we recognize its vital role in promoting health, well-being, and poverty reduction through enhanced food security. The maize value chain, in particular, supports small-scale farmers, traders, millers, and industry stakeholders, reflecting Norsad's dedication to fostering sustainable livelihoods.

Santosh Gaikwad, Chief Financial Officer of African Milling Limited, highlighted how this funding will unlock the full potential of their milling plants. This investment not only promises increased revenue for AML but also secures a reliable income stream for the small-scale farmers who supply maize and wheat grains to the company.

Incorporated in 2006 in Lusaka, Zambia, African Milling Limited is one of the two largest largest integrated maize meal and wheat flour milling companies in Zambia, boasting a milling capacity of 623 MT/day. Beyond directly employing 381 individuals, the company also generates an additional 10,000 indirect jobs through its operations.

Case Study

First Finance

Country: eSwatini
Sector: Financial Institutions
Product: Consumer finance/micro lending

Norsad has extended a ZAR 150 million facility to First Finance eSwatini to support its loan book growth and enhance access to credit and financial services across the nation.

In eSwatini, access to financial services is a significant challenge, with an estimated 66% of the population lacking access to formal credit and only 11% having access to such services.

This funding will significantly bolster First Finance's market expansion, particularly in the area of unsecured personal loans, while also enabling the diversification and growth of its loan products, including services for more private institutions.

Justice Simelane, Chief Financial Officer at First Finance, stated, "First Finance is committed to improving access to credit, with a focus on middle-income earners. The investment from Norsad Capital will be instrumental in driving our growth and achieving success."

Since 2010, First Finance has been dedicated to expanding its footprint and building professional teams throughout the country to meet the evolving financial needs of its clients. The company is the second-largest micro-finance institution in eSwatini, holding approximately 23% market share in terms of assets and a loan book size of E1 billion as of the end of March 2023.

Case Study

Ruai Family Hospital

Country: Kenya
Sector: Soft and Social Infrastructure
Product: Healthcare

Norsad Capital has provided a USD 7.5 million facility to Ruai Family Hospital (RFH) to enhance healthcare accessibility and affordability for lower- and middle-income residents in Nairobi.

This investment underscores our commitment to expanding social infrastructure, aimed at increasing access for under-served communities and supporting the fundamental right to equitable healthcare and well-being.

Kenya faces healthcare challenges, particularly in densely populated areas of Nairobi, where full-service healthcare providers are scarce. Cancer is the third leading cause of death and the second most prevalent non-communicable disease in the country, following cardiovascular diseases.

The rising demand for affordable cancer diagnosis and treatment, coupled with the overflow of public hospitals due to inadequate equipment, prompted RFH to address this critical need. The funding from Norsad will be instrumental in helping RFH complete its oncology centre, which will provide comprehensive care and diagnostic services such as PET scans, linear accelerators, MRI machines, CATHLAB, mammograms, and more.

"Our primary objective is to ensure that patients have access to the best medical practices and cutting-edge technological advancements, all delivered at affordable prices," says Dr. Maxwel Okoth, Founder and Group Managing Director at RFH. "Norsad's investment will enable us to complete the construction of the oncology centre, which will provide access to high-quality oncology treatment and care for cancer patients across Africa," he adds.

Founded in 2012, Ruai Family Hospital Limited is a hospital chain comprising nine healthcare facilities operating in Nairobi, Kiambu, and Machakos counties in Kenya. Initially focused on maternal and childcare, the hospital has since expanded its services to include primary care, specialist consultations, surgical clinics, renal care, home-based care, critical care, imaging, and sub-specialized care, among others.

Business Practises 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

The governance of ethics is led by the board, which provides oversight, supported by our Executive Management team responsible for implementing ethics policies across all levels of the organization. We maintain a formalized Code of Ethics, which is communicated to all employees, suppliers, and stakeholders. This Code is reinforced through regular training to ensure that our workforce is well-informed of ethical expectations and standards. 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 wilful and deliberate non-compliance.

We maintain a formalized Code of Ethics, which is communicated to all employees, suppliers, and stakeholders. This Code is reinforced through regular training and awareness programs that promote an ethical culture and ensure that our workforce is well-informed of ethical expectations and standards.

Key Areas of Focus During the Reporting Period

During the reporting period, the following key areas were prioritized:

- Strengthening our ethical culture through company-wide initiatives focused on integrity and transparency.
- Enhancing the whistle-blower protection policy to encourage employees to report unethical behaviour without fear of retaliation.
- In-house training programs on the prevention of corruption, conflicts of interest, and ethical decision-making were rolled out across the organization.

Monitoring mechanisms include:

- A confidential whistleblower hotline that allows employees and external parties to report unethical behaviour anonymously.
- Continuous engagement with employees through surveys and feedback channels to gauge ethical climate and areas needing improvement.
- Regular reporting to the Board on ethics-related issues, including violations, actions taken, and outcomes.

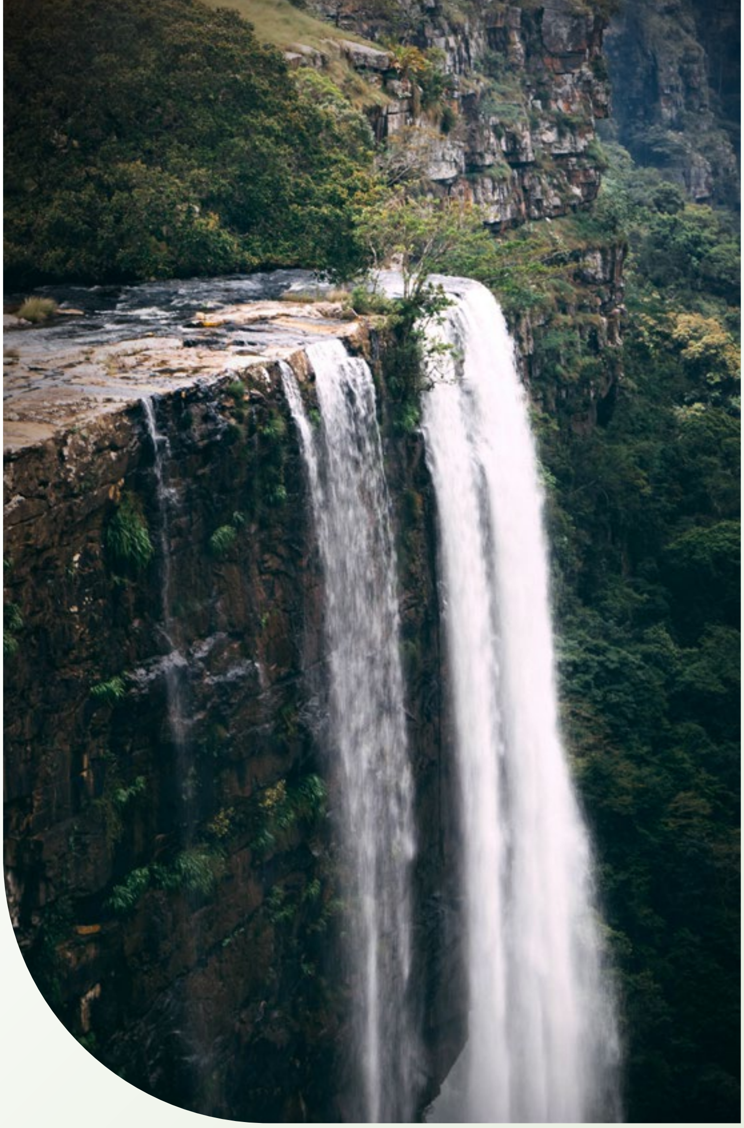
During the period, one case of unethical behaviour was reported. The case was investigated promptly, and appropriate disciplinary actions was taken. In instances where policy gaps were identified, corrective measures were implemented, including updating the relevant policies.

Planned Areas of Future Focus

Looking ahead, the organization aims to:

- Strengthen the integration of ethical considerations into decision-making processes, especially at the leadership level.
- Expand ethics training to include more specific modules on emerging ethical issues such as artificial intelligence, data privacy, and sustainability.
- Increase collaboration with external stakeholders to ensure a broader reach of our ethical governance, particularly in our supply chain.

By focusing on these areas, we aim to uphold the highest standards of ethical conduct and foster a culture where ethical behaviour is both expected and rewarded.



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.

Governance structures and processes are formally reviewed annually and continually adapted to accommodate internal developments and reflect national and international best practice. 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.

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

The audit committee is satisfied:

- that the external auditors are independent of the organization
- with the effectiveness of the internal audit function and
- with the expertise, adequacy and effectiveness of arrangements in place for combined assurance.

Risk governance

Throughout the year, the Board made significant strides in enhancing Norsad's risk management capabilities, aiming to establish a resilient, sustainable impact investor. The introduction of an Enterprise Risk Management Framework (ERMF) provided a structured approach to risk management that aligns with the company's business practices to risk appetite, ensuring consistent risk management practices across both investment operations and support functions. This framework fosters a culture of transparency and proactive risk identification, enabling stakeholders to address emerging risks to preserve shareholder value pro-actively. While the Board oversees the framework's effectiveness in managing business risks, Management, led by the newly appointed Chief Risk Officer (CRO), is responsible for its implementation. Key principles of the framework include an enterprise-wide risk perspective, optimisation of risk-return consideration in investment screening and monitoring, and shared accountability among now clearly defined first and second lines of defence. These changes were prompted by suboptimal performance in recent years and the urgent need to create an institution capable of thriving through economic cycles.

Norsad promotes a learning culture that encourages open communication about risks, reinforcing accountability and ethical behaviour across the organization. The Board of Directors maintains ownership of the ERMF, with an annual review process to ensure its relevance and efficacy. The Executive Committee (ExCo) is tasked with implementing the necessary policies and procedures to manage the business effectively while the CRO is responsible for risk measurement, independent reporting, and compliance with both internal policies and regulatory standards. The Board is placing strong emphasis on senior management's role and accountability in fostering transparency, encouraging risk-based thinking, and rewarding employees who responsibly identify and mitigate risks.

To support its long-term vision, Norsad has outlined three strategic pillars for its risk management approach: addressing under-performing investments, aligning risk management practices with industry best practices, and embedding robust risk management systems and processes. These pillars are designed to facilitate sustainable while growing its Assets Under Management (AUM) in the future.

This year, Norsad also implemented various turnaround initiatives to stabilize the organization and reposition it for growth following the challenges encountered in its financial performance where non-performing investments increased. The troubled investments comprised mainly of legacy investments pre-dating and immediately after the Covid-19 pandemic, succumbing to ensuring policy crisis environment characterised by high inflation, rising cost of funding and exchange rate devaluation across our Sub-Saharan economies. These initiatives were discussed in Board and Committee meetings, focusing on substantial employee and shareholder involvement to drive meaningful change. Norsad aims to revitalise its investment activities in the latter half of 2024, particularly in high-impact sectors working closing with its shareholders who are reviewing the business model.

Norsad Capital is navigating a transformative phase characterised by introduction of strong risk management practices, a commitment to social impact, and a focus on sustainable growth, all while addressing the challenges and uncertainties inherent in its investment portfolio and today's complex operating environment and today's complex operating environment.

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. 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 executives and 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 to be undertaken every five years to test conformance with the Institute of Internal Audit standards.

Chief executive officer

Kenny Nwosu appointed on 1 January 2017 resigned on 16 November 2023 and was responsible for leading the implementation of approved strategy and policy. The CEO 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 is entitled to 32 working days of leave per annum. In addition, the CEO is entitled to up to 20 working days of sick leave per annum. A monthly provision is made for the CEO's gratuity, accruing at a rate of 15% of the CEO's monthly basic salary. This provision ensures that the gratuity is appropriately accounted for throughout the year. The company is required to give three months' written notice in the event of termination of the CEO's contract. However, if the termination is due to wilful misconduct, the company reserves the right to terminate the contract with immediate effect, provided that the CEO has been given an opportunity to respond to and exonerate themselves from any charges brought against them. The CEO does not have any significant work commitments outside of Norsad and its related companies.

The CEO is entitled to an annual performance-based incentive, which is a maximum of four months' gross salary. This incentive is payable after the shareholders have approved the audited financial statements for the financial year to which the incentive relates. The performance of the CEO is evaluated based on the achievement of the annual targets set by the company, which are approved by the Board of Directors prior to the commencement of the financial year.

The company has implemented a comprehensive succession planning strategy to ensure business continuity and sustained leadership in the event of the CEO's departure. The Board of Directors regularly reviews and updates the succession plan, identifying potential internal and external candidates to ensure a seamless transition. As part of this strategy, the company utilizes a talent grid that assesses both performance and potential to establish which individuals are ready to move to the next level. Additionally, the CEO is actively involved in mentoring and developing the senior management team to prepare them for future leadership roles.

The CEO resigned on 16 November 2023 and Nathaniel Nyika was appointed acting CEO by the board.

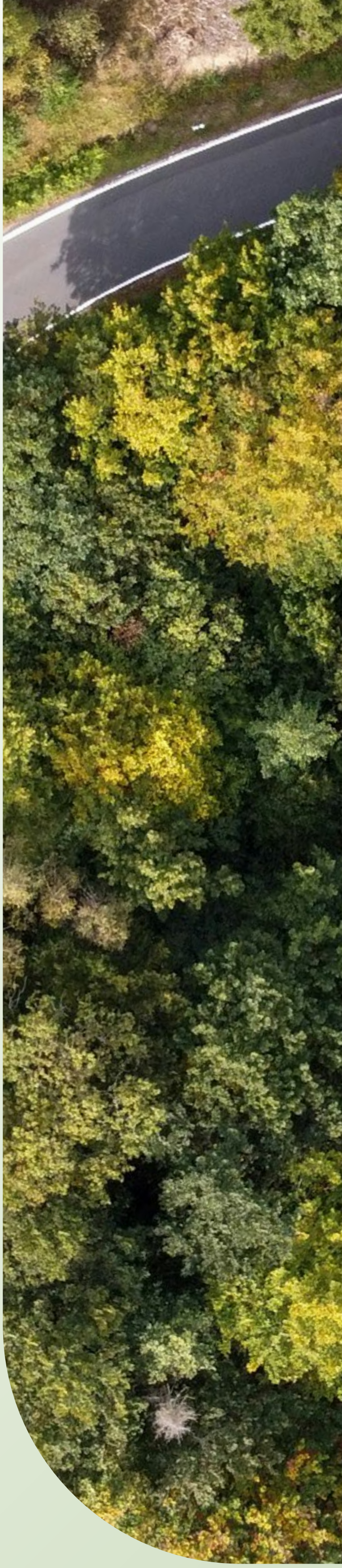
Company secretary

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.

We have since moved all users from on-site Active directory to Azure Active directory which is cloud based

Compliance governance

Adhering to laws and regulations that govern our operations is of paramount importance to the group. The potential repercussions of non-compliance are significant, which is why Norsad maintains a zero-tolerance stance in its risk appetite statement towards compliance risk. This risk, as defined in our new Risk Management Framework, encompasses the potential for regulatory sanctions or loss resulting from our failure to comply with laws, regulations, and Norsad's internal policies and procedures. It also includes Financial Crime Risks, which refer to the potential for legal or regulatory penalties, material financial loss, or reputational damage due to non-compliance with laws and regulations related to international sanctions, anti-money laundering, and anti-bribery and corruption.

The Group is currently in the process of enhancing its compliance risk management processes. This improvement initiative is focused on benchmarking to best practices and bolstering the end-to-end policies, processes, and systems that support the quality of business integrity and client due diligence review and screening. It is a crucial part of our vision to create a sustainable impact throughout the life of the portfolio companies we invest in and also that of Norsad. The Audit and Risk Committee approves compliance and related policies. It ensures that the group takes appropriate action to manage its regulatory and tax risks and complies with applicable laws, regulations, and standards in the jurisdictions where Norsad's portfolio companies are domiciled.

The company also abides by the tenants of ethical conduct and good corporate citizenry, key areas of focus include;

- Considered reports and presentations from group businesses and specific management actions taken to manage the legal and operational risks, tax health checks and regulatory engagements;
- Reviewed and approved governance frameworks, charters and mandates, including taking into consideration membership of committees 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 annually, and a report is issued on the outcomes. Corrective action is monitored to ensure that the root causes for the issues identified are addressed while material issues identified are communicated to the board. External reviews are also carried out by external parties to monitor the effectiveness of the compliance function, which was previously undertaken by the Internal Audit function and is now moving to the second line of defence in line with best practices. The board is satisfied that the group has adequate resources, systems, skills, and remuneration practices to facilitate the ongoing effectiveness of the risk and compliance management functions.

The Audit and Risk Committee:

The 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 specific management actions taken to manage the operational 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 central role of the Board is to approve and oversee the company strategy and overall direction of the business. This responsibility extends to Norsad Capital Limited and Norsad Capital (Pty) Limited and their business operations. To ensure that subsidiaries are aligned within the Group Governance Structure, Inter-Company Relationship Agreements have been established, making the relationship clear including the limitations of decision making and risk exposure inherent in the subsidiary companies, which are also subject to the provisions of these Governance Guidelines. The Board shall obtain the prior approval of the Shareholders before taking any decision in relation to any matter which the Shareholders by agreement in writing may have reserved for themselves.

