



2022 IMPACT REPORT
Impacting 100 million lives by 2030

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Pg.9

**Our Commitment
to Impacting a
100 million Lives
by 2030**

Disclaimer

The data presented in this report is for the 1st January to 31st December 2022 reporting period. Norsad Capital is not responsible for any decisions made or actions taken based on information drawn from this report.



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A Message from Our CEO



Kenny Nwosu

Chief Executive Officer

“ Through our new investments, we are proud of the continued efforts to create employment opportunities and support sustainable livelihoods, which aligns closely with our support of the United Nations Sustainable Development Goals (SDGs). ”

The year 2022 has demonstrated once again that Africa remains poised to be a valuable economic player while providing much-needed employment opportunities for the growing population.

As impact investors and providers of debt capital, Norsad Capital has a front-row seat to the growing need for finance in Africa. Global social, political, and economic challenges directly impact the lives of many Africans, as we often rely significantly on countries outside the continent to maintain our supply chains and networks.

Climate change emerged as a global key focus area and concern, particularly in Africa which is one of the most vulnerable regions. As impact investors in Africa, we cannot afford to ignore climate change and the increasing severity and frequency of climate-related events.

As a responsible investor, we also need to be cognisant of vulnerable communities that need protection and support to adapt to the changing climate. We continue to work closely with our partners and clients to identify potential climate-related risks and ensure appropriate mitigation and adaptation measures are being implemented into their operations.

It has been an exciting year of growth and expansion at Norsad as we seek to achieve our strategic goals and **‘Build a Better Africa.’**

We disbursed US\$ 56.5 million across 13 companies. In doing so, we have expanded our footprint, with new investments in Ghana and Uganda. We also made new investments in healthcare and by investing in these high-impact sectors, we continue to work towards our goal of impacting 100 million lives by 2030.

In line with our impact framework, supporting financial inclusion, climate and clean energy, gender and sustainable livelihoods remain the core focus for our team. Through our new investments, we are proud of the continued efforts to create employment opportunities and support sustainable livelihoods, which aligns closely with our support of the United Nations Sustainable Development Goals (SDGs). I am proud to report, that in 2022, our partner portfolio companies supported 15,142 jobs, of which 43% were held by women.

Our continued commitment and passion to impact and Environmental, Social, and Governance (ESG) has not gone unnoticed, with Norsad winning the ESG Investment – Social Leadership of the Year Award at Reuters Events: Responsible Business Awards 2022.

Our Annual Impact Report provides you with a snapshot of our achievements and unpacks in more detail our commitment to impact and how we are leveraging our experience and funding to **Build a Better Africa.**



Our Identity

About Norsad

We are an impact investor and private credit provider that offers tailor-made debt solutions to profitable growth-stage companies that deliver desirable social impact in Africa. Norsad's investment coverage is in Sub-Saharan Africa, and its principal operational area is the Southern Africa region.

Following the rebranding and launch of Norsad Capital in 2021/22 to ensure alignment between the brand and the new 2030 strategy, we have been afforded the opportunity to reach new, untapped markets and sectors and better communicate our commitment to grow alongside our clients.

Our Purpose

To Build a Better a Africa. Our aspiration is to positively impact a 100 million lives by supporting the growth of profitable companies in Africa, 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 with professionalism and are guided by high ethical standards.



Seek Growth - We are active learners and constantly seek to improve, learning from others and from 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 makes us stronger



Building a Better **Africa**



Our 2030 **Journey**

The next eight years at Norsad are going to be defined by two phrases: **Responsible Growth** and **Impact**. Based on extensive engagement with market participants, we have developed a medium-to-long-term strategy that is based on four levers for growth.

0 Deepen into the SADC market



First horizon: Move up and down value chains of existing customers and work closely with local DFI shareholders to syndicate deals

Second horizon: Test models of SME support in SADC to later take to scale

Organic growth, existing product

Strategic acquisition, specialist capabilities (SME credit)

1 Deepen into niche areas in the SA market



Target attractive niches in impact investing such as food-value chain development and social infrastructure and mezzanine finance provision in South Africa's large private credit market

Organic growth, existing product

2 Diversify into SSA (East and West)



Take advantage of strong and growing demand for private capital, including credit from mid-sized growth companies in key East and West African markets

Organic growth, existing product

3 Expand into sustainable infrastructure finance



Move into financing of small to mid-sized infrastructure (mainly soft infrastructure) that supports sustainable growth across Sub-Saharan Africa

Strategic acquisition/growth, new products

Our strategic plan lays out the roadmap for getting us to where we want to be. The plan enables us to better reflect our current impact themes and sector focus. We continue to track and monitor the implementation of our strategy through ongoing adaptation to changing market conditions.



Our 2030 **Journey** - Themes and Sectors

Our strategic pillars are broken down into **four thematic areas** to express more specifically how we will achieve the strategic goals. We focus on investment opportunities that further contribute to improved livelihoods. This includes working closely with our clients and providing technical support that enables them to realise their full potential and grow sustainable businesses while maximising their positive impact.



Sustainable Livelihoods

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



Climate and Clean Energy

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



Financial Institutions

Bank
Non-banking
Insurance
Fintech
SME lending



Food Value Chain

Agro-processing
Integrated agriculture
Food-related services
FMCG and retail



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 gender lens investing approach across our investments to ensure women consideration and benefit remains central in our impact.



Soft And Social Infrastructure

Education
Healthcare
Housing
Solar energy
Green infrastructure
Digital and telecoms
Logistics



Industrials and Manufacturing

Import substituting industrialisation
Value-added manufacturing
Industrial services



Norsad's Evolution as an Impact Investor



Norsad Fund is established



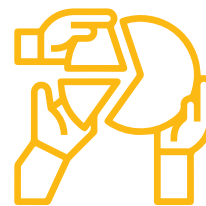
Norsad reaches a finance milestone of 81 projects and disbursement of USD114 million since inception.



Norsad Finance Limited is established.



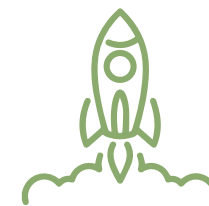
Norsad's capital base increases to over USD100 million and the business relocates to Gaborone, Botswana.



Norsad joins the UNPRI and the Global Impact Investing Network.



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



Norsad Capital is launched.
Implementation of Impact Measurement and Management Framework.

