



# 2023

---

## ALTERNATIVE Annual Report



Alternative 

2023  
Annual Report

# Content

## Everything starts from mikro

### **Important notice and disclaimer**

This report does not constitute an offer of units. No subscription can be received on the basis of this annual report. Subscriptions are only valid if made on the basis of the latest management regulations, supplemented by the latest available annual report of the funds.

Only the financial statements of ALTERNATIVE from page 28 to 75, the financial statements of Mikro Kapital SARL from page 86 to 107 and Mikro Kapital Hungary from page 109 to 132 have been audited in accordance with International Standards of Auditing (ISAs).

Mikro Leasing Uzbekistan, Leasing machinery.



# 2023

## Annual Report

### Content

<b>I.</b>	<b>CEO's note</b>	<b>5</b>
<b>II.</b>	<b>ALTERNATIVE Securitization Funds - 2023 Highlights</b>	<b>8</b>
<b>III.</b>	<b>Mikro Kapital Group</b>	<b>9</b>
1.	About Mikro Kapital Group - What We Do	9
2.	Our Business Model	10
3.	Our Team (as from 15 <sup>th</sup> Feb 2024)	11
<b>IV.</b>	<b>Corporate Governance</b>	<b>14</b>
1.	Structure	14
2.	Corporate Sustainability Strategy	16
3.	Anti-Corruption and Bribery Policy	20
4.	Mikro Kapital Policy on Human Rights	22
5.	Environmental and Social Exclusion List	23
<b>V.</b>	<b>Alternative – annual report and audited financial statement for the year ended December 31, 2023</b>	<b>24</b>
1.	Geography of ALTERNATIVE	25
2.	ALTERNATIVE's Highlights	25
3.	ALTERNATIVE structure as for 4 December 2023	26
4.	ALTERNATIVE – History	27
5.	Management and administration of Securitization fund	28
6.	Information to the Unitholders	28
7.	Net Asset Value per Unit	29
8.	Management Report	30
9.	Report of the réviseur d'entreprises agréé	50
10.	Statement of Net Assets	52
11.	Statement of Operations and changes in net assets	53
12.	Statistics	54
13.	Details of Assets	55
14.	Details of Liabilities	63
15.	Notes to the Financial Statements	68
16.	Investments in Affiliated Undertakings	76

<b>VI.</b>	<b>MIKRO KAPITAL SARL - Annual Report and Audited Financial Statements for the year ended December 31, 2023</b>	<b>84</b>
1.	Report of the réviseur d'entreprises agréé	86
2.	Balance Sheet	88
2.	Profit And Loss Account	93
3.	Notes	95
<b>VII.</b>	<b>Mikro Kapital Hungary Kft.- annual report and audit financial statements for the year ended December 31, 2023</b>	<b>109</b>
2.	Independent auditor's report	109
3.	Balance Sheet	111
4.	Profit And Loss Statement	113
5.	Supplementary Notes for the period 01.01.2023 - 31.12.2023	114
<b>VIII.</b>	<b>Frequently Asked Questions &amp; Answers</b>	<b>134</b>
1.	General Questions	135
2.	Vision and values	146
3.	Investment Philosophy and Process	150
4.	Investment Research	155
5.	Portfolio Risk Management	155
6.	Strategy Features	162
7.	Risk Oversight	163
8.	Valuation	163
9.	Bond features	164

# CEO's note

Luxembourg, May 2024

## Dear Bondholders,



**Johannes Feist**  
CEO

2023 has also proven to be another demanding and challenging year worldwide. The widening of geopolitical tensions and the resulting problems that affected international trade characterized the entire year. But also some glimmers of improvement have been recorded.

According to the OECD Economic Outlook Interim Report issued in February 2024 global growth proved surprisingly resilient in 2023, with lower energy prices and fading supply chain pressures helping inflation to decline more quickly than anticipated. In the absence of further adverse supply shocks, cooling demand pressures should allow headline and core inflation to fall further in most economies. By the end of 2025 inflation is projected to be back to target in most G20 countries. Geopolitical risks remain high, particularly in relation to the ongoing conflicts in Eastern Europe and in the Middle East following the terrorist attacks on Israel by Hamas. Further upside surprises in inflation could trigger sharp corrections in financial asset prices as markets price in that policy rates may be higher for longer periods of time. Both headline and core inflation fell during 2023. Some of the factors assisting disinflation over the past year are now dissipating or reversing, while others are vulnerable to geopolitics, extreme weather or unpredictable events. Global growth, which rose to an estimated 3.1% in 2023, is projected to remain rather stable at 2.9% in 2024 and then at 3.0% in 2025.

Facing these globally still challenging environments we have significantly strengthened the capacities of our global risk management and internal audit functions during 2023.

In this situation, ALTERNATIVE closed Q4 2023 with EUR 297.6 Mio. total assets (+4.1% vs. Q3 2023). The value of the financial assets went up by EUR +8.6 Mio. (+5.7%) mainly caused by a capital contribution to Mikro Kapital Italy Spa, positive FV revaluation of Fixed Assets + EUR 2.7 Mio., and reversal of impairment allowances.

Current assets also increased in Q4 2023, by EUR +2.7 Mio. (+2.1%) mainly due to intercompany transactions and other short-term receivables.

Debenture loans increased by +3.7% to EUR 229.9 Mio. (vs. EUR 221.6 Mio. in Q3). Distribution between short-term and medium-term bonds continued to improve, with bonds with maturity more than 1 year representing 69.8% of total indebtedness. Such financial structure positively affects the assets/liabilities structure of the Fund, which is fully balanced over all maturity brackets from 3 months up to 3 years.

The liquidity situation is therefore assessed as very satisfactory to serve repayment obligation to our bondholders.

Full year revenues (EUR 45.4 Mio. vs. EUR 27.1 Mio for the first 3 quarters) and profit before management fee and subscription fee (EUR 8.8 Mio vs. EUR 5.3 Mio for the first 3 quarters) demonstrate the continuation of the positive trend.

Q4 profit growth has been also positively affected by FV revaluation of fixed assets, while FX volatility has been fully offset by reversal of specific risk allowances booked in 2022.

Finally, ALTERNATIVE closed its yearly P&L with a steady net profit of EUR 3.0 Mio, whereas the NAV improved to EUR 65.64 Mio. (Q3 EUR 63.59 Mio.), which is +4.84% YTD and +3.23% over the previous quarter.

Our operating entities continue to demonstrate a high resilience against increased interest rates applied by Central Banks in 2023, higher volatilities of the local currencies and global uncertainties at geopolitical level.

The general loan portfolio fulfilment of business plan is in line with Q3/2023 data, with a total amount of EUR 254 Mio. and loan disbursements for more than EUR 245 Mio.

The best MFI in terms of revenues as of Q4/2023 and YTD ROE are IMON International Tajikistan (+ EUR 36 Mio., ROE 7.9%), Mikro Leasing Uzbekistan (+ EUR 15 Mio., ROE 47.7%), Mikro Kapital Romania (+ EUR 10.7 Mio, ROE 17.1%), and Bailyk Finance Kyrgyzstan (+ EUR 2.5 Mio., ROE 32.0%).

The Financial Statements of ALTERNATIVE fund (audited by RSM) have been approved and published on June 7, 2024. Other important events happened in 2023 and in the first semester of 2024 but that did not influence these annual accounts. In January was issued by the Centre for Business Ethics at HSE University an independent report verifying the alignment of policies and procedures with the Operating Principles for Impact Management.

Mikro Leasing Kyrgyzstan opened its office in Bishkek in March and in December opened a sales office in the southern capital of the country in Osh. Mikro Kapital Armenia opened a new branch in Gyumri in September. On June 16, 2023, Joseph of Arimathea Asset Management Foundation was established in Budapest, since then being the ultimate beneficial owner (UBO) of ALTERNATIVE fund.

In October 2023 Mikro Kapital launched its first tokenized bond for microcredit collecting more than 5 million USDT on Bitfinex security platform.

Mikro Kapital Hong Kong received by the Securities and Futures Commission (SFC) the licenses type 1 and 4 on 18th December 2023. A Type 1 license allows the holder to engage in the business of dealing in securities. This includes activities such as: Buying and selling securities as an agent, Trading securities as a principal, Marketing securities. A Type 4 license allows the holder to provide advice on securities. This includes: giving advice on whether to buy, sell, or hold securities, advising on the merits of specific securities or types of securities. By holding the appropriate licenses, firms (and individuals) can engage in regulated activities within Hong Kong's securities and futures markets, ensuring they meet the standards and protections set out by the SFC to maintain market integrity and protect investors.

On May 3, 2024, Mikro Kapital Management S.A., has assigned the remaining rights and obligations under the Management Regulations of Mikro Fund to Money Kapital Management SARL. This completed the separation of the 2 securitization funds ALTERNATIVE and MIKRO FUND already started in 2022.

On June 2024, D-Mobility World Wide Czech Republic (commercial brand Anytime) sold its shares of D-Mobility Kazakhstan to ALTERNATIVE.

Many of ALTERNATIVE companies, such as IMON Tajikistan, Bailyk Finance Kyrgyzstan, MK Italy, MK Moldova, MK Romania, or ML Uzbekistan entertain excellent relations with funding partners from within the group of DFIs (EIF, EBRD, FMO, IFAD, IFC) or international impact finance asset managers (e.g. Agents for Impact, Bank im Bistum, Blue Orchard, Frankfurt School of Finance and Management, Incofin, Responsibility). It is also in these partnerships that we continue to create impact for our final borrowers, which we now measure also externally with support of 60 Decibel, and profitability for our investors.

Mikro Kapital is ready to embrace new challenges in 2024 and projects to expand its presence in other countries and regions like Southeast Asia and potentially Africa, to promote microcredit, micro leasing and operating leasing are ongoing. While considering regional expansion, we will stay "on course" with you, our esteemed bondholder investors, and with the external partners mentioned above, in promoting microcredit and micro leasing as key tools for poverty alleviation, income creation, and economic stability, always "bottom up", and driven by the fair demands of our final borrowers. We are convinced of this "client centered" approach, since this also naturally leads to fulfilling other important impact targets such as financial inclusion, gender equality, and climate-smart economic development.

The ability of the group and its management to take quick and effective decisions to protect the interests of its clients / investors allowed for continuity in achieving new objectives despite market turbulence and adverse macroeconomic situations.

The Group's first priority remains the safety and profits of our investors, despite the macro-economic scenario of volatility and uncertainty, and we will continue to take on the challenges and opportunities that the markets present, combining business growth with the usual prudence and transparency.

With my warmest regards,

Johannes Feist  
CEO  
Mikro Kapital



# ALTERNATIVE Securitization Fund

## 2023 Highlights

€ 297.6 mil

Total Assets

€ 65.6 mil

Net Asset Value

5.4%

PAR >30 days of portfolio companies

1.97K

Employees



# Mikro Kapital Group

## 1. About Mikro Kapital Group What we do

Founded in 2008, Mikro Kapital is focused in the use of microfinance techniques for investing in small businesses across emerging areas of the world, with a focus on Europe, Central Asia and APAC regions.

Mikro Kapital, focused on impact finance and microfinance, operates through its Luxembourg securitization funds collecting financial resources from European Institutional and Private Investors through the issuance of fixed coupon, fixed maturity debt securities linked to the risks related to micro-financing.

The securitization funds invest the proceeds in their own local Portfolio companies, in emerging countries in Europe, Central Asia and APAC region, which provide micro credits, micro loans and access to sharing economy solutions to MSMEs to support their development and generating a positive impact on local communities.

At the same time Mikro Kapital offers a very interesting

opportunity for investors to diversify their portfolio by investing in real economy sectors, which are flourishing thanks to the enthusiasm of their managers and largely unaffected by the volatility of the financial market.

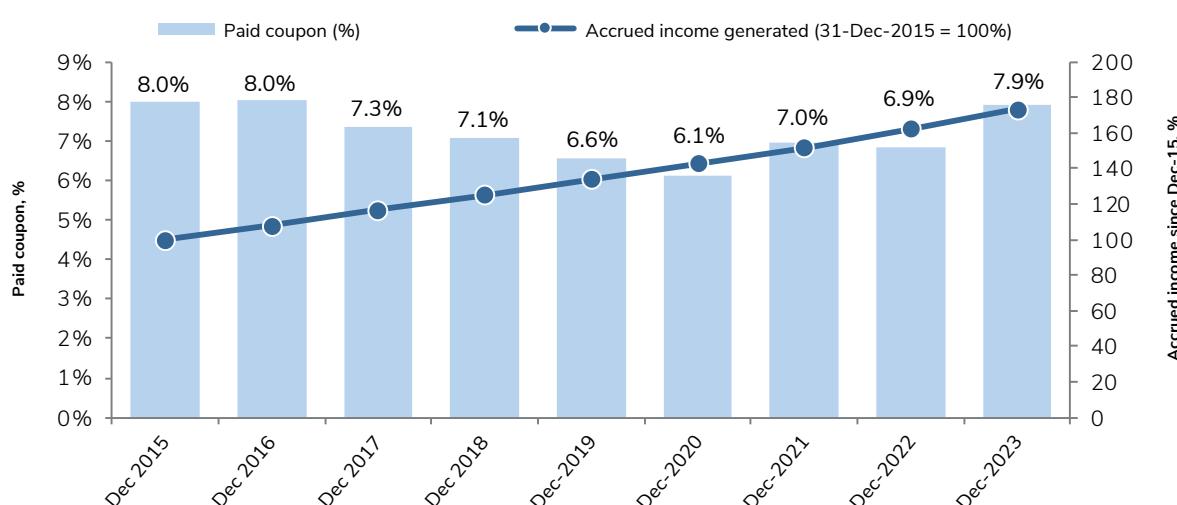
Over 16 years of activity, in a historical period marked by exceptional turbulence on the financial markets, the default rate on the credit awarded has been below 1%, which has led to a remarkable Risk/Reward.

***The idea behind Mikro Kapital is to finance small businesses in emerging areas of the world at the current rates.  
EVERYTHING STARTS FROM MIKRO***

We do that by means of gathering funds from institutional and qualified private investors, through the issue of bonds in Luxembourg, with an appealing and competitive yield and a maturity of 11, 24, 36 or 48 months.

We aim to provide steady and consistent income to our bondholders who can benefit from investing in our bonds (Private debt) linked to microfinance activities that we carry out along regions where we are present.

We issue bonds (private debt): medium-term, flexible debt instruments that require fixed payments and which are issued directly to the market and have maturities equal to or less than 5 years. Bonds are linked to our Micro Credit activities. We lend exclusively to Micro and Small Enterprises – all loans are fully collateralized – no consumer lending.



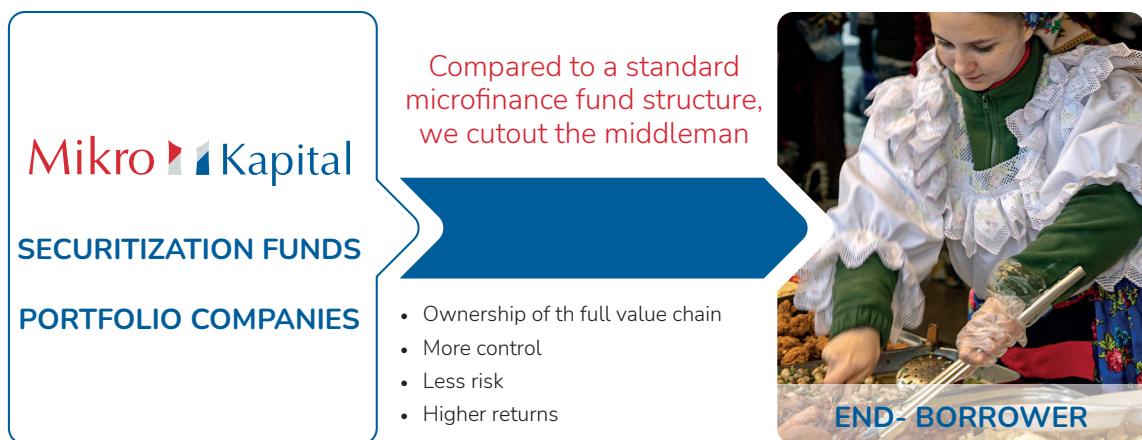
## 2. Our Business Model

Mikro Kapital Securitization funds offer to professional and institutional investors fixed coupon, fixed maturity debt securities linked to the risks related to micro-financing.