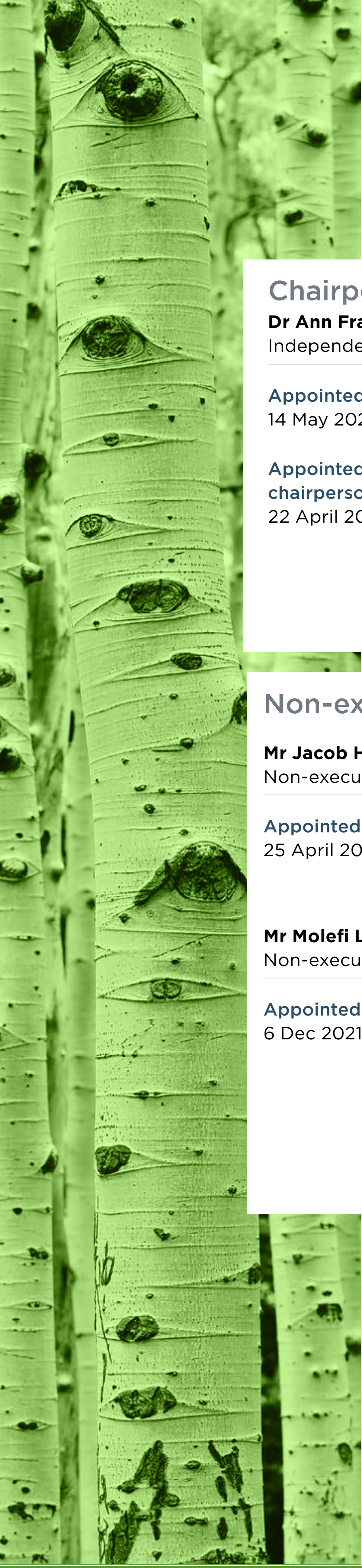
The Board is also responsible for ensuring that Norsad Capital has an appropriate corporate governance structure, accountability and control systems in place aimed at creating and protecting shareholder value and fulfilling the development impact objective of the Company. The Board also ensures that the Company is guided by responsible investment practices and that key stakeholders appreciate that the Company's core purpose, risks and opportunities, strategy, business model, performance and sustainability principles are all inseparable elements of the value creation process.

The Shareholders Agreement and the Constitution (both dated 15 December 2011) are the key governance documents of Norsad Capital. The Board ensures that it and Norsad Capital complies with the provisions of those documents and Botswana Companies Act. The Board further recognises that with regard to corporate governance, it is critical that substance prevails over form, and confirms its commitment to achieving high standards of corporate governance within the Company. This includes commitment to comply with the King IV Report on Corporate Governance (the King Code), where applicable and in accordance with regulatory requirements as well as ensuring that a majority of the directors are independent.

The Board is to comprise of no less than seven Directors and each Director shall have a personal Alternate. In accordance with the applicable governance code, Nordic shareholders appoint four Directors and Alternates and SADC Shareholders appoint three Directors and Alternates

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.

As at 31 December 2023, Norsad had a board of six members; four of the directors are classified as independent non-executive directors to facilitate effective oversight in terms of King IV.



Chairperson

Dr Ann Frannie Léautier | Age 65
Independent non-executive chairperson

Appointed:
14 May 2020

Appointed chairperson:
22 April 2021

Qualifications:
- PhD in Infrastructure Systems
- Doctor in Law
- Master of Science in Transportation
- Bachelor of Science in Civil Engineering

Non-executive directors

Mr Jacob Hagerman | Age 51
Non-executive director

Appointed:
25 April 2019

Qualifications:
- Master of Laws
- International Finance Law

Mr Molefi Leqhaoe | Age 50
Non-executive director

Appointed:
6 Dec 2021

Qualifications:
- Master of Business Administration
- Postgraduate Diploma in Corporate Governance and Legislation
- CIS Graduate Diploma

The board and management collaborated effectively, ensuring continuity in effective governance and decision-making.

Independent non-executive directors

Mr Jørgen Høholt | Age 65
Independent non-executive director

Appointed:
14 May 2020

Qualifications:
- Bachelor of Commerce

Ms Yvonne Maitin | Age 46
Independent non-executive director
Appointed LID 19 April 2023.

Appointed:
21 April 2022

Qualifications:
- Master of Business Administration
Finance

Appointments

Mr Goleele Mosinyi | Age 56
Independent non-executive director

Appointed:
19 April 2023

Qualifications:
- The Association of Chartered Certified Accountants

Ms Helen Mtshali | Age 38*
Independent non-executive director

Appointed:
20 September 2023

Qualifications:
- Bachelor of Business Science (Finance)
- Postgraduate diploma in strategy and innovation

Board changes

Resignations:

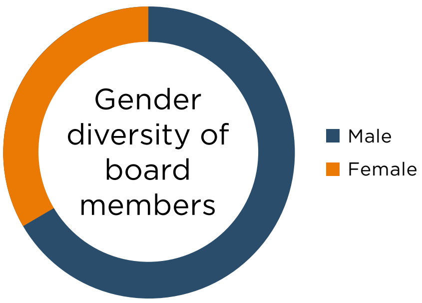
Mr Andrew Madeswi	19 April 2023
Ms Anastasia Soula Proxenos	19 April 2023

*Awaiting regulatory approval as at 31 December 2023.

Board diversity

The board recognises that having a diverse and inclusive board promotes diversity of thought, unique insights and perspectives, and enhances decision-making, benefiting all stakeholders. The board has a policy to promote diversity. The policy considers a broad range of diversity attributes, such as age, nationality, culture, race, gender, independence, industry knowledge, skills and expertise. The policy seeks to increase the board's female representation and sets out voluntary targets (50% for female representation).

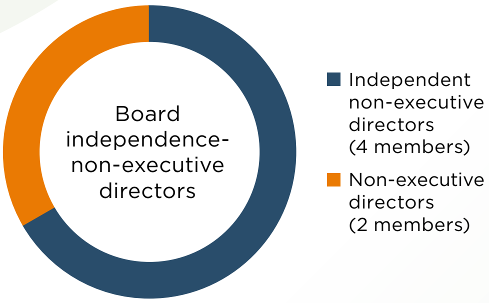
Since 2020 Norsad aligns to TheBoardroom Africa. They have conducted several successful board and executive searches, helping build a diverse and highly qualified leadership team aligned with Norsad's goals

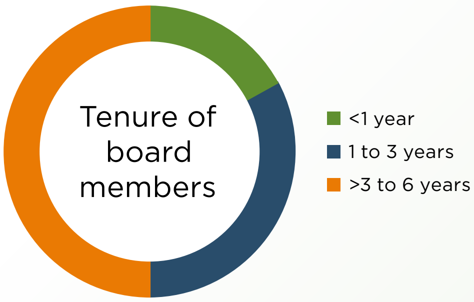


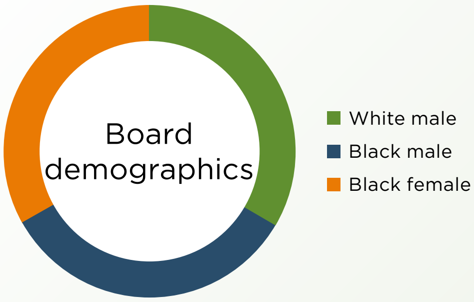
Independence

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.

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.

Meetings during the year

The board attends the scheduled quarterly board meetings, the monthly investment approvals meetings and a conference call to approve the financial statements. The Board of Directors held nine meetings during 2023, where attendance of Directors was recorded at 98% (2022: 97%).

The board attendance register as at 31 December 2023 is presented in the following table:

Name	Approval of financial statements	Quarterly board meetings	Standing investments approval meetings
Chairperson			
Dr Ann Frannie Léautier	1/1	4/4	4/4
Independent non-executive directors			
Ms Yvonne Maitin	1/1	4/4	4/4
Mr Jørgen Høholt	1/1	4/4	4/4
Mr Andrew Madeswi	1/1	1/4	0/4
Ms Soula Proxenos	1/1	1/4	0/4
Mr Goleele Mosinyi	0/1	1/4	0/4
Non-executive directors			
Mr Jacob Hagerman	1/1	4/4	3/4
Mr Molefi Leqhaoe	1/1	4/4	4/4
Non-executive Alternate director			
Erik de Waal	0/1	3/4	3/4

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. Directors are appointed for up to a three year term and in accordance with the governing principles, each Director shall be able to offer himself/herself up for re-election for one more term, serving a maximum term of six years. 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 governance 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 race and gender diversity at board and top-management level.

The board reviews the governance guidelines of the company on an annual basis. The following corporate governance guidelines were last amended and approved in September 2022:

- Board Charter
- Governance Committee Charter
- Audit and Risk Committee Charter
- Human Resources and Remuneration Committee Charter
- The Ethical Code of Conduct for the Directors
- Remuneration and Compensation of Expenses for Directors.

The composition of the board as at 31 December 2023 is presented in the following table:

Director	Nationality	Personal alternate	Nationality
Mr Jacob Hagerman	Swedish	Mr Jakob Larsson	Swedish
Mr Jørgen Høholt	Danish	Mr Alexander Kronvall	Swedish
Dr Frannie Léautier (c)	Tanzanian	Mr Väinö Esilä	Finnish
Mr Molefi Leqhaoe	Mosotho	Mr Ganeshanlall Cheeneebash	Mauritian
Mr Goleele Mosinyi (RD)	Motswana	Mr Erik de Waal	Namibian
Ms Yvonne Maitin (LID)	South African	Ms Ana Maria de Campos	Angolan
Ms Helen Qiniso Mtshali*	South African	Ms Marianne Halvorsen	Norwegian

(c) – Chair

* Awaiting regulatory approval by NBFIRA

Dr. Ann Frannie Léautier was appointed as Chair (C) of the Board on 22 April 2021 by the Board of Directors and reappointed on 19 April 2023. Further, Ms Yvonne Maitin was appointed Lead Independent Director (LID), with Goleele Mosinyi being the Resident Director (RD).

Board Remuneration

The primary basis for determining the board fees was a benchmarking exercise conducted against peer companies in our industry. This benchmarking took into account factors such as the size and complexity of operations, market trends, and the specific responsibilities of non-executive directors within the organization.

The Governance Committee, in consultation with independent external advisors, analysed the remuneration practices of companies within the same sector, ensuring that the fees set are competitive and align with the value provided by the non-executive directors. The benchmarking also considers the need to attract and retain highly skilled professionals who can effectively contribute to the governance and strategic oversight of the company.

The remuneration of non-executive directors is structured as a fixed annual fee, with no performance-based incentives, to preserve their independence. These fees are reviewed periodically to ensure they remain aligned with market standards and the company’s financial performance.

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

	2023
Chair	60,000
Board Members	80,590
Committee Members	49,493
Total	**190,083**

Board chair

Dr Frannie Léautier is the independent non-executive chairperson of the board. She has extensive experience in financial services in diverse industries, such as retail, manufacturing and IT services. 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, Yvonne Maitin , the independent non-executive 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
- to lead the performance appraisal of the chair.

Succession plan

The Board remains committed to maintaining strong leadership and ensuring smooth transitions. In line with our governance practices, the Lead Independent Director serves as the immediate successor to the Board Chairperson, ensuring continuity in leadership. Long-term, the Chair of the Board is elected from among the existing members, reflecting our emphasis on stability, experience, and a deep understanding of the company's values and strategic objectives. 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

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 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.

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 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.

The Governance Committee assists the Board with:

1. recommending to the Board policies and processes designated to provide for effective and efficient governance;
2. recommending or informing the Board of any potential violations of the Ethical Code of Conduct or other integrity guidelines and rules;
3. communicating with the shareholders on the nomination/election of Directors and their personal Alternates;
4. ensuring that nominations and appointment of directors to the Board are made based on a consideration of the Company's requirements. In this regard, the Committee can recommend the appointment of directors with specific needed skills for effective governance; and
5. ensuring that the Board evaluation is done on an annual basis and update the full Board on the action items.

The committee fulfils its responsibilities as guided by King IV.

Composition	Record of attendance
Dr Frannie Léautier (c)*	4/4
Mr Jacob Hagerman**	4/4
Mr Molefi Leqhaoe**	4/4

(c) – Chair
* Independent non-executive director
** Non-executive director

Committee skills and experience

Private equity funds, Restructuring, Corporate governance, Strategy implementation, Risk management, Development impact, Infrastructure systems, Legal counsel, international finance law, Corporate governance and legislation, Finance, Business Rescue, Business leadership.

2023 Key Focus Areas

- Conducted evaluations in line with King IV to assess:
  - The performance and effectiveness of the board and its committees.
  - The performance and independence of the board chairman, individual non-executive directors, and the company secretary.
- Oversaw the evaluation process of the board and committees, facilitated by an independent service provider.
- Considered and recommended board nominations, changes in board committees, appointments, retirements, and reviewed the succession plan for non-executive directors.
- Assessed the composition of the board and its subcommittees to ensure a suitable mix of skills, experience, and broader diversity attributes.
- Reviewed and approved the updated executive succession plan.

Future Focus Areas

- Continue to prioritize board succession planning, with a focus on diversity, skills, and tenure.
- Maintain executive succession planning as a key priority.
- Update the board training program to reflect changes in the operating and regulatory environment.
- Ensure ongoing attention to board effectiveness.

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 assists the Board with regards to financial reporting, audit and risk management, including:

1. the integrity of the Norsad Capital's financial reporting;
2. compliance with legal and regulatory obligations;
3. the effectiveness of Investment Portfolio Management and internal control framework;
4. review and monitor compliance with the Impairment Policy on a quarterly basis;
5. review and monitor compliance with the Asset and Liability Management Policy on a quarterly basis;
6. oversight of the independence of the external auditors;
7. recommend the appointment of external auditors;
8. ensure that significant risks are addressed and are suitably managed;
9. recommend the risk appetite statement of Norsad on yearly basis;
10. assess effectiveness of internal audit on a quarterly basis; and
11. consider any action involving fraud, breach of Anti-Corruption and Anti-Money Laundering principles, and any complaints as to the accuracy of accounting practises and audit

Composition	Record of attendance
Mr Jørgen Høholt (c)*	5/5
Mr Mr Molefi Leqhaoe**	5/5
Mr Andrew Madeswi (r)*	2/5
Ms Yvonne Maitin*	3/5

(c) Chair
(r) Mr Andrew Madeswi resigned on 19 April 2023 and was replaced by Ms Yvonne Maitin.
* Independent non-executive director
** Non-executive director

Committee skills and experience

Treasury, Banking, Credit, Executive leadership, Corporate governance and legislation, Finance, Business Rescue, Business leadership, financial modelling, investment appraisal, deal structuring and execution, company valuations, investment and financial analysis, strategic planning, derivatives structuring, private equity fund set-up, regulatory compliance, fundraising, Client Relationship Management.

Committee skills and experience

2023 Key Focus Areas

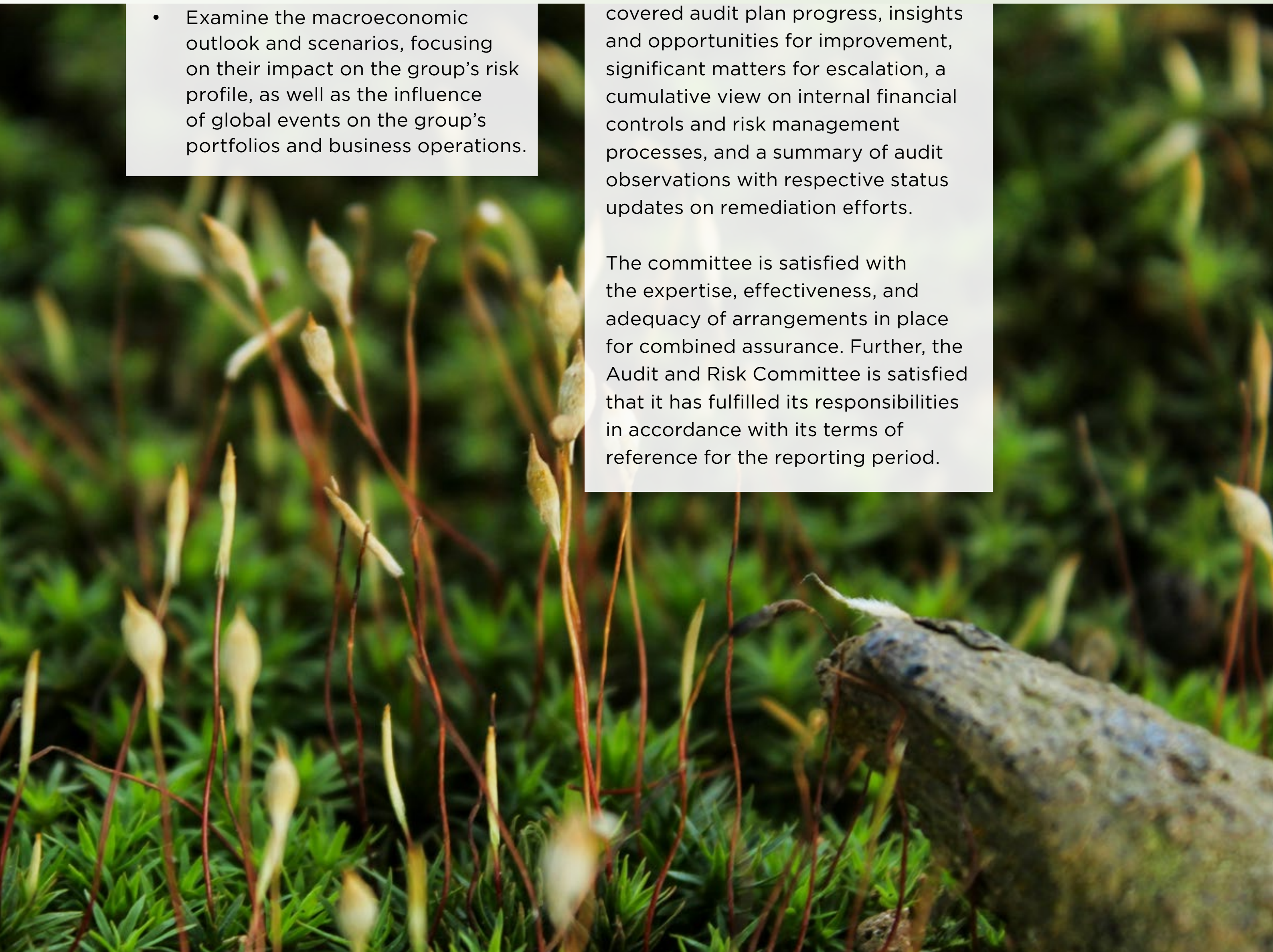
- Evaluated the appropriateness of the credit risk appetite and provided insights on strategies for credit origination.
- Monitored economic trends and made informed decisions in credit-related matters.
- Analysed global and local macroeconomic developments, assessing their potential impacts on various portfolios.
- Reviewed and sanctioned adjustments to board limits and risk appetite.
- Endorsed the group's recovery plan.
- Assessed and confirmed satisfaction with the performance and quality of the external audit function, along with the independence of external auditors and lead partners.
- Recommended Deloitte & Touche for re-election as the external audit firm for the 2023 financial year.
- Verified that the group's financial reporting control frameworks and procedures are appropriate and functioning effectively, covering all entities within the consolidated IFRS financial statements.

