Press Release

ASA International Group plc reports FY 2023 results

Improved performance in H2 2023, with momentum continuing in early 2024

London, United Kingdom, 23 April 2024 - ASA International Group plc ('ASA International', the 'Company' or the 'Group'), one of the world's largest international microfinance institutions, today announces its unaudited results for the year ended 31 December 2023.

Key performance indicators

(UNAUDITED) (Amounts in USD millions)	FY2023	H1 2023	FY2022	% Change FY 2022 - FY 2023	% Change FY 2022 - FY 2023 (constant currency)	% Change H1 2023 - FY 2023
Number of clients (m)	2.3	2.2	2.3	*1%*		*5%*
Number of branches	2,016	2,073	2,028	*-1%*		*-3%*
Profit before tax[(1)]	32.2	13.8	46.3	*-30%*	*-16%*	*33%*
Net profit[(1)]	8.8	3.7	17.9	*-51%*	*-31%*	*38%*
OLP[(2)]	369.2	334.4	351.2	*5%*	*21%*	*10%*
Gross OLP[(2)]	377.2	346.8	367.5	*3%*	*18%*	*9%*
PAR > 30 days[(3)]	*2.1%*	*3.8%*	*5.9%*			

[(1)] Profit before tax and net profit for FY 2023 include an IAS 29 hyperinflation adjustments loss of USD 5.4 million, and profit before tax and net profit for H1 2023 excludes hyperinflation adjustments, as hyperinflation accounting was applied for the first time in the 2023 consolidated financial statements.
[(2)] Outstanding loan portfolio ('OLP') includes off-book Business Correspondence ('BC') loans and Direct Assignment loans, and loans valued at fair value through profit and loss ("FVTPL"), excludes interest receivable, unamortised loan processing fees, and deducts ECL reserves from Gross OLP.
[(3)] PAR>30 is the percentage of on-book OLP that has one or more instalment of repayment of principal past due for more than 30 days and less than 365 days, divided by the Gross OLP.

FY 2023 highlights

- The Company's financial results improved in H2 2023 with net profit increasing to USD 8.8 million by year end 2023 from USD 3.7 million in H1 2023. The Company's overall FY 2023 financial performance decreased compared to FY 2022, with net profit declining by 51%, primarily due to adverse FX movements, demonetisation in Nigeria, and the application of hyperinflation accounting to Ghana and Sierra Leone.
- The impact of the application of hyperinflation accounting for Ghana and Sierra Leone caused a decrease in net profit by USD 5.4 million and an increase in total equity of USD 0.6 million in 2023. This adjustment was not included in the reported H1 2023 numbers as the application of IAS 29 Hyperinflation accounting occurred for the first time in these consolidated accounts for the financial year ended 31 December 2023.
- Pakistan, the Philippines, Ghana, Tanzania, and Kenya made significant positive contributions to the Group's net profitability, due to increased loan demand and high loan portfolio quality in all these markets.
- Group operating results improved in H2 2023 with OLP growing by 10% to USD 369.2 million from USD 334.4 million in H1 2023, and portfolio quality improved to 2.1% as of 31 December 2023 from 3.8% as of 30 June 2023. The 5% year-on-year OLP growth in USD (21% in constant currency) was driven by improved performances in Pakistan, the Philippines, Ghana, Tanzania, and Kenya.
- High portfolio quality has been maintained as a result of improvements in the operating environments. PAR>30 for the Group's operating subsidiaries significantly improved from 5.9% as at 31 December 2022 to 2.1% as at 31 December 2023, primarily due to write-offs of long overdue loans in India and Myanmar,

combined with growth in OLP in US Dollar terms in other major countries. Pakistan, Ghana, and Kenya had an outstanding portfolio quality in the period, with PAR>30 less than 0.5% as at 31 December 2023.

- Reserves for expected credit losses ('ECL') on OLP in the balance sheet, including the off-book BC portfolio in India and interest receivables, reduced to USD 8.3 million in FY 2023 from USD 16.9 million in FY 2022. The decrease primarily relates to write-off of the outstanding Covid-affected portfolio and improved portfolio quality.
- The devaluation of our operating currencies contributed to foreign exchange translation losses of USD 24.1 million in FY 2023 (FY 2022: USD 34.0 million) and a decrease of the Company's total equity from USD 89.7 million as at 31 December 2022 to USD 76.6 million as at 31 December 2023.
- The Group did not recognise deferred tax assets amounting to USD 5.6 million which related to past losses for mainly India, as it failed to meet the future profitability threshold required under IFRS. Additionally, prior year tax adjustments of USD 3.0 million primarily in Pakistan, India, Tanzania, and Nigeria were taken in 2023. These resulted in a substantial increase in our tax expenses and a high effective tax rate for FY 2023.
- The unrestricted cash and cash equivalents remained at a healthy level of USD 48 million as of 31 December 2023 (31 December 2022: USD 55 million). The Company maintains a significant funding pipeline.

Outlook

The outlook for 2024 remains positive with improved business performance expected for our operations compared to 2023 on the back of better performance in H2 2023. However, inflation and related foreign exchange ('FX') movements are expected to continue to impact the Group's operating subsidiaries' performances. The reported net income for the Group will also depend on which countries will be classified as hyperinflationary at the end 2024. Based on current preliminary inflation projections, it is expected that the accounting for hyperinflation will be applicable for Ghana and Sierra Leone in 2024. Pakistan and Nigeria are currently on the watchlist.