Securitization funds invest the proceeds in their own local Portfolio Companies which provide microcredits and microloans to MSMEs and sharing economy services thus enabling access to economic growth opportunities.

This model allows a full overview on the flows, from investors to end-borrower, reducing risks, optimizing the returns and eliminating costs related to intermediaries.

In addition, the local presence of the MFIs (Micro Finance Institutions), allows a constant monitor and support to the end-borrower further reducing the risk of non-repayment of the debt.



### PRESENCE

Headquarter: Grand Duchy of Luxembourg



### 3. About Mikro Kapital Group

Our Team (as of 15<sup>th</sup> February 2024)

#### Non-Executive Directors



Born in 1974, after graduating and completing his specialization he moved to Russia at the end of the 1990s to work for the European Bank for Reconstruction and Development (EBRD) and has worked continuously in Eastern Europe and Central Asia markets from that time onwards. He directed development initiatives on behalf of important private banks and industrial groups for eight years. He gained official recognition as the initiator of some of the most important projects for small and medium-sized businesses in Moldova, Tajikistan, Kazakhstan and other countries. He founded General Invest in 2007 and in 2008 Mikro Kapital, a micro-finance fund for financing small businesses in the regions that has established itself as one of the most successful such initiatives at a European level.

**Vincenzo Trani**  
Director A



Born in 1971, Etienne completed his secondary schooling at the Lycée Technique d'Esch-sur-Alzette before studying at the ICHEC Brussels Management School and at the University of Greenwich in London, where he graduated in business and finance in 1995. Etienne joined the Socialist Party in 1991 and was elected municipal councillor in Kayl, Luxembourg in 1995. He then became secretary general of the Socialist parliamentary group from 1997 to 2004 before taking up his duties at the Ministry of the Economy. He has been a member of the executive board of several companies, such as Société électrique de l'Our (SEO), Enovos International SA, Enovos Deutschland AG and National Credit and Investment Company (SNCI). Upon being appointed minister in 2012 he resigned from all these positions. In 2013 he headed the LSAP list and became Deputy Prime Minister of the Bettel government, retaining the Ministry of Economy and also being assigned the Ministry of Internal Security and Defense. After the 2018 elections he remained Deputy Prime Minister and Minister of Economy. He was appointed Minister of Health. In February 2020 he resigned from his position and left politics. He then created Beta Aquarii, specialized in economic consulting, and joined the boards of ArcelorMittal, LuxTP as chairman, Besix and Sistema. He is also an independent director of Jan de Nul Group. He became a member of the Supervisory board of Mikro Kapital Management S.A. in January 2022.

**Etienne Schneider**  
Director A



Peter Michel is a visionary entrepreneur and alternative investment and finance specialist with over 30 years of international experience. He is passionate about building, pioneering and manifesting the New World of regenerative business, land stewardship, and (micro)finance. Born in The Netherlands, he spent his formative years in Bujumbura, Burundi and Ndola (Copperbelt), Zambia. Peter Michel has co-founded and scaled several global communities, portals and ventures, while raising capital for farmers, entrepreneurs, and funds. In 1993, he founded Eco-Network, one of the world's first sustainability networks and portals. He stood at the cradle of numerous other networks, including the Global Compact Networks of Finland and Hellas as well as the European B Corp Community. In 1999, he founded the New Economy Forum. He also serves, among others, as the Nordic Circular Hotspot's International Partner. Peter Michel is (co-)author of seven published books, three in English and four in Greek, on themes including entrepreneurship, innovation, the future of responsible investing, sustainability, and leadership. Over the past two decades, Peter Michel has mentored many talented and transformative entrepreneurs in Europe, Asia, Africa, and the Americas. He has been appointed as a Non-Executive Director of Mikro Kapital Management S.A. in February 2024.

**Peter Michel Heilmann**  
Director A

## Executive Directors



**Johannes Feist**

Chief Executive Officer  
Director B

Johannes Feist is a development finance expert, experienced with mergers & acquisitions and restructurings, and with commercial, governmental and not for profit business models. He has deep knowledge of the functions of development finance institutions (DFIs), of MSME and rural financial services industries, and of investment fund regulations in Luxembourg, Germany and Mauritius. He obtained a PhD and Diploma (MSc) in International Economics from University of Munich (Germany). He started his career at the EU Commission and European Centre of International Security (EUCIS), then became Assistant Lecturer at University of Munich. In 1999 he joined KFW Development Bank as Senior Project Manager. In the following 20 years in KFW, Mr. Feist covered different managerial and international roles, among them: Resident Director in Pristina and Belgrade, Vice President for European Financial Institutions (Berlin), Vice President for Corporate Strategy (Frankfurt). Since 2015 he was Head of Division Financial Systems Development Southern Africa and Regional Funds, essentially KFW's equity team. In 2020 Mr. Feist left KFW and founded his own company, JF Investment Advisory, supporting clients in the public (DFIs, International Organizations) and private/corporate space. In September 2022 he was appointed Chief Executive Officer of Mikro Kapital Management S.A.



**Valeria Elfirmova**  
Director B

Valeria Elfirmova has over 20 years of extensive in-house counsel and law firm experience in wide variety of disciplines, showcasing a robust and progressive career marked by adeptness, excellent analytical and strategic problem-solving skills, and rich experience in various legal domains. She has considerable experience in M&A, private equity, turnarounds, transaction support, structuring of investment projects, consulting on various issues related to corporate, civil, contract, antimonopoly, intellectual property as well as deep knowledge of sanctions regulation, corporate governance, regulatory and compliance procedures. Valeria boasts successful setting up and legal support of the Companies' activity in Argentina, Venezuela, Saudi Arabia, Romania, Serbia, Algeria, Nicaragua, Singapore, Cyprus, BVI, etc. She holds a Master's in Law Degree from the International Law Institute at the Russian Ministry of Justice and Master's in Linguistics from Orel State University. Throughout her career, Valeria has navigated prominent legal and general management roles at oil&gas, investment and one of the Big 4 companies. In 2021, she assumed the role of Head of Legal at Mikro Kapital, and by 2023, she was appointed Chief Legal Officer and became a board member. Her achievements underscore her continuous advancement and leadership in the legal field



**Michele Mattioda**  
Director B

Michele. Mattioda holds a Master's degree in Automotive Engineering earned at Turin Polytechnic. He started his career in the automotive field in FCA and Bosch. He was involved in startup projects for sustainable mobility at the university, as a project manager. Later he moved to General Invest in Zürich, part of Mikro Kapital group, to support the Swiss Asset Manager focusing on HNWI investors for wealth planning through the use of various financial investment strategies and as well on institutional investors for due diligence on Mikro Kapital Group. Following the development of Mikro Kapital group he moved to the headquarters in Luxembourg in 2020 as investor relations manager, coordinating all funding opportunities. In 2022 he was appointed a member of the Management board.



Mr. Ndao has extensive international experience in developing business through emerging markets analysis and designing strategies with a focus on African markets. In 2017 Ndao joined Mikro Kapital Management S.A. in Luxembourg as manager for building business cases, timelines and growth/action plans driven by financial analysis, market trends, risk scenarios, economic factors and feasibility options. He has been engaged in effective emerging market coverage by overseeing commercial and marketing strategies together with sales and marketing departments. He was appointed a member of the management board in Mikro Kapital Management S.A. in 2018.

**Pape Saliou  
Ndao**  
Director B



Thomas Heinig is a development finance expert, experienced in the implementation of complex fund structures and specialised in Local Currency and Guarantee vehicles. He has a deep understanding of different challenges in emerging and frontier market especially in the financial sector and has longstanding experience in the cooperation with ministries and development finance institutions (DFI). He obtained a Diploma (MSc) in Business Administration from the University of Goettingen and studied at the University of Lisboa (UTL). He started his career as a credit analyst at a regional DFI in Germany, and worked at a risk management department of a commercial bank. He joined KfW in 2010 and as Senior Risk Manager. As of 2013 he moved to the team of Financial Systems Development Southern Africa and Regional Funds, essentially KfW's equity team and was since 2015 the Deputy Head of the team. In 2020 he joined EDFI MC in Brussels as the Head of Risk being in charge of Risk Management (incl. Pillar Assessment), Internal Audit and Compliance. In February 2023 he was appointed Chief Risk Officer of Mikro Kapital Management S.A..

**Thomas  
Heinig**  
Director B



Nicola Ragusa is a knowledgeable financial manager, with over 25 years of experience in the field of tax and accounting, and an outstanding successful track record improving enterprises' financial performance through skilled alignment of tax & accounting practices with corporate business goals. He is also an IFRS specialist, reputable for identifying and implementing effective accounting solutions for complex financial operations. He graduated in Economics at the State University of Rome (Italy). He started his career as auditor at Coopers & Lybrand (now PwC), then worked in several Investment Funds and Financial Institutions in Italy as Chief Accountant. From 2006 till 2014, Nicola Ragusa is Deputy Director of the Italian branch of the French-Belgian banking Group Dexia. In 2014 he assumed the role of Tax & Accounting Director in Cornelutti Russia Law Firm. In 2020, he joined Mikro Kapital and, in November 2022, Nicola Ragusa has been appointed as Group CFO.

**Nicola  
Ragusa**  
Director B

# Corporate Governance

## 1. Structure

In 2018 Mikro Kapital developed and adopted new **Corporate Governance Policy** in order to ensure that:

- Local legal and regulatory requirements are met;
- Global Standards of corporate Governance are incorporated as appropriate to Mikro Kapital;
- Guidelines for scope and authority of Mikro Kapital Directors and Executive Board as well as Portfolio Companies' Boards and Managements are clear and consistent; and
- Proper organization and collaboration between governing bodies is set on both Group and Subsidiaries level.

The **objectives of the Policy** include:

- Establishing a common set of rules and practices for portfolio companies Corporate Governance;
- Protecting Mikro Kapital by mitigating legal, financial and reputational risks;
- Providing guidance in selection and composition of portfolio companies Management and Board Officers;
- Assisting portfolio companies Management and Board Officers in Effectively carrying out their duties; and
- Clarification with regards to decision making processes and standards.

### BOARD OF DIRECTORS

Mikro Kapital Directors are responsible for establishing group structure and a corporate governance framework with clearly defined roles and responsibilities, as well as for establishing all collegial and unipersonal bodies in the group and in subsidiaries, appointing members, taking in consideration the material risks to which the group, its businesses and its Portfolio Companies are exposed. The Board of Directors is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. It is responsible to assess the overall direction and strategy of the business and provide the vision, mission, and goals of the Company. The Board of Directors is also responsible for developing a governance system for the business aiming at the protection of the stakeholders' interests in the Company.

### EXECUTIVE COMMITTEE

Executive Committee is responsible for business creating and managing Mikro Kapital's overall strategy and providing oversight of, and technical assistance to the Mikro Kapital Portfolio Companies to ensure that there is alignment between Portfolio Companies strategies and operations and Mikro Kapital mission, group requirements, goals and objectives. In addition to serving as a network resource, certain Mikro Kapital Executive Board members act as Board members in Portfolio Companies.

### MIKRO KAPITAL CHIEF OFFICERS

Mikro Kapital has various Chief Officers at the Group level that provide oversight of certain Mikro Kapital operations and procedures, including in the technical areas of finance, operations, risk management, internal audit, legal, governance, human resources marketing communications, digitalization and information services. These Chief Officers ensure that critical Board and management information is sufficiently complete, accurate and timely to enable appropriate decision making, and provide the control mechanism to ensure that strategies, directions and instructions from both the Portfolio Companies Board and Management are carried out systematically and effectively. Reporting and subordination to Chief Officers shall be aligned through matrix management structure.

## PORTRFOIO COMPANIES BOARD OF DIRECTORS

Each Mikro Kapital Portfolio Company shall have a Board of Directors whose primary responsibility is to manage risk, ensure the Portfolio Company has a system of internal controls that operates effectively and provide oversight of the Portfolio Company on behalf of the Shareholders and independent of the Portfolio Company Management, including with respect to carrying out Mikro Kapital's mission, strategy implementation and alignment with the Mikro Kapital, finance performance, operational performance, and compliance with applicable law and regulations.

The Board of Directors is also responsible for overseeing and evaluating the operations of the Portfolio Company in accordance with the Portfolio Company's foundational documents, other applicable documents or standards, and policies of the Mikro Kapital.

The Portfolio Company Board of Directors is appointed by and ultimately accountable to the Mikro Kapital Directors. The Mikro Kapital Directors are the ultimate decision-making body for the Portfolio Company, whose interests are to be protected by the Portfolio Company Board of Directors.

## PORTRFOIO COMPANY MANAGEMENT

Portfolio Company Management consists of the Portfolio Company Chief Executive Officer ("CEO") – individual administration, or Management Board – collective administration, which consists from 3 persons (minimum) including CEO and Subsidiaries Chief Officers. Portfolio Company Management ultimately is accountable to its Portfolio Company Boards of Directors in respect of matters relating to Corporate Governance. Notwithstanding this, the members of the Portfolio Company Management are also accountable to certain functional and group managers within the Mikro Kapital, and have responsibility to perform their duties in accordance with operating principles of the Mikro Kapital.

## 2. Corporate Sustainability Strategy

### OUR MISSION, VALUES AND VISION

#### Our Mission

As a social-economically sustainable company, Mikro Kapital assists entrepreneurs primarily in EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific) countries in building their businesses, while also contributing to the global economy through the provision of financial and technical assistance to businesses to facilitate the development of a strong and sustainable entrepreneurial ecosystem. Through development and progress, we create value for our customers.

We are convinced that our strategy – powered by our business culture and the contributions made by our people – is instrumental in earning, keeping and growing trust day by day and therefore in helping us become 'the reference' in our core markets.

Sustainability is not part of a separate strategy but is instead integrated into our overall corporate strategy and is thus embedded in the four pillars of that strategy and our day-to-day business activities.

Also supported by the long-term-strategy of our core shareholders, it is Mikro Kapital's ambition to become an even more sustainable and responsible company.

In the first instance, it is therefore essential that we:

- are able to honor all our commitments without external support;
- in so doing, maintain the trust of our clients, our investors, the authorities and supervisory bodies, our shareholders and our employees.

#### Our Values: Four Pillars of our Corporate Strategy

- We place our clients at the center of everything we do.
- We look to offer our clients a unique experience.
- We focus on our group's long-term development and aim in that way to achieve sustainable and profitable growth.
- We take our responsibility towards society and local economies.

Sustainability to Mikro Kapital means that we are able to respond to the expectations of all involved stakeholders, not only today but also going forward.

We want to increase the positive impact on society in those areas where we can make a difference through our everyday activities.

However, sustainability is only possible if we also maintain the trust of the society in which we operate, and therefore act as a responsible company by:

- being consistently conscious of the impact of our operations on society;
- responding to societal needs and expectations in a balanced, relevant and transparent manner.

At Mikro Kapital, we have an unwavering commitment to becoming “the reference” in our core markets. We believe that our culture and the hard work of our team are instrumental in earning, sustaining, and growing trust on a daily basis.

For us sustainability is not just something we focus on in isolation – it is an integral part of our company strategy and essential to all the business activities we engage in. We recognize the importance of respecting the expectations of all involved stakeholders, so our ambition is to become a sustainable and responsible business in all respects. We take great pride in upholding ethical standards with regards to openness, transparency, discretion, and privacy when carrying out our daily operations. Additionally, we abide by all laws and regulations that apply to us. By placing an emphasis on sustainability, we believe we can maintain long term trust from clients, investors, authorities, shareholders, and employees.

We strive to find a balance between business and sustainability objectives. Our corporate strategy reflects that commitment as integration into all our operations and endeavors in the local communities we invest in is at its very core. We take steps to increase our positive social impact while minimizing any potential negative effects. To achieve this, we have strict policies and sustainability guidelines in place, work towards reducing our environmental footprint, adhere to Socially Responsible Investment funds ('SRI funds') regulations and do more.