Future Focus Areas:

- Continuously scrutinize and challenge credit origination strategies, particularly those concerning large exposures.
- Monitor the operating environment closely and evaluate its impact on credit origination strategies and the existing credit portfolio.
- Assess the implications of regulatory changes on economic conditions and credit decision-making processes.
- Review the management of regulatory and supervisory risks across all jurisdictions in which the group operates.
- Examine the macroeconomic outlook and scenarios, focusing on their impact on the group's risk profile, as well as the influence of global events on the group's portfolios and business operations.

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 assists the Board with:

1. the remuneration framework for and recruitment of the CEO and Executive level employees;
2. the recommendation of the remuneration framework including incentives for employees for the Board approval;
3. the verification and approval of remuneration and annual salary adjustments;
4. the recommendation of the payments/awards for the ACI and STI incentive schemes for the Board approval;
5. reviewing the Directors' compensation and recommending any needed adjustments to the Annual General Meeting;
6. strategic human resources assignments and policies including the HR guidelines; and
7. review of appropriateness of procedures to facilitate whistle-blowing and the follow-up of information obtained from whistle-blowing.

Composition	Record of attendance
Ms Yvonne Maitin (c)*	4/4
Ms Soula Proxenos (r)*	1/4
Mr Andrew Madeswi (r)*	1/4
Mr Jørgen Høholt *	3/4
Mr Jacob Hagerman**	2/4

(c) Chair
(r) Mr Andrew Madeswi and Ms Soula Proxenos resigned on 19 April 2023 and was replaced by Ms Yvonne Maitin.
* Independent non-executive director
** Non-executive director

Committee skills and experience

Financial modelling, investment appraisal, deal structuring and execution, company valuations, investment and financial analysis, strategic planning, derivatives structuring, private equity fund set-up, regulatory compliance, fundraising, Client Relationship Management, Treasury, Banking, Credit, Executive leadership, Legal counsel, international finance law.

2023 Key Focus Areas

- Oversee the design and implementation of employee development programs, ensuring alignment with strategic business goals.
- Promote and support initiatives that enhance diversity and inclusion within the workforce, ensuring a supportive and equitable environment for all employees.
- Review and refine talent management strategies, ensuring a strong pipeline of leadership and critical skills across the organization.
- Evaluate the effectiveness of performance management systems, ensuring they drive high performance and align with the company's objectives.
- Monitor and support initiatives that focus on employee health, well-being, and work-life balance, contributing to overall job satisfaction and productivity.
- Promote a culture of innovation within the HR function, encouraging new approaches to talent management, employee engagement, and organizational development.

Future Focus Areas

- Focus on strategic workforce planning to anticipate future talent needs and align human resources strategies with long-term business objectives.
- Continue to research and assess best practices in remuneration to ensure the company remains competitive and aligned with industry standards.
- 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.
- Stay ahead of changes in labour laws and regulations, ensuring that all HR practices remain compliant and reflect best practices.

Stakeholder engagement

The Board, in fulfilling its governance role and responsibilities, embraces a stakeholder-inclusive approach that integrates the legitimate needs, interests, and expectations of key stakeholders.

Norsad Capital recognizes the vital contribution of its stakeholders (employees, shareholders, portfolio clients, suppliers, regulators and communities) to its sustained success. The Board strives to understand and consider these stakeholders' requirements in its decision-making processes. Stakeholder management is proactive, with responsibilities assigned to relevant business units. The group's governance structures ensure that significant stakeholder concerns are escalated to the appropriate committees for resolution.

Stakeholder	Channels used to manage relationships	Key focus areas
Investors	• Presentations • Financial reporting • Road shows • Shareholder and lenders meetings • Website	• Strategy and growth opportunities • Signing of Memorandum of understanding (MOU).
Employees	• Staff meetings • Training and development • Website • Intranet • Performance reviews	• Group performance and business update • Strategy implementation • Compliance and ethics matters • Professional development programmes • Awards and recognition initiatives
Clients	• Service level agreements • Meetings with Administration Manager	• Client service • Financial inclusion and wellness • Climate change solutions
Suppliers	• Service level agreements • Meetings with Administration Manager	• Code of conduct • Business continuity
Regulators	• Meetings and round table discussions • Conferences • General correspondence	• Regulatory compliance
Communities	• Sponsorships • Website	• Job opportunities • Internship programmes • Corporate social responsibility opportunities

Group Governance Framework

The Group Governance Framework is designed to ensure alignment with corporate governance best practices, foster accountability, and promote ethical leadership throughout the organization.

The Board of Directors holds ultimate responsibility for governance across the group. It ensures that the entities within the group adhere to uniform governance standards, aligned with our corporate values and strategic objectives. The framework outlines the delegation of authority to subsidiary boards, while maintaining oversight at the group level.

Each subsidiary operates within a clearly defined governance structure, tailored to meet the specific regulatory and operational requirements of its region. These structures are aligned with the group's overall governance policies and are supported by common principles such as transparency, accountability, and sound risk management. The Group Governance Framework ensures that all subsidiaries adhere to a set of standardized policies and procedures that govern areas such as financial management, risk management, compliance, and ethics. These policies are periodically reviewed to ensure they remain relevant and effective.

A unified approach to risk management is embedded, providing consistent processes for identifying, assessing, and mitigating risks across the group. The internal control environment is designed to ensure robust oversight, enhance operational efficiency, and safeguard the group's assets.

The Group Governance Framework promotes ethical leadership, sustainable business practices, and corporate social responsibility. It integrates environmental, social, and governance (ESG) principles into decision-making processes at all levels of the organization.

Regular reporting mechanisms are in place to ensure that the Board and relevant stakeholders are kept informed of governance-related matters across the group.

Our People

Our People

Diversified, experienced, multilingual team consisting of 6 nationalities

Executive team

Nathaniel Nyika
Acting CEO and Chief Investment Officer

Jonathan Davies
Chief Financial Officer

Padmine Rammidi
Chief Human Capital

Allan Mutenda
Chief Risk Officer

Investment team

Carol-Jean Harward
Investment Director

Zubair Suliman
Investment Director

Alice Zulu
Investment Director

Matthew Pratt
Investment Manager

Mbaki Wotho
Investment Associate

Sinothile Bulose
Investment Associate

Melissa Morapedi
Investment Associate

Amuchilani Bafana
Investment Analyst

Nicholson Salani
Investment Analyst

Portfolio and Risk Management team

Kuda Mukova
Head of Impact and Sustainability

John Rossouw
Portfolio Director

Shaka Dhlodhlo
Portfolio Manager

Mabedi Mphinyane
Portfolio Manager

Corporate and Office Management team

Mpho Ratladi
Finance Director

Felicia Fanikiso
Finance Manager

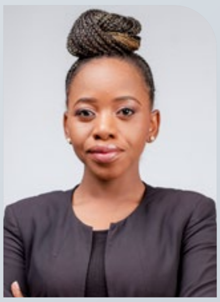
Tshephang Letso
Financial Accountant

Gosegomang Modise
Head of Audit and Compliance

Oprah Mogomotsi
Audit Officer

Gorata Ogotseng
Corporate Communications Manager

Thabo Toko
Administration Assistant



Chedza Majaule
Administration Officer

Karabo Mogatle
Administration Assistant

Strategic Workforce Planning: In 2023, we focused on strategic workforce planning to align our human capital with the evolving needs of the business. This involved analysing industry trends, forecasting future talent requirements, and implementing targeted recruitment strategies to acquire top talent in key areas. By pro-actively addressing talent gaps and investing in critical skills, we ensured that our workforce remains agile and adaptable in a dynamic market environment. Our rigorous recruitment process focused on identifying individuals who not only possess the necessary skills and experience but also align with our company culture and values. We take pride in fostering an inclusive and diverse workplace where employees feel empowered to thrive and contribute their best.

Performance Management and Recognition:
Our performance management system was designed to foster a culture of accountability, transparency, and continuous improvement. Through regular performance evaluations, goal-setting exercises, and constructive feedback mechanisms, we empowered our employees to excel in their roles and contribute meaningfully to our company's objectives. Furthermore, we implemented robust recognition programs to acknowledge and celebrate the exceptional achievements of our employees, fostering a sense of pride and motivation within the workforce.

Employee Development and Training:
Investing in the development of our employees is integral to our long-term success. In 2023, we continued to prioritize employee training and development initiatives to enhance skills, foster innovation, and promote career growth. Through a combination of internal training programs, external workshops, and professional certifications, we equipped our workforce with the tools and knowledge needed to excel in their roles and adapt to changing market dynamics. By fostering a culture of continuous learning and professional growth, we empowered our employees to reach their full potential and contribute to our company's long-term success.

Employee Engagement and Well-being:
Employee engagement remained a top priority throughout the year, as we recognize its direct correlation with organizational success. We leveraged various channels to solicit feedback from our employees, including surveys, focus groups, and town hall meetings. This feedback loop enabled us to gain valuable insights into employee sentiments, identify areas for improvement, and implement targeted initiatives to enhance employee satisfaction and engagement levels. We recognize the importance of maintaining a positive work environment that prioritizes employee well-being and engagement. Consequently, we implemented various initiatives to support the physical, mental, and emotional health of our employees, especially in light of the challenges posed by the global pandemic. From flexible work arrangements to wellness programs and employee assistance resources, we remained steadfast in our commitment to supporting our employees' overall well-being.

I extend my heartfelt appreciation to our dedicated employees whose hard work, passion, and dedication have been instrumental in driving our company's success. As we continue our journey of growth and innovation, I remain committed to advancing our human capital agenda and ensuring that our workforce remains the cornerstone of our success.

NORSAD CAPITAL LIMITED

Consolidated and separate financial statements

for the year ended 31 December 2023


CROKER
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CROKER

Contents

Directors' responsibility statement

for the year ended 31 December 2023

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Norsad Capital Limited, comprising the consolidated and separate statements of financial position at 31 December 2023, the consolidated and separate income statements and the statements of other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes, in accordance with IFRS® Accounting 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 subsidiary to continue as a going concern. In assessing the going concern assumption, with special consideration of the covenant breaches and losses for the year (refer to note 42), the directors have taken into account the financial performance, cash flows, and potential liabilities of the Company. It is the directors' view that the Company has adequate resources to continue its operations for the foreseeable future. Therefore, the Company continues to adopt the going concern basis in preparing the financial statements.

The auditor conducts an examination of the financial statements in conformity with International Standards on Auditing. Discussions and meetings are held between the Auditor and Management, the Audit and Risk Committee and the Board of Directors.

Approval of Consolidated and Separate financial statements

The Consolidated and Separate financial statements of Norsad Capital Limited, as identified in the first paragraph, were approved by the Board of Directors on 30 July 2024 and signed on their behalf by:

Frannie Léautier
Chair of the Board of Directors

Jørgen Høholt
Chair of the Audit & Risk Commitee

Independent auditor’s report

to the shareholders of Norsad Capital Limited

Opinion

We have audited the consolidated and separate financial statements (‘the financial statements’) of Norsad Capital Limited (‘the Company’) and its subsidiaries (‘the Group’), set out on pages 9 to 63, which comprise the consolidated and separate statements of financial position as at 31 December 2023, the consolidated and separate income statements and statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 31 December 2023, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor’s report cont.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers (consolidated and separate)</td></tr>
<tr><td>The Group’s core business is to provide loans and advances to corporate customers which form a significant portion of the Group’s total assets. Expected credit losses (ECL) relating to loans and advances to customers represent the Directors’ and Management’s best estimate of the expected losses within the loan portfolio at the reporting date. Management calculates the ECL using statistical models. Due to the loans and advances to customers being material to the Group and the significant subjective judgement involved in determining the expected credit losses, this is considered to be a key audit matter.

Modelled ECL provisions

The development and execution of the ECL model requires significant management judgement, including estimation of the probability of default (PD), and loss given default (LGD) model parameters.

Significant increases in credit risk (SICR) are assessed based on macroeconomic inputs and the current risk of default of an account relative to its risk of default at origination. This assessment incorporates judgement and estimation by Management.

Significant judgements, estimates and assumptions are applied by Management to:
• Evaluate the valuation and recoverability of collateral.
• Estimate the timing of the future cash flows.

In addition to the above, judgement is also applied to determine whether any out of model adjustments are required for credit risk elements which are not captured by the models.

Refer to accounting policy Note 2(a), Note 39(b) on credit risk, Note 20 on loans and advances to customers and Note 14 on net impairment losses on financial instruments.</td><td>Our procedures included the following:
• We evaluated the design and implementation of controls relating to credit origination, and stage calculation of arrears and days past due. We also tested operating effectiveness of controls relating to credit origination.
• With the assistance of our quantitative specialists, we assessed the design and implementation of the ECL models, including assessing the significant assumptions applied with reference to the requirements of IFRS 9: Financial Instruments (IFRS 9).
• We evaluated the design and implementation of key controls over the governance processes implemented for credit model and inputs into the ECL model and how the Directors ensure they have appropriate oversight of the ECL.
• We assessed and challenged the Directors and Management on the data inputs and key assumptions into the ECL models, which includes the evaluation of SICR, estimated macroeconomic inputs, stage classification of exposures and the estimated probability of default, and loss given default.
• We assessed the collateral valuation procedures and inspected a sample of legal agreements and supporting documentation to confirm the existence and legal right to collateral.
• We evaluated the adequacy of the financial statement disclosures including key assumptions and judgements.

In conclusion, we determined that the impairment of loans and advances is not materially misstated and the related disclosures are appropriate.</td></tr>
</table>

Independent auditor's report cont.

Other Matter

The consolidated and separate financial statements of the Company and the Group for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 June 2023.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Responsibility Statement and Directors' Report which we obtained prior to the date of this auditor's report as well as the Annual Report including the Statement of Corporate Governance which will be made available after the date of our independent auditor's report. The other information does not include the financial statements and our auditor's 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's and Company's financial reporting process. Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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.

Independent auditor's report cont.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 and Company'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 and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- 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 financial statements. 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 Audit Committee 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 identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, 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.

Deloitte & Touche

Deloitte & Touche
Firm of Certified Auditors
Practicing Member:
Cecilia Veeta Ramatlapeng (CAP 008 2023)

18 April 2023
Gaborone

Directors' report
for the year ended 31 December 2023

The directors have pleasure in presenting their report to shareholders, together with the audited consolidated and separate financial statements for the year ended 31 December 2023.

Nature of business and principal activities

Norsad Capital Limited is a company domiciled and Norsad Capital Limited is a company domiciled and incorporated in Botswana on 23 November 2011 with company registration number BW00001164284. It is registered under the Botswana Companies Act and regulated by the Botswana Non-Bank Financial Institutions Regulatory Authority (NBFIRA). The company is accredited under the Botswana International Financial Services Centre (IFSC) 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 Subsidiary

Norsad Capital Limited holds 100% of the issued stated capital of Norsad Finance Proprietary Limited, comprising 100 shares at no par value, a company incorporated in South Africa on 24 March 2017, (Company Registration No. CO.2017/137409/07).