Karin Kersten, Chief Executive Officer of ASA International, commented:

"We are pleased that the Group has returned to seeing growth in its operations and increased profitability in H2 2023, with the operating environment and profits improving across most of the Group's operating markets when compared to the first half of the year. Demand has picked up as our clients and staff continued to demonstrate their resilience while operating in economic circumstances that have remained challenging. This activity and resilience led to an improved performance in our major operating countries, Pakistan, the Philippines, Ghana, Kenya, and Tanzania, almost all of which recorded excellent portfolio quality, growth, and profitability. As previously announced, against the backdrop of global market volatility, the improved performance in our major operating markets was offset by FX movements in these markets which has significantly impacted the Group OLP and profitability in USD terms.

We are excited to observe the rollout of the new Core Banking System in Pakistan and Ghana in 2024, in line with the implementation of our digital strategy.

Whilst the impact of inflation including hyperinflation accounting and the related FX movements are expected to continue to dampen the Group's financial performance in USD terms in 2024, given improved operating developments in H2 2023, we are confident of being able to deliver improved performance within our operations in 2024."

CHIEF EXECUTIVE OFFICER'S REVIEW

Business review FY 2023

The improvement in the operating environment in most of our markets saw demand for our loan products increase as clients experienced an upturn in business activity. Against the backdrop of the macroeconomic challenges faced in our operating markets due to the global impact of increased food, commodities, and energy prices, the high demand from clients contributed to the growth of our operations in most markets. Pakistan, the Philippines, Ghana, Tanzania and Kenya continued to grow their loan portfolios in local currency and each made significant contributions to the Group's profitability.

The number of branches remained broadly stable, which was the result of the Group's stated strategy to reduce its presence in India while at the same time increasing our branches in many other countries, particularly in the Philippines and our operations in East Africa. Client numbers across the Group increased as the operating environment improved in most of our markets. On a constant currency basis, Gross OLP for the Group grew to USD 433.6 million at the end of December 2023 from USD 367.5 million at the end of December 2022. The growth in Gross OLP was combined with improved portfolio quality in most markets with PAR>30 for the Group at 2.1% as of December 2023 compared to 5.9% in December 2022.

In India, the Group maintained its strategy to focus on the recovery of overdue loans and the growth of its off-book portfolio, which resulted in on-book Gross OLP shrinking by USD 16.2 million in FY 2023. However, overall Gross OLP in India increased by 2% as the off-book Gross OLP increased to USD 39.8 million as of 31 December 2023 from USD 22.6 million as of 31 December 2022. This was due to new Business Correspondence ('BC') partnerships which commenced in 2023. We expect that the on-book portfolio will also start to increase in 2024 which should translate into a positive effect on the future profitability of our operations in India.

In Nigeria, the operating environment became challenging in H1 2023 due to a number of factors: such as the national elections in February 2023, demonetisation and also the impact of high inflation experienced by the country following the removal of government fuel subsidies. This resulted in a reduction of OLP and clients, an increase in overdues, and higher operating expenses in H1 2023. This was compounded by significant devaluation of the Nigerian Naira (down 70% against USD as of 30 June 2023 compared to 31 December 2022) which resulted in reduced operational and financial results in USD terms for H1 2023. Notwithstanding the headwinds experienced during H1 2023, we saw an improvement of the operating environment in H2 2023, which was reflected in improved portfolio quality and profitability and increased collections and disbursements. The period also saw a decreased currency depreciation (down 18% against USD as of 31 December 2023 compared to 30 June 2023). As such we expect the operations to continue to gradually recover in 2024 and contribute positively to the Group.

In Ghana and Sierra Leone, the three-year cumulative inflation in 2023 exceeded 100%. As a result, hyperinflation accounting has been applied for the first time for these two countries at the Group level. The application of hyperinflation accounting resulted in a non-cash decrease of the Group's net profit of USD 5.4 million and an increase of total equity of USD 0.6 million for the year ended 31 December 2023.

Against the backdrop of continued high inflation and currency depreciation in many of our markets, we continue to expect operations to improve across the Group in 2024. The Group is focused on right-sizing average loan sizes to clients in view of the inflationary environment in many operating countries, while improving branch productivity as clients continue to demand our loans, and our staff remain committed and focused on supporting clients in difficult operating circumstances.

Financial performance

As a result of the improved operating performance in H2 2023 compared to H1 2023, the Group realised a net profit of USD 8.8 million (after the USD 5.4 million impact of IAS 29) in FY 2023, which demonstrates the improvement in the operating performance in H2 2023 over the USD 3.7 million achieved in H1 2023. It should also be noted that hyperinflation accounting was not applied in the reported figures for H1 2023, as the impact of IAS 29 is only applied to the consolidated audited accounts at the year end 2023. I am pleased that the performance of most of our operating countries, particularly Pakistan, the Philippines, Ghana, Kenya, and Tanzania, was excellent in terms of portfolio quality, growth and profitability.

The Group maintains a diversified risk profile with operations across thirteen markets in Asia and Africa. As the impact of global market volatility, inflation and adverse FX movements varies substantially per country, the Company benefits from this diversification.