1990

2009

2011

2012

2017

2021

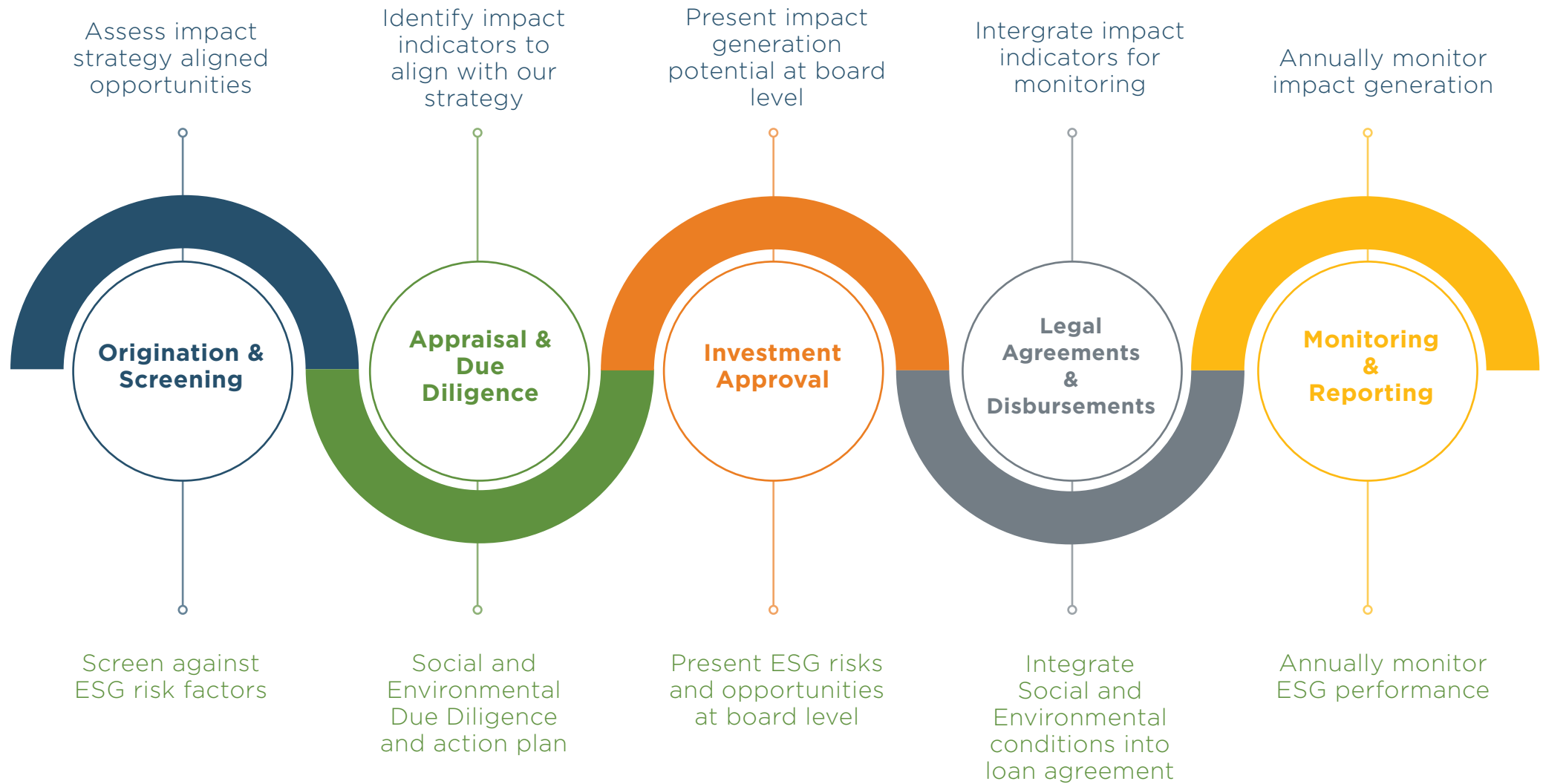
2022



Investing through Impact and ESG Lens



Impact intentionality



ESG integration



Our Impact Strategy

To drive the Norsad Capital 2030 strategy and achieve our goal of impacting 100 million lives by 2030, we developed a targeted impact strategy in 2022 which we are pleased to present. We have a roadmap (a theory of change - ToC) which outlines our impact strategy and identifies where we can intentionally achieve positive change.

Our roadmap defines all building blocks required to achieve our defined long-term goals and describes how our interventions are expected to lead to our desired development changes, drawing on causal analysis. By canvassing the socio-economic areas that were most adversely affected by the pandemic, we sharpened and refined our impact themes. This enables us to focus our investment efforts where they are needed most. We have developed a ToC for each of our four impact themes using standardised, best practice frameworks (i.e. United Nations Sustainable Development Goals (SDGs)) and developed key performance indicators to track performance, changes and trends over time.

The themes we have identified for the medium-to long-term are those which we believe we are most likely able to influence through our investments and are relevant within the African context. Throughout our engagement with companies, we track performance and trends that can be reported on a company, sector, theme, and aggregated portfolio level.

Impact Measurement and Management

Norsad is committed to impact measurement and management. To do so Norsad has developed internal levels of control and verification while also adopting internationally recognized measurement and reporting methods to advance the reliability, comparability, and transparency of our impact performance. As part of our data verification process, we have identified a three-level approach for data quality management.

Aligning to Best Practice Frameworks

Norsad actively measures and manages for impact. Our impact measurement and management approach is aligned with global development frameworks and strategic country-specific priorities.

Norsad are signatories to:

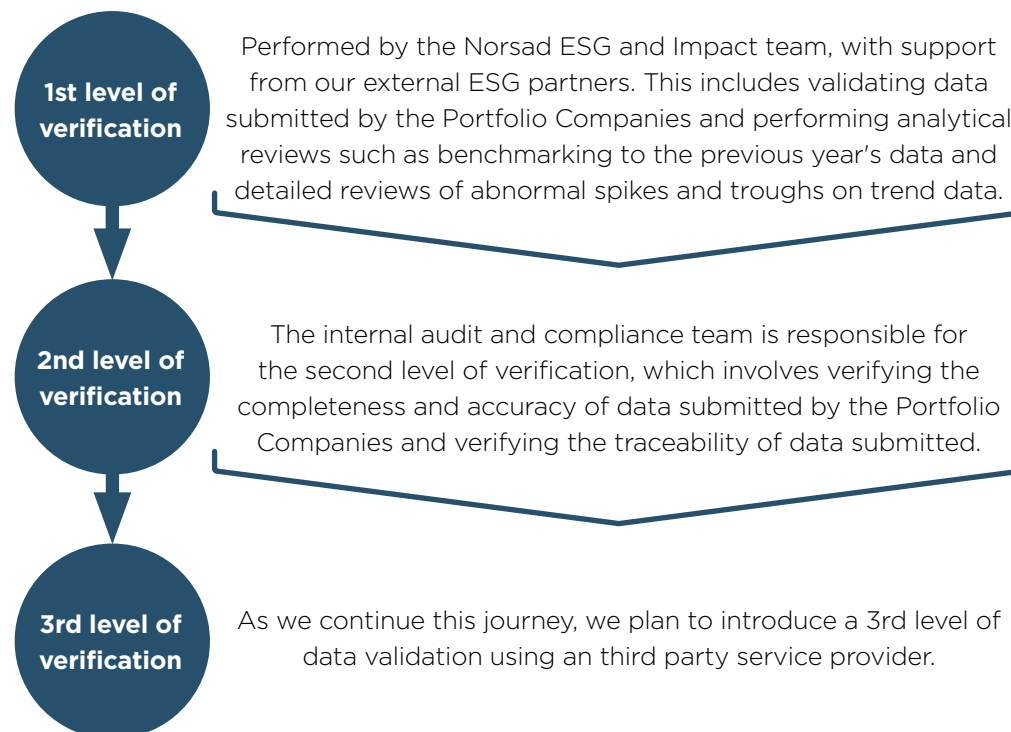


Norsad aligns with:



Impact Data Verification

As of December 2022, we have committed to initiating a three-level verification process for our impact data. The verification process will commence in 2023.

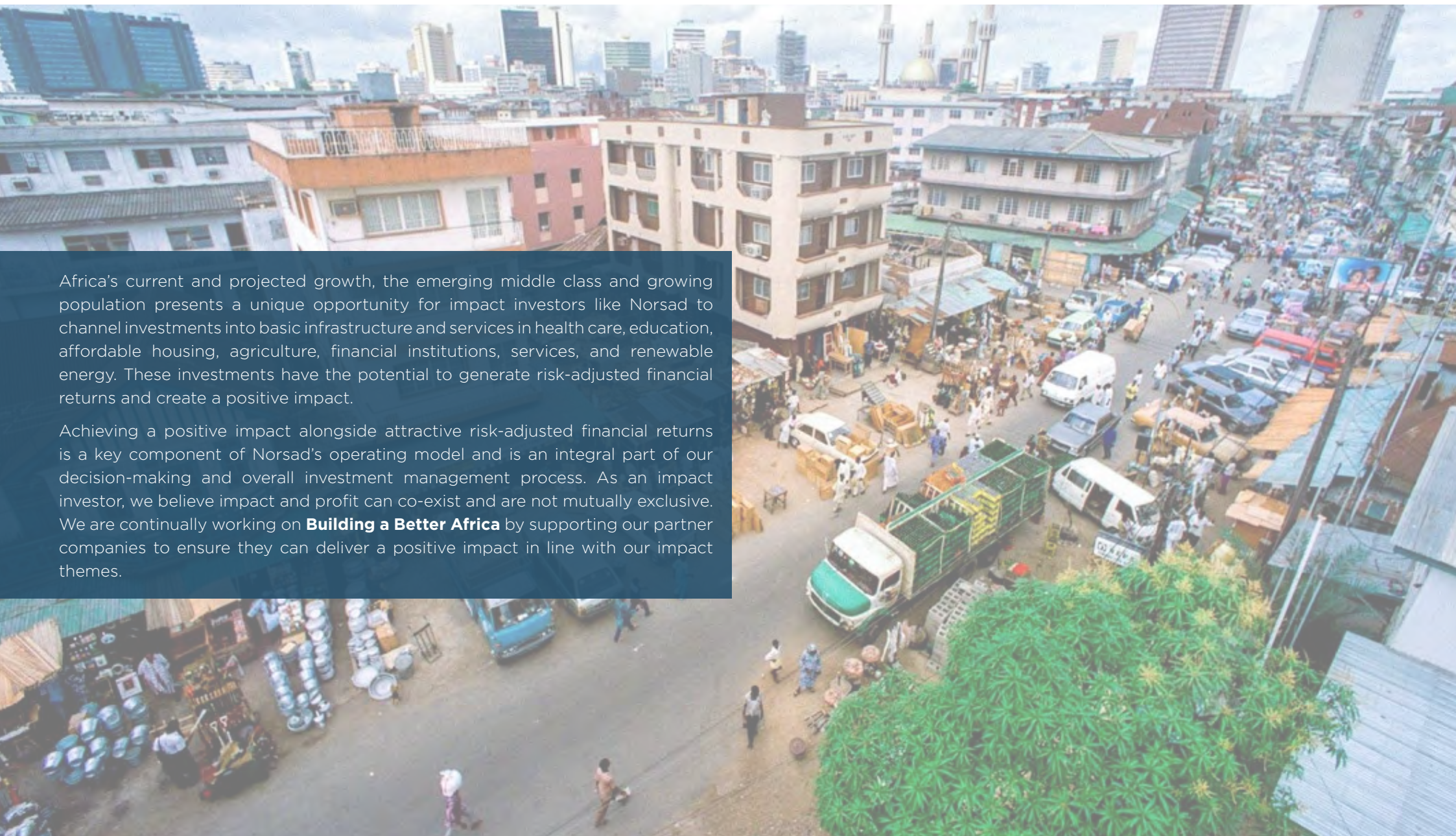




Driving Impact in **Africa**

Africa's current and projected growth, the emerging middle class and growing population presents a unique opportunity for impact investors like Norsad to channel investments into basic infrastructure and services in health care, education, affordable housing, agriculture, financial institutions, services, and renewable energy. These investments have the potential to generate risk-adjusted financial returns and create a positive impact.