Amalgamation of Subsidiary with Parent Company

The formal process of amalgamating the subsidiary Norsad Finance (Botswana) Limited with Norsad Capital Limited within the terms of the relevant provisions of the Companies Act, 2003 was finalised and became effective on 7 December 2022. On or before that date, the assets and liabilities of the subsidiary were amalgamated into Norsad Capital Limited. Companies and Intellectual Properties Authority (CIPA) confirmed that the company had been removed by the registrar on 3 February 2023.

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 the consolidated statements incorporate 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 10 to 68.

Total group losses for the 2023 financial year were recorded as USD 30,405,486 (2022 profit USD 2,551,037). The primary driver of such losses are the impairment provisions which total USD 43,782,442 for 2023 (2022 USD 6,347,409), being the combination of credit impairment losses and fair value adjustments on FVTPL assets. Aside from the carryover effects of Covid followed by a number of international conflicts, negatively impacting both global and regional economic conditions, the high level of impairments can also be attributed to major strengthening of internal policies particularly relating to impairments and a number of legacy investments prior to strategy adjustments that have subsequently fallen into distress.

This level of impairments is however regarded as a once off occurrence, although the managing and controlling of impairments will remain the key focus of the Board. The remaining, underlying business remains robust with a record operating profit before impairment provisions and fair value adjustments on FVTPL assets of USD 13,536,255 (2022 USD 9,722,082) an increase of 39% from 2022. Both interest received and net interest income were equally record highs for Norsad in 2023 whilst tightly controlled operating costs reduced from the 2022 level.

Review of the group's financial position and results (continued)

The financial position as at the end of the period remains solid, with the debt-to-equity ratio of 1.02x well within the approved leverage limit of 1.5x, providing a good platform for planned strategy enhancements and execution for future growth and profitability.

Currency of presentation

The consolidated and separate financial statements are presented in United States Dollars (USD), which is the group's functional and presentation currency.

Breach of covenants

During the reporting period, the company experienced a breach of non-performing loans to equity-linked covenants with two of our lenders. The remaining lenders have cross-default clauses in their facility agreements; unless cured, these breaches would result in cross-default across all debt facilities. We are pleased to report that the company has since obtained waivers from all the lenders for this breach. The waivers were granted in May and June 2024, and they cover the covenant breach up to the end of the financial year, 31 December 2025.

The management team is working diligently to address the underlying issues that led to the covenant breach and to ensure future compliance with all debt covenants. We are confident in our ability to remedy this situation and maintain positive relationships with our lenders.

Further details about the breach, waiver and its impact on the Company's borrowings are provided in Note 29.

In assessing the going concern assumption, with special consideration of the covenant breaches and losses for the year (refer to note 42), the directors have taken into account the financial performance, cash flows, and potential liabilities of the Company. Based on our review, we believe the Company has adequate resources to continue its operations for the foreseeable future. Therefore, we continue to adopt the going concern basis in preparing the financial statements.

Events after the reporting date

On 23 May 2024 nil dividend (2022: USD 50) for each 9,216 (2022: 9,172) ordinary share and nil dividend (2022: 100) for each 5,545 (2022:5,545) preference share was approved by the Board of Directors for the year ended 31 December 2023, for recommendation to the Shareholders at the Annual General Meeting.

A ZAR 680 million credit facility was concluded with ABSA Bank Botswana and Stanbic Bank Botswana, and the facility was fully drawn on 12 January 2024.

As stated under notes 29 and 42, the Company breached non-performing loans to equity linked covenants under its facility agreements with BADEA and Symbiotics, which triggered cross-default clauses with the remaining lenders. However, the Company has obtained waivers from all lenders for the breach; these were granted in May and June 2024. Both waivers cover the covenant breach up to the end of the financial year 31 December 2025. As a result, the remaining lenders confirmed that they wouldn't activate any cross-default provisions. Therefore, at the issuance date of the annual financial statements, the debt has been reclassified according to its original terms. As of the issuance date, the Company is in compliance with all other covenants.

Directors' report cont.

Stated capital

Details of changes in the stated capital is disclosed in note 35.

Board of Directors

Hagerman, Jacob
Høholt, Jørgen
Léautier, Frannie
Leqhaoe, Molefi
Mosinyi, Goleele
Maitin, Yvonne
Mtshali, Helen

Alternate Directors

Larsson, Jakob
Kronvall, Alexander
Esilä, Väinö
Ganeshanlall Cheenebash
De Waal, Erik
De Campos, Ana Maria
Halvorsen, Marianne

Board of Directors	Alternate Directors
Changes during the period	
Proxenos, Anastasia (Soula)	(Retired 19 April 2023)
Madeswi. Andrew	(Retired 19 April 2023)
Mosinyi, Goleele	(Appointed 22 April 2023)
Mtshali, Helen	(Appointed 20 September 2023)

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

Deloitte & Touche
Plot 64518,
Fairgrounds Office Park,
Gaborone

Principal Bankers

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

Exchange Rates

	2023	2022
USD / ZAR (ZAR = South African Rand)	18.5826	16.9831
USD / BWP (BWP = Botswana Pula)	13.4228	12.7714
USD / EUR (EUR = Euro)	0.9061	0.9394

Income statements and statements of other comprehensive income

for the year ended 31 December 2023

	Note	Consolidated Group		Company	
		2023	2022	2023	2022
	Note	USD	USD	USD	USD
Operating income					
Interest received	*5*	30 881 434	20 735 386	30 881 434	19 932 827
Interest paid	*6*	(10 603 060)	(4 757 020)	(10 603 060)	(4 757 020)
Net interest income		**20 278 374**	**15 978 366**	**20 278 374**	**15 175 807**
Fees and similar charges received	*7*	124 456	63 460	124 456	63 460
Fees and similar charges paid	*8*	(50 222)	-	(50 222)	-
Net fee and charges income		**74 234**	**63 460**	**74 234**	**63 460**
Investment income	*9*	80 404	11 727	80 200	11 727
Other income	*10*	5 907	-	5 907	461 184
Fair value adjustments on other financial assets	*23*	(596 791)	-	(596 791)	-
Fair value adjustment on FVTPL assets	*14*	(3 221 655)	(318 204)	(3 221 655)	(318 204)
Other operating (deficit) income		**(3 732 135)**	**(306 477)**	**(3 732 339)**	**154 707**
Total Operating income		**16 620 473**	**15 735 349**	**16 620 269**	**15 393 974**
Operating expenses					
Personnel expenses	*11*	(3 279 735)	(3 698 728)	(2 626 712)	(3 288 696)
General and administration expenses	*12*	(530 246)	(366 310)	(506 510)	(357 331)
Depreciation charge	*24*	(59 846)	(57 432)	(56 928)	(55 682)
Amortisation expense	*25*	(132 443)	(129 360)	(108 986)	(118 257)
Other operating expenses	*13*	(2 303 603)	(2 079 641)	(3 029 925)	(2 380 942)
Total Operating expenses		**(6 305 873)**	**(6 331 471)**	**(6 329 061)**	**(6 200 908)**
Operating profit		**10 314 600**	**9 403 878**	**10 291 208**	**9 193 066**
Credit impairment losses	*14*	(40 560 787)	(6 029 205)	(40 560 787)	(4 327 688)
Credit impairment losses on subsidiary company	*37*	-	-	-	(1 226 635)
Foreign exchange losses	*15*	(387 367)	(262 636)	a	(262 636)
(Loss) / Profit before income tax		**(30 633 554)**	**3 112 037**	**(30 656 946)**	**3 376 107**
Direct taxation	*16*	(687 364)	(1 068 553)	(675 312)	(1 068 553) 853)
(Loss) / Profit for the year		**(31 320 918)**	**2 043 484**	**(31 332 258)**	**2 307 554**
Other comprehensive income					
Unrealised net gain on equity investments	*22*	915 432	507 553	915 432	507 553
Total Other comprehensive income		**915 432**	**507 553**	**915 432**	**507 553**
Total Comprehensive (deficit) / income		**(30 405 486)**	**2 551 037**	**(30 416 826)**	**2 815 107**

Statements of financial position

at 31 December 2023

		Consolidated Group		Company	
		2023	2022	2023	2022
	Note	USD	USD	USD	USD
Assets					
Cash	*17*	23 861 417	27 628 739	23 783 781	27 171 769
Cash held as investments	*18*	-	18 768 483	-	18 768 483
Loans and advances	*19*	172 064 818	184 906 374	172 064 818	184 906 374
Loans and advances to subsidiaries	*20*	-	-	-	406 246
Investment in subsidiaries	*21*	-	-	6	106
Investment securities	*22*	4 091 274	2 917 798	4 091 274	2 917 798
Other financial assets	*23*	2 579 209	-	2 579 209	-
Plant and equipment	*24*	217 28989	131 161	197 314	128 829
Right of Use Assets	*25*	551 3411	126 682	483 835	104 459
Current tax assets	*26*	160 054	144 199	159 539	144 199
Deferred tax assets	*27*	1 655 543	333 113	1 652 438	327 138
Other assets	*28*	506 654	312 541	502 546	292 289
Total assets		**205 687 599**	**235 269 090**	**205 514 760**	**235 167 690**
Liabilities					
Secured and unsecured debt	*29*	103 344 214	"102 050 107	102 050 107	46 903 454
Loans and advances from subsidiaries	*20*	-	-	1 161	-
Current tax liabilities	*30*	-	499	-	-
Lease liabilities	*31*	556 685	160 487	486 901	133 086
Employee benefit obligations	*32*	1 140 899	1 254 652	1 120 924	1 254 652
Other liabilities	*33*	207 091	325 961	170 193	288 464
Total liabilities		**105 248 889**	**103 791 706**	**105 123 393**	**103 726 309 5382**
Shareholders' equity					
Stated capital	*35*	122 558 900	122 165 817	122 558 900	122 165 817
Retained earnings		(23 529 619)	8 817 570	(23 576 962)	8 781 567
Other reserves		1 409 429	493 997	1 409 429	493 997
Total equity		**100 438 710**	**131 477 384**	**100 391 367**	**131 441 381**
Total liabilities and equity		**205 687 599**	**235 269 090**	**205 514 760**	**235 167 690**

Frannie Léautier
Chair of the Board of Directors

Jorgen Hoholt
Chair of the Audit & Risk Commitee

Jonathan Davies,
Chief Financial Officer

Statements of changes in equity

for the year ended 31 December 2023

	Stated capital		Investments revaluation reserve	Retained Earnings	Total equity
	Ordinary shares	Preference shares			
	USD	USD	USD	USD	USD
Consolidated Group	**76 258 762**	**45 907 055**	**(13 556)**	**8 293 736**	**130 445 997**
Balance at 1 January 2022	**-**	**-**	**-**	**2 043 484**	**2 043 484**
Profit for the year	-	-	507 553	-	507 553
Other comprehensive income	-	-	507 553	2 043 484	2 551 037
Total comprehensive income	-	-	-	(1 519 650)	(1 519 650)
2021 Dividends	76 258 762	45 907 055	493 997	8 817 570	131 477 384
Balance at 31 December 2022					
Loss for the year	-	-	-	(31 320 918)	(31 320 918)
Other comprehensive income	-	-	915 432	-	915 432
Total comprehensive income / (deficit)	-	-	915 432	(31 320 918)	(30 405 486)
2022 Dividends	393 083	-	-	(1 026 271)	(633 188)
Balance at 31 December 2023	**76 651 845**	**45 907 055**	**1 409 429**	**(23 529 619)**	**100 438 710**
Company					
Balance at 1 January 2022	**76 258 762**	**45 907 055**	**(13 556)**	**7 993 663**	**130 145 924**
Profit for the year	-	-	-	2 307 554	2 307 554
Other comprehensive income	-	-	507 553	-	507 553
Total comprehensive income	-	-	507 553	2 307 554	2 815 107
2021 Dividends	-	-	-	(1 519 650)	(1 519 650)
Balance at 31 December 2022	**76 258 762**	**45 907 055**	**493 997**	**8 781 567**	**131 441 381**
Loss for the year	-	-	-	(31 332 258)	(31 332 258)
Other comprehensive income	-	-	915 432	-	915 432
Total comprehensive income / (deficit)	-	-	915 432	(31 332 258)	(30 416 826)
2022 Dividends	393 083	-	-	(1 026 271)	(633 188)
Balance at 31 December 2023	**76 651 845**	**45 907 055**	**1 409 429**	**(23 576 962)**	**100 391 367**

Statements of cash flows

for the year ended 31 December 2023

	Note	Consolidated Group 2023	2022 (Restated)	Company 2023	2022 (Restated)
Operating activities:		**USD**	**USD**	**USD**	**USD**
Cash used in operations before taxation and working capital changes	*34*	(6 360 154)	(5 418 4201)	(5 052 315)	(5 494 701)
Interest received		23 432 665	9 218 237	23 432 665	9 655 751
Interest paid		(10 603 060)	(4 648 432)	(10 603 060)	(4 648 432)
Interest paid on leases liabilities		(8 957)	(17 860)	(8 415)	(15 456)
Movement in loans and advances		(30 078 892)	(34 207 818)	(31 029 429)	(34 207 002)
Movement in cash in transit		-	10 000 000	-	10 000 000
Movement in employee benefits		(113 753)	1 254 652	(133 728)	1 254 652
Movement in other assets		(232 874)	1 169 514	(249 018)	747 628
Movement in other liabilities		145 700	(1 287 101)	146 539	(1 311 637)
Taxation paid		(2 026 654)	(1 473 710)	(2 016 352)	(1 472 093)
Cash used in operating activities		(25 845 979)	(25 410 938)	(25 513 113)	(25 491 290)
Cash used in operating activities		**(25 410 938)**	**(27 307 146)**	**(25 491 290)**	**(26 348 340)**
Investing activities:					
Additions to investment securities	*22*	(258 044)	(1 183 350)	(258 044)	(1 183 350)
Sale proceeds of plant and equipment	*24*	27 060	3 954	27 060	3 954
Redemption / (addition) to cash held as investments		18 768 483	(7 000 000)	18 768 483	(7 000 000)
Acquisition of plant and equipment	*24*	(161 205)	(52 384)	(140 453)	(51 294)
Cash generated from / (used in) investing activities		**18 376 294**	**(8 231 780)**	**18 397 046**	**(8 230 690)**
Financing activities:					
Additions to investment securities	*22*	(258 044)	(1 183 350)	(258 044)	(1 183 350)
Sale proceeds of plant and equipment	*24*	27 060	3 954	27 060	3 954
Redemption / (addition) to cash held as investments		18 768 483	(7 000 000)	18 768 483	(7 000 000)
Acquisition of plant and equipment	*24*	(161 205)	(52 384)	(140 453)	(51 294)
Cash generated from / (used in) investing activities		**18 376 294**	**(8 231 780)**	**18 397 046**	**(8 230 690)**
Movement in cash		**(3 723 265)**	**21 253 539**	**(3 343 727)**	**21 188 320**
Cash at the beginning of year	*17*	27 628 739	6 570 919	27 171 769	6 179 168
Effects of exchange rate changes on cash		(44 057)	(195 719)	(44 261)	(195 719)
Cash at end of year	*17*	**23 861 417**	**27 628 739**	**23 783 781**	**27 171 769**

Accounting Policies

for the year ended 31 December 2023

1. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with the IFRS Accounting Standards.

b. Basis of measurement

The financial statements are prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

c. Functional and presentation currency

The financial statements are presented in US 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 material accounting policies and their application, as well as 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 judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements is included in Note 3."

2. Material 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.

Accounting Policies cont.

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). Should the investment fall into recovery status, interest is not calculated.

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 its 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 allowance (ECL) 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.

b. **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 its 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 is 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 FVTPL.

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.

SPPI: 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 is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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 solely payments of principal and interest ('SPPI') and that are not designated at FVTPL are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss 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 solely payments of principal and interest, and that are not designated at FVTPL, 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'.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost, or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that was designated at fair value or that 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.

Accounting Policies cont.

The Group has elected, at initial recognition, to irrevocably designate an equity investment security at fair value through other comprehensive income. 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 reversals 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. Cash

Cash and cash equivalents include mainly highly liquid financial assets with original maturities of less than three months 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 commitments. Such assets are held by regulated banks that have risk ratings above "non-investment grade – (Baa3, per Moody's rating)". Also included are notes and coins on hand.

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

iv. 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.

v. 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 direct loans to customers.

The classification and recognition of loans and advances are explained under 2(a)(i).

vi. Impairment

The Group assesses the expected credit losses ('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; and
- 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 39(b) provides more detail of how the expected credit loss allowance is measured.

vii. 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 to 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 cashflows 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, 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 to financial assets on the expected credit loss calculation is detailed in note 39(b).

c. Financial Liabilities

i. Classification and subsequent measurement

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

ii. Loan Commitments

The Group contractually recognizes loan commitments upon the signing of the facility agreement. For loan commitments, 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 expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

d. Foreign currency

Foreign currency translations

Transactions in foreign currencies are translated into the functional currency of the 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 the 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 the foreign currency translated at the spot exchange rate at the end of the period.

e. Investment in Subsidiaries

i. 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.

ii. 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".

f. Fee and commissions

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

g. 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.

h. 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.

i. 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.

ii. Deferred tax

Deferred tax is recognised with respect to 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.

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.