Expected credit losses

The Company reduced its reserves in the balance sheet for expected credit losses from USD 16.9 million as per end of 2022 to USD 8.3 million as per end of December 2023, for its OLP, including the off-book BC portfolio and interest receivables. The decrease primarily relates to write-off of the outstanding Covid-affected portfolio (USD 12.9 million in 2023 versus USD 10.8 million in 2022) and improved portfolio quality.

The USD 8.3 million ECL reserves as per 31 December 2023 mainly relate to overdue loans in India (28%), Myanmar (23%) and Nigeria (23%), with the remainder spread across the other countries as a percentage of each country's OLP or as an aggregate amount. Further details on the ECL calculation, including the selected assumptions, are provided in note 2.5.1 to the consolidated financial statements.

Digital strategy

The Group's digital strategy entails the implementation of our Core Banking System and our digital financial services platform ('DFS app'). Alongside the digitalisation of client procedures, the Group will seek to make further progress in enhancing employee processes. On 25 February 2024, we reached a major milestone, by migrating more than 600,000 clients in Pakistan from our incumbent loan system to the Temenos Transact Core Banking System. This migration enables ASA Pakistan to start taking deposits and grow their client base in a highly regulated environment. Also, it sets the stage for the rollout of the new Core Banking System to our other markets and provides a foundation for a broader, more sophisticated product offering in the near future.

The rollout of the Core Banking System combined with the implementation of the digital app in Ghana is planned for this year. The Supplier Market Place app is currently operating in Ghana, with more than 3,000 customers onboarded and placing their online orders. The service is expected to be expanded following the rollout of the digital loan and banking app.

Competitive environment

The competitive landscape remains unchanged across the Group. Our strongest competitors are in India, the Philippines, Nigeria, Tanzania, and Uganda. In most other markets, we face less competition from traditional microfinance institutions. Up until now, we have not been directly affected by competition from pure digital lenders.

Webcast
Management will be hosting an audio webcast and conference call, with Q&A today at 14:00 (BST).

To access the audio webcast and download the 2023 FY results presentation, please go to the Investor section of the Company's website: Investors | Asa (asa-international.com) or use the following link: https://brrmedia.news/ASAI_FY23
The presentation can be downloaded before the start of the webcast.
In order to ask questions, analysts and investors are invited to submit questions via the webcast.
The audio webcast will be available for playback on the Company website after the event.

2023 Statutory accounts

The financial information contained in this announcement do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ('the Act'). A copy of the accounts for the year ended 31 December 2022 was delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified but made reference to a material uncertainty in respect of going concern and did not contain statements under section 498 (2) or 498 (3) of the Companies Act 2006.

The audit of the statutory accounts for the year ended 31 December 2023 is not yet complete. The Directors expect the auditors' report to be unqualified and to make reference to a material uncertainty in respect of going concern due to lender covenant breaches and expect not to contain a statement under section 498 (2) or (3) of the Act. These accounts will be finalised on the basis of the financial information presented by the Directors in these preliminary results and will be delivered to the Registrar of Companies following the Company's annual general meeting.

2023 Preliminary Unaudited Consolidated Financial Statements

Today, the Company published the Preliminary Unaudited Consolidated Financial Statements for the 12 months period ended 31 December 2023 on the investor relations page of the Group web site (www.asa-international.com/investors/).

Full Year Annual Report and Accounts

It is expected that the Company will publish its Annual Report and Accounts for the 12 months period ended 31 December 2023 on 26 April 2024 which will be available on the investor relations page of the Group web site (www.asa-international.com/investors/).

Annual General Meeting
The Annual General Meeting will be held on 20 June 2024.

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GROUP FINANCIAL PERFORMANCE

(UNAUDITED) (Amounts in USD thousands)	FY2023	H1 2023	FY2022	% Change FY 2022 - FY 2023	% Change FY 2022 - FY 2023 (constant currency)	% Change H1 2023 - FY 2023
Profit before tax[1]	32,195	13,815	46,281	*-30%*	*-16%*	*33%*
Net profit[1]	8,757	3,676	17,887	*-51%*	*-31%*	*38%*
Cost/income ratio	*72%*	*77%*	*68%*			
Return on average assets (TTM)[2]	*1.8%*	*1.5%*	*3.4%*			
Return on average equity (TTM)[2]	*10.5%*	*8.7%*	*18.5%*			
Earnings growth (TTM)[2]	*-51%*	*-72%*	*181%*			
OLP	369,215	334,400	351,151	*5%*	*21%*	*10%*
Gross OLP	377,219	346,804	367,535	*3%*	*18%*	*9%*
Total assets	490,027	452,332	489,752	*0.1%*		*8%*
Client deposits [3]	79,073	72,718	84,111	*-6%*		*9%*
Interest-bearing debt [3]	268,464	245,314	257,466	*4%*		*9%*
Share capital and reserves	76,611	69,249	89,661	*-15%*		*11%*
Number of clients	2,330,498	2,224,542	2,299,558	*1%*		*5%*
Number of branches	2,016	2,073	2,028	*-1%*		*-3%*
Average Gross OLP per client (USD)	162	156	160	*1%*	*16%*	*4%*
PAR > 30 days	*2.1%*	*3.8%*	*5.9%*			
Client deposits as % of loan portfolio	*21%*	*22%*	*24%*			
Debt-to-equity ratio	3.5	3.5	2.9			

[1] Profit before tax and net profit for FY 2023 include an IAS 29 hyperinflation adjustments loss of USD 5.4 million, and profit before tax and net profit for H1 2023 excludes hyperinflation adjustments, as hyperinflation accounting was applied for the first time in the 2023 consolidated financial statements.
[2] TTM refers to the previous 12 months.
[3] Excludes interest payable.