Mikro Kapital Moldova, »  
Mr. Cristian Mircea, car parts store.

### RESPONSIBLE BEHAVIOR AND BUSINESS ETHICS

When carrying out our activities, it is evident we respect prevailing laws and regulations, but we also impose stringent rules on ourselves in terms of ethical behavior, openness and transparency, discretion and privacy.

#### RESPONSIBLE BEHAVIOR

Responsible behavior is the basic layer of sustainability at Mikro Kapital. In order to maintain and grow trust, it is of utmost importance that we behave responsibly in everything we do.

Mikro Kapital therefore considers responsible behavior as absolutely necessary to successfully implement an effective and credible sustainability strategy. This means that the mindset of all Mikro Kapital-staff should go beyond regulation and compliance. As client centricity lies at the heart of our corporate strategy, we specifically focus on responsible selling and providing responsible advice. The foundation of responsible behavior is integrity, which entails honesty, correctness, transparency and confidentiality, combined with a sound risk awareness.

#### BOOSTING OUR POSITIVE IMPACT

Sustainability is not just about philanthropy supporting local initiatives with sponsorship.

Although these aspects continue to have great importance for Mikro Kapital in its various home markets, its Corporate Sustainability strategy seeks to go beyond this approach and create added value by:

- focusing on a number of genuine societal needs, and
- actively responding to these societal needs by developing business solutions that really make a difference.

#### BUSINESS ETHICS

We offer our services and solutions based on sound company values. In all our activities, we comply with all relevant rules and regulations and with corporate policies and guidelines that ensure ethical business.

When carrying out our activities, we respect the relevant laws and regulations, but also impose stringent rules on ourselves in terms of ethical behavior, openness and transparency, discretion and privacy. The Mikro Kapital Ethics committee ensures that guidelines are observed, information remains confidential and privacy is respected. All policies are reviewed on a regular basis and updated if necessary, in order to always meet the changing environment, requirements and regulations.

#### LIMITING OUR ADVERSE IMPACT

Generating sustainable, profitable growth and contributing to a more sustainable society go hand in hand. This means we also seek to limit our adverse impact on society as much as feasible. We want to achieve this ambition by:

- reducing our own environmental footprint.
- applying strict sustainability policies to our business activities in respect of human rights, the environment, business ethics and sensitive/controversial societal issues.
- offering a complete range of socially responsible investments.

### ESG Governance

At Mikro Kapital, we believe that good governance is vitally important in building long-term sustainable value for our stakeholders. In ensuring that all stakeholders' interests are addressed while also maintaining transparency regarding all the Company's investment activities and transactions, we have always worked to establish a strong corporate governance structure that is aligned with Mikro Kapital's strategy.

During 2021, Mikro Kapital's organizational structure was further adjusted in line with our goal of incorporating sustainability into the strategic decision-making and core business operations of the company. It was decided to implement a new sustainability governance model through the integration of dedicated ESG Department and established ESG and Impact Committee. In December 2021, Mikro Kapital's Management Board approved the Responsible Investment Policy. The Policy defines a clear framework for Mikro Kapital regarding impact management and sets up a process to manage impact

achievement for the whole portfolio. It defines the rules, procedures and governance to be followed throughout Mikro Kapital's investment decision-making process (from initial screening to exit) for all investments made via the SPVs. Once they are invested by an SPV, each portfolio company will have to be aware of the requirements laid out in this Policy. This is relevant because portfolio companies indirectly fall under the Policy's scope, as Mikro Kapital must receive the necessary documents and information from portfolio companies to be able to monitor and report on their impact. They shall take the necessary measures to meet minimum requirements in order for the investment to be compatible and aligned with the Policy. The Policy defines Mikro Kapital's approach towards impact investment and management, as well as the consideration of environmental, social and governance (ESG) issues. The policy is founded on an objective of generating value and making a difference through integration of sustainability in the investment process and by driving positive change. The responsible investment approach is also managed by the Company's Exclusion list (MK ESEL). It was created to exclude industries and business activities from Mikro Kapital's investment universe because of their environment damaging or ethically questionable nature. The list applies to all Mikro Kapital's end-borrowers. Mikro Kapital firmly believes that defining such rules enhances positive impact while generating long-term returns.

The ESG Governance described above is valid in 2023. Mikro Kapital issued its ESG report (available on the website) which summarizes its most recent environmental, social and governance (ESG) performance during the period 1 January to 31 December 2023. Additionally, the report covers the company's long- and medium-term plans and significant events that occurred in 2024 at the publication date.

## HUMAN RIGHTS POLICY

Mikro Kapital fully respects, supports and has fully implemented the principles underlying universal human rights throughout the group.

**These principles include:**

- the right to equal opportunity and non-discrimination,
- the right to the security of persons, the rights of employees (including opposition to any forms of forced labor or child labor, the right to a safe, healthy workplace, the right to freedom of association and collective bargaining), and
- human rights (including opposition to bribery in any form whatsoever) and obligations with regard to consumer protection and environmental protection.

In this respect, Mikro Kapital abides by the letter and the spirit of the United Nations Universal Declaration of Human Rights, the eight Fundamental International Labour Organisation Conventions for the Protection of Human Rights and Fundamental Freedoms and other international and regional human rights treaties containing internationally recognised standards that the business sector must abide by. Mikro Kapital complies with the laws, rules and regulations of every country in which Mikro Kapital operates.

### OUR PEOPLE

Our employees represent our 'human capital' and are one of the main drivers to creating value.

By focusing on recruitment, management and development of our employees, we seek to give them the opportunity to make best possible use of their talent and experience and adapt to our fast-changing world. We encourage all our employees to behave in a way that is responsive, respectful and result-driven. It is our ambition to truly involve all staff in realizing the sustainability ambition.

### STAKEHOLDER ENGAGEMENT

We engage with all of our stakeholders to define what is material to both our stakeholders and Mikro Kapital and how we can create value. We use a variety of channels for open, transparent sustainability communication and dialogue with our stakeholders. On regular basis, we conduct stakeholder surveys in all our countries in order to discover what it is that is important to our stakeholders and thus meet their expectations.

### 3. Anti-corruption and Bribery Policy

Mikro Kapital values revolve around the importance to maintain professionalism through good reputation, while abiding to competition rules, in the full respect of the working conditions. The direct or indirect offer, the payment, soliciting and acceptance of bribes in any form are unacceptable practices.

Employees must avoid conflict of interest which might arise in the course of, performing their work to third parties, where there is a material risk of damage to the interest of one or more clients.

All business transactions must reflect the rules and regulation of Mikro Kapital and, as part of our policy, we forbid facilitation payments and we seek to ensure that our employees and suppliers do not make them either.

#### ANTI-CORRUPTION, BRIBERY AND GIFT ACCEPTANCE

Mikro Kapital shall apply a zero-tolerance policy where it has determined through an investigative process that its staff, consultants or individuals acting as representatives have engaged in corrupt, collusive or coercive practices. Mikro Kapital will under no circumstances tolerate any member of its staff to engage in an act of corruption as defined under this policy.

Every Mikro Kapital entity is obliged to have a policy in place on the acceptance of presents, gifts, and commissions by its employees, aligned to the group gifts policy. Any such behavior will be dealt with accordingly by the relevant department in the Company.

Mikro Kapital does not condone nor tolerate any form of donations whatsoever to persons or parties in a political or public capacity that is in contravention of the applicable law and regulations.

Mikro Kapital shall under no circumstances tolerate that any member of its staff is instructed, suggested or condoned to engage in any act of corruption by staff of superior ranking. Mikro Kapital will not tolerate that any refusal to engage in an act of corruption would be detrimental for a member of its staff.

Facilitation payments are in principle forbidden. If it should however be impossible to eliminate such payments, this should be reported immediately to Compliance.

Any case of corruption or non-compliance with the letter or the spirit of the law or this policy will be sanctioned according to the applicable labor contract and the local Labor Regulations of the entity involved.

#### PROTECTION OF WHISTLEBLOWERS

In accordance with the policy for the protection of whistleblowers, Mikro Kapital group has created the opportunity for all employees to report potential fraud or other gross malpractice at the earliest possible stages without fear for any reprisal and where whistleblowers are assured that they will receive fair treatment and that their concerns will be investigated properly.

Employees are encouraged to use the normal reporting lines in first place and only rely on this policy if the normal channels cannot be used.

Employees must refrain from abusing the reporting procedure and thereby deliberately harming another. If accusations would be made with malicious or slanderous intent, appropriate sanctions may apply.

Mikro Kapital whistleblower policy applies to all types of fraud and gross malpractice relating to gross violations or gross infringements of internal rules as well as external rules, or rules on market abuse, insider dealing, breaches of secrecy or discretion with regard to money laundering, theft, fraud, corruption, bribery.

Mikro Kapital guarantees that whistleblowers who report fraud or gross malpractice concerns in good faith will suffer no adverse or negative consequences whatsoever of disclosing those concerns, in keeping with the policy.

The Company Compliance division is responsible for monitoring the functioning of this policy in all entities of Mikro Kapital.

## PREVENTION, MONITORING AND DETECTION

It is the responsibility of Mikro Kapital and local Compliance to prevent that the group/the entity incurs in a compliance risk or suffers damage, likely to derive from its non-complying with applicable laws, regulations and internal rules falling under the scope of the Compliance function.

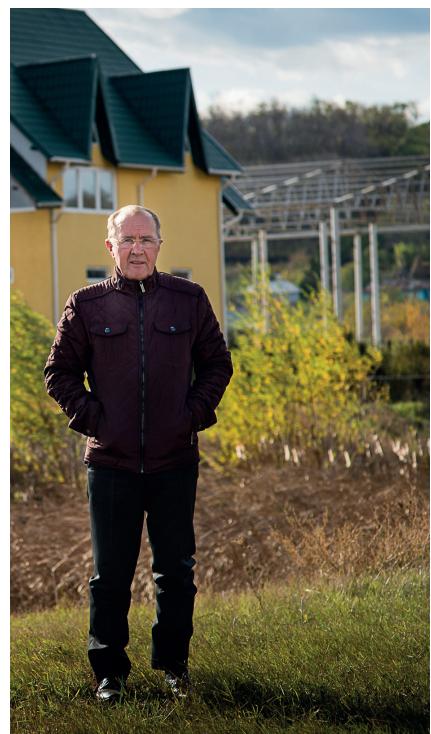
## DEFINITIONS

**“Corrupt practice”** regards the offering, giving, receiving, soliciting, directly or indirectly of anything of value to improperly finance the actions or the non-actions of another party.

**“Facilitation payments”** are typically payments of a small amount to a government official to secure or expedite a routine governmental action, often to avoid bureaucratic delays or inaction if payment is not made.

**“Whistle-blower protection”** regards a Mikro Kapital employee or any third party who reveals corruption in a Mikro Kapital entity by reporting issues in accordance with the Whistle-blower procedure.

**“Bribery”** involves paying money or giving a benefit to someone in business or government in order to obtain commercial advantage. An obvious example is a supplier who offers money to a company employee to get business from that company. Bribery is a betrayal of trust in which the damage inflicted generally goes well beyond the material value of the bribe. Bribery has an insidious effect on society and it can seriously damage a company’s reputation and undermine its license to operate.



Mikro Kapital Armenia. Mr Murad Petrosyan, » owner of Sofya Kat in the region of Aparan, Armenia.

## 4. Mikro Kapital policy on human rights

As a financial institution, Mikro Kapital has a direct and an indirect impact on Human Rights, therefore we implemented the Mikro Kapital Human Rights Policy related to our core stakeholders, customers, suppliers and employees.

In the first place we expect our customers to be compliant with local and international laws and regulations. Our Compliance department monitors the compliance with these regulations in all our home markets. No commercial relationship will be maintained with companies not compliant with local and international regulations.

Mikro Kapital also defined the compliance with human rights in several policies. If relevant, we request our customers to demonstrate that they are compliant with other international industry standards (Free and prior informed consent, Roundtable on Sustainable Palm Oil, UN Global Compact principles, Extractive Industries Transparency Initiative, ICMM). Regarding international project finance for the corporate clients, we apply the Equator Principles.

Mikro Kapital fully commits to respect and uphold the human rights of its employees. Employees are also expected to apply and respect the human rights standards when conducting business. (Please see the Mikro Kapital Code of Conduct for Employees).

Suppliers are amongst our main stakeholders and we want them to integrate criteria in their purchase, sale and outsourcing procedures that reflect social, ethical and environmental concerns. Suppliers have to comply with the principles outlined in the Mikro Kapital Sustainability Code of Conduct for supplier.

<https://mikrokapital.com/investment/investment-solutions/alternative>

## 5. Environmental and Social Exclusion List

The Mikro Kapital's Exclusion List defines the types of projects that the company and its portfolio companies do not finance, either directly or indirectly through their clients.

**All portfolio companies when investing must apply the following exclusions:**

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife, or products regulated under CITES.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labor<sup>1</sup> / harmful child labor<sup>2</sup>.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.

- Destruction of High Conservation Value areas<sup>3</sup>.
- Pornography and/or prostitution
- Racist and/or anti-democratic media
- Financial Action Task Force blacklist regions
- If any of the following products form a substantial part of a project's primary financed business activities<sup>4</sup>:
  - Alcoholic Beverages (except beer and wine);
  - Tobacco;
  - Weapons and munitions; or
  - Gambling, casinos and equivalent enterprises.

<sup>1</sup>Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

<sup>2</sup>Harmful child labor means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

<sup>3</sup>High Conservation Value (HCV) areas are defined as natural habitats where these values are of outstanding significance or critical importance.

<sup>4</sup>For companies, "substantial" means more than 10 % of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio volumes.



Alternative 

# ALTERNATIVE - Annual Report and Audited financial statements for the year ended December 31, 2023

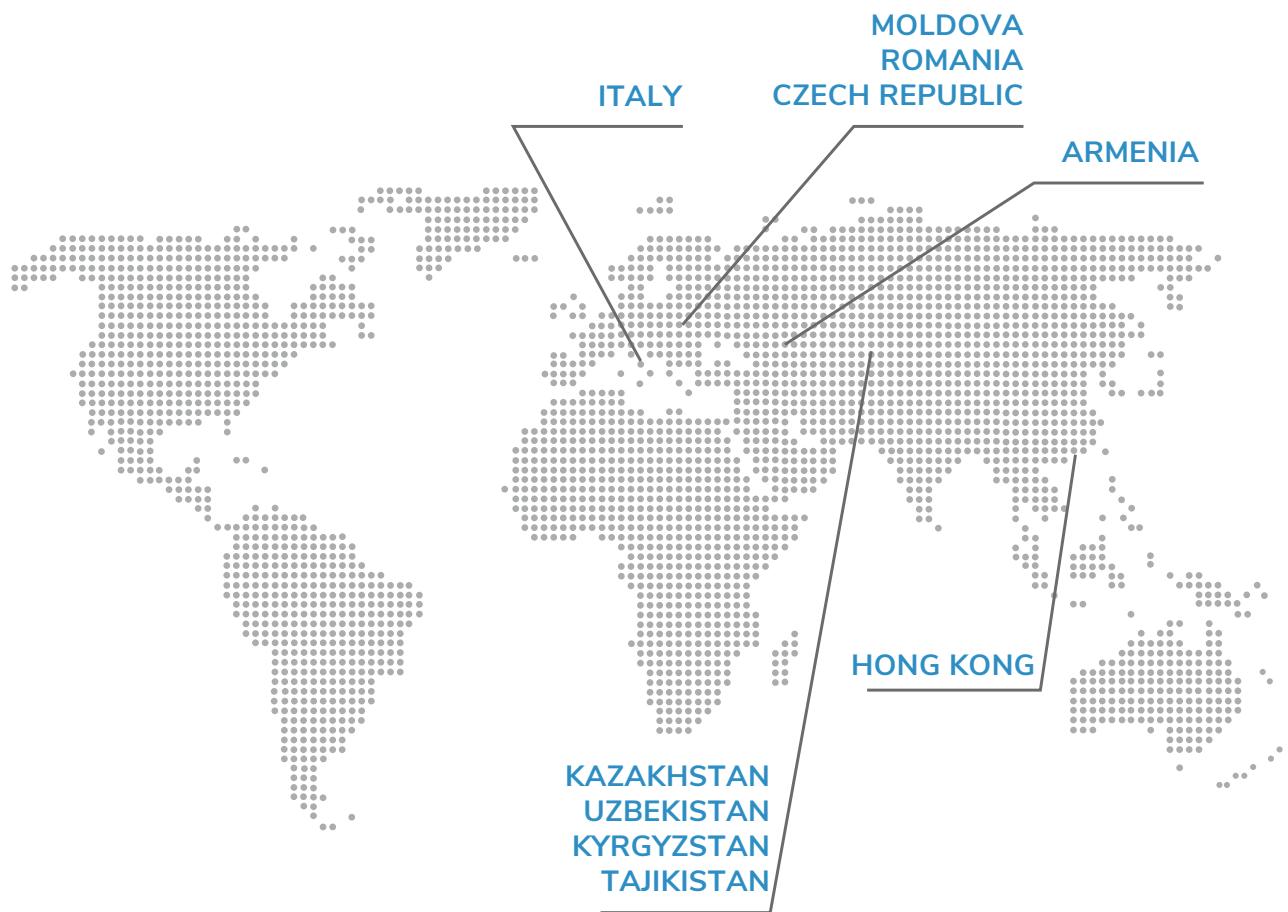
R.C.S. Luxembourg 01

This report does not constitute an offer of units. No subscription can be received on the basis of this annual report. Subscriptions are only valid if made on the basis of the management regulations.