Accounting Policies cont.

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.

iii. 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.

i. 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 by writing off the cost of items of plant and equipment less their estimated residual values using a 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:

- Motor vehicles 20% reducing balance
- Computer equipment 33.3% straight line
- Office equipment 10% straight line

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate. The rates for motor vehicles and office equipment were adjusted in 2022.

j. **Leases**

The group leases various offices, houses, and equipment. Rental contracts are typically made for fixed periods of 3 to 5 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 USD 5 000 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, which is 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) that 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 costs. 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 shorter of its useful life or its 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

Accounting Policies cont.

k. Impairment of non-financial assets

The group's non-financial assets are identified as plant and 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.

l. 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 noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

m. 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 a finance cost.

Accounting Policies cont.

n. Employee benefits

i. 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.

ii. Short-term employee benefits

The cost of the 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.

o. Stated capital and equity

i. Shares issued

Ordinary and preference shares are recognised as equity.

ii. Dividends

Dividends on ordinary and preference shares are recognised against equity.

iii. 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.Use of Estimates and Judgements

Use of Estimates and Judgements
for the year ended 31 December 2023

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, as well as 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 allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses). The explanation of the inputs, assumptions, and estimation techniques used in measuring ECL is further detailed in note 39(b), 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 a 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; and
- 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 39(b).

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 Note 9i82. 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 that 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 are 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 use 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.

Due to the nature of the change in valuation for level 3 assets in 2023, the carrying amount of these assets was adjusted by any fair value adjustments recognised and measured as described in note 3. The sensitivity of the 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 and Company 31 December 2023	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities	*23*	631 582	-	2 286 216	**2 917 798**
Loans and advances	*20*	-	-	6 636 305	**6 636 305**
		631 582	**-**	**8 922 521**	**9 554 103**

Group and Company 31 December 2022	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities	*23*	874 908	-	419 412	**1 294 320**
Loans and advances	*20*	-	-	15 503 379	**15 503 379**
		874 908	**-**	**15 922 791**	**16 797 699**

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

Group and Company	**2023**		**2022**	
	Level 2	**Level 3**	**Level 2**	**Level 3**
Balance as at 1 January	-	15 922 791	-	16 400 885
Disbursements	-	1 235 249	-	-
Interest added	-	406 990	-	552 382
Fair value adjustments	-	313 351	-	(1 030 476)
Reclassified to loans and advances at amortised cost	-	(8 955 860)	-	-
Balance as at 31 December	**-**	**8 922 521**	**-**	**15 922 791**

Deferred Tax Assets

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated in future by the Group in order to utilise the deferred tax assets. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest rates, exchange rates, inflation rates and taxation rates.

Notes to the financial statements
for the year ended 31 December 2023

Going Concern

The Directors reviewed the Group and Company's budgets and flow of funds for the next three years and considered the Group and Company's ability to continue as a going concern.

These budgets and flow of funds forecasts considered projections of the Group's capital, funding and liquidity requirements, all of which are projected to remain within internal targets and above regulatory requirements. As part of this assessment, the Directors considered the sufficiency of the Group's financial resources. The management of the Group's financial resources, which it defines as capital, funding and liquidity, and risk capacity, is a critical enabler of the achievement of the Group's stated growth and return targets and is driven by the Group's overall risk appetite. Forecast growth in earnings and balance sheet assets under management are based on the Group's macroeconomic outlook and its strategy and is evaluated against available financial resources, also considering the requirements of funding providers.

4. Financial Assets and Liabilities

Financial Assets

Consolidated Group 31 December 2023	*Note*	**Amortised Cost**	**FVPL**	**FVOCI**	**Total carrying amount & Fair Value**
31 December 2023		USD	USD	USD	**USD**
Cash	*17*	23 861 417	-	-	**23 861 417**
Loans and advances	*19*	167 693 868	4 370 950	-	**172 064 818**
Investment securities	*22*	-	-	4 091 274	**4 091 274**
Other financial assets	*23*	-	836 913	-	**836 913**
Other assets	*28*	87 980	-	-	**87 980**
		191 643 265	**5 207 863**	**4 091 274**	**200 942 402**

Financial Assets

Consolidated Group 31 December 2022	*Note*	**Amortised Cost**	**FVPL**	**FVOCI**	**Total carrying amount & Fair Value**
31 December 2022		USD	USD	USD	USD
Cash	*17*	27 628 739	-	-	**27 628 739**
Cash held as investments	*18*	18 768 483	-	-	**18 768 483**
Loans and advances	*19*	178 270 069	6 636 305	-	**184 906 374**
Investment securities	*22*	-	-	2 917 798	**2 917 798**
Other assets	*28*	90 757	-	-	**90 757**
		224 758 048	**6 636 305**	**2 917 798**	**234 312 151**

Financial Liabilities

Consolidated Group 31 December 2023	*Note*	**Amortised Cost**	**FVPL**	**FVOCI**	**Total carrying amount & Fair Value**
Secured and unsecured debt	*29*	103 344 214	-	-	103 344 214
Lease Liabilities	*31*	556 685	-	-	556 685
Other liabilities	*33*	179 446	-	-	179 446
		104 080 345	**-**	**-**	**104 080 345**

Financial Liabilities

Consolidated Group 31 December 2022	*Note*	**Amortised Cost**	**FVPL**	**FVOCI**	**Total carrying amount & Fair Value**
Secured and unsecured debt	*29*	102 050 107	-	-	**102 050 107**
Lease Liabilities	*31*	160 487	-	-	**160 487**
Other liabilities	*33*	299 3321	-	-	**299 3321**
		102 509 926	**-**	**-**	**102 509 926**

5. Interest charged

	Consolidated Group		Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Loans and advances to financial institutions	15 476 279	10 996 985	15 476 279	10 518 154
Loans and advances direct to customers	14 487 158	9 465 001	14 487 158	8 460 947
Loans and advances to subsidiary companies	-	-	-	680 326
Deferred loan fees released	917 997	273 400	917 997	273 400
	30 881 434	**20 735 386**	**30 881 434**	**19 932 827**

6. Interest paid

	Consolidated Group		Company	
	2023	2022	2023	2022
Interest on secured debt facilities	4 317 701	3 532 754	4 317 701	3 532 754
Interest on unsecured debt facilities	6 162 156	1 059 058	6 162 156	1 059 058
Deferred debt fees expensed	123 203	165 208	123 203	165 208
	10 603 060	**4 757 020**	**10 603 060**	**4 757 020**

7. Fees and similar charges received

	Consolidated Group		Company	
	2023	2022	2023	2022
Loans and advances to financial institutions	74 456	-	74 456	-
Loans and advances direct to customers	50 000	63 460	50 000	63 460
	124 456	**63 460**	**124 456**	**63 460**

8. Fees and similar charges paid

	Consolidated Group		Company	
	2023	2022	2023	2022
Loans and advances to financial institutions	74 456	-	74 456	-
Loans and advances direct to customers	50 000	63 460	50 000	63 460
	124 456	**63 460**	**124 456**	**63 460**

9. Investment income

	Consolidated Group		Company	
	2023	2022	2023	2022
Interest on cash held as investments	80 404	11 727	80 200	11 727
	80 404	**11 727**	**80 200**	**11 727**

10. Other income

	Consolidated Group		Company	
	2023	2022	2023	2022
Dividend Income	5 907	-	5 907	-
Expenses recharged to subsidiary	-	-	-	461 184
	5 907	**-**	**5 907**	**461 184**

11. Personnel expenses

	Consolidated Group		Company	
	2023	2022	2023	2022
Salaries and incentive payments	2 187 179	2 925 147	1 653 072	2 574 971
Pension and gratuity costs	255 716	212 791	204 230	181 690
Leave pay costs and provisions	111 231	(84 689)	104 735	(79 813)
Health insurance and staff welfare	221 196	202 853	184 190	181 713
Other employee costs	504 413	442 626	480 485	430 135
	3 279 735	**3 698 728**	**2 626 712**	**3 288 696**

At year end employed by the group was 30 (2022: 25).

Notes to the financial statements cont.

12. General and administrative expenses

	Consolidated Group		Company	
	2023	2022	2023	2022
Office expenses	72 950	58 503	60 453	49 666
Administration and ITC Costs	390 256	227 276	384 071	227 276
Communication expenses	64 077	72 821	59 023	72 821
Motor vehicle costs	14 983	9 787	14 983	9 787
Profit on sale of fixed assets	(12 020)	(2 077)	(12 020)	(2 219)
	530 246	**366 310**	**506 510**	**357 331**

13. Other operating expenses

	Consolidated Group		Company	
	2023	2022	2023	2022
Johannesburg Office Cost	-	-	826 426	483 730
Board of Director meeting costs	402 724	253 080	402 724	253 080
Travel and promotion expenses	679 822	628 441	603 636	615 670
Legal and consultancy expenses	930 014	905 108	930 014	774 700
Staff training costs	147 118	92 617	147 118	92 617
Auditor's remuneration	82 381	47 500	82 381	40 450
Other operating costs	61 544	152 895	37 626	120 695
	2 303 603	**2 079 641**	**3 029 925**	**2 380 942**

Included in group 2023 other operating costs is USD 15,456 (2022: USD 27,958) relating to interest on lease liabilities.

14. Credit impairment losses

	Consolidated Group		Company	
	2023	2022	2023	2022
Expected credit losses	40 638 146	5 917 367	40 638 146	4 215 850
Committed investments impairment (reversal) / provision	(77 359)	111 838	(77 359)	111 838
	40 560 787	**6 029 205**	**40 560 787**	**4 327 688**
Expected Credit Loss Control Account				
Balance as at 1 January	17 564 780	10 236 787	17 564 780	8 332 945
Charge for the period	40 638 146	5 917 367	40 638 146	4 215 850
Committed impairment provision	-	113 377	-	113 377
Loan written off from books	(51 566 750)	-	(51 566 750)	-
Transferred from subsidiary company	-	-	-	3 605 359
Investment reclassified from fair value	-	1 297 249	-	1 297 249
Balance as at 31 December	**6 636 176**	**17 564 780**	**6 636 176**	**17 564 780**
Fair value adjustment on FVTPL assets	3 221 655	318 204	3 221 655	318 204
Fair value adjustment on other financial assets	**596 791**	**-**	**596 791**	**-**
Fair Value Adjustment Control Account				
Balance as at 1 January	1 447 471	2 426 516	1 447 471	2 426 516
Charge for the period	3 221 655	318 204	3 221 655	318 204
Investment written off from books	(3 735 105)	-	(3 735 105)	-
Investment reclassified to amortised cost	**-**	**(1 297 249)**	**-**	**(1 297 249)**
Balance as at 31 December	**934 021**	**1 447 471**	**934 021**	**1 447 471**

15. Foreign Exchange Losses

	Consolidated Group		Company	
	2023	2022	2023	2022
Total (loss) on loans and advances	(3 413 616)	(2 109 183)	(3 413 616)	(2 109 183)
Total gain on foreign currency borrowings	3 432 919	1 462 676	3 432 919	1 462 676
Realised (loss) / gain on bank accounts	(367 909)	451 296	(367 909)	451 296
Other foreign exchange losses	(38 761)	(67 425)	(38 761)	(67 425)
Net foreign exchange (loss)	**(387 367)**	**(262 636)**	**(387 367)**	**(262 636)**

Notes to the financial statements cont.

16. Direct taxation

	Consolidated Group 2023	Consolidated Group 2022	Company 2023	Company 2022
Current taxation				
Local income taxation (prior year under provision)	68 829	746 818	59 647	746 818
Foreign withholding tax restricted	1 940 965	640 641	1 940 965	641 997
	2 009 794	**1 387 459**	**2 000 612**	**1 388 815**
Deferred Taxation				
Accelerated Allowances of Plant & Equipment	-735	3 730	(4 434)	3 730
Fair value and other related adjustments	134 628	(572 203)	134 628	(573 559)
Other temporary adjustments	102 780	(103 622)	103 609	(103 622)
Recognition of unused tax losses	(1 559 103)	-	(1 559 103)	-
Prior year under provision	-	353 189	-	353 189
	(1 322 430)	**(318 906)**	**(1 325 300)**	**(320 262)**
Total direct taxation expense	**687 364**	**1 068 553**	**675 312**	**1 068 553**
Taxation reconciliation				
Profit/(Loss) before taxation	(30 633 554)	3 112 037	(30 656 946)	3 376 107
Tax on taxable profit at statutory rate (15/22%)	(4 637 920)	483 611	(4 641 462)	524 647
Prior year current tax under provision	59 647	353 189	59 647	353 189
Unrecognised tax losses	3 324 672	-	3 316 162	-
Effect of items disallowed (foreign withholding tax)	1 940 965	231 753	1 940 965	190 717
Taxation per statement of profit or loss	**687 364**	**1 068 553**	**675 312**	**1 068 553**

Foreign withholding tax of USD has been included in the interest and fee income for 2023 and was not fully utilised as a result of the company making tax losses. Group income tax paid to Botswana taxation authorities in 2023 amounted to USD 75,486 (2022 USD 135,255); the total amount paid to all tax authorities, including withholding tax payments, amounted to USD 2,026,654 (2022 USD 1,473,710).

17. Cash

	Consolidated Group 2023	Consolidated Group 2022	Company 2023	Company 2022
Balances with banks	23 853 894	27 619 618	23 776 258	27 162 648
Petty cash	7 523	9 121	7 523	9 121
	23 861 417	**27 628 739**	**23 783 781**	**27 171 769**

18. Cash held as investments

Balances with banks	-	18 768 483	-	18 768 483
	-	**18 768 483**	**-**	**18 768 483**
Due within one year	-	15 011 732	-	15 011 732
Due between one and five years	-	3 756 751	-	3 756 751
	-	**18 768 483**	**-**	**18 768 483**

Notes to the financial statements cont.

19. Loans and advances

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Gross Loans and advances at amortised cost	173 393 313	195 537 385	173 393 313	195 537 385
Gross Loans and advances at FVTPL	5 304 971	8 083 776	5 304 971	8 083 776
Gross Loan Balance as at 31 December	**178 698 284**	**203 621 161**	**178 698 284**	**203 621 161**
Accrued interest from loans and advances	1 709 910	891 837	1 709 910	891 837
Deferred loan fees received	(773 179)	(594 373)	(773 179)	(594 373)
Less specific allowance for impairment	(6 636 176)	(17 564 780)	(6 636 176)	(17 564 780)
Less fair value adjustment on FVTPL assets	(934 021)	(1 447 471)	(934 021)	(1 447 471)
Net Loan Balance as at 31 December	**172 064 818**	**184 906 374**	**172 064 818**	**184 906 374**
Net Loans and advances at amortised cost	166 757 137	177 972 605	166 757 137	177 972 605
Accrued interest from loans and advances	1 709 910	891 837	1 709 910	891 837
Deferred loan fees received	(773 179)	(594 373)	(773 179)	(594 373)
Net Loan and advances at Amortised Cost	**167 693 868**	**178 270 069**	**167 693 868**	**178 270 069**
Net Loans and advances at FVTPL	**4 370 950**	**6 636 305**	**4 370 950**	**6 636 305**
Loan Control Account				
Balance as at 1 January	203 621 161	160 189 464	203 621 161	147 554 974
Loan disbursements	52 148 152	55 434 296	52 148 152	55 434 296
Charged interest not received	7 528 969	10 625 312	7 528 969	8 704 913
Repayment of loan principal	(25 884 527)	(20 518 728)	(25 884 527)	(20 518 728)
Foreign exchange losses on loans	(3 413 616)	(2 109 183)	(3 413 616)	(2 109 183)
Transfer from subsidiary company	-	-	-	14 554 889
Write-offs against provisions – Amortised Cost	(51 566 750)	-	(51 566 750)	-
Write-offs against fair value adjustments – FVTPL	(3 735 105)	-	(3 735 105)	-
Gross Loan Balance as at 31 December	**178 698 284**	**203 621 161**	**178 698 284**	**203 621 161**
Maturity Analysis				
Due within one year	69 761 225	60 851 362	69 761 225	60 851 362
Due between one and five years	101 765 063	112 396 229	101 765 063	112 396 229
Due after five years	538 530	11 658 783	538 530	11 658 783
	172 064 818	**184 906 374**	**172 064 818**	**184 906 374**

20. Loans and advances to subsidiaries

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Norsad Finance (Pty) Limited	-	-	(1 161)	406 246
Net Loan Balance at 31 December	-	-	(1 161)	406 246
Net Loan Balance at 31 December	**-**	**-**	**406 246**	**11 330 202**
Control Account				
Opening balance at 1 January	-	-	406 246	11 330 202
Loan Interest charged to subsidiaries	-	-	-	680 326
Expenses recharged to (from) subsidiaries	-	-	(1 357 944)	461 184
Other advances to subsidiaries	-	-	950 537	191 444
Loans and advances repaid by subsidiaries	-	-	-	-816
Transfer from subsidiary company (Note 37)		-	-	(12 256 094)
Gross balance at 31 December	-	-	(1 161)	**406 246**
Less specific allowance for impairment	-	-	-	-
Net Loan Balance at 31 December	**-**	**-**	**(1 161)**	**406 246**
Due within one year	-	-	(1 161)	406 246
Due between one and five years	-	-	-	-
	-	**-**	**(1 161)**	**406 246**

The company holds a 100% share of its subsidiary company, Norsad Finance Proprietary Limited. The advance given is for operational cost purposes and is free from interest, with no security deemed necessary. The directors of the holding company have indicated that they will not demand repayment of any loans to a subsidiary and will continue any necessary financial support. Having made an impairment assessment, no specific allowance for impairment was deemed necessary.