Regional performance

South Asia

(UNAUDITED) (Amounts in USD thousands)	FY2023	H1 2023	FY2022	% Change FY 2022 - FY 2023	% Change FY 2022 - FY 2023 (constant currency)	% Change H1 2023 - FY 2023
Profit before tax	10,021	3,766	12,395	*-19%*	*11%*	*66%*
Net profit	3,298	487	3,103	*6%*	*77%*	*478%*
Cost/income ratio	*68%*	72%	64%			
Return on average assets (TTM)	*2.8%*	0.7%	1.9%			
Return on average equity (TTM)	*11.3%*	3.4%	8.8%			
Earnings growth (TTM)	*6%*	-90%	125%			
OLP	117,460	112,089	118,590	*-1.0%*	*13%*	*4.8%*
Gross OLP	119,730	119,869	128,460	*-7%*	*6%*	*-0.1%*
Total assets	102,803	106,979	133,894	*-23%*		*-4%*
Client deposits	1,663	1,718	1,345	*24%*		*-3%*
Interest-bearing debt	53,569	65,357	85,878	*-38%*		*-18%*
Share capital and reserves	24,995	20,526	33,393	*-25%*		*22%*
Number of clients	842,001	860,407	935,091	*-10%*		*-2%*
Number of branches	589	661	670	*-12%*		*-11%*
Average Gross OLP per client (USD)	142	139	137	*4%*	*17%*	*2%*
PAR > 30 days	*1.8%*	*7.3%*	*11.1%*			
Client deposits as % of loan portfolio	*1%*	*2%*	*1%*			
Debt-to-equity ratio	2.1	3.2	2.6			

- South Asia's financial and operational results improved in H2 2023 compared to H1 2023, with net profit increasing to USD 3.3m by year end 2023 from USD 0.5m in H1 2023, OLP increasing to USD 117.5m from USD 112.1m, and PAR>30 improving to 1.8% from 7.3%, despite the number of branches decreasing by 72 to 589 and the number of clients decreasing by 18k to 842k.

Pakistan

ASA Pakistan grew its operations over the past 12 months:

- Number of clients increased from 606k to 616k (up 2% YoY).
- Number of branches remained at 345.
- OLP increased from PKR 17.9bn (USD 79.1m) to PKR 19.4bn (USD 69.5m) (up 9% YoY in *PKR*).
- Gross OLP/Client increased from PKR 29.8k (USD 131) to PKR 31.6k (USD 113) (up 6% YoY in *PKR).*
- PAR>30 improved from 0.7% to 0.3%.

India

ASA India intentionally shrank its operations over the past 12 months, as it focused on recovery of overdue loans while growing the off-book portfolio:

- Number of clients reduced from 284k to 183k (down 36% YoY).
- Number of branches reduced from 261 to 180 (down 31% YoY).
- On-book portfolio decreased from INR 1.2bn (USD 14.2m) to INR 0.43bn (USD 5.2m) (down 63% YoY *in INR*).
- Off-book portfolio increased from INR 1.8bn (USD 21.5m) to INR 3.2bn (USD 38.3m) (up 79% *in INR*).
- Gross OLP/Client increased from INR 13.1k (USD 158) to INR 20.8k (USD 251) (up 60% YoY *in INR*).
- PAR>30 improved from 49.0% to 16.4%, and PAR>30 amount decreased from INR 903.4m (USD 10.9m) to INR 83.4m (USD 1.0m).
- ASA India's collection efficiency improved to 97% in December 2023. As of 31 December 2023, ASA India had collected USD 7.3 million from a total of USD 30.5 million in loans written-off since 2021.

*See note 13.2 to the consolidated financial statements for details on the off-book portfolio.

Sri Lanka

Lak Jaya stabilised its operations over the past 12 months:

- Number of clients decreased from 45k to 43k (down 4% YoY).
- Number of branches remained at 64.
- OLP increased from LKR 1.39bn (USD 3.8m) to LKR 1.43bn (USD 4.4m) (up 2*%* YoY in *LKR*).
- Gross OLP/Client reduced from LKR 32.4k (USD 89) to LKR 31.5k (USD 97) (down 3*%* YoY in *LKR*).
- PAR>30 improved from 8.5% to 5.0%.

South East Asia

(UNAUDITED) (Amounts in USD thousands)	FY2023	H1 2023	FY2022	% Change FY 2022 - FY 2023	% Change FY 2022 - FY 2023 (constant currency)	% Change H1 2023 - FY 2023
Profit before tax	4,627	2,342	4,217	*10%*	*10%*	*-2%*
Net profit	3,376	1,694	1,910	*77%*	*77%*	*-1%*
Cost/income ratio	*84%*	*83%*	*82%*			
Return on average assets (TTM)	*3.0%*	*3.1%*	*1.8%*			
Return on average equity (TTM)	*23.0%*	*22.5%*	*12.0%*			
Earnings growth (TTM)	*77%*	*891%*	*663%*			
OLP	73,979	68,073	63,316	*17%*	*16%*	*9%*
Gross OLP	76,988	70,067	66,955	*15%*	*14%*	*10%*
Total assets	119,510	111,703	102,917	*16%*		*7%*
Client deposits	26,146	23,871	22,069	*18%*		*10%*
Interest-bearing debt	69,804	66,178	58,416	*19%*		*5%*
Share capital and reserves	14,341	14,666	14,980	*-4%*		*-2%*
Number of clients	444,210	429,533	424,076	*5%*		*3%*
Number of branches	458	463	441	*4%*		*-1%*
Average Gross OLP per client (USD)	173	163	158	*10%*	*9%*	*6%*
PAR > 30 days	*2.8%*	*1.7%*	*6.5%*			
Client deposits as % of loan portfolio	*35%*	*35%*	*35%*			
Debt-to-equity ratio	4.9	4.5	3.9			