Achieving a positive impact alongside attractive risk-adjusted financial returns is a key component of Norsad's operating model and is an integral part of our decision-making and overall investment management process. As an impact investor, we believe impact and profit can co-exist and are not mutually exclusive. We are continually working on **Building a Better Africa** by supporting our partner companies to ensure they can deliver a positive impact in line with our impact themes.



Impact Investing in Africa

Creating a Positive Impact in Africa Through Targeted Investment

Impact investing is one of the beneficial instruments used to unlock Africa's economic development. Given the rising economic and social challenges being experienced in Africa, investing specifically to address inequality (for women, youth, and children), poverty reduction, food security and the impact of climate change, to name a few is crucial.

Impact investing according to the Global Impact Investing Network (GIIN), refers to investments made with the intention of generating measurable social and environmental impact alongside a financial return. This responsible investing approach integrates Environmental, Social and Governance factors into investment screening and monitoring. Impact investments are made into sustainability-themed funds, companies and organisations which generate measurable impact and contribute to the United Nations Sustainable Development Goals (SDGs) agenda. A recent study released by GIIN in 2021 states that there was a 63% increase in capital injection by the private credit markets since

2019 with nearly half of this capital going to Africa.

However, despite the growth of impact investing, Africa is still off track to achieve its 2030 agenda for sustainable development. The SDGs 2020 progress report states that even before the Covid-19 outbreak, most African countries were making slow progress towards attaining the global goals. Covid-19's effects pushed Africa even further off track in attaining global goals and eradicating extreme poverty by 2030.

How Targeted Impact Investments are Making a Difference in Africa

The United Nations suggests that 6% of the world's population will still be living in extreme poverty by 2030, the majority of which will be in Africa. Millions of people in Africa are experiencing financial and social challenges that disadvantage them from realising their full potential. The most pressing challenges include financial exclusion, the energy and water crisis, lack of access to basic services such as housing, education, and healthcare as well as rising levels of unemployment.

As a responsible investor, Norsad has identified several opportunities for investment while simultaneously making positive impacts in the lives of individuals and communities. Norsad plays a critical role through tailor-

“ Norsad has identified several opportunities for investment while simultaneously making positive impacts in the lives of individuals and communities.”

made debt solutions that promote our four impact pillars - Sustainable Livelihoods, Financial Inclusion, Gender Equality and Climate and Clean Energy. By investing and supporting partners that can deliver such an impact, Norsad is contributing towards building a better Africa.



Kuda Mukova

Head of Impact and Sustainability

In 2022, Norsad strengthened its ESG and impact approach by appointing a Head of Sustainability, Kuda Mukova. Amongst other things his focus will be to refine Norsad's Climate Strategy which includes a commitment to transition to innovative solutions that will support the climate crisis and promote a green economy in Africa.



Aspiring to Impact 100 Million Lives by 2030

As of December 2021, Norsad has impacted:

35.5 million lives



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

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 job creation and to accomplish this, we need to create employment opportunities that are inclusive and innovative. Job creation is central to unlocking economic development in Africa. Failure to do so will result in missed opportunities to develop Africa to its full potential.

In 2022, we embarked on a journey to measure the number of lives impacted from our inception in 1993 to 2021. Using the data provided by our portfolio as well as supporting indirect job multipliers for the different sectors of investment, we were able to develop a measurement framework which we will be using going forward to track our progress towards this target.

We define lives impacted as the number of people reached via the provision of finance by Norsad Capital through its Portfolio Companies. This is intended to track direct employees and customers (including the extended family unit) within and associated with each portfolio company.

To achieve our target, we are committed to accelerating our impact in line with our 2030 strategy wherein we leverage off our four strategic pillars.



Nathaniel Nyika
Chief Investment Officer

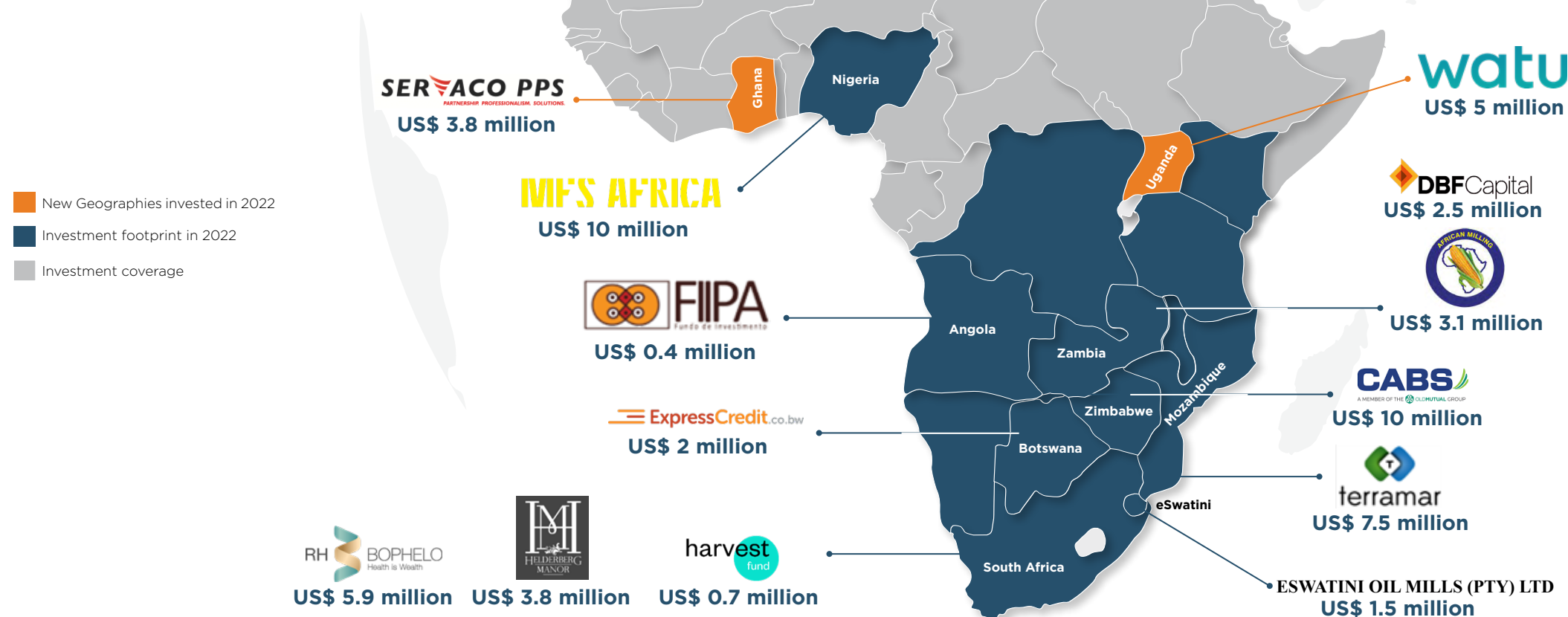
“ Job creation is central to unlocking economic development in Africa. Failure to do so will result in missed opportunities to develop Africa to its full potential. ”



Our Investment Coverage

As part of our strategy, we continue to expand our footprint outside of the Southern African Development Community (SADC)¹ region by investing in new geographies in Sub-Saharan Africa.

In 2022, we expanded our footprint by investing in Ghana and Uganda for the first time. Additional investments in existing geographies (South Africa and Mozambique) solidify our presence in the SADC market.



¹The Southern African Development Community (SADC) has 16 member states (Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic Tanzania, Zambia and Zimbabwe).