Notes to the financial statements cont.

21. Investment in subsidiaries

Norsad Finance (Botswana) Limited	-	-	-	100
Norsad Finance Proprietary Limited	-	-	6	6
Investment at 31 December	-	-	6	106

The company has invested in 100% of the issued share capital of both subsidiaries.

22. Investment securities

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Market value on 1 January	2 917 798	1 294 320	2 917 798	1 294 320
Disbursements during the year	258 044	1 183 350	258 044	1 183 350
Movements in value during the year	915 432	440 128507 553	915 432	440 128507 553
Exchange rate loss	-	(67 425)	-	(67 425)
Market value on 31 December	**4 091 274**	**2 917 798**	**4 091 274**	**2 917 798**

Included in investment securities is ordinary shares of a fund of USD 3,145,660 (2022: USD 924,510). 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 2 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 valuation is based on regular fund investor reports from the fund manager, in line with normal practices. The remaining balance of investment securities are ordinary shares of a listed company in Zimbabwe of USD 261,456 (2022: 631 582) and ordinary shares in a fund in South Africa of USD 684,159 (2022: 679 083).

23. Other financial assets

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
	USD	USD	USD	USD
Settlement cash receivable at amortised cost	1 742 296	-	1 742 296	-
Zimbabwe T-Bills – at FVTPL	578 500	-	578 500	-
Zambia Eurobonds – at FVTPL	258 413	-	258 413	-
Balance at 31 December 2023	**2 579 209**	**-**	**2 579 209**	**-**
Fair value adjustments on other financial assets at FVTPL	(596 791)	-	(596 791)	-

The cash receivable was paid to Norsad in January 2024. The Sovereign debt securities at FVTPL were obtained as part of a debt settlement and designated at FVTPL and such instruments above are therefore non-cash. Since acquisition during 2023 their fair value has fallen by USD 596,791.

Notes to the financial statements cont.

24. Plant and equipment

Consolidated Group	Motor vehicles	Computer equipment	Office Equipment	Total
Cost				
Balance as at 1 January 2022	146 975	191 781	218 093	556 849
Additions	-	52 384	-	52 384
Disposals	-	(107 361)	-	(107 361)
Balance as at 1 January 2023	**146 975**	**136 804**	**218 093**	**501 872**
Additions	87 130	56 850	17 2244	161 2054
Disposals	(42 146)	(25 355)	-	(67 501)
Balance as at 31 December 2023	**191 959**	**168 299**	**235 317**	**595 5755**
Accumulated depreciation				
Balance as at 1 January 2022	86 575	154 860	177 328	418 763
Charge for the period	13 080	37 863	6 489	57 432
Disposals	-	(105 484)	-	(105 484)
Balance as at 1 January 2023	**99 655**	**87 239**	**183 817**	**370 711**
Charge for the period	18 007	36 050	5 789	59 846
Disposals	(34 925)	(17 3466)	-	(52 271)
Balance as at 31 December 2023	**82 737**	**105 9434**	**189 606**	**378 286**
Carrying amounts				
As at 31 December 2023	**109 222**	**62 3565**	**45 711**	**217 28899**
As at 31 December 2022	47 320	49 565	34 276	131 161

Motor Vehicle and Computer equipment were disposed of in 2023 with a net book value of USD 15,040 and had a gain on disposal of USD 12,020.

Cost				
Balance as at 1 January 2022	146 975	191 781	210 230	548 986
Additions	-	51 294	-	51 294
Disposals	-	(107 219)	-	(107 219)
Balance as at 1 January 2023	**146 975**	**135 856**	**210 230**	**493 061**
Additions	87 130	50 534	2 789	140 453
Disposals	(42 146)	(25 355)	-	(67 501)
Balance as at 31 December 2023	**191 959**	**161 035**	**213 019**	**566 013**
Accumulated depreciation				
Balance as at 1 January 2022	**86 575**	**154 860**	**172 599**	**414 034**
Charge for the period	13 080	37 909	4 693	55 682
Disposals	-	(105 484)	-	(105 484)
Balance as at 1 January 2023	**99 655**	**87 285**	**177 292**	**364 232**
Charge for the period	18 007	35 055	3 866	56 928
Disposals	(34 925)	(17 536)	-	(52 461)
Balance as at 31 December 2023	**82 737**	**104 804**	**181 158**	**368 699**
Carrying amounts				
As at 31 December 2023	**109 222**	**56 231**	**31 861**	**197 314**
As at 31 December 2022	47 320	48 571	32 938	128 829

Motor Vehicle and Computer equipment were disposed of in 2023 with a net book value of USD 15,040 and had a gain on disposal of USD 12,020.

Notes to the financial statements cont.

25. Right of use assets

Consolidated Group	Buildings	Equipment	Total
Cost			
Balance as at 1 January 2022	**665 714**	**16 750**	**682 464**
Exchange difference	(18 074)	-320	(18 394)
Balance as at 1 January 2023	**647 640**	**16 430**	**664 070**
Addition of Lease	571 006	7 152	578 158
Expiry of Lease	(647 519)	(16 303)	(663 822)
Balance as at 31 December 2023	**571 127**	**7 279**	**578 406**
Accumulated Amortisation			
Balance as at 1 January 2022	**393 987**	**14 041**	**408 028**
Charge for the period	127 408	1 952	129 360
Balance as at 1 January 2023	**521 395**	**15 993**	**537 388**
Charge for the period	131 243	1 200	132 443
Expiry of Lease	(626 7867)	(15 980)	(642 7666)
Balance as at 31 December 2023	**25 852**	**1 213**	**27 0655**
Carrying amounts			
As at 31 December 2023	**545 275**	**6 066**	**551 3411**
As at 31 December 2022	126 245	437	126 682

Company	Buildings	Equipment	Total
Cost			
Balance as at 1 January 2022	**602 740**	**16 750**	**619 490**
Exchange Difference	(15 237)	-320	(15 557)
Balance as at 1 January 2023	**587 503**	**16 430**	**603 933**
Addition of Lease	485 867	7 152	493 019
Expiry of Lease	(587 503)	(16 303)	(603 806)
Balance as at 31 December 2023	**485 867**	**7 279**	**493 146**
Accumulated Amortisation			
Balance as at 1 January 2022	367 656	13 561	381 217
Charge for the period	115 825	2 432	118 257
Balance as at 1 January 2023	**483 481**	**15 993**	**499 474**
Charge for the period	107 786	1 200	108 986
Expiry of Lease	(583 170)	(15 980)	(599 14509)
Balance as at 31 December 2023	**8 098**	**1 213**	**9 3110**
Carrying amounts			
As at 31 December 2023	**477 769**	**6 066**	**483 8356**
As at 31 December 2022	104 022	437	104 459

The expense total in 2023 for low-value assets was USD 12 567 (2022: USD 10 195).

Notes to the financial statements cont.

26. Current tax assets

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Income Tax	160 054	144 199	159 539	144 199
Current Asset at end of year	**160 054**	**144 199**	**159 539**	**144 199**

27. Deferred taxation

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Movement in deferred taxation				
Asset at beginning of year	333 113	14 207	327 138	6 876
Movement per profit or loss	1 322 430	318 906	1 325 300	320 262
Asset at end of year	**1 655 543**	**333 113**	**1 652 438**	**327 138**
Analysis of deferred taxation				
Accelerated allowances on plant & equipment	3 328	2 593	5 794	1 361
Fair value & other related differences	85 743	220 370	85 743	220 370
Recognised tax losses*	1 559 103	-	1 559 103	-
Other temporary differences	**7 369**	**110 150**	**1 798**	**105 407**
Asset at end of year	**1 655 543**	**333 113**	**1 652 438**	**327 138**

**Deferred tax assets mainly relate to recognised tax losses are based on the 15% statutory tax rate. The company assessed the probability of future taxable profits being sufficient to utilise the unused tax losses. This assessment considered factors such as future profitability forecasts, tax planning strategies, and the expiration of tax losses carried forward. Management's analysis shows that the company will make enough taxable income in the future to utilise these tax losses. This is the first year of the assessed losses and management expects to utilise the recognised assessed losses within the allowable period of 5 years until December 2028. The unrecognised deferred tax asset is due to unrecognised assessed losses is an amount of USD 3,093,398 as a result of uncertainties about various macroeconomic variables which may impact profitability of the company beyond December 2025: these losses also expire on 31 December 2028.*

28. Other assets

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Value Added Tax	90 605	-	90 605	-
Loans and advances to employees	87 980	90 757	87 980	83 954
Prepayments and deposits	328 069	221 784	323 961	208 335
Balance as at 31 December	**506 654**	**312 541**	**502 546**	**292 289**
Current assets	474 764	296 046	470 656	275 794
Non-current assets	31 890	16 495	31 890	16 495
Asset at end of year	**506 654**	**312 541**	**502 546**	**292 289**
Financial assets	87 980	90 757	87 980	83 954
Non-financial assets	418 674	221 784	414 566	208 335
Asset at end of year	**506 654**	**312 541**	**502 546**	**292 289**

Notes to the financial statements cont.

29. Secured and unsecured debt

	Consolidated Group 2023	Consolidated Group 2022	Company 2023	Company 2022
Opening balance as at 1 January	102 050 107	46 903 454	102 050 107	46 903 454
Borrowing advanced*	29 313 911	69 993 124	29 313 911	69 993 124
Borrowing repaid*	(24 695 042)	(13 492 383)	(24 695 042)	(13 492 383)
Foreign exchange (gain)	(3 432 919)	(1 462 676)	(3 432 919)	(1 462 676)
Accrued Interest	242 882	732 172	242 882	732 172
Deferred debt fees paid	(134 725)	(623 584)	(134 725)	(623 584)
Closing balance as at 31 December	**103 344 214**	**102 050 107**	**103 344 214**	**102 050 107**
ABSA, Botswana	24 101 565	18 297 791	24 101 565	18 297 791
Stanbic Bank, Botswana	18 662 769	29 311 833	18 662 769	29 311 833
Symbiotics SA	20 363 135	14 331 895	20 363 135	14 331 895
BADEA	40 000 000	40 000 000	40 000 000	40 000 000
Accrued Interest	975 054	732 172	975 054	732 172
Deferred debt fees paid	(758 309)	(623 584)	(758 309)	(623 584)
Closing balance as at 31 December	**103 344 214**	**102 050 107**	**103 344 214**	**102 050 107**

As a result of the covenant breaches and cross-default clauses, all debt was due within one year as at year-end.

	Consolidated Group 2023	Consolidated Group 2022	Company 2023	Company 2022
Due within one year	103 344 214	24 080 933	103 344 214	24 080 933
Due between one and five years	-	61 969 174	-	61 969 174
Due after five years	-	16 000 000	-	16 000 000
Closing balance as at 31 December	**103 344 214**	**102 050 107**	**103 344 214**	**102 050 107**

** Included in borrowings advanced and borrowings repaid for the current year is an amount of USD 11,548,438 related to a rolled-over facility.*

Three facilities are with ABSA, being for USD 10,000,000 (2022, USD 10,000,000), ZAR 62,043,736 (2022, ZAR 140,922,215) being the equivalent of USD 3,338,808 and for ZAR 200,000,000 being the equivalent of USD 10,762,757. They were all used for on-lending to customers and are repayable by March 2024, March 2025, and December 2029, respectively. The loans are interest-bearing on commercial market-related terms and are secured against the loan and advance portfolio.

One facility with Stanbic totals the equivalent of USD 8,076,701 (2021, USD 16,675,742) and is repayable by 31 December 2025. A second facility is for ZAR 196,716,667 being the equivalent of USD 10,586,068 and is repayable in September 2026. Both facilities were used for on-lending to customers and are interest bearing on commercial market-related terms. Security for the facilities was given against the loan portfolio ranking pari passu with ABSA.

One facility with Symbiotics comprises ZAR 243,400,000 (2022, ZAR 243,400,000), which is the equivalent of USD 13,098,275 and is repayable by one instalment in September 2026. A second facility is for ZAR 135,000,000 being the equivalent of USD 7,264,861 and is repayable in February 2024. Both facilities were used for on-lending to customers, are interest bearing, on commercial market related terms and are unsecured.

The facility with BADEA comprises USD 40,000,000, was used for on-lending to customers, and is repayable by ten instalments commencing in October 2024 until April 2029. The loan is interest bearing, on commercial market-related terms, and unsecured.

During the reporting period, the Company breached non-performing loans to equity linked covenants under its facility agreements with BADEA and Symbiotics, which triggered cross default clauses with the rest of the lenders. Non-performing loans ("NPL") as defined in the BADEA facility agreement are not to exceed 25% of equity, and these were at 32% at 31 December 2023. With regard to the Symbiotics facility, with a wider definition of NPL's, imposes a limit of 30% against an actual figure of 32% for the same period. As a result of the breaches, the lenders had the right to demand immediate repayment of the debt.

Notes to the financial statements cont.

However, as in the subsequent events and going concern notes (notes 41 & 42, respectively), the Company has obtained waivers from all lenders for the breach. The waivers were granted in May and June 2024, and they cover the covenant breach up to the end of the financial year 31 December 2025.

As of the issuance date, the Company is in compliance with all other covenants. The waivers obtained restated debt maturities to their original terms as at the issuance date as follows:

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
	USD	USD	USD	USD
Due within one year	45 204 364	24 080 933	45 204 364	24 080 933
Due between one and five years	51 987 299	61 969 174	51 987 299	61 969 174
Due after five years	6 152 551	16 000 000	6 152 551	16 000 000
Closing balance as at 31 December	**103 344 214**	**102 050 107**	**103 344 214**	**102 050 107**

30. Current tax liabilities

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Income Tax	-	499	-	-
Balance as at 31 December	**-**	**499**	**-**	**-**

31. Lease liabilities

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Balance as at 1 January	160 487	326 771	133 086	285 327
Lease recognition	554 171	-	485 867	-
Lease payments	(166 768)	(160 029)	(140 306)	(148 654)
Interest charged to profit & loss	8 957	17 860	8 415	15 456
Exchange Difference	-162	(24 115)	-161	(19 043)
Balance as at 31 December	**556 685**	**160 487**	**486 901**	**133 086**

The lease of significance is related to the head office premises.

Undiscounted cashflow maturity analysis of Group lease liabilities	**Total**	**Within 1 Year**	**1 to 5 Years**
Balance as at 31 December 2023	**637 970**	**160 971**	**476 999**
Balance as at 31 December 2022	167 564	151 340	16 224

Undiscounted cashflow maturity analysis of Company lease liabilities	**Total**	**Within 1 Year**	**1 to 5 Years**
Balance as at 31 December 2023	**619 572**	**113 836**	**505 736**
Balance as at 31 December 2022	137 480	137 480	-

32. Employee benefit obligations

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Performance incentive schemes accrued	502 663	875 755	502 663	875 755
Gratuity accrued	376 074	248 739	376 074	248 739
Payroll accruals	262 162	130 158	242 187	130 158
Balance as at 31 December	**1 140 899**	**1 254 652**	**1 120 924**	**1 254 652**
Current liabilities	645 459	278 562	625 484	278 562
Non-current liabilities	495 440	976 090	495 440	976 090
Balance as at 31 December	**1 140 899**	**1 254 652**	**1 120 924**	**1 254 652**

33. Other liabilities

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
Accruals and provisions	144 967	187 993	135 714	168 228
Expected Credit loss on commitments	34 479	111 838	34 479	111 838
VAT	27 645	26 130	-	8 398
Balance as at 31 December	**207 091**	**325 961**	**170 193**	**288 464**
Current liabilities	207 091	325 961	170 193	288 464
Non-current liabilities	-	-	-	-
Balance as at 31 December	**207 091**	**325 961**	**170 193**	**288 464**
Financial Liabilities	179 446	299 831	170 193	280 066
Non-financial Liabilities	27 645	26 130	-	8 398
Balance as at 31 December	**207 091**	**325 961**	**170 193**	**288 464**

34. Cash used in operations before taxation and working capital changes

	Consolidated Group		Company	
	2023	**2022**	**2023**	**2022**
(Loss) / Profit before taxation	(30 633 554)	3 112 037	(30 656 946)	3 376 107
Adjusted for:				
Depreciation	59 846	57 432	56 928	55 682
Amortisation	132 443	129 360	108 986	118 257
(Gain) on disposal of assets	(12 020)	(2 077)	(12 020)	(2 219)
Net Foreign exchange differences	63 719	909 651	63 719	909 651
Credit impairment losses	40 560 787	6 029 205	40 560 787	4 327 688
Credit impairment losses on subsidiary	-	-	-	1 226 635
Fair value adjustments on other financial assets	596 791	-	596 791	-
Fair value adjustment on FVTPL assets	3 221 655	318 204	3 221 655	318 204
Interest income	(30 881 434)	(20 735 386)	(30 881 434)	(19 932 827)
Interest on debt leverage	10 603 060	4 757 020	10 603 060	4 757 020
Interest on lease liabilities	8 957	17 860	8 415	15 456
Non-cash transactions with subsidiaries	-	-	1 357 944	(652 628)
Investment income	(80 404)	(11 727)	(80 200)	(11 727)
Net cashflow to operating activities	**(6 360 154)**	**(5 418 420)**	**(5 052 315)**	**(5 494 701)**

Notes to the financial statements cont.