- South East Asia's net profit increased to USD 3.4m by year end 2023 from USD 1.7m in H1 2023. The region's OLP increased in H2 2023 compared to H1 2023 by 9% from USD 68.1m to USD 74.0m, despite the number of branches decreasing by 1% from 463 to 458 and PAR>30 increasing from 1.7% to 2.8%.

The Philippines

Pagasa Philippines' operations grew over the last 12 months:

- Number of clients increased from 325k to 333k (up 2% YoY).
- Number of branches increased from 345 to 370 (up 7% YoY).
- OLP increased from PHP 2.8bn (USD 49.6m) to PHP 3.0bn (USD 54.2m) (up 9% YoY in *PHP*).
- Gross OLP/Client increased from PHP 8.6k (USD 153) to PHP 9.2k (USD 166) (up 8*% YoY in PHP).*
- PAR>30 increased from 1.7% to 3.8%.

Myanmar

ASA Myanmar saw an increase in number of clients and OLP over the last 12 months:

- Number of clients increased from 99k to 111k (up 12% YoY).
- Number of branches decreased from 96 to 88 (down 8% YoY), as the Group decided to cease operations in these branches which were located in conflict zones.
- OLP increased from MMK 28.9bn (USD 13.8m) to MMK 41.6bn (USD 19.8m) (up 44% YoY *in MMK*).
- Gross OLP/Client increased from MMK 361.8k (USD 172) to MMK 409.5k (USD 195) (up 13% YoY *in MMK*).
- PAR>30 improved significantly from 20.4% to 0.2%.

West Africa

(UNAUDITED) (Amounts in USD thousands)	FY2023	H1 2023	FY2022	% Change FY 2022 - FY 2023	% Change FY 2022 - FY 2023 (constant currency)	% Change H1 2023 - FY 2023
Profit before tax[(1)]	14,632	6,952	27,799	*-47%*	*-38%*	*10%*
Net profit[(1)]	7,514	4,220	19,215	*-61%*	*-55%*	*-22%*
Cost/income ratio	*48%*	*57%*	*43%*			
Return on average assets (TTM)	*7.6%*	*8.2%*	*15.8%*			
Return on average equity (TTM)	*15.6%*	*16.0%*	*33.2%*			
Earnings growth (TTM)	*-61%*	*-60%*	*-23%*			
OLP	72,260	60,349	82,380	*-12%*	*19%*	*20%*
Gross OLP	74,501	62,914	84,853	*-12%*	*20%*	*18%*
Total assets	89,494	85,774	108,395	*-17%*		*4%*
Client deposits	35,642	30,798	39,544	*-10%*		*16%*
Interest-bearing debt	3,752	4,028	4,326	*-13%*		*-7%*
Share capital and reserves	41,912	42,551	54,591	*-23%*		*-2%*
Number of clients	425,058	379,467	433,897	*-2%*		*12%*
Number of branches	452	452	446	*1%*		*0%*
Average Gross OLP per client (USD)	175	166	196	*-10%*	*23%*	*6%*
PAR > 30 days	*3.3%*	*5.2%*	*4.2%*			
Client deposits as % of loan portfolio	*49%*	*51%*	*48%*			
Debt-to-equity ratio	0.1	0.1	0.1			

(1) Profit before tax and net profit for FY 2023 include an IAS 29 hyperinflation adjustments loss of USD 5.4 million, and profit before tax and net profit for H1 2023 excludes hyperinflation adjustments, as hyperinflation accounting was applied for the first time in the 2023 consolidated financial statements.

- West Africa's financial result decreased in H2 2023, compared to H1 2023, due to the application of hyperinflation accounting on the full year results, with net profit amounting to USD 7.5m for the full year 2023 compared to USD 4.2m in H1 2023. When including the impact of hyperinflation accounting in H1 2023, the results for H2 2023 would show a significant increase. The region's operational result in H2 2023 improved with OLP increasing 20% from USD 60.3m to USD 72.3m and PAR>30 improving from 5.2% to 3.3%.

Ghana

ASA Savings & Loans operations continued to improve with excellent portfolio quality:

- Number of clients increased from 177k to 201k (up 14% YoY).
- Number of branches increased from 137 to 143 (up 4% YoY).
- OLP increased from GHS 416.3m (USD 40.8m) to GHS 620.9m (USD 51.9m) (up 49% YoY in *GHS*).
- Gross OLP/Client increased from GHS 2.4k (USD 231) to GHS 3.1k (USD 259) (up 31% YoY in *GHS*).
- PAR>30 improved from 0.6% to 0.1%.