Case Study: Deepening into Niche Areas in the South African Market

We aim to achieve our strategy and impact 100 million lives by 2030 by increasing financial inclusion and employment creation to support sustainable livelihoods and alleviate poverty. Through our investments, we aim to support the growth of SMEs and high impact economic sectors.

RH Bophelo: Advancing Healthcare in South Africa

The RH Bophelo philosophy stems from a belief that wealth indirectly comes from good health. This view is articulated in their payoff line “Health is Wealth”. Investing in healthcare is investing in a range of industries. From building and infrastructure to manufacturing and production. RH Bophelo (RHB) is a pan-African investment company with the mandate of advancing healthcare in Africa through strategic investments. The company is listed on the Johannesburg Stock Exchange (“JSE”) and the Rwanda Stock Exchange (“RSE”).

The investment company partners with institutional investors like Norsad to make a difference. Its investment mandate covers healthcare services, healthcare infrastructure, healthcare ICT, and healthcare-related financial services.

According to World Bank data, South Africa’s health expenditure remains the highest in Sub-Saharan Africa. Despite this high expenditure majority of the population are still dependent on the overburden public health care system. The public healthcare system is not coping with the increasing demand, there’s a need for affordable private health care that is easily accessible.

It is against this backdrop that RH Bophelo, makes its contribution in providing accessible and affordable healthcare to the working uninsured and those left behind by a system that was not designed to meet their needs. RHB has deliberately targeted the working uninsured as a critical segment of their target market. This segment represents approximately 20% of the addressable healthcare market which has previously been poorly serviced.

Additional investments continue to be assessed in line with RH Bophelo strategic plan to maximise the number of facilities across the portfolio – and to achieve their R5 Billion in 5 years strategy (5/5 Plan). As more patients start using RH Bophelo’s facilities and move away from the over stretched government health care facilities, this frees up capacity to service the unemployed and destitute.

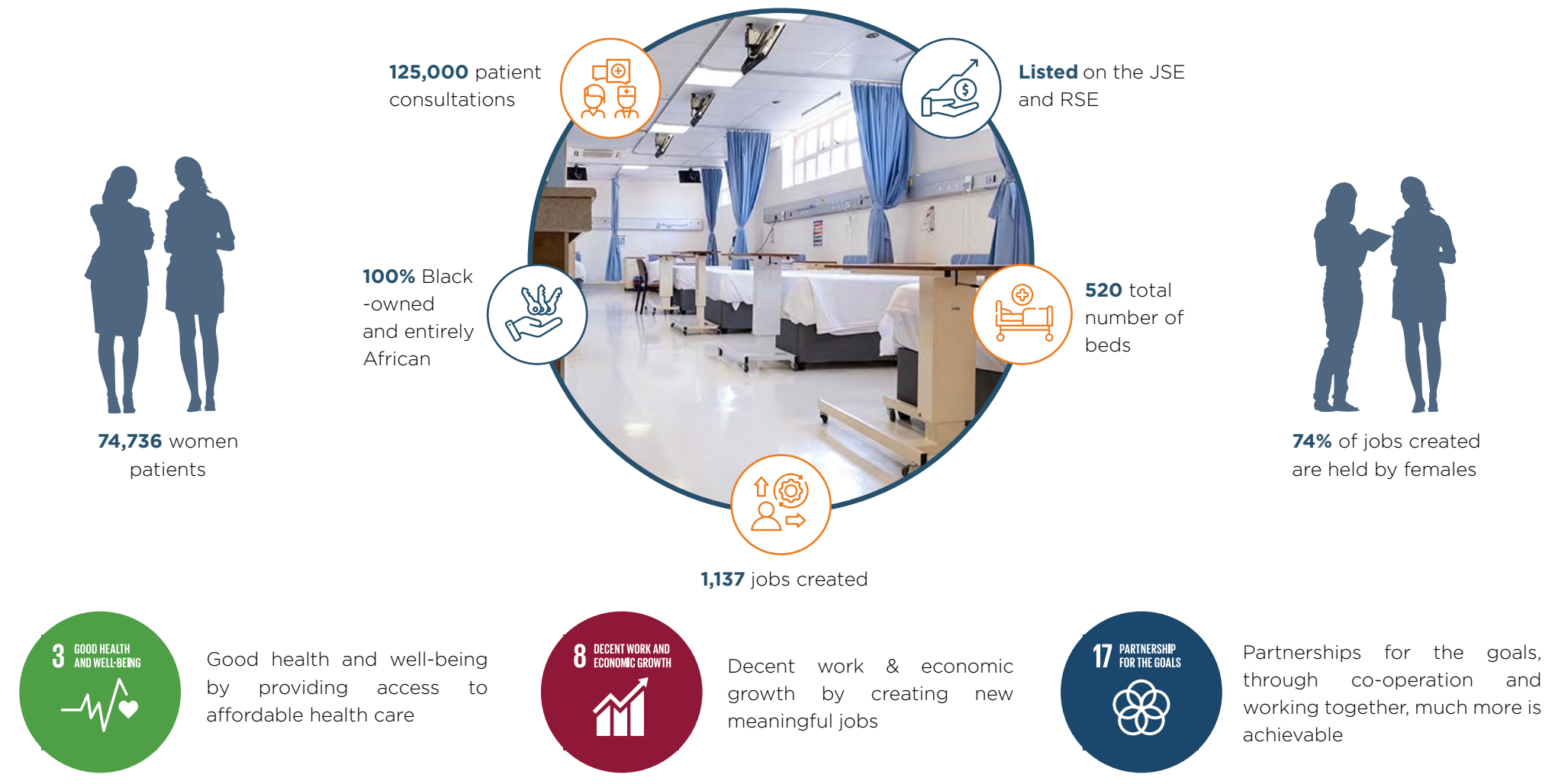
“Due to the high cost of private healthcare, particularly hospitalisation, specialist fees and radiology, more than 83% of the population relies on overburdened public health services.” says John Oliphant, Chairman





RH Bophelo's Impact

Norsad invested USD 5.9 Million in RH Bophelo in 2022 for the expansion of **RH Bell Clinic**, **Vryburg Private Hospital**, and **Medicare Private Hospital**. The Investments were used to increase the number of beds whilst simultaneously renovating and revamping the facilities.



Disclaimer: Impact indicators and SDG contribution as a result of 2022 business activities



Case Study - Diversifying into Sub-Saharan **Africa**

Watu Credit - Asset Financing for Motorbikes in Uganda

As part of our 2030 strategy to expand into new markets, we invested in Uganda for the first time in 2022 with a US\$5 million disbursement to Watu Credit.

Our mission is to positively impact lives by supporting millions of Africans to fulfil their dreams of becoming entrepreneurs.

Financial inclusion is a significant bottleneck for Small, Medium and Micro Enterprises (SMMEs) in the African continent. Access to finance is needed to support and help SMMEs grow into sustainable businesses. Watu is an asset FinTech company committed to transforming urban mobility and the financial lending landscape. The Company offers asset financing to meaningfully improve employment and opportunities for those with the greatest barriers to accessing financial services. Watu works with authorised dealers to provide access to affordable and flexible financing for two and three-wheelers motorbikes through flexible payment terms of up to 24 months. The loan comes with comprehensive insurance and a GPS tracking service included in the repayment instalment.

Creating an enabling environment with boda boda's loan from Watu

Boda bodas (motorbikes) play a significant role in Uganda's transport industry and contribute towards its socio-economic growth. For many people struggling to earn a sustainable livelihood, the boda boda business has enabled them to become entrepreneurs and indirectly offers employment opportunities to many others. From the urban centres in Uganda to the most remote villages, boda bodas are quick, inexpensive, and readily available to get the people where they need to be. They provide a huge boost to small business owners who make substantial savings while using boda bodas to transport goods across the country.

To date, Watu has created over **3,000 direct jobs** and has provided over **600,000 loans** across **7 countries** which have positively impacted the lives of more than **3.6 million** people. Through an easy application process, Watu has significantly lowered the barriers to access to finance, providing SMMEs with ease of access and convenience.





Norsad in **Numbers**



25

employees
supported by
Norsad



52%

of Norsad employees
are women



43%

of Norsads board members are
women



42%

of Norsad investment
professionals are women



53%

increase in revenue



**USD
794,000**

paid in taxes



Portfolio Overview

An overview of our current portfolio performance in 2022 is presented below.



US\$235 million

Assets Under Management



14

countries invested
across Africa



US\$56.5 million

disbursed in 2022



43%

of jobs supported
were held by women



13

transactions made in
2022



100%

of investments in
developing markets

15,142

jobs supported
across the portfolio²



20%

of jobs supported were
held by the youth

² Data excludes figures from Helderberg Manor, Servaco and Watu Credit which were disbursed in December 2022. This data will be reported on in 2023.
