35. Stated capital

	Consolidated Group		Company	
	2023	2022	2023	2022
Ordinary shares				
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	484 992	484 992
2022: 9 172 shares issued and fully paid	**76 258 762**	**76 258 762**	**76 258 762**	**76 258 762**
No shares authorised and issued	-	-	-	-
2023: 9 172 shares issued and fully paid	**76 258 762**	**76 258 762**	**76 258 762**	**76 258 762**
Preference shares				
5 545 shares at USD 8 279 per share issued and fully paid	**45 907 055**	**45 907 055**	**45 907 055**	**45 907 055**
Total share capital	**122 165 817**	**122 165 817**	**122 165 817**	**122 165 817**

For both class of shares being ordinary and preference, there were no issued shares that were not fully paid in 2023 or 2022. 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 a dividend to an ordinary share. Preference shares rank in priority over ordinary shares with regard to the group's residual assets.

		31 December 2023	
		Number of shares	
Shareholder name	**Domicile**	**Ordinary**	**Preference**
Banco de Desenvolvimento de Angola	Angola	425	400
Citizen Entrepreneurial Development Agency	Botswana	414	128
National Industrial Development Cooperation of Eswatini	Eswatini	408	-
Development Bank of Namibia	Namibia	425	400
Development Bank of Zambia	Zambia	425	400
Export Development Fund	Malawi	408	-
Finnish Fund for Industrial Cooperation Ltd	Finland	1 027	906
Infrastructure Development Bank of Zimbabwe	Zimbabwe	408	-
Instituto de Gestão das Participações de Estado	Mozambique	408	-
Investment Fund for Developing Countries	Denmark	1 037	1 161
Lesotho Postbank Limited	Lesotho	408	-
Norwegian Investment Fund for Developing Countries	Norway	1 036	1 123
Swedfund International AB	Sweden	1 565	894
TIB Development Bank Ltd	Tanzania	414	133
The State Investment Corporation Ltd	Mauritius	408	-
		9 216	**5 545**

36. Dividends paid

	Consolidated Group		Company	
	2023	2022	2023	2022
Dividends declared during the year		**1 519 650**	**1 026 271**	**1 519 650**
Non-cash dividend (shares issued) – see note 35	(393 083)	-	(393 083)	-
Dividends accrued and paid in next year	81 450	(81 450)	81 450	(81 450)
Dividend paid during the year	**714 638**	**1 438 200**	**714 638**	**1 438 200**

Notes to the financial statements cont.

37. Related party transactions

Norsad Capital Limited holds a 100% share in Norsad Finance Proprietary Limited.

All the costs incurred by Norsad Finance Proprietary Limited plus a management fee of between 0% to 5% are recharged to the Company as the subsidiary provides services to the Company. These costs mainly comprise recharges for personnel expenses, travel expenses, general and administration expenses amounting to USD 826 426 (2022: 521 561). Refer to note 20 for additional details of related party transactions with Norsad Finance Proprietary Limited.

The formal process of amalgamating the Norsad Finance (Botswana) Limited with its parent company, Norsad Capital Limited within the terms of the relevant provisions of the Companies Act, 2003 was finalised and became effective on 7 December 2022. On or before that date, the assets and liabilities of the Company were amalgamated into the Parent company Norsad Capital Limited. Companies and Intellectual Properties Authority (CIPA) confirmed that the company had been removed by the registrar on 3 February 2023. In prior year, the company tested its loan of USD 12,256,094 to Norsad Finance (Botswana) Ltd for impairment, which resulted in an expected credit loss of USD 1,226,635 that has been recorded in its income statement.

There have been no other related-party transactions during 2022 or 2023.

38. Key personnel

Members of the Board of Directors were paid USD 140,590 (2022: USD 111,536) for attending Board meetings during 2023 and USD 49,493 (2022: 35,967) for attending Board Committee meetings.

Total short-term benefits paid to Executive Management staff during 2023 were USD 1,285,199 (2022: USD 1,025,413), comprising a salary of USD 808,544 (2022: USD 668,088) and other employee benefits of USD 476,655 (2022: USD 357,325). No short-term or long-term incentives were paid to executive management during the year.

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 Board established an Enterprise Risk Management Framework (ERMF) that lays out the Group's approach to managing risk in line with risk appetite by establishing common language and standards to risk management efforts across risk types, investment operations and support functions. Through this framework, Norsad seeks to achieve a consistent, reliable and unified approach to risk identification, measurement, management, reporting and monitoring in its end-to-end investment operations. It is the responsibility of the ExCo to ensure that it develops and implements appropriate governance structures, policies, procedures, and controls that comply with and give effect to the risk appetite and management principles espoused by the Board. The Audit and Risk Committee of the Board oversees how management monitors compliance with the group's risk management policies, procedures and risk appetite statement, reviews the adequacy of the risk management framework on an ongoing basis in relation to the evolving risks faced by the group.

b. Credit risk

Credit risk is the risk of 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 risk, 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 controls are centralised in the 2nd lines of defense Risk team, which reports regularly to the Audit and Risk Committee of the Board of Directors 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 of investments
- The measurement of ECL under IFRS 9 documented in the Impairment Policy the Group uses to manage credit risk, though certain adjustments are made to meet the requirements of the business model.
- Limiting concentrations of loan portfolio exposure, as follows:
  - » Unhedged foreign currency facilities, limited to 5% of the equity total.
  - » Hedged foreign currency facilities, limited to 50% of the equity total.
  - » Single company or corporate group facilities, limited to 15% of the total equity.
  - » 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.
- 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.

The Investment team undertakes the entire facility proposal process for potential customers, including input from an internal investments Screening Committee, before they can be submitted to the Board of Directors for approval. On a continuous basis, the Portfolio team monitors 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. **(ii)Credit Risk Grading**

The group uses internal credit risk gradings that reflect its assessment of the probability of default for individual customers. 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 team to be fed into the final internal credit grading for each investment. This allows for considerations that 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 with each higher risk grade. For example, this means that the difference in the PD between a 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:

Country Risk: High levels of potential country risk may be mitigated through structuring and/or the acquisition of political risk insurance from the commercial or multilateral market. The country 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” (KYC) policies is undertaken at the time of due diligence, monitored through regular portfolio reviews, and strengthened through “Social and Environmental” (S&E) plans.

Notes to the financial statements cont.

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. 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: Management manages commercial risks through rigorous screening, due diligence, board approval, and regular monitoring through appropriate committees and teams. This includes physical visits, quarterly reporting, and country and region observations. Key risks addressed include GDP movements, inflation, currency depreciation, recessions, climatic extremities, commodity prices, operational risks, and IT developments.

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.

Following are the risk grading classifications and related ratings and scores as applied by the group:

Risk Classification	Rating Grade	Risk Rating Score
Favourable	A1	95 - 100
	A2	92 - 94.9
	A3	90 - 91.9
Good	B1	80 - 89.9
	B2	75 - 79.9
	B3	70 - 74.9
Average	C1	65 - 69.9
	C2	60 - 64.9
	C3	55 - 59.9
	D1	50 - 54.9
	D2	45 - 49.9
	D3	40 - 44.9
Poor	E1	35 - 39.9
	E2	30 - 34.9
	F	0 - 29.9

To rate an investment, the risk grading model assesses a combined score relating to Client Risk Indicators (Financial Indicators, Business/Industry Risk, Management), Transaction Risk, Country Risk and ESG/Impact. The group will not undertake an investment with a rating below D3.

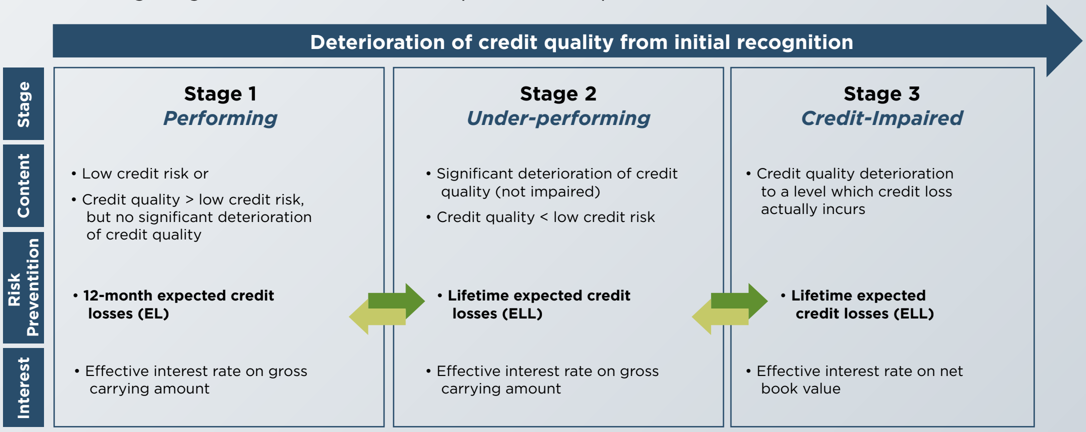
Notes to the financial statements cont.

iii. Expected Credit Loss 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 ('SICR') 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 expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses 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 15 points or more downwards, or it has payments in arrears for 180 days and over. The facility may remain in stage 1 if its overall risk score is classified as average and there is other evidence that its overall risk classifies it as stage 1.

Qualitative criteria: an actual or expected internal credit rating downgrade or significant changes in the expected performance of client or modification to initial contractual terms or significant changes in collateral.

Notes to the financial statements cont.

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: its credit risk score moves 30 points or more downward, or it has payments in arrears for 270 days and over.

Qualitative criteria: Significant changes in performance of the client, significant modifications to contractual terms that would not normally be considered.

vi. **Expected Credit Loss (ECL) – Inputs, Assumptions and Estimates**

The Expected Credit Loss (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. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

Probability of Default (PD) - represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12m PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Exposure at Default (EAD) - 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 (LGD) - 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 to be made 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 the borrower. Early repayment and refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default 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 that 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 the 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 with the company performing analysis and identifying the key economic variables impacting credit risk and expected credit losses for each investment. 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 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.

Notes to the financial statements cont.

Group and Company exposure to credit risk

Risk Grading and ECL Staging 31 December 2023

	Note	Financial Institutions	Direct Investments	Total
Per risk grading:		USD	USD	USD
Risk Grade 2 : Good		-	-	-
Risk Grade 3 : Average		77 533 052	77 472 358	155 005 410
Risk Grade 4 : Poor		12 998 538	5 389 365	18 387 903
Gross amount		**90 531 590**	**82 861 723**	**173 393 313**
Loss allowance	*19*	(3 695 547)	(2 940 629)	**(6 636 176)**
Accrued interest on loans	*19*	715 983	993 927	**1 709 910**
Deferred loan interest received	*19*	(452 476)	(320 703)	**(773 179)**
Carrying amount 2023	*19*	**87 099 550**	**80 594 318**	**167 693 868**
Per ECL staging:				
Stage 1		55 914 850	49 981 302	**105 896 143**
Stage 2		8 151 870	24 715 582	**32 867 461**
Stage 3		26 464 870	8 164 839	**34 629 709**
Gross amount		**90 531 590**	**82 861 723**	**173 393 313**
Loss allowance	*19*	(3 695 547)	(2 940 629)	**(6 636 176)**
Accrued interest on loans	*19*	715 983	993 927	**1 709 910**
Deferred loan interest received	*19*	(452 476)	(320 703)	**(773 179)**
Carrying amount 2023	*19*	**87 099 550**	**80 594 318**	**167 693 868**

Risk Grading and ECL Staging 31 December 2022

	Note	Financial Institutions	Direct Investments	Total
Per risk grading:		USD	USD	USD
Risk Grade 3 : Good		10 000 000	-	**10 000 000**
Risk Grade 3 : Average		72 383 656	66 585 053	**138 968 709**
Risk Grade 4 : Poor		17 153 240	37 499 212	**54 652 452**
Gross amount		99 536 896	104 084 265	**203 621 161**
Loss allowance	*19*	(10 179 519)	(8 832 732)	**(19 012 251)**
Accrued interest on Loans	*19*	303 826	588 011	**891 837**
Deferred loan fees received	*19*	(220 854)	(373 519)	**(594 373)**
Carrying amount 2022	*19*	89 440 349	95 466 025	**184 906 374**
Per ECL staging:				
Stage 1		64 851 644	66 585 053	131 436 697
Stage 2		-	28 578 765	28 578 765
Stage 3		34 685 232	8 920 447	43 605 679
Gross amount		**99 536 876**	**104 084 265**	**203 621 141**
Loss allowance	*19*	(10 179 519)	(8 832 732)	(19 012 251)
Accrued interest on loans	*19*	303 826	588 011	891 837
Deferred loan fees received	*19*	(220 854)	(373 519)	(594 373)
Carrying amount 2022	*19*	**89 440 329**	**95 466 025**	**184 906 354**

Notes to the financial statements cont.

vii. Concentration of credit risk

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

Country concentration 31 December 2023

	Total	Investments to Financial Institutions	Direct Investments	Investment securities
Angola	**3 145 659**	-	-	3 145 659
Botswana	**2 738 079**	2 738 079	-	-
DRC	**5 286 502**	-	5 286 502	-
Eswatini	**20 007 957**	15 812 325	4 195 632	-
Kenya	**11 870 888**	-	11 870 888	-
Ghana	**4 860 497**	-	4 860 497	-
Malawi	**8 530 459**	-	8 530 459	-
Mauritius	**44 440 602**	37 452 607	6 987 995	-
Mozambique	**8 164 539**	-	8 164 539	-
Namibia	**14 465 344**	6 620 551	7 844 793	-
South Africa	**21 944 475**	6 963 822	14 296 493	684 159
Uganda	**6 529 983**	6 529 983	-	-
Zambia	**10 597 947**	-	10 597 947	-
Zimbabwe	**12 636 431**	10 718 676	1 656 299	261 456
	175 219 361	**86 836 043**	**84 292 044**	**4 091 274**
Accrued interest	**1 709 910**	715 983	993 927	**-**
Deferred loan fees	**(773 179)**	(452 476)	(320 703)	**-**
	176 156 092	**87 099 5510**	**84 965 268**	**4 091 274**

Country concentration 31 December 2022

	Total	Investments to Financial Institutions	Direct Investments	Investment securities	Cash held as Investments
Angola	**4 160 941**	-	2 605 707	1 555 234	-
Botswana	**38 576 270**	13 372 297	6 435 490	-	18 768 483
DRC	**5 133 771**		5 133 771	-	-
Eswatini	**5 983 901**	2 311 544	3 672 357	-	-
Ghana	**3 714 506**	-	3 714 506	-	-
Kenya	**5 247 923**	-	5 247 923	-	-
Malawi	**8 316 506**	-	8 316 506	-	-
Mauritius	**40 950 052**	23 133 559	17 816 493	-	-
Mozambique	**9 328 781**	-	9 328 781	-	-
Namibia	**23 183 337**	15 702 010	7 481 327	-	-
South Africa	**21 952 610**	9 231 919	11 989 709	730 982	-
Uganda	**4 968 196**	-	4 968 196	-	-
Zambia	**10 929 630**	-	10 929 630	-	-
Zimbabwe	**23 848 766**	20 637 852	2 579 332	631 582	-
	206 295 190	**84 389 181**	**100 219 728**	**2 917 798**	**18 768 483**
Accrued interest	891 837	**303 826**	588 011	-	-
Deferred loan fees	(594 373)	**(220 854)**	(373 519)	-	-
	206 592 654	**84 472 153**	**100 434 220**	**2 917 798**	**18 768 483**

The group has four outstanding credit facilities in Zimbabwe with a gross value of USD 13,152,817 (2022 6 facilities, valued at USD 24,057,625), a country experiencing a restriction in terms of remittances of foreign currency. 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 as at 31 December 2023 was USD 3,099,292 (2022: USD 3,099,292).

The risk is not a credit risk, but the repatriation of money 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 impairment loss allowance in the form of a time value of money adjustment has been made in the 2023 financial statements, reducing the gross outstanding value by USD 690,333 (2022: USD 530,664).

These two facilities are included in loans and advances with a net carrying amount of USD 2,408,959 (2022: 2,445,924), in line with the simplified approach for trade receivables allowed under IFRS 9. In the prior year, the expected credit losses also included 12-month expected credit losses; however, due to the change in the nature of the loans and advances to short-term receivables, the simplified approach as per IFRS 9 for trade receivables was applied.

viii. Collateral and other credit enhancements

The group employs a range of policies to mitigate credit risk. The group's loans and advances to corporate customers are subject to individual credit appraisals and impairment testing. The general credit worthiness of a corporate customer tends to be the most relevant indicator of the credit quality of a loan extended to them. In addition, the group secures collateral for advanced facilities. 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 charges over real estate, floating charges over corporate assets, cash, guarantees, and other liens. The group's policies regarding obtaining collateral have not significantly changed during the year.