Nigeria

ASA Nigeria saw a deterioration in financial and operational performance:

- Number of clients reduced from 220k to 184k (down 16% YoY).
- Number of branches maintained at 263.
- OLP reduced from NGN 16.7bn (USD 37.3m) to NGN 14.2bn (USD 15.8m) (down 15% YoY *in NGN*).
- Gross OLP/Client increased from NGN 80.2k (USD 179) to NGN 85.7k (USD 96) (up 7% YoY *in NGN*).
- PAR>30 increased from 7.1% to 12.1%.

Sierra Leone

ASA Sierra Leone saw an improvement in operational performance:

- Number of clients increased from 37k to 39k (up 7% YoY).
- Number of branches remained at 46.
- OLP increased from SLE 80.7m (USD 4.3m) to SLE 104.3m (USD 4.6m) (up 29% YoY *in SLE*).
- Gross OLP/Client increased from SLE 2.3m (USD 123) to SLE 2.8m (USD 122) (up 21% YoY *in SLE*).
- PAR>30 improved from 10.7% to 4.6%.

East Africa

(UNAUDITED) (Amounts in USD thousands)	FY2023	H1 2023	FY2022	% Change FY 2022 - FY 2023	% Change FY 2022 - FY 2023 (constant currency)	% Change H1 2023 - FY 2023
Profit before tax	11,859	5,993	11,241	*5%*	*12%*	*-2%*
Net profit	6,781	3,717	6,913	*-2%*	*3%*	*-18%*
Cost/income ratio	*69%*	*69%*	*68%*			
Return on average assets (TTM)	*5.3%*	*6.8%*	*7.0%*			
Return on average equity (TTM)	*24.7%*	*30.4%*	*29.8%*			
Earnings growth (TTM)	*-2%*	*14%*	*49%*			
OLP	105,516	93,889	86,865	*21%*	*36%*	*12%*
Gross OLP	106,000	93,955	87,267	*21%*	*36%*	*13%*
Total assets	139,762	116,542	113,791	*23%*		*20%*
Client deposits	15,622	16,332	21,153	*-26%*		*-4%*
Interest-bearing debt	86,014	62,115	59,871	*44%*		*38%*
Share capital and reserves	28,360	26,878	26,445	*7%*		*6%*
Number of clients	619,229	555,135	506,494	*22%*		*12%*
Number of branches	517	497	471	*10%*		*4%*
Average Gross OLP per client (USD)	171	169	172	*-1%*	*11%*	*1%*
PAR > 30 days	*1.1%*	*1.1%*	*0.9%*			
Client deposits as % of loan portfolio	*15%*	*17%*	*24%*			
Debt-to-equity ratio	3.0	2.3	2.3			

- East Africa's operational result improved in H2 2023 compared to H1 2023 with OLP increasing 12% from USD 93.9m to USD 105.5m, and the number of branches increasing by 20 to 517. Client deposits decreased 26% in FY 2023 due to operations in Kenya having to fully refund security deposits of clients as a requirement for its new operating licence. The region's financial result in H2 2023 was lower than in H1 2023 with net profit decreasing by 18%.

Tanzania

ASA Tanzania expanded its operations over the last 12 months:

- Number of clients increased from 217k to 248k (up 14% YoY).
- Number of branches increased from 180 to 202 (up 12% YoY).
- OLP increased from TZS 119.5bn (USD 51.2m) to TZS 162.5bn (USD 64.7m) (up 36% YoY in *TZS*).
- Gross OLP/Client increased from TZS 553.1k (USD 237) to TZS 660.4k (USD 263) (up 19% YoY in *TZS*).
- PAR>30 increased from 0.4% to 0.9%.

Kenya

ASA Kenya expanded its operations over the 12-month period:

- Number of clients increased from 141k to 205k (up 45% YoY).
- Number of branches increased from 124 to 132 (up 6% YoY).
- OLP increased from KES 2.1bn (USD 16.9m) to KES 3.3bn (USD 20.9m) (up 57% YoY in *KES*).
- Gross OLP/Client increased from KES 14.9K (USD 120) to KES 15.9k (USD 101) (up 7% YoY in *KES*).
- PAR>30 improved from 0.8% to 0.3%.

Uganda

ASA Uganda saw an improvement in operations over the last 12 months:

- Number of clients increased from 107k to 121k (up 13% YoY).
- Number of branches increased from 110 to 120 (up 9% YoY).
- OLP increased from UGX 43.0bn (USD 11.6m) to UGX 49.3bn (USD 13.0m) (up 15% YoY in *UGX).*
- Gross OLP/Client increased from UGX 404.9k (USD 109) to UGX 405.5k (USD 107) (up 0.1% YoY in *UGX*).
- PAR>30 slightly improved from 0.9% to 0.8%.

Rwanda

ASA Rwanda saw a modest improvement in operations over the last 12 months:

- Number of clients reduced from 21.2k to 20.8k (down 2% YoY).
- Number of branches increased from 30 to 32 (up 7% YoY).
- OLP increased from RWF 4.6bn (USD 4.3m) to RWF 5.1bn (USD 4.0m) (up 11% YoY in *RWF*).
- Gross OLP/Client increased from RWF 220.5k (USD 207) to RWF 253.0k (USD 201) (up 15% YoY in *RWF*).
- PAR>30 increased from 4.6% to 6.8%.