Our Clients by Sector

 Financial Institutions	US\$93.83 million total invested	15 partner investee companies	48% of Norsad portfolio

 Industrials and Manufacturing	US\$8.78 million total invested	2 partner investee companies	3% of Norsad portfolio



Our Clients by Sector

 <p>Food Value Chain</p>	 <p>US\$42.08 million total invested</p>	 <p>7 partner investee companies</p>	 <p>23% of Norsad portfolio</p>
			<p>ESWATINI OIL MILLS (PTY) LTD</p>
			<p><i>moni-shop</i></p>
			
 <p>Soft and Social Infrastructure</p>	 <p>US\$39.93 million total invested</p>	 <p>8 partner investee companies</p>	 <p>26% of Norsad portfolio</p>
			
			
			



Supporting Sustainable Livelihoods

Outcomes

- » Sustainable (growing) businesses
- » Increase in revenue
- » Increase in levels of production
- » Increase in customer base
- » Increase in sustainable (long term) jobs
- » Jobs created in construction and operations (where applicable)
- » Increased skills levels
- » Increase in access to lower income and (previously) excluded individuals and business
- » Increase in pay- levels
- » Increase in tax payments (for general economic benefit)
- » Positive balance of payments
- » Increase in local procurement spend

Impact

Direct SDG



Indirect SDGs





Supporting Sustainable Livelihoods

To support this commitment, we provide access to finance to companies in high-impact sectors that promote sustainable livelihoods through job creation which gives people the opportunity to provide for themselves and reduce inequality. Africa continues to grapple with the challenge of extreme poverty. According to the world data lab, the continent is home to the largest share of the world's poor population, with over 460 million people living below the US\$1.90-a-day poverty line in 2022. Norsad is committed to building a better Africa through inclusive sustainable growth one investment at a time.

Poverty reduction depends on helping people manage the little money they have. Without access to financial services people are unable to save money and take control of their financial health and save towards improving their livelihoods.

Africa has made significant progress towards financial inclusion, largely attributable to digital services and platforms like mobile money. Mobile money has been a vital enabler for millions of poor people in Africa who do not have access to formal financial services like banks. Mobile financial account ownership and usage are continuously rising and are slowly becoming the preferred account compared to traditional bank accounts. Innovative financial solutions like mobile money play a significant role in improving the lives of many people in urban and rural areas.





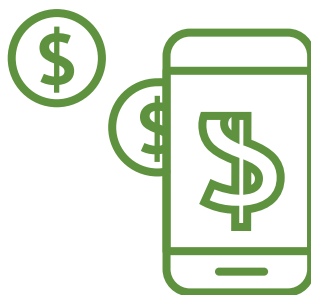
Thought Leadership: Job Creation Through Digital Services and Platforms

“ Through access to financial services such as mobile money and financing, SMEs can expand their customer reach and improve operational efficiency, thereby improving profit margins ”

There is a strong correlation between financial development and economic growth. Through access to financial services such as mobile money and financing, SMEs can expand their customer reach and improve operational efficiency, thereby improving profit margins.

Mobile money allows individuals and businesses to safely transact by sending money, borrowing money, saving, and managing insurance risks. As per the latest Mobile Money Market report, there has been an 8% increase in mobile money account ownership from 2017 to 2021. The mobile money service has become a tool for women's empowerment, risk sharing, SMEs support and development, job creation and poverty reduction.

Mobile money has given agents a chance to start and grow businesses that unlock employment opportunities for many and improve livelihoods. Mobile money not only provides financial empowerment for mobile money agents but also enables entrepreneurs to collect payments which is one way of digitalising a business and building an online presence for greater reach.



“ Currently, Norsad provides credit to companies that offer mobile banking services with over **1700** mobile money agents serving approximately **40 000** customers. ”



Alice Zulu
Investment Director



Spotlight: MFS Africa

Norsad's investment in MFS Africa (MFS) contributes to SDG 9 (Industry, Innovation and Infrastructure). MFS is the largest digital payments hub in Africa, with over 400 million mobile money users connected. The company is scaling access to new African markets through payment infrastructure. MFS Africa works closely with mobile network operators, money transfer organisations and financial institutions to bring simple and relevant financial services to unbanked and under-banked clients.

As a result, MFS connects mobile money systems to one another and to money transfer organisations, banks, and financial institutions, enabling accessible and affordable alternatives for remittances, money transfers and payments. MFS allows merchants, banks, mobile operators, and money transfer companies to leverage the ubiquity of mobile wallets as a safe, convenient, and cost-effective transaction channel



MFS Africa's Impact



200 million

bank accounts across
Africa



400 million

million mobile wallets
connected



200,000+

mobile money agents in
Nigeria



266,000+

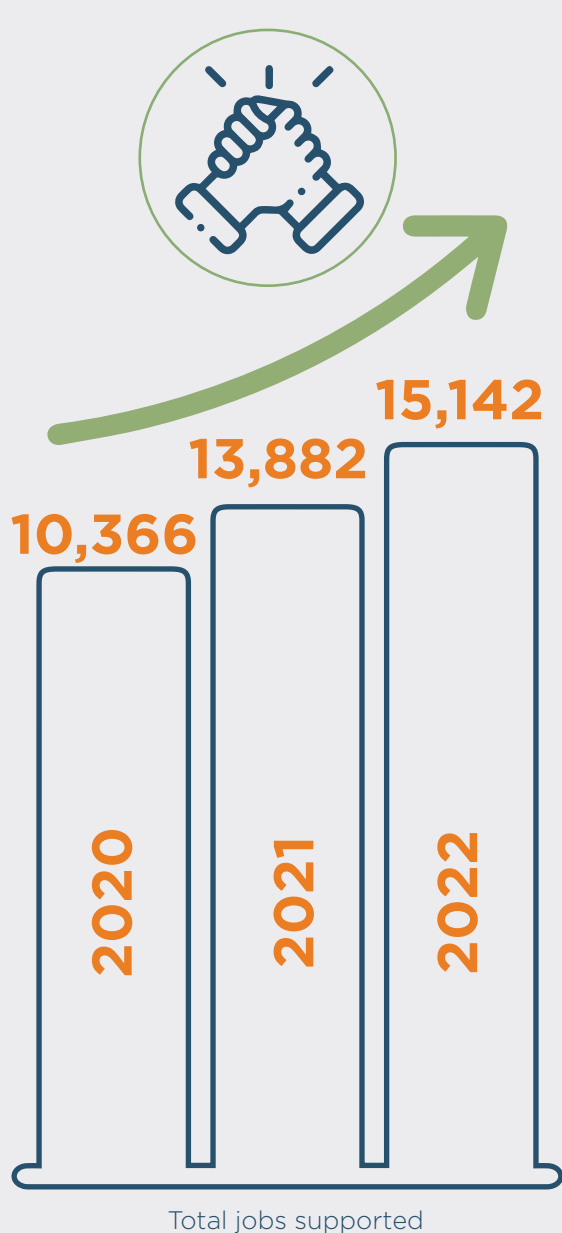
number of clients/
customers across Africa



Operates across **600**
payment corridors on the
continent



Operates across **35**
African countries



Total jobs supported





Investing for Gender Equality

Outcomes

- » Increase in the number of women in the workforce
- » Increase in women and girl customers
- » Increase in the number of women in leadership positions
- » Gender pay parity in the workplace
- » Enhanced access of women to procurement opportunities
- » Increased first time home ownership by women
- » Increased savings by women

Impact

Direct SDG



Indirect SDGs





Investing for Gender Equality

By 2025, it is estimated that as much as US\$28 trillion or 26% could be added to the global annual GDP if women played an identical role to men in the labour force. This is also true in Africa which could gain US\$316 million in GDP by 2025 if the gender gap is bridged.

Gender Lens Investing (GLI) is a useful investment tool to address several of the UN SDGs including SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequality).

GLI is the deliberate integration of gender analysis, investment analysis and decision-making where investments are made in more women-owned or led enterprises and/or investments are made in enterprises that promote gender equality in the workplace and products and services that substantially improve the lives of women and girls, ensuring the development of strong resilient economies³.

It is estimated that there is a US\$42 billion funding gap for women entrepreneurs and by supporting entrepreneurship, investors have the potential to support economic empowerment and improve the quality of life for African households if women can contribute an income (or increased income) to their families⁴.

Female founded companies performed 63% better than an all-male founding team.

In Africa, one in four women start or manage a business.

Women own 40% of African small and medium enterprises (SMEs), but only 20% have access to traditional funding paths.

Women reinvest up to 90% of their income in education, health and nutrition of their families and communities.