Types of credit exposure

Principal type of collateral held	**Percentage collateralisation coverage arrangements over loan value**			
	Consolidated Group		**Company**	
	2023	**2022**	**2023**	**2022**
Charge over real estate	**47%**	**53%**	**47%**	**53%**
Guarantees	18%	44%	18%	44%
Notarial Bonds & Floating Charges	29%	32%	29%	32%
Total Coverage	**94%**	**129%**	**94%**	**129%**
Investments to financial institutions				
Charge over real estate	1%	17%	1%	17%
Guarantees	45%	68%	45%	68%
Notarial Bonds & Floating Charges	19%	24%	19%	24%
Total Coverage	**65%**	**109%**	**65%**	**109%**

The group does not hold collateral against investment securities, and as such, no collateral was held as at 31 December 2023.

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 calculating the loss allowance, the value placed on the collateral shall be an estimate of the realisable value at the end of the collection process, after taking historic 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:

Group and company credit impaired assets 31 December 2023

	Gross Exposure	Impairment Allowance	Carrying Amount	Fair Value of Collateral Held
Investments to financial institutions				
Stage 2	8 151 870	(382 382)	7 769 488	12 108 101
Stage 3	26 464 870	(2 471 746)	23 993 124	16 441 597
Direct investments				
Stage 2	24 715 582	(2 388 018)	22 327 564	18 699 345
Stage 3	8 164 839	-	8 164 839	23 027 112
Total credit impaired assets	**67 497 161**	**(5 242 146)**	**62 255 015**	**70 276 115**

Group and company credit impaired assets 31 December 2022

Investments to financial institutions				
Stage 2	-	-	-	-
Stage 3	34 685 232	(9 506 756)	25 178 476	19 088 751
Direct investments				
Stage 2	28 578 765	(3 787 189)	24 791 576	31 020 950
Stage 3	8 920 447	(2 772 273)	6 148 174	4 540 500
Total credit impaired assets	**72 184 444**	**(16 066 218)**	**56 118 226**	**54 650 201**

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;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised 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;
- Discounts unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Notes to the financial statements cont.

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
2023				
As at 1 January 2023	1 498 562	3 787 189	12 279 029	17 564 780
New Assets Originated	757 388	-	-	757 388
Movement in Stages:				
Transfer from stage 1 to stage 2	-773,909	773,909	-	-
Transfer from stage 1 to stage 3	-160,681	-	160,681	-
Transfer from stage 2 to stage 3	-	-3,176,731	3,176,731	-
Changes in PD's, LGD's, EAD's	72 669	1 386 033	38 422 056	39 880 758
Loans and Advances written off	-	-	(51 566 750)	(51 566 750)
As at 31 December 2023	**1 394 029**	**2 770 400**	**2 471 747**	**6 636 176**
2022				
As at 1 January 2022	1 425 248	2 565 482	6 246 058	10 236 788
New Assets Originated	302 269	-	-	302 269
Movement in Stages	-	(755 183)	755 183	-
Changes in PD's, LGD's, EAD's	(228 955)	679 641	5 277 788	5 728 474
Reclassified to loans and advances at amortised cost	-	1 297 249	-	1 297 249
As at 31 December 2022	**1 498 562**	**3 787 189**	**12 279 029**	**17 564 780**

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 that, 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 that have performed in accordance with the new terms for six 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 year-end, the group held cash and cash equivalents of USD 23,861,418 (2022 USD 27,628,739). The cash and cash equivalents with banks are held with financial institution counterparties that are rated Baa3 (above non-investment grade) per Moody's ratings or that are approved by the Audit Committee. No impairment provisions are therefore applied to cash and cash equivalents.

c. **Liquidity risk**

i. **Management of liquidity risk**

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

The Board of Directors sets the group's strategy for managing liquidity risk and is responsible for implementing 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 2023.

Exposure to liquidity risk

Consolidated Group 31 December 2023

Asset by type	*Note*	Carrying amount USD	Less than 1 month USD	Within 1 year USD	1 to 5 years USD	More than 5 years USD
Cash	*17*	**23 861 417**	23 861 417	-	-	-
Loans and advances	*19*	**172 064 818**	3 422 639	44 706 716	123 396 933	538 530
Investment securities	*22*	**4 091 274**	261 456	-	3 829 818	-
Other assets	*28*	**87 980**	-	-	87 980	
Total assets by maturity		**200 105 489**	27 545 512	44 706 716	127 314 731	538 530
Total assets by maturity		**234 533 935**	**32 496 951**	**71 172 961**	**119 180 518**	**11 683 505**
Liability by type						
Secured and unsecured debt	*29*	**(103 344 214)**	-	(103 344 214)	-	-
Lease liabilities	*31*	**(619 572)**	-	(113 836)	(505 736)	-
Other liabilities	*33*	**(179 446)**	-	(179 446)	-	-
Total liabilities by maturity		**(104 143 232)**	**-**	**(103 637 496)**	**(505 736)**	**-**

Consolidated Group 31 December 2022

Asset by type	*Note*	Carrying amount USD	Less than 1 month USD	Within 1 year USD	1 to 5 years USD	More than 5 years USD
Cash	*17*	**27 628 739**	27 628 739	-	-	-
Cash held as investments	*18*	**18 768 483**	-	15 011 732	3 756 751	-
Loans and advances	*19*	**184 906 374**	4 236 630	55 865 183	113 121 056	11 683 505
Investment securities	*22*	**2 917 798**	631 582	-	2 286 216	-
Other assets	*28*	**312 541**	-	296 046	16 495	
Total assets by maturity		**234 533 935**	**32 496 951**	**71 172 961**	**119 180 518**	**11 683 505**
Liability by type						
Secured and unsecured debt		**(122 733 470)**	-	(29 650 854)	(74 914 604)	(18 168 012)
Lease liabilities	*31*	**(133 086)**	-	(133 086)	-	-
Other liabilities	*33*	**(325 961)**	-	(325 961)	-	-
Total liabilities by maturity		**(123 192 517)**	**-**	**(30 109 901)**	**(74 914 604)**	**(18 168 012)**
Maturity surplus		**111 341 418**	**32 496 951**	**41 063 060**	**44 265 914**	**(6 484 507)**

The above tables show the 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 year-end, the group had three approved investments to the value of USD 13,455,516 (2022 ten investments, USD 42,288,203) 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; and
- fair value reserves arising from increases or decreases in the fair value of financial instruments reported directly in equity.

Interest rate sensitivity analysis	31 December 2023	31 December 2022
Floating rate assets (loans and advances)	146 662 949	160 312 946
Floating rate liabilities (secured debt)	(102 878 513)	(102 050 107)
Interest sensitivity gap	43 784 436	58 262 839

Increase in profit due to increase in annual average interest rates:		
1%	436 449	582 628
2%	872 898	1 165 257
Decrease in profit due to decrease in annual average interest rates:		
1%	(436 449)	(582 628)
2%	(872 898)	(1 165 257)

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 fair value through other comprehensive income. Of the total held on the statement of financial position at USD 4,091,274, the total exposed to price risk is USD 261,456.

In terms of sensitivity, should the market price move 5%, the other comprehensive income total will either increase or decrease by USD 13,073. A 10% price move would result in the other comprehensive income total increasing or decreasing by USD 26,146.

iii. Exposure to foreign currency risk

Both the company's and group's exposure to foreign currency risk, expressed in USD, was as follows:

	31 December 2023			31 December 2022		
	ZAR	**EUR**	**BWP**	**ZAR**	**EUR**	**BWP**
Cash	1 458 621	11 423	505 625	8 490 364	10 549	432 131
Loans & advances	49 185 627	-	2 738 079	34 686 856	-	3 895 831
Investment securities	684 159	-	-	730 982	-	-
Current tax assets	-	-	325 586	-	-	144 199
Other assets	-	-	140 835	-	-	62 642
Secured debt	(49 261 769)	-	-	(42 941 519)	-	-
Current tax liabilities	(27 645)	-	-	-	-	-499
Employee benefits	-	-	(68 636)	-	-	(64 973)
Other liabilities	-	-	-	-		(26 629)
Total net exposure	**2 038 993**	**11 423**	**3 641 489**	**966 683**	**10 549**	**4 442 702**

Exchange rate sensitivity analysis

	31 December 2023	31 December 2022
Increase in profit due to foreign exchange appreciation against the USD:		
5%	279 318	227 685
10%	590 435	480 668
Decrease in profit due to foreign exchange devaluation against the USD:		
5%	(254 190)	(206 001)
10%	(483 968)	(393 274)

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:

	Note	2023	2022
Forex gain on foreign currency borrowings	*29*	3 432 919	1 462 676
Forex (loss) on foreign currency loans and advances	*19*	(3 413 616)	(2 109 183)
Forex (loss)/gain on foreign currency bank accounts		(367 909)	451 296
Total (loss) on other investments		(38 761)	(67 425)
Total Foreign exchange (loss) / gain		(387 367)	(262 636)

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 to 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 statement of financial position.

During 2023, the group's policy on the maximum gearing ratio was increased to 150% having previously been 100% in 2022.

Consolidated Group & Company

	2023	2022
Secured & Unsecured debt	102 878 513	102 050 107
Total Equity	100 438 710	131 477 384
Debt to Equity ratio	102%	78%

Notes to the financial statements cont.

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, as well as 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.

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 consolidated and separate financial statements of Norsad Capital Limited for the year ended 31 December 2023, the following standards, amendments to standards, and interpretations, were in issue and effective. On assessment, there was no significant impact of these standards on the current year.

Standard/ Interpretation	Effective date	Executive Summary
Amendment to IFRS 17 'Insurance Contracts"	Annual periods beginning on or after 1 April 2022	The amendment changes the mandatory effective date of IFRS 17, so that entities are required to apply IFRS 17 for annual periods beginning on or after 1 January 2023 (from the original effective date of 1 January 2021). The Board also amended the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments (see IFRS in Focus for more detail on the temporary exemption), so that entities will be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023. No material impact on the financial statements.
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 2023	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). No material impact on the financial statements.
Amendment to IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies	Annual periods beginning on or after 1 January 2023	The Board concluded that the concept of materiality could be applied in making decisions about the disclosure of accounting policies. Therefore, the Board decided to amend IAS® 1 to replace all instances of the term 'Material accounting policies' with 'material accounting policy information'. In the Board's view, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events, or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. No material impact on the financial statements.

Notes to the financial statements cont.

Standard/ Interpretation	Effective date	Executive Summary
Amendment to IFRS 12 'Deferred tax related to Assets and Liabilities arising from a single transaction"		The Board amends IAS 12 to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on the initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 Leases at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. No material impact on the financial statements.
Amendment to IFRS 8 'Definition of Accounting estimates"	Annual periods beginning on or after 1 January 2023	The changes to IAS 8 focus entirely on accounting estimates and clarify the following: • The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". • Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. No material impact on the financial statements. The changes to IAS 8 focus entirely on accounting estimates and clarify the following: • A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. No material impact on the financial statements.
Amendment to IAS 1 'Non-current liabilities with covenants"	Annual periods beginning on or after 1 January 2023	The 2022 amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB® also specifies that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The impact on disclosures with regard to the covenant breaches have been made in notes 29 and 42.

Notes to the financial statements cont.

At the date of authorisation of the consolidated and separate financial statements of Norsad Capital Limited for the year ended 31 December 2023 , the following standards, amendments to standards, and interpretations that apply to the Company and company, were in issue but not yet effective for 31 December 2023. The Company does not plan to adopt these standards early, but in the period that they become mandatory. On assessment, these standards are not expected to have a material impact on the group's financial statements for the period they will become effective.

Standard/ Interpretation	Effective date	Executive Summary
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendment to IAS 1 – Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions.
Amendment to IAS 21 – Lack of Exchangeability	Annual periods beginning on or after 1 January 2024	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
Amendment to IFRS 12 'Deferred tax related to Assets and Liabilities arising from a single transaction"	Annual periods beginning on or after 1 January 2023	The Board amends IAS 12 to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 Leases at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. No material impact on the financial statements expected.
IFRS 18 – Presentation and Disclosure in Financial Statements.	Annual periods beginning on or after 1 January 2027	IFRS 18 will replace IAS 1 presentation of Financial statements and will introduce new requirements with an aim to improve financial reporting. It will require additional defined subtotals in the statement of profit or loss, additional disclosures about management-defined performance measures and will add new principles for grouping (aggregation and disaggregation) of information.
FRS 19 – Subsidiaries without Public Accountability: Disclosures	Annual periods beginning on or after 1 January 2027	IFRS 19 works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and, instead, the subsidiary applies the reduced disclosure requirements in IFRS 19. Those reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers.

Notes to the financial statements cont.

41. Events after the reporting date

Dividends

On 23 May 2024 nil dividend (2022: USD 50) for each 9,216 ordinary share and nil dividend (2022: USD 100) for each 5,545 (2022:5,545) preference share was approved by the Board of Directors for the year ended 31 December 2023, for recommendation to the Shareholders at the Annual General Meeting.

Secured and unsecured debt

A ZAR 680 million credit facility was concluded with ABSA Bank Botswana and Stanbic Bank Botswana, and the facility was fully drawn on 12 January 2024.

Waivers on debt covenant breaches

As stated under notes 29 and 42, the Company breached non-performing loans to equity linked covenants under its facility agreements with BADEA and Symbiotics, which triggered cross-default clauses with the remaining lenders.

However, the Company has obtained waivers from both lenders for the breach; these were granted in May and June 2024. Both waivers cover the covenant breach up to the end of the financial year 31 December 2025. As a result, the remaining lenders confirmed that they wouldn't activate any cross-default provisions. Therefore, at the issuance date of the annual financial statements, the debt has been reclassified according to its original terms after being current at the reporting date.

As of the issuance date, the Company is in compliance with all other covenants.

Loans and advances

During 2024, two of the investee companies that were in stage 1 and stage 2 respectively have requested standstill arrangements with their lender group and discussions are ongoing with no agreements finalised as at the issuance date of these financials. The potential outcome cannot be known at this stage until discussions are finalised, however the likely outcome is a restructure of both facilities. These events usually, but not always, result in increased provisions as they are indicative of increased credit risk, however both investments are being handled under the groups impairment policy with regard to staging and increased provisions are within the budgeted totals for 2024.

42. Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The directors have considered the Group's cash flows, liquidity position, and its ability to continue as a going concern, particularly in light of the following factors:

Covenant Breaches and Waivers

During the financial year ended 31 December 2023, the Group breached certain financial covenants related to its loan agreements. Specifically, the breaches were in relation to the non-performing loans to equity-linked ratio, as stipulated in the loan agreements with BADEA and Symbiotics. Cross-default clauses in the facility agreements of the remaining lenders would also be triggered. The resultant consequence is the lenders' ability to call the facilities, resulting in a negative liquidity position as current assets will be exceeded by current liabilities.

Upon identification of these breaches, the Group entered into discussions with its lenders. As a result, the Group obtained formal waivers from all the lenders in May and June 2024, which cover the covenant breaches as at 31 December 2023 and any further breaches of the affected covenants through 31 December 2025. These waivers confirm that the lenders will not demand immediate repayment of the outstanding loan amounts because of these covenant breaches.

Loss for the Year

Total group losses for the 2023 financial year were recorded as USD 30,405,486 (2022 profit USD 2,551,037) which are unprecedented during the previous thirty-two years of the Norsad organization. The primary driver of such losses are the impairment provisions which total USD 43,782,442 for 2023 (2022 USD 6,347,409), being the combination of credit impairment losses and fair value adjustments on FVTPL assets. Aside from the carryover effects of Covid followed by a number of international conflicts, negatively impacting both global and regional economic conditions, the high level of impairments can also be attributed to major strengthening of internal policies particularly relating to impairments and a number of legacy investments prior to strategy adjustments that have subsequently fallen into distress.

This level of impairments is however regarded as a once off occurrence, although the managing and controlling of impairments will remain the key focus of the Board. The remaining, underlying business remains robust with a record operating profit before impairment provisions and fair value adjustments on FVTPL assets of USD 13,536,255 (2022 USD 9,722,082) an increase of 39% from 2022. Both interest received and net interest income were equally record highs for Norsad in 2023 whilst tightly controlled operating costs reduced from the 2022 level.

The financial position as at the end of the period remains solid, with the debt-to-equity ratio well within the approved leverage limit of 1.5x at 1.1x, providing a good platform for planned strategy enhancements and execution for future growth and profitability.

Notes to the financial statements cont.

Management's Assessment and Mitigating Actions

In assessing the Group's ability to continue as a going concern, the directors have prepared detailed cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements. These forecasts take into account:

- The current financial position and projected operating cash flows.
- The impact of the covenant breaches and the granted waivers.
- Potential future covenant compliance based on the forecasts.
- Planned cost-saving measures and efficiency improvements.
- Management of impairments through improved structuring solutions.
- Improved targeted marketing and deal sourcing.

Based on these forecasts and the mitigating actions taken, including the waivers received from lenders, the directors believe that the Group will be able to operate within its current loan covenants and maintain adequate liquidity to meet its obligations as they fall due.

Conclusion on going concern

Having considered the above factors, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual financial statements.

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