Only the financial statement from pages 28 to 75 have been audited in accordance with International Standards of Auditing (ISAs).



# 1. Geography of ALTERNATIVE



Italy, Moldova, Romania, Czechia, Armenia, Uzbekistan, Kyrgyzstan, Tajikistan: microcredit, microloan, carsharing business  
 Hong Kong: funding activity

## 2. ALTERNATIVE's Highlights

**€ 297.6 mil**

Total Assets

**€ 65.6 mil**

Net Asset Value

**158.1K**

Total active Clients financed

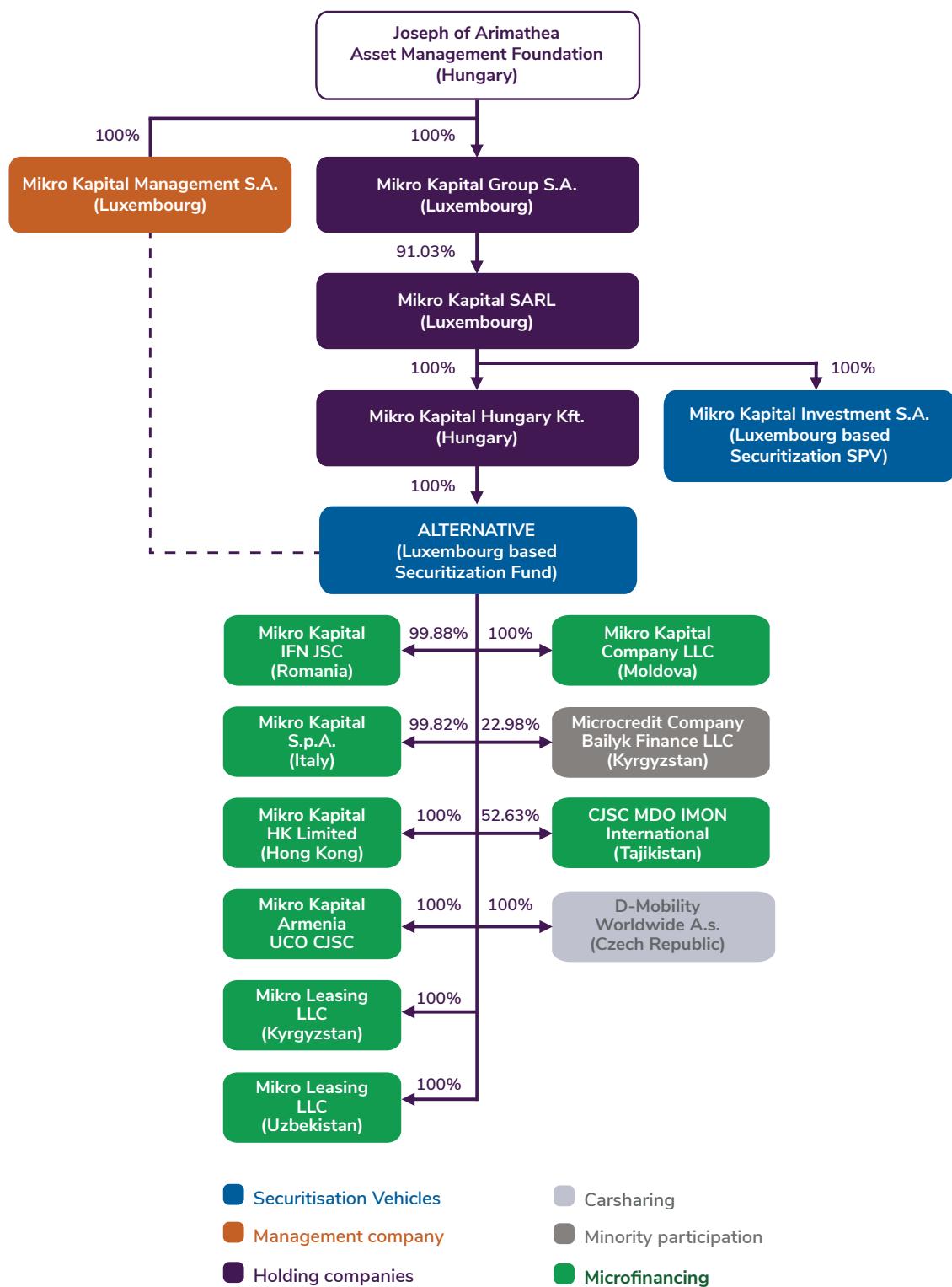
**5.4%**

PAR> 30 DAYS  
of Portfolio Companies

**1.97K**

Employees

### 3. ALTERNATIVE Structure as for 4 December 2023



## 4. ALTERNATIVE History

Established in 2014

2016 Incorporation of Mikro Kapital Romania

2017 Incorporation of Mikro Kapital Italy

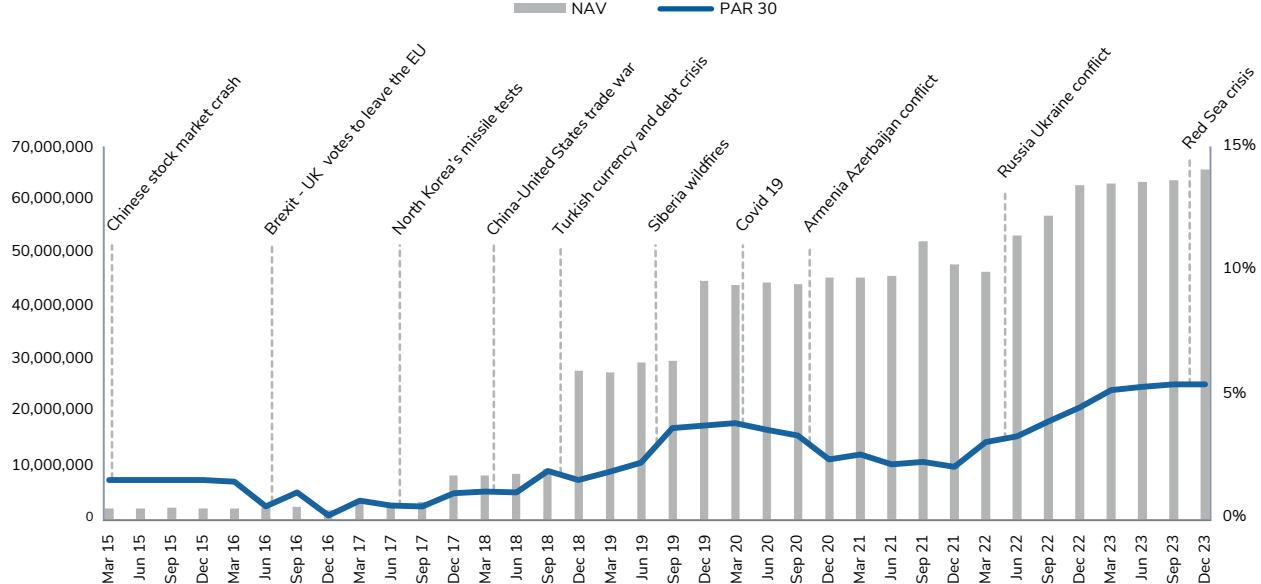
**2018** Incorporation of Mikro Kapital Armenia. Acquisition of substantial shareholding of Bailyk Finance Kyrgyzstan.

2019 Incorporation of Mikro Leasing Uzbekistan

2021 Acquisition of substantial shareholding of Imon International Tajikistan

2022 Incorporation of Mikro Kapital Kyrgyzstan

2023 Incorporation of Joseph of Arimathea Asset Management Foundation



## 5. Management and administration of the Securitization Fund

In accordance with the amended Securitization Law of March 22<sup>nd</sup>, 2004, the Securitization Fund ALTERNATIVE (the "Securitization Fund") is managed by a Management Company named MIKRO KAPITAL MANAGEMENT S.A.:

### Management Company, Accounting & Registrar

MIKRO KAPITAL MANAGEMENT S.A.  
10, rue C.M. Spoo  
L-2546, Luxembourg - Grand-Duchy of Luxembourg

### Board of Directors of MIKRO KAPITAL MANAGEMENT S.A.

Mr. Vincenzo Trani, director A;  
Mr. Etienne Schneider, director A;  
Mr. Johannes Feist, director B;  
Mr. Michele Mattioda, director B;  
Mr. Pape Saliou Ndao, director B;  
Mr. Thomas Heinig, director B;  
Mr. Nicola Ragusa, director B;  
Ms. Valeria Elfimova, director B

### Head Office

10, rue C.M. Spoo  
L-2546, Luxembourg - Grand-Duchy of Luxembourg

### Auditor

RSM Audit Luxembourg SARL  
42, rue de la Vallée  
L-2661 Luxembourg - Grand-Duchy of Luxembourg

### Paying Agents

Bendura Bank (Liechtenstein) AG  
Schaaner Strasse 27  
9487 Gamprin-Bendern Fürstentum Liechtenstein

European Depositary Bank SA  
3, Rue Gabriel Lippmann  
L-5365, Munsbach Grand-Duchy of Luxembourg

### ISP Group AG

Bellerivestrasse 45,  
8008 Zürich, Switzerland

## 6. Information to the Unitholders

The first Management Regulations of the Securitization Fund have been registered on December 18, 2014 at the file of Mikro Kapital SARL (the former management company) with the Luxembourg Trade and Companies Register under the number B137073, where it can be consulted and where each unit holder may receive a copy.

Some modifications of the Management Regulations have been registered on January 20, 2015, February 19, 2015, November 25, 2015, March 10, 2017, January 19, 2018, October 09, 2018, January 17, 2022 as well as January 19, 2023.

The current Management Regulations of the Securitization Fund have been registered on January 19, 2023 at the file of the Fund with the Luxembourg Trade and Companies Register under the number O1, where it can be consulted and where each unit holder may receive a copy. The issue and redemption price as well as the net asset value of each unit are published in a private space on the website of Mikro Kapital, <http://www.mikrokapital.com>, where each unit holder can be informed about the evolution of these values. The Securitization Fund does not offer securities to the public on a regular basis. Any invitation to subscribe for units is made on a private basis only. An investor is solely responsible for determining whether the Securitization Fund is suitable for his investment needs. Due to the foregoing, the Securitization Fund is not subject to supervision by the Commission de Surveillance du Secteur Financier or by any regulator outside the Grand-Duchy of Luxembourg. Requirements considered necessary for the protection of investors in public offerings do not apply to private offerings. Therefore, investment in a privately offered units of the Securitization Fund may present a greater risk to an investor than investment in a publicly offered securities.

In accordance with Luxembourg law, a Luxembourg auditor must be appointed for all securitization funds domiciled in Luxembourg. For ALTERNATIVE, the auditor is «RSM Audit Luxembourg S.a.r.l.», réviseur d'entreprises agréé.

## 7. Net asset value per unit

The Net Asset Value of the Securitization Fund ALTERNATIVE is expressed in Euro and determined as of the end of each Quarter by the Management Company, by dividing the global Net Asset Value of the Fund by the number of units in use in the Fund.

If the last day of the Quarter is not a working day in Luxembourg, therefore the date of the calculation is advanced to the day before.

For the year 2023, the Net Asset Value per unit has been the following:

Date	NAV per unit in EUR	Quarterly %	Accumulated %
31/12/2022	4,918,760.00	9.84%	3835.01%
31/03/2023	4,952,584.63	0.69%	3862.07%
30/06/2023	4,975,276.61	0.46%	3880.22%
30/09/2023	4,995,394.81	0.40%	3896.32%
31/12/2023	5,156,689.93	3.23%	4025.35%

The Net Asset Value per unit as of December 31, 2023 was 5,156,689.93 EUR (2022: 4,918,760.00 EUR), which results in increase of 4.84% compared to the Net Asset Value per unit as of December 31, 2022.

# 8 Management Report

## 8.1 Introduction

ALTERNATIVE (hereinafter "the Fund") was established by Mikro Kapital S.a.r.l., its former management company, and started operations in 2014 as a Securitization Fund in Luxembourg.

The core activities of the Fund are the following:

- Attracting investments by issuing transferable securities which value or yield depends on the risks linked to debt and other assets or liabilities related to third parties for the activities carried out by the third parties.
- Investing worldwide attracted Funds in capital or disbursing them in loans to financial institutions (MFOs), individuals and banks, operating in a small and medium-sized enterprise (SME) environment.

The home countries of the client portfolio are considered as emerging markets with developing economies that enjoy a positive outlook for the future. This means that there is a high demand for capital in these countries, but at the same time there is only limited access to the capital market. This results into a potentially high rate of return of capital. Attention is paid to having a geographically diverse portfolio, thereby keeping the correlation of assets as low as possible. The Fund constantly monitors its exposure to the currencies of the different countries where it invests and applies proper hedging strategies according to its approved internal hedging policy.

Thanks to a well-balanced portfolio and a flexible capital structure, the Fund meets the needs of a wide range of investors with different risk-return profiles on the one hand and provides many categories of borrowers with the Funds required for their business development on the other. Activities of client businesses in 2023 were mainly wholesale and retail trade, services, and agriculture & livestock.

The main clients of the Fund are micro finance and leasing organizations as well as credit cooperatives. The Fund also disburses loans directly to micro, small and medium enterprises.

The Fund may also invest in:

- micro-leasing companies, which carry out - among others - car (and other type of vehicle) sharing;
- other companies and organizations that share the same values.

The Fund issues bonds, the value of which or yield is linked to credit related assets invested in one or more other entities.

The Fund is actively financing micro and small entrepreneurs, either directly or through third-party micro financial institutions.

All specialists of the group have significant experience in banking, micro finance, and leasing, which allows to maintain the quality of the loan/lease portfolio at the proper level in terms of risk management, and to increase its rate of return.

On December 31, 2023 the Fund's Net Asset Value totalled EUR 65,640,021.84(EUR 5,156,689.93 per unit). The net assets value per unit increased by 4,84% as of December 31, 2023 in comparison with December 31, 2022.