Zambia

ASA Zambia expanded its operations and improved its portfolio quality:

- Number of clients increased from 21k to 25k (up 19% YoY).
- Number of branches increased from 27 to 31 (up 15% YoY).
- OLP increased from ZMW 51.7m (USD 2.9m) to ZMW 73.8m (USD 2.9m) (up 43% YoY in ZMW).
- Gross OLP/Client increased from ZMW 2.5k (USD 139) to ZMW 3.1k (USD 119) (up 22% YoY in *ZMW*).
- PAR>30 improved from 5.0% to 2.6%.

Regulatory environment

The Company operates in a wide range of jurisdictions, each with their own regulatory regimes applicable to microfinance institutions.

Key events

Pakistan

- ASA Pakistan was granted approval for ‘Commencement of Microfinance Banking Business’ on 13 November 2023. The mobilisation of deposits was dependent upon the successful implementation of its Core Banking System (which migration to Temenos Transact Core Banking System was completed on 25 February 2024).
- The State Bank of Pakistan approved an interim dividend of approximate USD 900k on 2022 results, which was fully paid in February 2024. The approval of a second interim dividend declared on FY 2022 results remains pending.

Ghana

- In Q1 2023, the Bank of Ghana approved the Company’s application for implementing Digital Financial Services.
- The dividend declared on 2022 results was approved by the Bank of Ghana in September 2023, and it was fully paid.

Nigeria

- In 2022 and 2023, the Central Bank delayed the approval of payment of dividends declared in the past. The dividend declared on 2021 results was approved in March 2023, and it was fully paid. The dividend declared on 2022 results was approved in March 2024.

Kenya

- ASA Kenya submitted a pro forma application for a Digital Credit Providers licence (‘DCP licence’) in October 2023 to ensure it was compliant with the law.
- Ultimately, the Company would like to obtain a deposit-taking licence as a microfinance bank instead of a DCP licence that does not allow for deposits. The Company was in discussions with the Central Bank of Kenya regarding the application for such a microfinance bank licence.

Tanzania

- The Company was also in discussions with the Bank of Tanzania regarding the application of a microfinance bank licence.

Regulatory capital

Many of the Group’s operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 2023, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

Asset/liability and risk management

ASA International has strict policies and procedures for the management of its assets and liabilities as well as various non-operational risks. In 2022, the Group established an Asset-Liability Committee ('ALCO'), and the Terms of Reference of the ALCO were approved by the Board. The ALCO will continuously manage the Group's assets and liabilities to ensure that:

- The average tenor of loans to customers is substantially shorter than the average tenor of debt provided by third-party banks and other third-party lenders to the Group and any of its subsidiaries.
- Foreign exchange losses are minimised by having all loans to any of the Group's operating subsidiaries denominated or duly hedged in the local operating currency. All loans from the Group to any of its subsidiaries denominated in local currency are also hedged in US Dollars.
- Foreign translation losses affecting the Group's balance sheet are minimised by preventing over-capitalisation of any of the Group's subsidiaries by distributing dividends and/or hedging capital.

Nevertheless, the Group will always remain exposed to currency movements in both (i) the profit and loss statement, which will be affected by the translation of profits in local currencies into USD, and (ii) the balance sheet, due to the erosion of capital of each of its operating subsidiaries in local currency when translated in USD, where the US Dollar strengthens against the currency of any of its operating subsidiaries.

Funding

The funding profile of the Group has not materially changed during H2 2023:

(UNAUDITED) **(Amounts in USD millions)**	**31 Dec 23**	**30 Jun 23**	**31 Dec 22**
Local Deposits	79.1	72.7	84.1
Loans from Financial Institutions	214.7	204.9	216.6
Microfinance Loan Funds	28.2	22.9	21.5
Loans from Dev. Banks and Foundations	25.6	17.5	19.4
Equity	76.6	69.2	89.7
Total Funding	**424.2**	**387.2**	**431.3**

The Group maintains a favourable maturity profile with the average tenor of all funding from third parties being substantially longer than the average tenor at issuance of loans to customers which ranges from six to twelve months for the majority of the loans.

The unrestricted cash and cash equivalents remained at a healthy level of USD 48 million as of 31 December 2023 (30 June 2023: USD 45 million and 31 December 2022: USD 55 million). The Group managed to raise USD 179 million in new debt funding in 2023, where USD 104 million was raised in H2 2023 and USD 75 million was raised in H1 2023. Funding costs across the Group stabilised in 2023 compared to 2022 as benchmark rate increases in some markets were tempered by improved pricing on funding from local sources. Also, the Group has a strong funding pipeline of USD 171 million for fresh loans, with over 93% having agreed terms and can be accessed in the short to medium term as of 31 March 2024.

Net debt at the Holding level reduced to USD 61 million as at 31 December 2023 from USD 70 million as at 31 December 2022. The Group maintains the strategy of reducing the proportion of debt funding sourced at the Holding level over time. This will be achieved by (i) our operating subsidiaries increasing more funding from local and international lenders, and (ii) increasing remittances from our subsidiaries to the Holdings which have recently improved, as well as accelerating our deposit taking capabilities over time.

As per 1 April 2024, the Holdings acquired the outstanding principal debt and interest receivable totalling USD 4.4 million held by ASA Myanmar from various international debt funds managed by Symbiotics and Frankfurt School Financial Services.

The Group and its subsidiaries have existing credit relationships with more than 60 lenders throughout the world, which has provided reliable access to competitively priced funding for the growth of its loan portfolio.