³(UNIDO, 2022)

⁴(World Economic Forum, 2022)



Thought Leadership: Investing for Change

“ The burden of unpaid care increased, the education levels and programmes in many countries were disrupted and unemployment rates increased which have affected girls and women disproportionately. ”



“ In 2022, the Norsad portfolio employed 6,571 women, a 43% increase from 2021. ”

As responsible investors with gender equality as one of our driving impact themes, we cannot ignore the widening gender gap in Africa. GLI extends beyond philanthropy or regulatory compliance and provides us with an opportunity to unlock economic power, drive market development, and achieve financial returns and value creation all while having a positive impact on gender parity.

Although significant gains were made toward achieving gender equality in recent years, the current social and economic challenges continue to threaten the progress made. The burden of unpaid care increased, the education levels and programmes in many countries were disrupted and unemployment rates increased which have affected girls and women disproportionately. As a result of these challenges, it is estimated that the social and economic

challenges experienced over the last two years (including the pandemic) could set back the progress on gender equality by as much as six years.

The pandemic and other social challenges experienced in 2022 have solidified the need for investors and businesses alike to respond to social needs both internally (structures, policies, procedures, measurable targets) as well as externally through their operations and investments. At Norsad, we continue to assess new investments against the 2X Challenge criteria and identify potential areas of improvement with respect to gender, diversity and transformation as part of our screening process. We remain committed to GLI and embarked on an exercise with the investment team to develop a GLI roadmap for Norsad to improve our GLI and investment approach.



Keoleboge Malela

ESG and Impact Manager



Spotlight: Developing our Gender Lens Investing Roadmap

Our Gender Statement

At Norsad, we believe that gender equality is not only a fundamental human right but a necessary foundation for sustainability and prosperity. As an impact investor and provider of private credit in Africa, we recognize the importance of gender lens investing in support of diversity, inclusion, and contribution to the Sustainable Development Goals.

Gender inequality has been identified as a key constraint to growth and development, which if addressed in Africa, will contribute significantly to the social and economic advancement across the continent. Norsad is committed to investing its capital and support to unlock women's potential as contributors, leaders and changemakers. This is in alignment with our purpose to Build a Better Africa.

At Norsad, we strive to cultivate a diverse and inclusive workplace and have adopted a gender lens investing approach across all investments to ensure women's consideration and benefit remain central to our impact. We intend to increase the number of women involved in our business ecosystem, either as employees, managers, business owners or board members.

In 2022, two of our Investment Directors attended a GLI Immersion Programme with Swedfund & Value for Women training. As a result of this training, and to support our gender statement, we are working on a GLI roadmap for Norsad Capital which will be finalised in 2023. Our GLI roadmap will be outlining our actions, short, medium and long-term goals as well as outlining the advocacy support required during the investment process, at a portfolio company level and a fund level.

As a commitment to diversity and gender equality, Norsad will:

Maintain and further integrate gender-lens investing considerations into our investment processes.

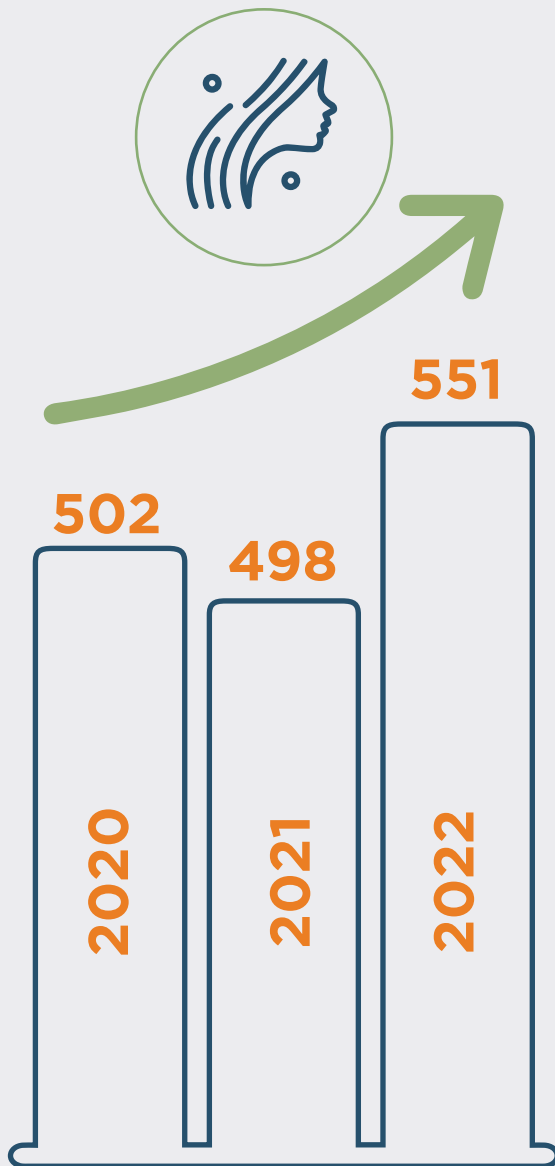
Conduct a gap analysis of our direct business ecosystem to identify opportunities for engagement with partner companies on gender issues.

Support portfolio companies to become gender inclusive and encourage them to increase women's representation across their leadership, their workforce and within their value chains.

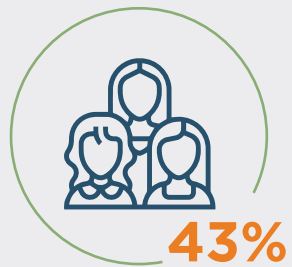
Identify metrics and targets to assess and report on our progress towards gender lens investing and gender inclusivity in our partner portfolio companies.



Investing for Gender Equality - 2022 Portfolio Performance



Women in Management Positions



women jobs supported



women trained across the portfolio



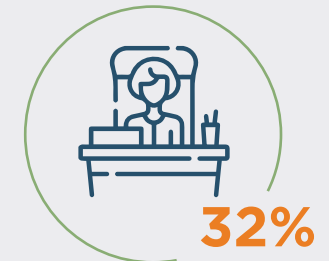
of women board members



women in senior management positions across the portfolio



companies offer women-specific products



companies with at least 1% women ownership



SME credit/loans issued to women



Driving Financial Inclusion in Africa

Outcomes

- » Tailored products reducing levels of over indebtedness, leading to improved nonperforming loan book
- » Increase in financial products and services range
- » Improvements in access to financial products and services
- » Increase in participation from (previously) excluded individuals and businesses
- » Increase in savings amongst customer base

Impact

Direct SDG



Indirect SDGs





Thought Leadership: Empowering the Underserved

“ One of Norsad’s impact themes is financial inclusion. We extend credit to companies that provide individuals and businesses with innovative financial services which promote access to affordable financial services, empower lives, and close the gaps for the marginalised. ”

According to the African Development Bank financial exclusion is one of the biggest drivers of inequality and poverty in Africa. The Findex 2021 report shows that Africa still has the most unbanked adults, in particular women who account for about 56% of the 1.7 billion global unbanked adult population.

Lack of internet access, accessible financial services - mostly in rural areas, financial literacy to enable people to make informed decisions about financial products and discrimination against women and low-income population groups have been the main drivers of financial exclusion. It is vital that impact investors like Norsad continue to support the growth of companies in Africa that provide access to affordable and accessible financial services. One of Norsad's impact themes is financial inclusion. We extend credit to companies that provide individuals and businesses with innovative financial services which promote access to affordable financial services, empower lives, and close the gaps for the marginalised.

Financial inclusion refers to initiatives that make formal financial services available, accessible, and affordable to all segments of the population. It is a fundamental enabler to development, poverty elevation, reducing gender equality, creating jobs and the promotion of good health and well-being.

The Global Impact Investing Network (GIIN) recent study shows that investments made to businesses that offer affordable financial products and services (like transactions, payments, savings, credit, and insurance) remain resilient amidst the Covid-19 pandemic. These investments proved to be stable despite the economic turmoil from the pandemic. This demonstrates the crucial role they play in providing and delivering access to financial services responsibly and sustainably for both the unbanked and underbanked during times of crisis.

At Norsad, we are continuously looking for ways and opportunities to double down our commitment to Financial Inclusion. Our investments not only have a positive impact on communities, but they are also weathering the effects of the Covid-19 over-hang.



Carol-Jean Harward

Investment Director



Spotlight: Targeting attractive niches in the South African market

Financial inclusion through SMEs financing- Bridge Taxi Finance

Norsad's investment in Bridge Taxi Finance contributes to SDGs 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities) and 11 (Sustainable Cities and Communities). One of the many barriers faced by SMEs in the African continent is access to financial services including access to finance. According to an article published by the African Development Bank, 80% of South African Taxi clients are unbanked and may not qualify for traditional bank loans. Creating an enabling environment for SMEs to access finance and start earning an income can help reduce poverty and income inequality.

SMEs play a key role in job creation; providing access to finance to SMEs in the taxi industry is enhancing SME's ability to contribute to the labour force leading to economic growth.