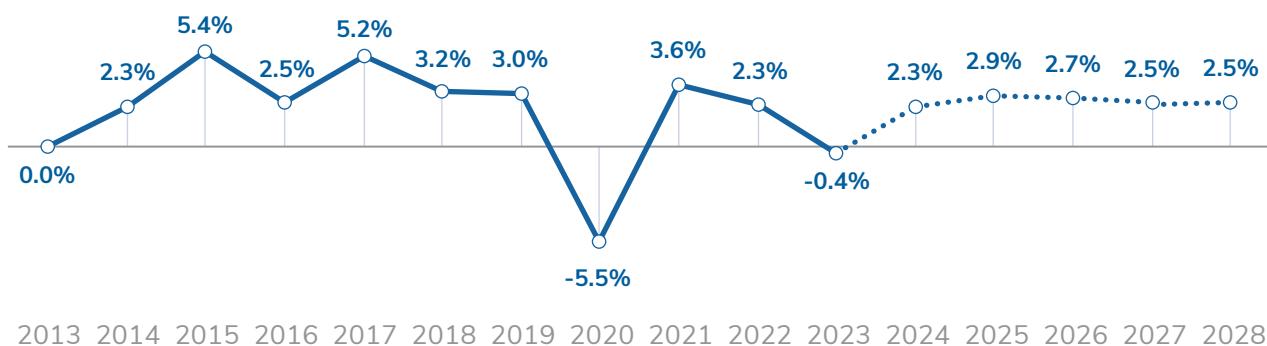
## 8.2 The macroeconomic context (in the most important countries of operation)

### CZECHIA

Czechia is EU member country located in the central part of Europe surrounded by Germany on the west, Poland on the northeast, Slovakia on the southeast and Austria on the south.

Total population of the country was 10.5 mil as of 2023, according to Czech Statistical Office. The capital of the country, Prague, is populated with circa 1.3 mil residents and account for around 25% of GDP of the country, with almost 80% of Value Added being produced by Services sector of the capital's economy<sup>1</sup>.

Czechia: GDP change, constant prices (actual for 2013- 2023 and projections by IMF for 2024 - 2028



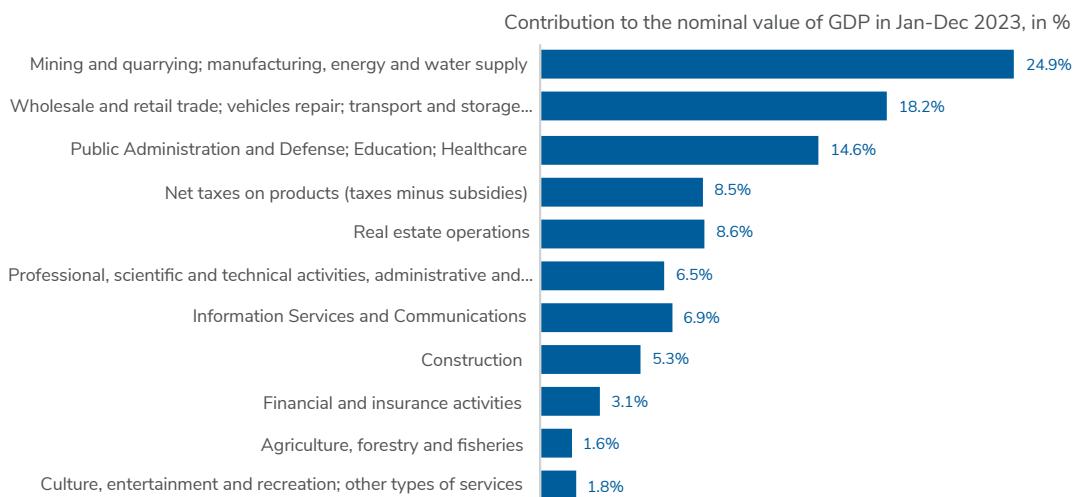
Source: Czech Statistical Office, IMF

After the deepest slump in the economic history of independent Czechia with GDP contraction of 5.5% in 2020, Czech economy was able to partially recover with 3.6% GDP growth in 2021 followed by a moderate slowdown (as compared to previous year's recovery pace) with 2.3% growth in 2022. According to the most recent data published by Czech Statistical Office, GDP in 2023 registered contraction by 0.4% on year-over-year basis. Country's nominal GDP (in current prices) reached CZK 7,344,422 million (or, circa EUR 297.1 billion). Although Czech economy being a developed one is service-oriented in its structure (almost 60% of nominal GDP), industrial sector traditionally plays an important role, together with construction accounting for 30% of nominal GDP.

From the uses point of view, GDP decrease was negatively influenced by final consumption expenditures of households that registered decrease by 3.1% and accounted for -1.2 percentage points of total change, while final consumption expenditures of general government (+3.0%) and gross fixed capital formation (+3.3%) added positive dynamics with +0.6 p.p. and +1.1 p.p. of total change, respectively.

[1] Czech Statistical Office: Statistical Yearbook of Prague -2023

### Czechia: GDP composition (output approach) in Jan-Dec 2023

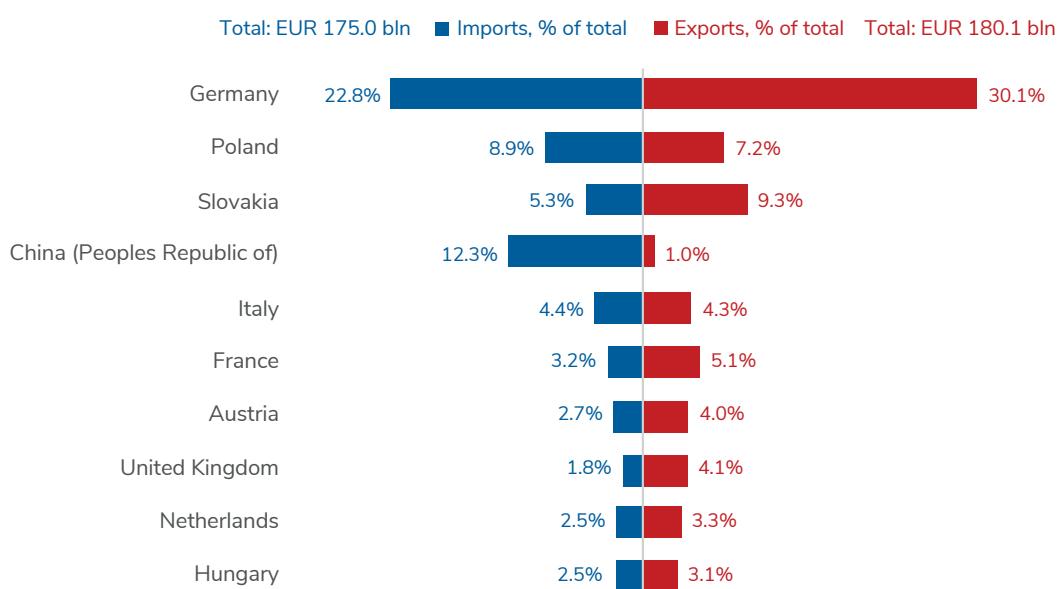


Source: Czech Statistical Office

Gross Value Added of Industrial sector together with construction accounted for more than one-third of the economy (with manufacturing amounting to 24.9%), while Services sector represent almost 60%.

Gross Value Added registered 0.5% increase for the year. Manufacturing sector accounted for +0.5 p.p. of total change with 1.5% growth y-o-y in constant prices, while information and communication accounted for another+0.4 p.p. of total change (with increase of 6.0% y-o-y). Trade, transportation, accommodation, and food services contributed negative 0.4 p.p. to overall yearly growth figure in GVA.

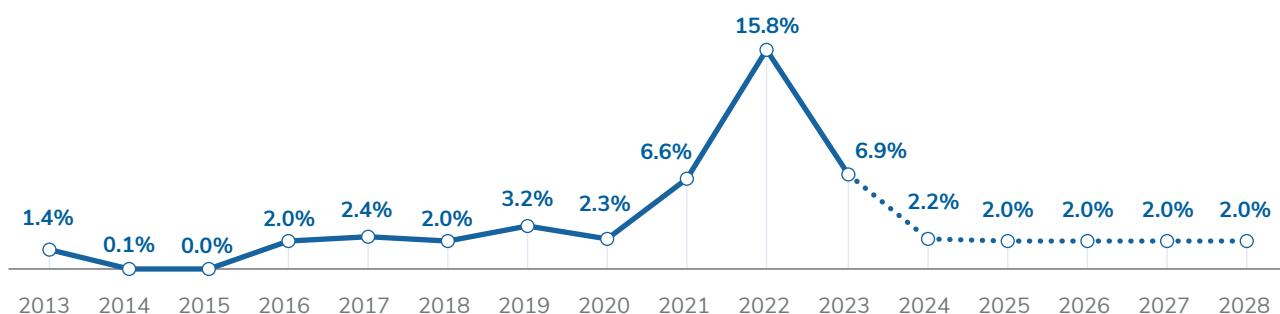
### Czechia: top international trade partners in 2022



Source: Czech Statistical Office

Czech top international trade partners (ranked by cumulative trade volumes) are Country's closest neighbours. Germany with EUR 94 billion of cumulative trade volumes (EUR 6 billion less than in 2022) accounted for 22.8% of total imported and 30.1% of total exported goods. Amount of cumulative trade volumes with Poland declined from EUR 30.4 billion to EUR 28.5 billion while this country accounted for 8.9% of total imports and 7.2% of total exports. Slovakia's total trade volumes also registered slight decrease from EUR 28.2 billion to EUR 26.0 billion between 2022 and 2023, while this country remained second biggest recipient of Czech's export (9.3% of total) and account for 5.3% of total imported goods. Major part of trade with China (ranked 4th in trade volumes, with EUR 23.3 billion) accounted for imports (12.3% imports vs. only 1.0% exports). Structure of international trade partners of Czech republic remains stable over the years.

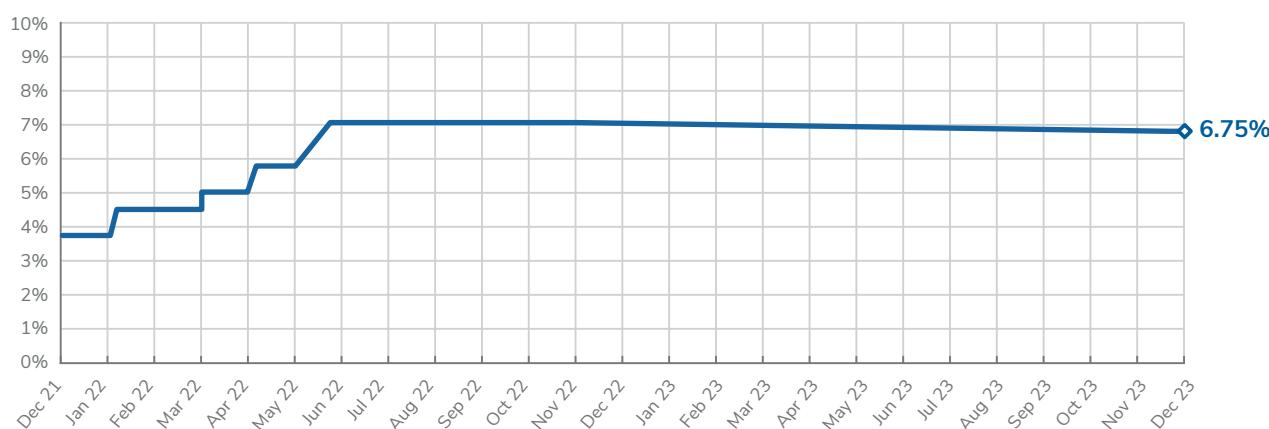
#### Czechia: Inflation, end of period consumer prices (actual for 2013 - 2023 and projections by IMF for 2024 - 2028



Source: Czech Statistical Office, IMF

After spike in consumer prices to 15.8% on y-o-y basis in 2022, inflation slowed down to 6.9% by the end of 2023. Average inflation rate in 2023 also registered decline by 4.4 percentage points, from 15.1% to 10.7% between 2022 and 2023. Prices of goods in total increased by 12.1% while prices of services grew by 8.4%. Among goods prices in category of 'food and non alcoholic beverages' most food items registered either slow down in price growth or deepening of price drop, which contributed for the most part of overall inflation pace decrease. Overall growth on total year-over-year price level was contributed by the category of 'housing, water, electricity, gas and other fuels', where rent price registered increase by 7.3%, maintenance and repair materials and services became more expensive by 5.5%, water supply increased in prices by 16.3%, sewage collection services by 26.9%, while electricity became more expensive by 142.4% together with price increase of heat and water (+24.2%).

#### Czechia: Central Bank interest rate



Source: Czech National Bank

After a series of interest rate increase in 2022, when Czech National Bank elevated the rate 4 times from 3.75% active as of 23.12.2021 to 7.00% active as of 30.06.2022, the regulator kept interest rate stable for the most part of 2023. During its last in 2023 Board meeting on 21 December CNB took decision to decrease interest rate by 0.25 percentage points to 6.75%. As explained in the regulator's statement, this step was underpinned by the latest macro economic forecast and further assessment of information as CNB expects inflation to slow down significantly in 2024. Despite this forecasted decline in prices, pro inflationary risks remain in regulator's mid-term economy outlook. Because of these risks inflation is unlikely to drop too close to the target of 2.0%. Thus, Czech National Bank is expected to maintain relatively tight monetary policy with cautious steps regarding potential interest rate decreases.

#### Czechia: EUR/CZK daily exchange rate



Source: [Investing.com](#)

#### MOLDOVA

Republic of Moldova is located in Eastern Europe, surrounded by Romania on the west and Ukraine on the East, North and South. The total population of the country is 2.6 million people.

Country's capital, Chisinau, is populated by c. 800 thousand people (almost one-third of total country's population). It also accounts for 59.3% of total number of registered entities, 51.5% of total Industry output, 75.5% of total retail trade volumes and 48.2% of total workforce of the country<sup>2</sup>.

Among other important cities of Moldova are Balti (with population of circa 103 thousand people), Bender (c. 91 thousand people); Cahul (c. 30 thousand people), Soroca (c. 22 thousand people), Comrat (c. 20 thousand people), Edinet (c. 15.5 thousand people) and Drochia (c. 13 thousand people).

In the past Moldova's economy relied to great extent on its agricultural sector owing to favorable moderate climate conditions and productive farmland which allowed to grow fruits, vegetables, wheat and tobacco and produce wine. Such dependence on agricultural sector has been gradually decreasing during last three decades, from almost one-third of Gross Domestic Product in 1999 to 16% in 2015, 7.9% in 2022 and 7.6% in 2023. Remittances from Moldova's citizens working abroad, namely, Russia, CIS and closest European countries, remain another important part of the country's economy.

[2] Source: Biroul National de Statistica al Republicii Moldova - CHIȘINĂU IN CIFRE ANUAR STATISTIC 2020-2022

## Moldova: GDP change, constant prices (actual for 2013- 2023 and projections by IMF for 2024 - 2028)



Source: National Bureau of Statistics, IMF

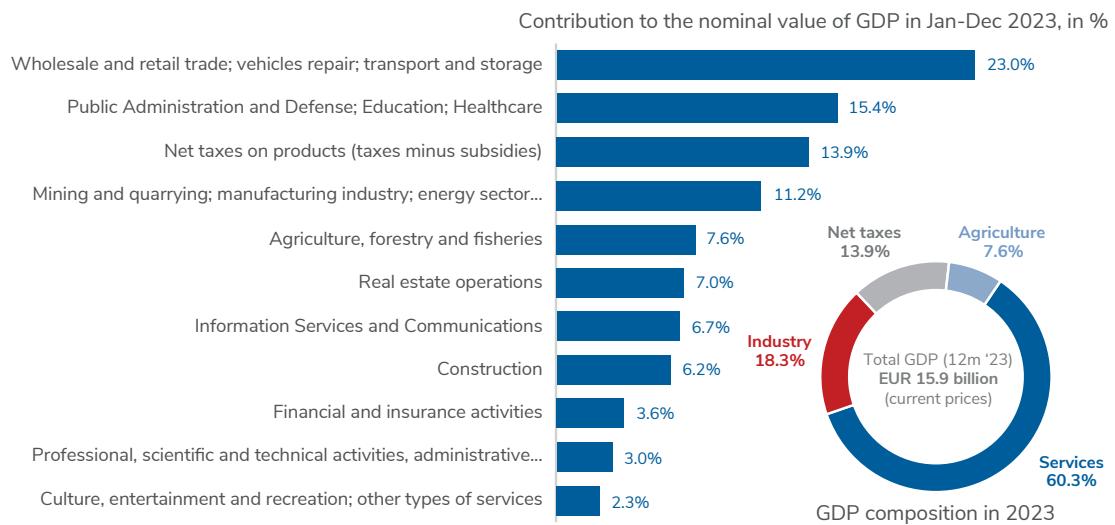
According to the latest available estimates by National Bureau of Statistics, Moldova's GDP in 2023 registered slight increase by 0.7% after a decline by 5.0% in 2022. GDP in current prices in 12m2023 amounted to MDL 300.4 billion (c. EUR 13.9 billion), while GDP expressed in average prices of 2022 amounted to MDL 276.4 billion (c. EUR 14.6 billion). After negative results both in Q1 and Q2, GDP registered positive dynamics in Q3 2023 with 3.3% growth y-o-y and slowed down to 0.2% growth in Q4 2023.