Over the past three years and during 2023, a number of loan covenants were breached across the Group, particularly related to the portfolio quality in India. As of 31 December 2023, the balance for credit lines with breached covenants amounts to USD 23 million and subsequently waivers have been received for all these breaches.

The Group has also received temporary waivers, no-action and/or comfort letters from some of its major lenders for expected portfolio quality covenant breaches (primarily PAR>30) caused primarily by the overdue loans in India. However, these waivers are not for the full going concern assessment period up to May 2025. The impact of these potential covenant breaches was further assessed in the evaluation of the Group's going concern as disclosed in note 2.1.1 to the consolidated financial statements. However, the current economic and market conditions make it difficult to assess the likelihood of further debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt or further extension of loan terms will be forthcoming. As a result, senior management and the Directors have concluded that this represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. Nevertheless, given the historical and continuing support received from lenders evidenced by the last four years where the Group has been continuously able to raise new funds and receive waivers for such covenant breaches, and based on continued improved operating performance in most markets, the Group has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern assessment period.

Impact of foreign exchange rates

As a US Dollar reporting company with operations in thirteen different currencies, currency movements can have a major effect on the Group's USD financial performance and reporting.

The effect of this is that generally (i) existing and future local currency earnings translate into fewer US Dollar earnings, and (ii) local currency capital of any of the operating subsidiaries will translate into a lower US Dollar capital.

Countries	**31 Dec 23**	**30 Jun 23**	**31 Dec 22**	***Δ 31 Dec 2022 - 31 Dec 2023***	***Δ 31 Dec 2023 - 30 Jun 2023***
Pakistan (PKR)	279.7	287.1	226.4	*(24%)*	*3%*
India (INR)	83.2	82.1	82.7	*(1%)*	*(1%)*
Sri Lanka (LKR)	323.9	308.2	366.3	*12%*	*(5%)*
The Philippines (PHP)	55.4	55.3	55.7	*1%*	*(0%)*
Myanmar (MMK)	2,101.2	2,102.2	2,100.0	*(0.1%)*	*0%*
Ghana (GHS)	12.0	11.4	10.2	*(17%)*	*(5%)*
Nigeria (NGN)	896.6	761.1	448.1	*(100%)*	*(18%)*
Sierra Leone (SLE)	22.9	18.9	18.9	*(21%)*	*(21%)*

Tanzania (TZS)	2,512.4	2,416.1	2,332.5	*(8%)*	*(4%)*
Kenya (KES)	157.0	140.4	123.5	*(27%)*	*(12%)*
Uganda (UGX)	3,780.2	3,673.8	3,717.6	*(2%)*	*(3%)*
Rwanda (RWF)	1,259.5	1,172.0	1,067.0	*(18%)*	*(7%)*
Zambia (ZMW)	25.8	17.6	18.1	*(43%)*	*(47%)*

During FY 2023, the local currencies PKR (-24%), NGN (-100%), KES (-27%), and ZMW (-43%) particularly depreciated against the USD. This had an additional negative impact on the USD earnings contribution of these subsidiaries to the Group and also contributed to an increase in foreign exchange translation losses. The total contribution to the foreign exchange translation loss reserve during FY 2023 amounted to USD 24.1 million of which USD 7.7 million related to the depreciation of the PKR, USD 15.1 million related to the depreciation of the NGN, USD 1.5 million related to the depreciation of the KES, and USD 0.7 million related to the depreciation of the ZMW. The local currency GHS (-17%) depreciated against the USD, however, this did not contribute to an increase in foreign exchange translation losses due to the application of hyperinflation accounting to Ghana.

The local currencies PKR, GHS, NGN and KES depreciated against the USD at a slower pace in H2 2023 compared to H1 2023, and the local currencies ZMW started to depreciate against the USD in H2 2023.

Accounting for hyperinflation

The IFRS standard IAS 29 “Financial Reporting in Hyperinflationary Economies” (‘IAS 29’) requires the Group to adjust the 2023 financial information of operating entities, which have a three-year cumulative inflation exceeding 100% in the period 2021-2023, so that all items are presented to reflect the current purchasing power at the reporting date. In 2023, the three-year cumulative inflation in Ghana and Sierra Leone exceeded 100%.

Based on this, hyperinflation accounting is applied for the first time in the consolidated financial statements of the Group. The application of IAS 29 results in non-cash adjustments in the presentation of the financial information of the Group. Net profit decreased by USD 5.4 million, however, total comprehensive income remained similar and total equity increased by USD 0.6 million after the IAS 29 adjustments. Further details are provided in note 2.5.8 to the consolidated financial statements.

Based on current preliminary inflation projections, it is expected that the accounting for hyperinflation will be applicable for Ghana and Sierra Leone in 2024. Pakistan and Nigeria are currently on the watchlist.

High effective tax rate

The Group did not recognise deferred tax assets amounting to USD 5.6 million, which related to past losses for mainly India, as it failed to meet the future profitability threshold required under IFRS. The Group will be able to recognise these deferred tax assets provided these entities turn profitable again. Additionally, prior year tax adjustments of USD 3.0 million primarily in Pakistan (due to retroactive application of super tax), India, Tanzania and Nigeria were taken in 2023. These resulted in a substantial increase in our tax expenses and effective tax rate for the year. Further details are provided in note 11 to the consolidated financial statements.

Forward-looking statement and disclaimers

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