In 2021 Norsad made an investment of US\$ 9.81 million into Bridge Taxi Finance, a South African provider of minibus taxi finance solutions. Bridge Taxi Finance offers instruments to taxi owners, who have long been excluded from formal financial services. Norsad's investment in Bridge Taxi Finance looks to assist in the effort to financially include this impactful sector of South Africa's economy.

Bridge Taxi Finance Impact

A critical component of the country's economy as more than 70 percent of the workforce is transported to and from work by taxis daily

Bridge Taxi Finance has financed over 4,200 entrepreneurs to date

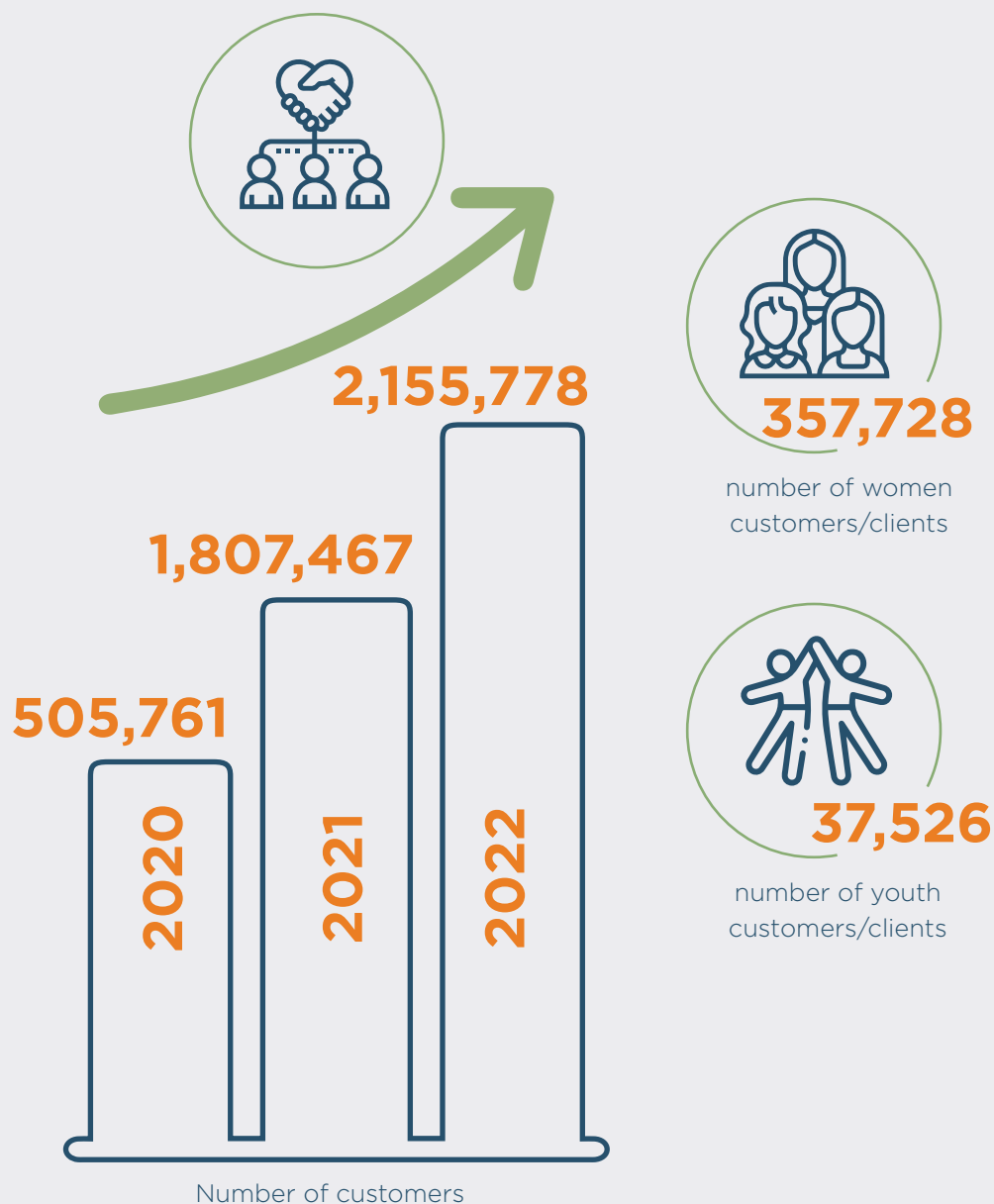
At least 300,000 commuters commute to and from work every day

Contribute to local economic development and job creation



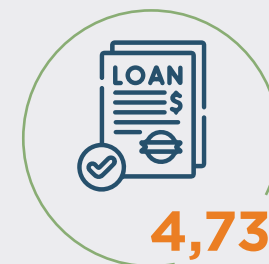


Driving Financial Inclusion in Africa - 2022 Portfolio Performance



US\$ 30,413,341

value of SME credit/loans issued out



4,735

SME credit/loans given out



70

ATMs across the portfolio, with **9%** of our clients' ATMs located in rural areas



141

branches across the portfolio, with **35%** of our clients' branches located in rural areas



1,702

mobile money agents



913,202

mobile banking service users



Climate and Clean Energy in Africa

Outcomes

- » Cleaner power generation plants (own use of for clients)
- » Successful connectivity of power plants to the grid for distribution (for clients)
- » Provision of off grid solutions to extend supply to rural and underserved communities
- » Increase in generation capacity
- » Reduction in power outages
- » Increased reliable/uninterrupted power supply
- » Reduction in electricity prices
- » Increase business productivity and outputs

Impact

Direct SDG



Indirect SDGs





Climate and Clean Energy in Africa

Climate action failure was ranked 1st as the most severe risk over the next 10 years⁵. In the past year, the fight against climate change has shifted gears as global pressure on investors, businesses, and consumers mounts and the need for more ambition and commitment is stronger than ever.

During 2022 of the top ten climate-related disasters with a substantial human impact, two occurred in Africa – the ongoing drought in the Horn of Africa which impacted 36 million people, and the flooding in West Africa which killed more than 600 people and displaced around 1.3 million people⁶. Africa accounts for around 4% of global greenhouse gas (GHG) emissions but suffers a disproportionate amount of climate-related losses and damages. As the effects of climate change are expected to worsen, swift action in the form of climate change adaptation and mitigation measures is urgently required.

Governments are increasingly responding to the call for action, with over 40 African states revising their national climate plans in 2022 to be more ambitious and

outline greater commitments to climate adaptation and mitigation measures. This includes strengthening access to early warning systems, improving transboundary cooperation, data exchange, and knowledge sharing⁷.

It is estimated that Africa requires US\$2.8 trillion to fulfil its Nationally Determined Contributions (NDCs) under the Paris Agreement. In 2022, annual climate flows reached around US\$30 billion, falling way below the funding requirements.

The 2022 Conference of the Parties (COP27) provided an ideal platform for African nations to discuss climate finance packages to bridge this gap, particularly to support the just energy transition as many countries start moving away from traditional fossil fuels and exploring renewable and alternative energy sources. Some progress was made in securing funding from developed nations, but the climate finance gap remains a concern for Africa, and both the private and public sectors have an active role to play in reducing this gap.



Five of the 10 countries most affected by climate change are in Africa.

In Africa, climate change could induce GDP annual losses ranging between 2 and 12% by 2050.

High water stress affects about 250 million people in Africa and is expected to displace up to 700 million people in Africa by 2030.

⁵(World Economic Forum, 2022)

⁶(World Economic Forum, 2023)

⁷(United Nations News, 2022)



Thought Leadership: No More Business as Usual

Climate and clean energy, one of our impact themes, has been prioritised at Norsad as we explore the role that impact investors and debt providers play in the fight against climate change. As an investor in Africa, we cannot afford to carry on with a business-as-usual approach and have taken several steps to ensure we are part of the solution.

As investors, we need to improve our understanding and knowledge of the risks, both financial and non-financial, that climate change poses to us, as well as our clients and the communities we operate in.

The introduction of mandatory climate-related disclosures and reporting has become a priority across the globe, with investors under increasing pressure to improve data collection and reporting on climate change. Efficient markets and economies require a regular supply of accurate and relevant information to assist with decision-making, and as a result, the investment community requires data on climate-related financial risks in order to price for the risk and the supporting adaptation and mitigation measures.

At Norsad, we recognise that understanding and responding to climate change is a 'journey' and requires ongoing learning, training, and a revision of our current investment process and ESG screening processes to ensure climate change is not only priced into our investments but also factored into our ESG and impact monitoring and management process.

As investors in Africa, we need to be agile and ensure our clients are equipped with the necessary skills and resources to implement climate adaptation and mitigation measures that ensure the sustainability of their businesses and create the desired impact.