Gross Value Added (GVA) contributed positive 1.3 percentage points to total GDP change, while Net Taxes added negative 0.7 percentage points to the overall result.

GVA accounted for 86.1% of total GDP. Among sectors that contributed the most to total GDP change were Agriculture (+2.6 p.p. of total change and 31.9% growth y-o-y), Healthcare and social services (+0.7 p.p. of total change and 12.6% growth y-o-y) and information and communication sector (+0.5 p.p. and 7.5% growth y-o-y). On the other side, the following sectors registered negative dynamics in 2023: Manufacturing industry contracted by 11.6% in physical volumes and contributed negative 1.1 percentage points to GDP change, Construction sector registered decline by 13.8% y-o-y and accounted for -1.0 p.p. of total GDP change, Sector of wholesale and retail trade, vehicles repair contracted by 3.5% y-o-y while Transportation and storage sector was below 2022 results by 8.4%, both contributing -0.6 and -0.4 p.p. to overall economy growth in 2023, respectively.

From the uses point of view, GDP change was positive mainly due to results in international trade: Net Export of goods and services contributed positive 5.8 percentage points, following 5.1% growth in Exports with simultaneous contraction of imports by 5.1%. Total final consumption of households registered decline by 0.5% y-o-y and accounted for negative 0.4 p.p. of GDP change, while total investments (gross capital formation and change in inventory) contributed negative 4.2 p.p. of overall economy growth as a result of decline in investments in fixed capital by 1.3% y-o-y.

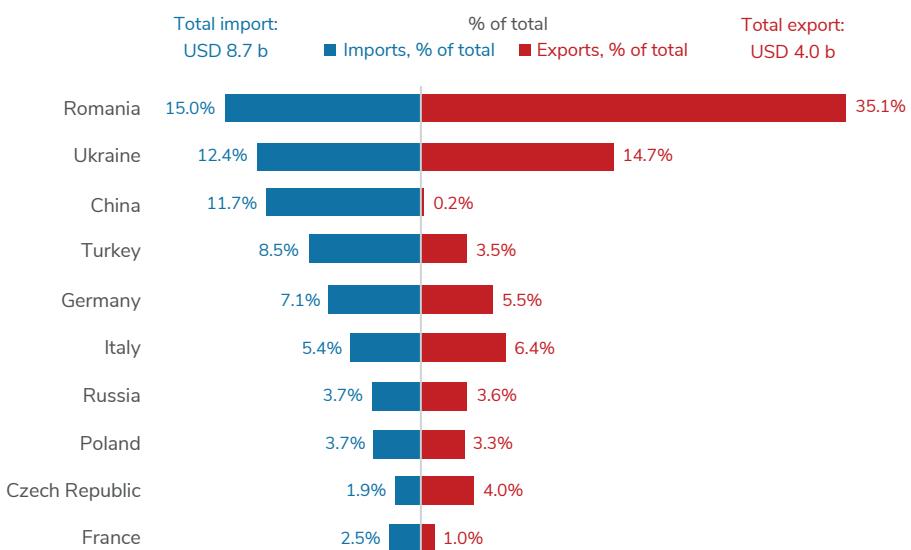
### Moldova: GDP composition (production approach) in Jan-Dec 2023



Source: National Bureau of Statistics

Official statistics from the National Bureau indicate that Wholesale and retail trade, transportation and storage, and vehicle repair accounted in total for 23.0% of the overall GDP in January - December 2023. Public sector, including administration, education and healthcare, accounted for 15.4% of total GDP, while manufacturing and mining industries, energy production, water supply and waste management sectors accounted for 11.2% of GDP. Agriculture sector accounts for 7.6% share of total GDP. Overall Moldova's economy structure remains stable over the last several years.

### Moldova: top international trade partners in 2023

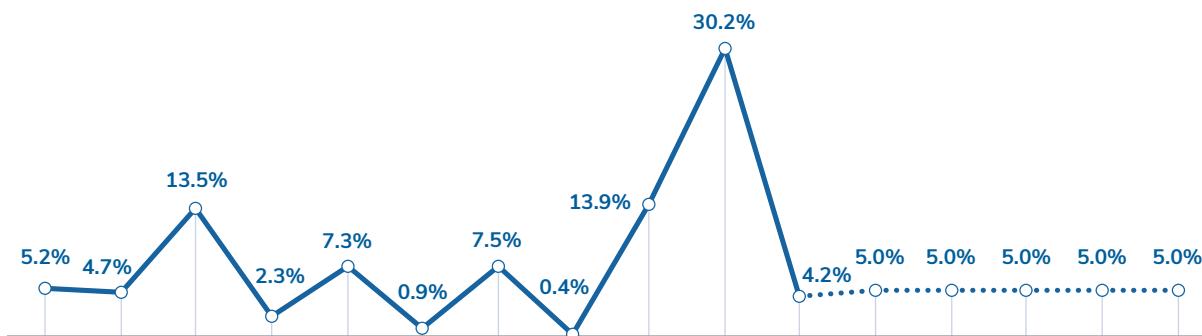


Source: National Bureau of Statistics

In 2023 Moldova's imports amounted to USO 8.7 billion (-0.5 billion vs. 2022) while Export was USD 4.0 billion (-0.3 billion vs. 2022). Among most important counterparts in terms of international trade are EU countries, China and Turkey. Moldova actively imported goods from its closest neighbors Romania (21.4% of total trade volume in 2023 vs. 21.3% in 2022, with 35.1% of total exports vs. 28.6% in 2022, and 15.0% of total imports vs. 17.9% in 2022), Ukraine (13.1% of total trade volumes vs. 11.6% in 2022, with 14.7% of total exports and 12.4% of total imports).

Russia's share in overall international trade volume substantially declined and it moved to 8th position (3rd in 2022) with 3.7% of total trade volume (vs. 9.9% in 2022), 3.6% of total exports (vs. 4.4% in 2022) and 3.6% of total imports (vs. 12.4% in 2022). Turkey with 6.9% of total trade volume (vs. 7.1% in 2022) and China with 8.1% of total trade volume (vs. 7.1% in 2022) are Moldova's main trade counterparts outside Europe.

#### Moldova: Inflation, end of period consumer prices (actual for 2013- 2023 and projections by IMF for 2024 - 2028)



Source: National Bureau of Statistics, IMF

After two consecutive years of sharp increase in prices in 2021 (13.9%) and 2022 (30.2%), inflation in Moldova dropped to 4.2% as of the end of 2023 (vs. December 2022). A decline was registered on year-over-year basis evenly throughout the year, going down from 27% in January, to 22% in March, 13% in June, 9% in September and 4% in December.

Food and non-food products categories registered inflation of 4.6% each, while services grew in prices by 2.5%. Among food products the most significant price increase was registered in the category of Fruits (12.3%) and Vegetables (12.1%). Among the services category passenger transportation in general registered growth in prices by 20.1% (with significant increase in prices for air passenger transport services of 2.3 times), while prices in Catering category grew by 6.6%. Utilities and housing services registered deflation in 2023 (-7.9% in total) with substantial drop in regulated tariffs on electricity supply (-43.0%) and natural gas supply (-12.1%), that considers the compensation granted by the Government to the household consumers.

#### Moldova: Central Bank interest rate



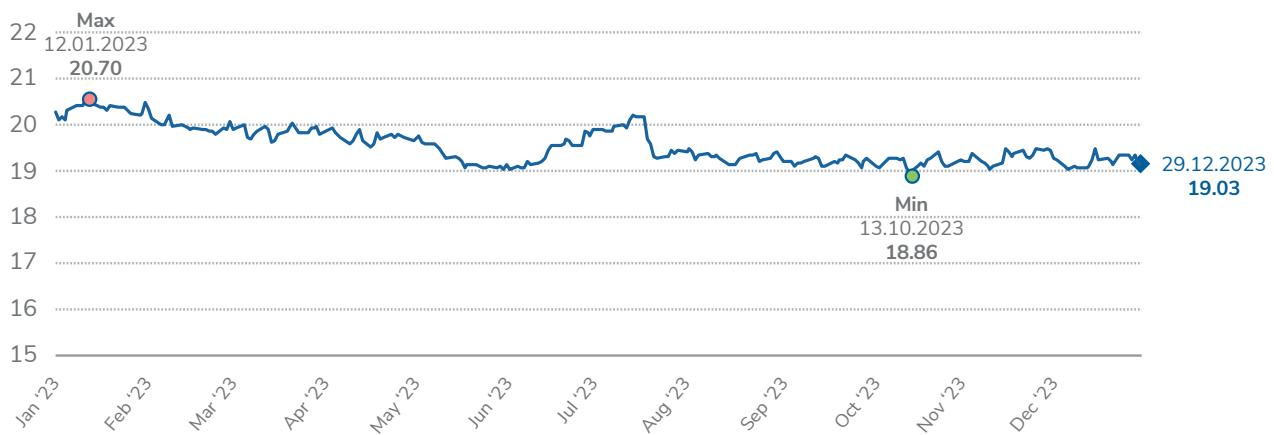
Source: Moldova National Bank

After several rounds of interest rate increase in 2022 amid spiking inflation, Moldova National Bank started to loosen monetary policy as situation with prices got better in 2023. During the year MNB took several decisions to decrease key interest rate from 20% active as at the beginning of the year to 17% in February, 14% in March, 10% in May, 6% in June and 4.75% in November. In October 2023 inflation level returned within the boundaries of the target range of  $5\% \pm 1.5$  percentage points for the first time in two years. Restrictive measures that were initiated by the regulator at the end of 2021 and continued to be implemented during 2022 helped mitigate excessive aggregate demand of post-pandemic period that together with other pro-inflationary factors put pressure on prices in the economy. In addition to softened demand, decrease in prices for energy resources and food products, disinflationary factors in Q4 2023 were supported by the provision of the compensation for energy tariffs for households during the winter season.

According to the mid-term outlook by the National Bank, the annual inflation rate will have a relatively stable trend throughout the forecast period. Inflation will fluctuate slightly around the 5.0% target and remain within the range throughout the forecast horizon.

#### Moldova: EUR/MDL exchange rate

EUR/MDL, 02 Jan '23 - 29 Dec '23

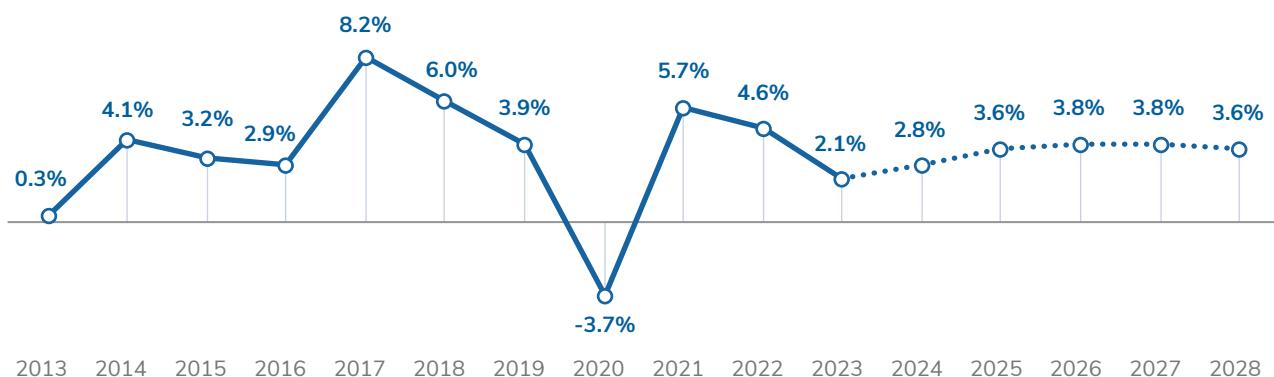


Source: [Investing.com](#)

## ROMANIA

Romania, a EU-member country, is situated in the south-eastern part of Europe having its borders with Bulgaria on the south, Ukraine on the north, Moldova in the east, Hungary and Serbia on the west and southwest, respectively, as well as Black Sea on the southeast. According to Eurostat, population of the country as at 1st January 2022 was 19.1 mil people or around 4.3% of European Union. Its capital city, Bucharest, is located in the south of the country, with total population of 1.8 million people. Among other biggest cities are Cluj-Napoca (population of circa 325 thousand people), Timișoara (c. 320 thousand people), Iași (c. 290 thousand people), Constanța (c. 283 thousand people), Craiova (c. 269 thousand people), Brașov (c. 253 thousand people) Ploiești (c. 209 thousand people).

### Romania: GDP change, constant prices (actual for 2013- 2023 and projections by IMF for 2024 - 2028)

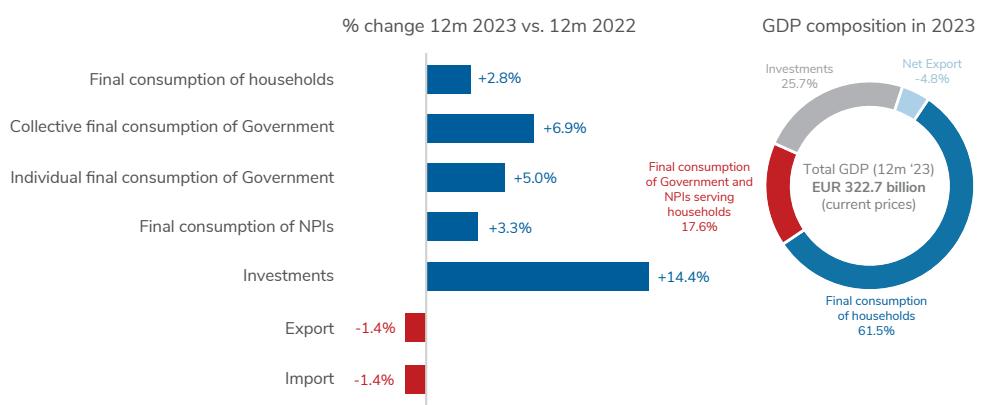


Source: National Institute of Statistics, IMF

In the period 2013-2019 Romanian economy grew by 4.7% per annum, on average. Global pandemic resulted in GDP contraction by 3.7% in 2020, but the country was able to recover in 2021. The growth slowed down to 4.6% in 2022. According to the latest available estimations by the National Institute of Statistics, Romanian GDP grew by 2.1% on year-over-year basis in 2023, which is a deceleration in pace after last year's 4.6% growth. Economy registered growth in every quarter of 2023 with average growth rate of 2.1% per quarter. Total nominal GDP (in current prices) amounted to RON 1 605.6 billion (c. EUR 322.7 billion).

In 2024-2025 the economy's growth is expected to be around 3.8% as per IMF estimations. According to European Commission analysis, Romanian economy will gain momentum in 2024 up to 3.1% and accelerate further to 3.4% in 2025 amid strengthening domestic demand, growth in households' disposable income, declining inflation and improving financial conditions.

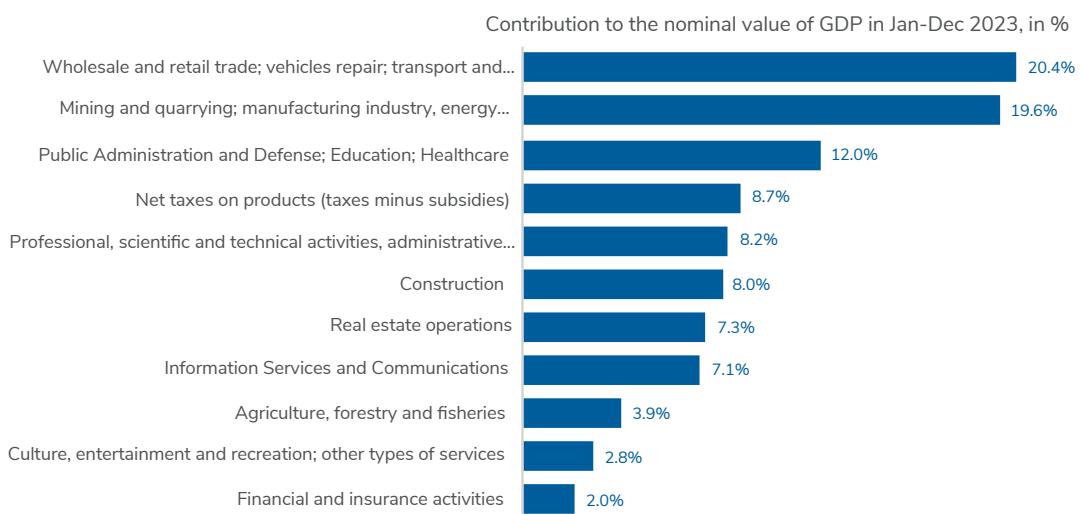
### Romania: GDP percent change vs. previous year and structure (expenditure approach) in Jan-Dec 2022



Source: National Institute of Statistics

From the uses point of view, the total 2.1% growth of GDP was driven mainly by investments and consumption. Gross fixed capital formation with 26.9% share of total GDP registered growth of 14.4%. This amounted to 3.6 percentage points of total GDP change. Consumption of households accounted for 2.2 percentage points of total GDP change and registered 3.1% growth (in physical volume) y-o-y. Total final consumption of households, general government and NPLs serving households grew by 3.5% and contributed 2.8 percentage points to the overall economy growth, while its share amounted for 79.1% of total GDP. Both Exports and Imports registered a decline in physical volumes by 1.4% each, so the cumulative effect of Net Exports on GDP change was leveled out.

#### Romania: GDP composition (production approach) in Jan-Dec 2023

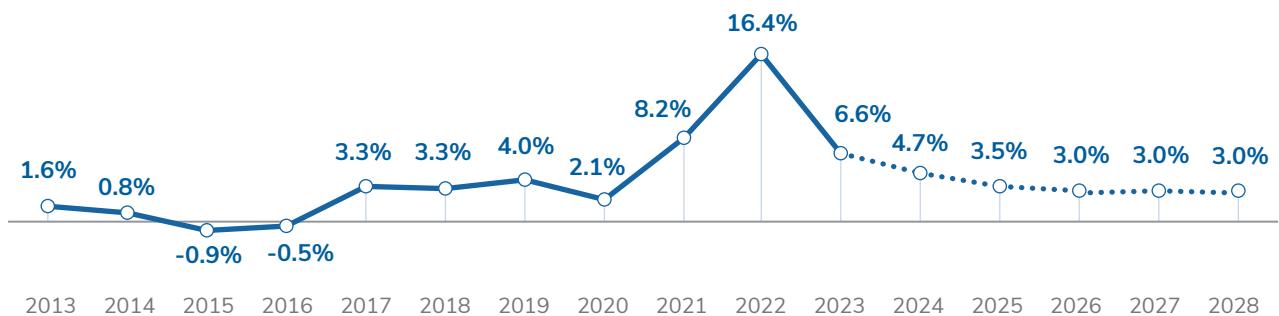


Source: National Institute of Statistics

From the resources point of view, Gross Value Added in total increased by 2.0% in physical volumes and accounted for 1.8 percentage points of total GDP change, while Net Taxes added another 0.3 p.p. Among the sectors of economy that contributed the most were Construction (0.8 p.p. of total GDP change) and Agriculture (0.4 p.p.), both also registered strong positive dynamics y-o-y with 11.0% and 10.2% growth each, respectively. The information and communication sector grew by 5.1% y-o-y and contributed another positive 0.4 p.p. to total economic growth. The financial intermediation and insurance registered stagnation with 0.8% decline y-o-y, while its contribution to the economy growth was marginal. Sectors of Mining and quarrying, manufacturing industry, energy and water supply registered 2.3% contraction and added negative 0.5 p.p. to total GDP change.

Regarding structure of country's economy by gross value added, sectors of mining & quarrying, manufacturing, energy sector, water supply, sewerage and waste management remain one of the most important in Romanian economy with 19.6% share (22.5% in 2022). Wholesale and retail trade, vehicles repair, transport and storage, hotels and restaurants sectors account for 20.4% (18.6% in 2022). The public sector also plays an important role in the country's economy with 12.0% share. In total, Romanian economy is in large part industry-oriented with 27.5% of total GDP accounting for industrial production and construction, while Services sector account for 59.9% of total GDP.

## Romania: Inflation, end of period consumer prices (actual for 2013- 2023 and projections by IMF for 2024 - 2028)

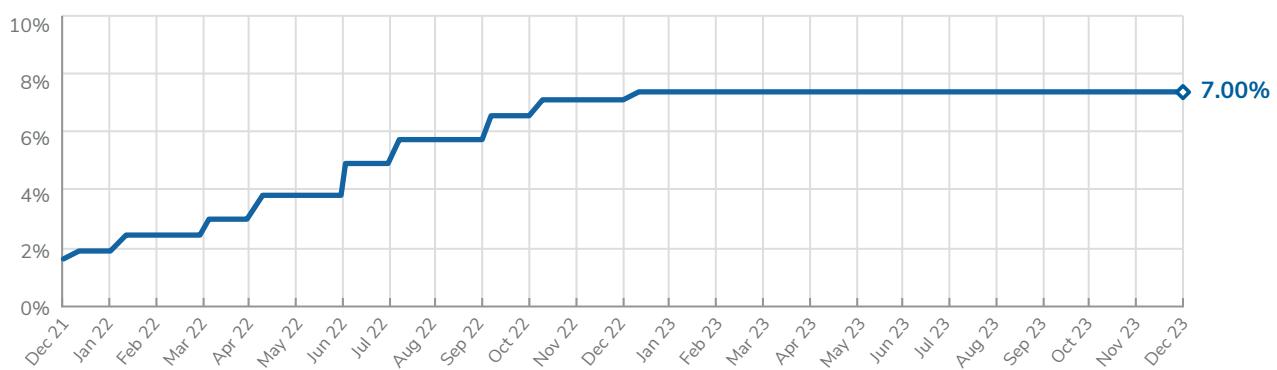


Source: National Institute of Statistics, IMF

Growth of Consumer Price Index in Romania accelerated from 2.1% in 2020 to 8.2% in 2021 and then almost doubled as inflation rate reached 16.4 % in December 2022. In December 2023 inflation rate dropped to 6.6% y-o-y, while year average inflation was 10.4%. Monthly average inflation in 2023 was only 0.5% per month as compared to 1.3% per month in 2022.

Food prices grew by 5.2%y-o-y (Dec 2023 vs.Dec 2022) as compared to 22.1% y-o-y in Dec 2022, with the highest price increase for fish products (+14.1%), alcoholic beverages (+12.2%), vegetables (+8.6%), meat and meat products (+8.5%). Non-food goods in total registered an increase in prices by 5.5% y-o-y (as compared to almost 15.0% y-o-y in Dec 2022) with most increase in prices for Chemicals (+16.6%), Hygiene and cosmetics products (+15.4%) and Footwear (+11.3%). Electric energy prices registered deflation by 14.9% after last year's spike by 45.1%. Services registered inflation of 11.2% y-o-y in total, with highest increase in prices for such services as Water supply and sewage collection (+20.8%), Medical care (+15.3%), Restaurants, cafes, canteens (+14.1%).

## Romania: Central Bank interest rate



Source: National Bank of Romania

National Bank of Romania continued to soften monetary policy at the beginning of 2021, following the trend of 2020, and set the rate at the level of 1.25% in January 2021. After that the rate remained stable until the end of Q3 since which the regulator had to reverse direction of its monetary policy and took several steps to tighten monetary conditions. In November 2021 the rate was set at the level of 1.75%. This upward trend in monetary policy rate continued in 2022 as the regulator consequently increased interest rate 8 times during the year, from 1.75% to 6.75%. The last interest rate change occurred in January 2023, when NBR set interest rate at 7.0% and kept it at that level during 2023.

According to the statement by the National Bank of Romania, annual inflation rate is expected to accelerate at the beginning of 2024 as a result of the increase and introduction of some indirect taxes and charges. After that it is expected to decline, although at a slower pace as compared to 2023. As per its current estimations, NBR expects inflation to reach the upper bound of the target range (2.5% ± 1 percentage point) by the end of 2025.

#### Romania: EUR/RON exchange rate



Source: [Investing.com](https://www.investing.com)

## UZBEKISTAN

Uzbekistan is a country in Central Asia surrounded by Kazakhstan to the north, Kyrgyz Republic to the north-east, Afghanistan to the south, Tajikistan to the south-east and Turkmenistan to the south-west. Country's population is estimated at circa 36.3 million people as of 2023 and it has been growing with a pace of 1.7% p.a. on average since 2013. In 2023 GDP per capita amounted to circa EUR 2.2 thousand (in 2023 prices).

Capital of Uzbekistan (Tashkent) is located in the north-eastern part of the country, near the border with Kazakhstan, and is populated with circa 2.5 million people, being the largest city in the country and one of the largest cities in the Central Asia region. Other important cities of Uzbekistan are: Namangan (population of circa 597 thousand people), Samarkand (c. 530 thousand people), Andijan (c. 417 thousand people), Nukus (c. 310 thousand people) and Bukhara (c. 285 thousand people). Uzbekistan is among world's largest depository and miners of gold, it's also a world's third cotton exporter. The country is also a large copper and uranium depository and producer.

According to latest available data published by the National Statistics Committee, Uzbekistan nominal GDP reached UZS 1 066.6 trillion (or equivalent of circa EUR 78.5 billion) in 2023. Real GDP registered growth by 6.0% that is slightly above last year's 5.7%. In 2013-2022 average real GDP growth was around 5.9%.

**Uzbekistan: GDP, constant prices (actual for 2013 - 2023 and projections by IMF for 2024 - 2028)**

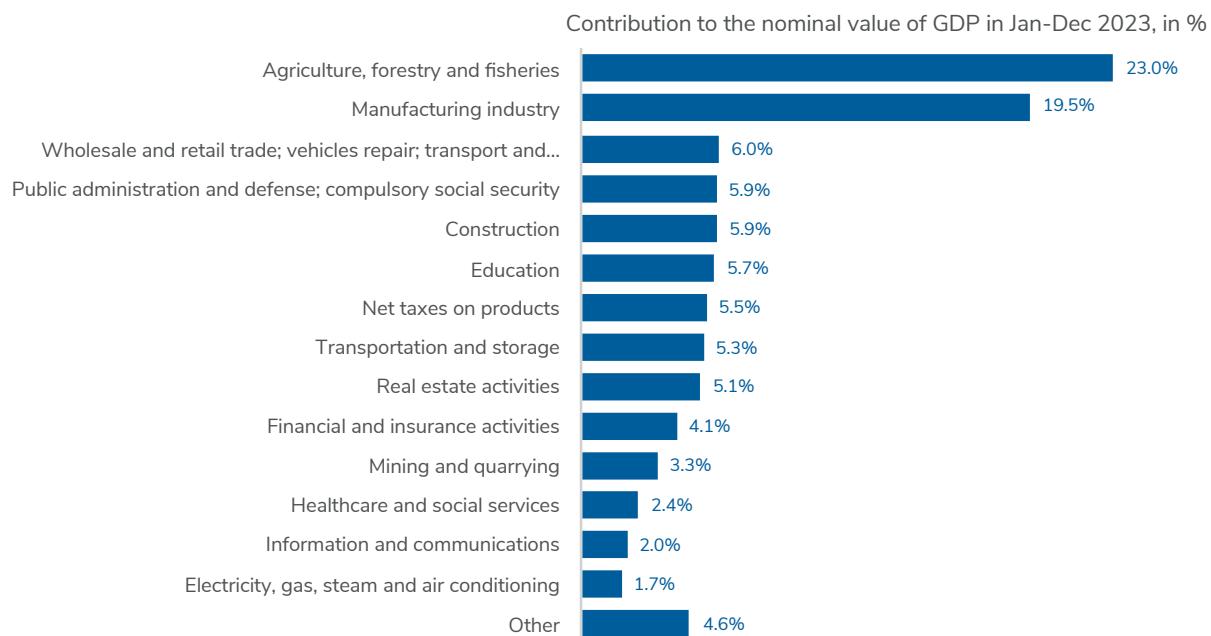


Source: National Statistics Committee, IMF

From the production point of view, Gross Value Added accounted for 94.5% of total GDP and added 5.5 percentage points to overall GDP change, while registering positive dynamics with 5.9% growth. Net Taxes grew by 7.4% y-o-y and added another 0.5 p.p. to GDP change.

The agriculture sector grew by 4.1% (vs. 3.6% in 2022) and accounted for 1.0 percentage points of total economy growth. Industrial sector registered growth of 6.0% and accounted for 1.5 p.p. of total GDP change with manufacturing industry growing by 6.7%, mining and quarrying by 1.0%, while Electricity, gas, steam and air conditioning supply increased by 9.7%. Construction registered growth by 6.4% and accounted for 0.4 p.p. of total growth (same contribution as in 2022). The sectors of transportation and storage, information and communication accounted for 0.8 p.p. of total growth (transportation and storage registered growth by 8.0% vs. 11.5% in 2022, information and communication grew by 24.2% vs. 24.6% in 2022). Trade, accommodation, and catering services accounted for 0.7 p.p. of total GDP change and registered positive dynamics with 10.2% growth.

## Uzbekistan: GDP composition (production approach) in Jan-Dec 2023

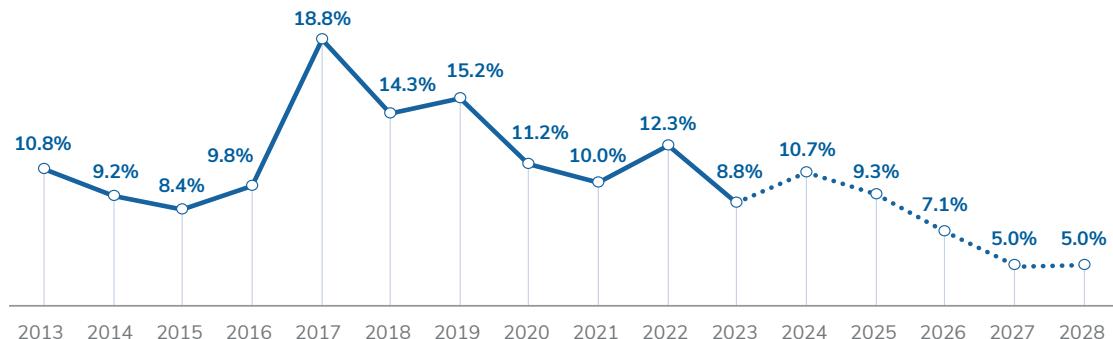


Source: National Statistics Committee

According to the latest data by National Statistics Committee, Agriculture sector remains one of the most important component of country's economy structure with substantial share of 23.0% of total GDP (23.5% in 2022). Manufacturing industry, mining and quarrying and construction sectors combined account for 28.6% of total economy (29.2% in 2022) while Services sector account for 42.9% of total GDP (40.5% in 2022).