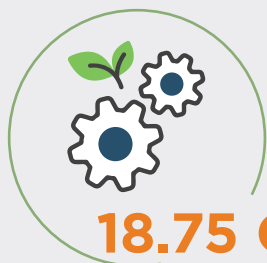
Matthew Pratt
Investment Manager



Spotlight: Providing Targeted Support to Our Portfolio

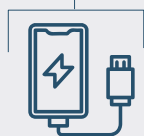
We have developed our climate change statement, reiterating our commitment to the fight against climate change, and we are working with our shareholders to finalise our climate policy and strategy in 2023. We value our clients and acknowledge their support to our purpose, of **"Building a Better Africa"** and contributing to our aspiration of impacting 100 million Lives by 2030. Our determination to provide valuable knowledge and assistance to our clients saw us embark on a process to obtain additional funding that will allow us to provide technical assistance to them in the form of climate risk screening and carbon footprinting. We expect to commence this knowledge sharing in the second half of 2023.

"As an investor in Africa, we cannot afford to carry on with a business-as-usual approach and have taken several steps to ensure we are part of the solution. "

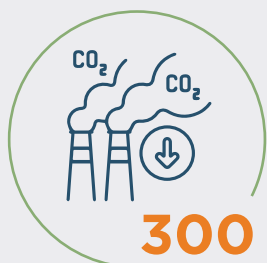


18.75 GWh

total energy generated through
renewable energy portfolio

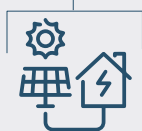


Equivalent to **45,000**
households powered

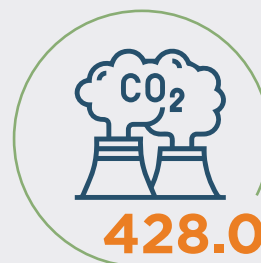


300 tCO₂e

CO₂ emissions
avoided

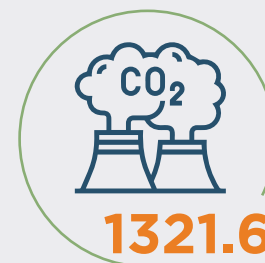


Equivalent to charging
36,492,794 mobile phones



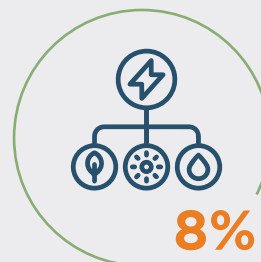
428.06 tCO₂e

Scope 1 emissions



1321.66 tCO₂e

Scope 2 emissions



8%

contribution of our
renewable energy
portfolio to national
energy supply



29%

of our portfolio
uses renewable
energy



18%

of our portfolio measured
their carbon footprint



SDG Highlights - 2022 Portfolio **Performance**

SDG 2: Zero Hunger

2 ZERO HUNGER



Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production to end hunger, achieve food security and promote sustainable agriculture.

131,884 tonnes crops produced

21,479,956 dozen eggs produced

19,385 tonnes of frozen chicken produced

54% products sold locally



SDG 4: Education

4 QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all by investing in schools and education programmes to increase skills and knowledge to attain employment and create more inclusive and sustainable communities.

1,902 students enrolled in 2022

9.75% Increase in the number of students in 2022

9.6:1 student-to-teacher ratio per class achieved

806 female students enrolled in our education portfolio

112 female teachers in our education portfolio



SDG Highlights - 2022 Portfolio **Performance**



SDG 8: Decent Work and Economic Growth

8 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all by investing in underserved markets that unlock and support job creation, growth and improved labour standards and practices for improved livelihoods.

15,165 total jobs supported

(Norsad and portfolio)

9% increase in total jobs created from 2021

SDG 11: Sustainable Communities – Ongos Data

11 SUSTAINABLE CITIES AND COMMUNITIES



We want to promote the development of cities and human settlements that are inclusive, safe, resilient and sustainable by investing in businesses that increase the availability of affordable housing near transport options and provide access to home ownership for low and moderate-income populations.

480 total number of homes built as of December 2022

201 homes built between 1st January and 31st December 2022

53% of homes sold to female clients

100% of homes sold to previously disadvantaged individuals





2022 Highlights



“This is a region and market under-served by financial institutions, yet there are enormous business opportunities in the area. All in all, this partnership augurs well for the future of the economy of Zimbabwe. Likely to make more capital available to growth-stage businesses in the country, this relationship will promote economic growth in the region.”

CEO, Kenny Nwosu

Supporting Investments in Zimbabwe

Recognising their common goals, the Infrastructure Development Bank of Zimbabwe (IDBZ) has joined forces with Norsad Capital. This partnership was announced at a ceremonial event in Harare, Zimbabwe, in September 2022. According to Kenny Nwosu, CEO of Norsad Capital, *“Our agreement means that we will introduce each other to potential transactions and seek to collaborate and share risk. We each have our own expertise and funding models, and together we can provide far more in-depth insights when putting together a deal.”*

From a regional perspective, the partnership supports Norsad Capital’s strategy and focus on the Southern African Development Community (SADC), where Zimbabwe is located.



2022 Highlights

New Opportunities for Business in Eswatini



The Eswatini government is mandated to promote sustainable economic growth in the country following the economic recovery recorded in 2021 and 2022. As a result of the positive development, the government continues to identify opportunities that will drive economic growth and development. One of the opportunities identified includes the signing of a Memorandum of Understanding between the Eswatini National Industrial Development Corporation (ENIDC) and Norsad Capital.

The ENIDC is tasked with helping to finance new business operations and to promote the expansion and modernisation of existing firms through the provision of capital, thereby aligning closely with Norsad Capital's strategy. As such, there is a significant overlap in the goals of the two organisations, which bodes well for their future combined endeavours.

Launching the agreement at an event in Ezulwini, Eswatini, in November 2022, Muzikayise Dube, ENIDC's CEO, commented,

“ This is an important milestone not just for the ENIDC but for the entire country. Through our partnership with Norsad Capital, which has a well-established footprint across Southern Africa, we will be able to extend much-needed funding to businesses in Eswatini, so helping to grow the economy and create jobs. **”**

Growth and Technological Innovation



In 2022, Norsad invested in the Endeavor Harvest Fund II (“Fund II”). The Fund is a technology-focused venture capital fund and has made 16 investments to date. Endeavor Global is present in 35 countries across the globe. Their mission is to catalyse job creation and economic prosperity with expertise and market access through their vast network of local mentors. Endeavour's focus is leading high-impact SMEs to success through their well-established selection and mentoring programme. The bulk of the current Harvest Fund portfolio is FinTech, Software as a Service (“SaaS”) and Consumer Tech.

Norsad's participation in this investment was experimental. Participation in the Fund will contribute to the growth of Norsad, by tapping into a new segment and sectors while accessing proprietary deal flow from the Endeavour network of companies. In addition, this will also allow Norsad to remain at the forefront of developments that could significantly disrupt some of its investments within other sectors.



2022 Highlights

Norsad Alliance - TLG



Norsad Capital and TLG Capital established an African credit platform. The joint partnership encompassing US\$400 million in assets under management focuses on African small and medium enterprises. The partnership allows for the building and enhancement of capabilities of both firms by sharing, presenting, and co-investing in well-structured credit investment opportunities with strong layers of downside protection and equity upsides embedded. The partnership, amongst others, further promotes syndication opportunities and platforms, risk participation structures, jointly offer larger ticket sizes, and provides a balanced capital offering with a mix of senior and subordinated debt.

Norsad Awarded Technical Assistance



During the year Swedfund approved a Technical Assistance (award to Norsad to the value of US\$100,000. The Technical Assistance is to support the following three critical workstreams:

1. A portfolio climate risk assessment and carbon footprint measurements
2. A review and update of the Norsad Social and Environmental Management System (SEMS)
3. An assessment of Microfinance Institutions (MFI) clients against the Customer Protection Pathway (CPP) and certification standards.

The implementation of the workstreams will take place in 2023. The intended outcome of the Technical Assistance project will be to strengthen Norsad's processes, competencies and core sustainability areas.

Social Leadership of the Year Award



In 2022, Norsad won the ESG Investment – Social Leadership of the Year Award at Reuters Events: Responsible Business Awards 2022.



Our Shareholders



“ Our partners and stakeholders have always been and will remain, critical to delivery. We go into the future, and all the potential and challenges it holds focused on unlocking new opportunities across Africa and enabling aligned businesses to realise and optimise their potential and vision. ” **CEO, Kenny Nwosu**

Norsad CAPITAL



We would love to hear from you, our valued stakeholder, and welcome your thoughts, comments, suggestions or feedback.

Please feel free to reach out to us at:

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