Inflation in Uzbekistan in last 8 years reached its peak in 2017 when CPI increased by 18.8%. In 2022 inflation accelerated to 12.3% from 10.0% in 2021, while monthly-average price increase was around 0.9% per month during the year. According to the official data by National Statistics Committee, inflation in Uzbekistan slowed down to 8.8% as of December 2023 (vs. December 2022). Monthly average inflation in January-December 2023 was 0.7% per month, that is 0.2 p.p. less than in 2022. Food products rose in prices by 9.7% (vs. 15.6% in 2022) with 0.8% per month on average (vs. 1.2% per month in 2022) and accounted for 4.1 p.p. of total inflation. Non-food stuff goods prices increased by 7.7% (vs. 10.7% in 2022) with 0.6% per month growth on average (vs. 0.6% per month in 2022) and accounted for 2.66 p.p. of total inflation. Services became more expensive by 8.7%, with 0.7% per month growth on average during the year and accounted for 2.01 p.p. of total inflation. Among sectors with the highest price increase are Restaurants and hotel services (+19.6% in 2023 vs. +23.6% in 2022), Transport (+15.1% in 2023 vs. +9.7% in 2022), Alcoholic drinks, tobacco products (+10.4% in 2023 vs. +10.7% in 2022) Healthcare (+9.7% in 2023 vs. +16.7% in 2022) and food stuff and non-alcoholic beverages (+9.2% in 2023 vs. +15.4% in 2022).

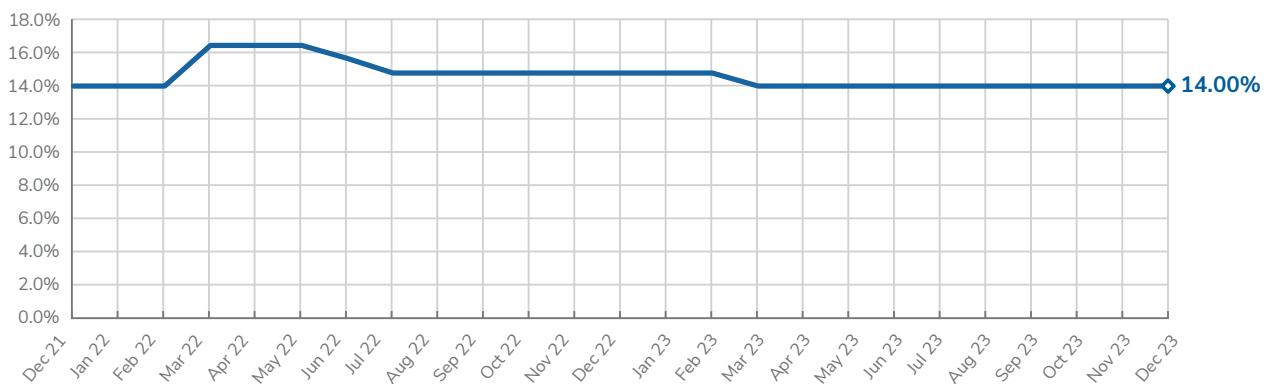
## Uzbekistan: Inflation, end of period consumer prices (actual for 2013- 2023 and projections by IMF for 2024 - 2028)



Sources: National Statistics Committee, IMF

In March 2022 Central Bank of Uzbekistan took decision to increase policy rate by from 14% to 17% p.a. According to the regulator statement, it was done amid rising uncertainties and tensions in the external macroeconomic environment. Increase of prices on global foodstuff and energy resources markets, decline in foreign supply and arising logistics issues with regards to imports of goods put additional pressure on domestic prices in 2022. Relative stabilization of macro economy due to reduction of short-term shock effects that took place by the end H1 2022 allowed the regulator to reduce policy rate. As of 22 July 2022, policy rate was set at 15.0% p.a. In March 2023 the Central Bank took another step towards lowering the policy rate as it was set at 14.00% and remained flat during the year.

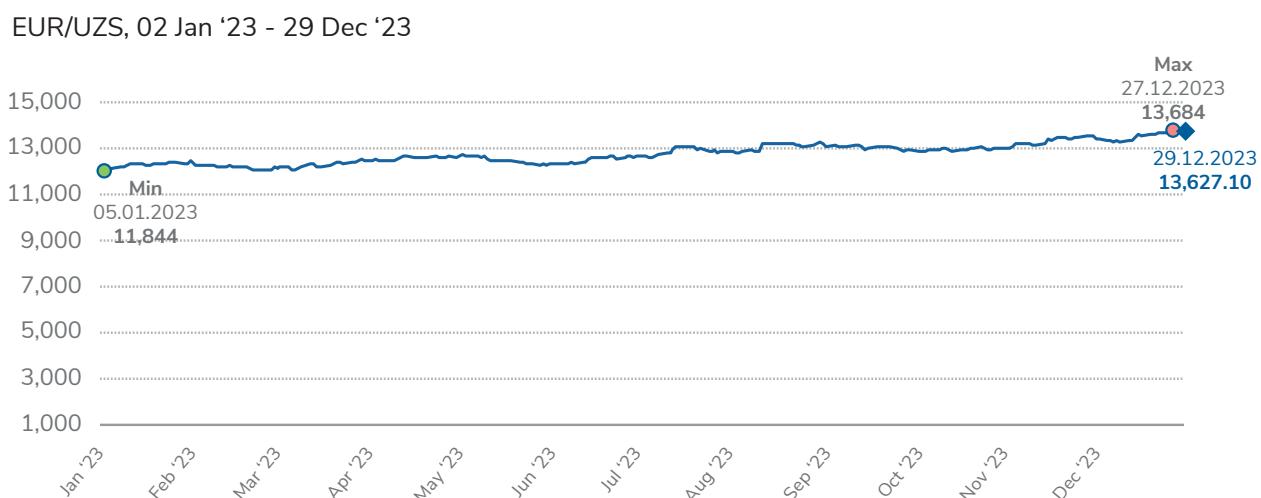
#### Uzbekistan: Central Bank interest rate



Source: Uzbekistan Central Bank

As was stated by the Central Bank, reducing interest rate by 1 p.p. allowed to reduce additional high-rate burden in the economy that occurred after series of rate increases starting from March 2022. The relatively tight monetary policy that remained for the year was beneficial in the condition of price stabilization in the economy. Although inflation decelerated substantially to 8.8% by the end of the year, the regulator points out that there is still uncertainty in the economy as to whether this trend will be strong enough to continue in the mid-term. Amid strong aggregate demand in the economy, National Bank of Uzbekistan intends to keep monetary conditions tight with the aim of bringing inflation rate to 5.0% target by 2025. Baseline scenario implies that inflation rate will stay at around 8-9% level during 2024.

#### Uzbekistan: EUR/UZS exchange rate



Source: Investing.com

## TAJIKISTAN

Tajikistan is a country in central Asia surrounded by Afghanistan to the south, Uzbekistan to the west, Kyrgyzstan to the north, and China to the east. More than 90% of the country's territory is covered by mountains. Its population is estimated at circa 10.3 million people as of 2023 and it has been growing at a pace of 2.3% p.a. on average since 2013. Country's GDP per capita is estimated at around US\$ 1.0 thousand. Tajikistan is divided into four provinces. Dushanbe is the capital and largest city of Tajikistan, with population of around 800 thousand people, located in the Gissar Valley, surrounded by mountain ranges on the north, east and south. Among other important cities of the country are: Khujand (population of circa 183 thousand people), Bokhtar (c. 111 thousand people), Kulob (c. 106 thousand people), and Istaravshan (c. 65 thousand people). Tajikistan is considered a developing country with a transition economy that is primarily dependent of remittances from its citizens working abroad (mostly in Russia and CIS countries), as well as agriculture sector.

Tajikistan real GDP growth rates were around 7.1% on average in 2013-2022. In 2023 Country's economy continued its favorable post-pandemic development as the real GDP growth rate remained at the level of around 8% second year in a row as of 2023, after it increased more than 2 times from 4.4% to 9.2% between 2020 and 2021.

Tajikistan: GDP, constant prices (actual for 2013- 2023 and projections by IMF for 2024 - 2028)



Source: National Statistics Committee, IMF

According to the National Statistics Committee, Tajikistan GDP registered 8.3% growth (y-o-y) in 2023 and reached TJS 130.8 billion (c. EUR 10.9 billion). Among the factors contributing to the strong performance of the economy was growth of actual volume of industrial output by 12%, positive dynamics in agriculture and passengers transportation sectors with 9.0% and 9.8% growth, respectively. Capital investments increased by 22.5%. Trade turnover registered growth by 13.4%, while sectors of services in total expanded by 14.1%. Foreign trade also contributed to the positive dynamics of the economy with its 13.9% increase in turnover as compared to 2022.

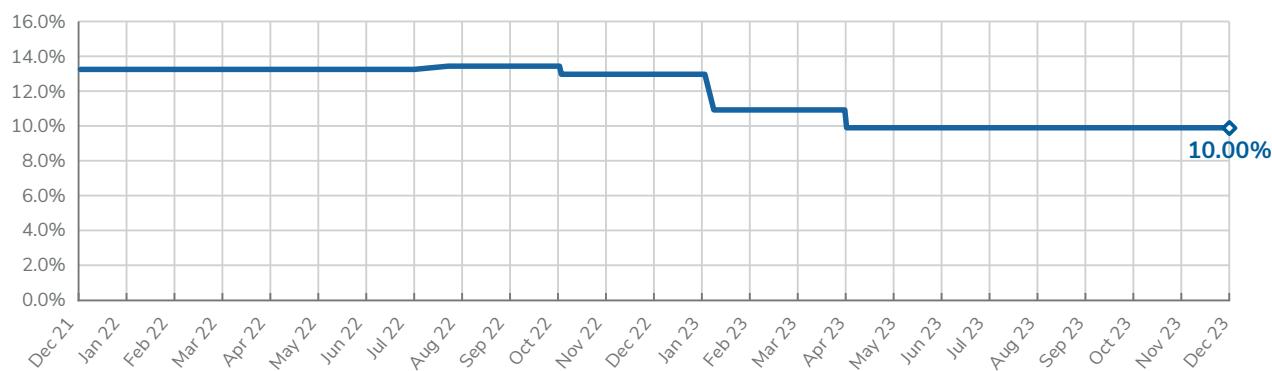
Tajikistan: Inflation, end of period consumer prices (actual for 2013- 2023 and projections by IMF for 2024 - 2028)



Sources: National Statistics Committee, IMF

After reaching peak in price level of 9.4% in 2020 inflation in Tajikistan has been registering downward trend since then with gradual decline to 8.0% in 2021 and 4.2% by the end of 2022. According to the most recent data, inflation in Tajikistan further decelerated to 3.8% by the end of 2023. Food products registered increase in prices by 3.4%, non-food goods grew by 6.6%, while services in total became more expensive only by 1.2% on average.

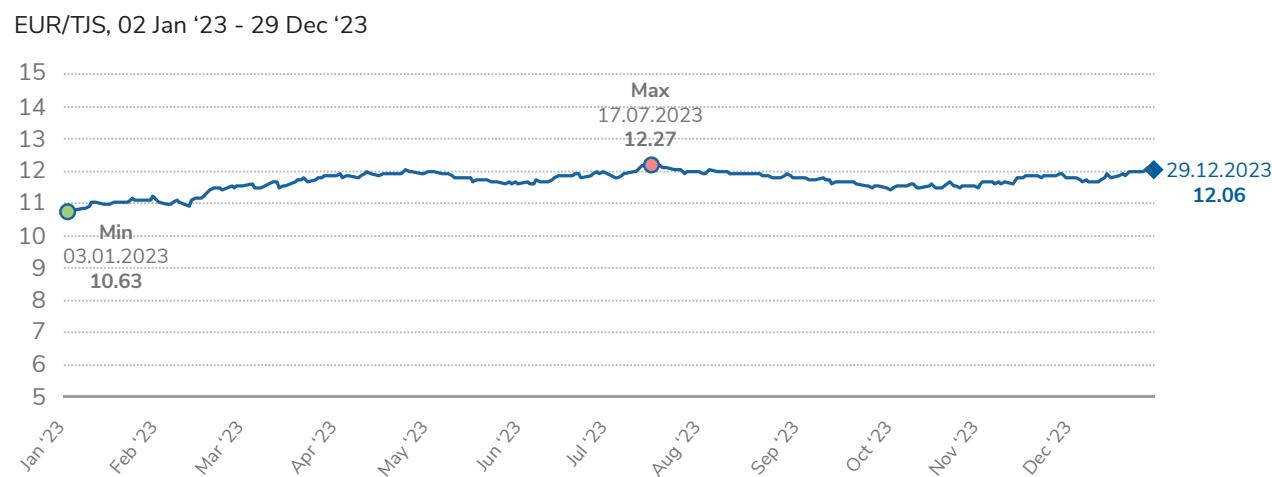
#### Tajikistan: Central Bank interest rate



Source: [Tajikistan Central Bank](#)

In 2022 National Bank of Tajikistan kept the monetary conditions tight as the policy interest rate was slightly increased by 25 basis points and reached 13.50% as of August 2022. In November 2022 interest rate was decreased by 50 basis point. This was followed by several steps aimed at softening monetary conditions in the economy that took place in 2023. Interest rate was revised downward twice during the year in February and May, by 1 p.p. each time, thus current interest rate set by the Tajikistan Central Bank is 10%. Inflation level by the end of 2023 was below the target of  $6\% \pm 2$  percentage points set by the regulator. This might imply maintaining the direction of current monetary policy although it will depend on development of potential internal and external risks for the economy in mid-term prospective.

#### Tajikistan: EUR/TJS exchange rate



Source: [Investing.com](#)

## 8.3 The Fund's activity

ALTERNATIVE (the “Fund”) was first registered in 2014 and started its operations in 2015.

During the first year of its operation, the Fund conducted operations mostly in Latin-America and Asia.

ALTERNATIVE was continuing to approach the market first with a few well-known operators while giving up an important diversification, and then in the coming months, greatly reducing the average portfolio credit; a strategy already made to the launch of Mikro Fund back in 2008.

During 2017 the fund invested in CJSC MDO IMON International (Tajikistan), Mikro Kapital S.P.A (Italy), Mikro Kapital IFN JSC (Romania), Mikro Kapital Hong Kong (China) and increased its existing investment in OM Credit CMB LLC (Moldova). During 2018 the fund made equity investment in Bailyk Finance (Kyrgyzstan) which was then further increased in August 2019.

Furthermore, in 2022 the Fund increased its presence in Kyrgyzstan by incorporating a fully new leasing entity (Mikro Leasing Kyrgyzstan).

In 2023 the Fund acquired shares in CJSC MDO IMON International (Tajikistan), having raised the stake to 52.63%.

The Total Assets of the Fund amounted to EUR 297,6 million as of 31 December 2023. On 31 December 2023, the Fund's own capital totalled EUR 65,640,021.84 (EUR 5,156,689.93 per unit).

The baseline forecast is for the world economy to continue growing at 3.2% during 2024 and 2025, at the same pace as in 2023. A slight acceleration for advanced economies-where growth is expected to rise from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8% in 2025 - will be offset by a modest slowdown in emerging market and developing economies from 4.3 % in 2023 to 4.2 % in both 2024 and 2025. The forecast for global growth five years from now- at 3.1 % - is at its lowest in decades. Global inflation is forecast to decline steadily, from 6.8 % in 2023 to 5.9% in 2024 and 4.5 % in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Core inflation is generally projected to decline more gradually.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than necessary and then assumed in the projections could imply temporarily higher growth, but at the risk of a more costly adjustment later. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks - including continued attacks in the Red Sea, Ukraine-Russia and Palestine-Israel wars - and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions.

As of May 2024, all portfolio companies keep running their business without any significant disruption, regardless the unprecedented situation we are facing.

Given all the above, we believe that the measures taken by the Management Company and by the business entities where the Fund is investing, as well as the possibility and commitment of support from the Fund itself, will allow them to continue operations for the foreseeable future, even in current negative scenario: under such perspective we expect the Fund to benefit from a continuing growth in the medium term.

Done on June 7, 2024

For the Management Company,  
MIKRO KAPITAL MANAGEMENT S.A.

**Vincenzo Trani**

Director A



**Pape Saliou Ndao**

Director B



RSM Audit Luxembourg S.à r.l.

Cabinet de révision agréé

42, rue de la Vallée, L-2661 Luxembourg

B.P. 740, L-2017 Luxembourg

T (+352) 26 97 971

F (+352) 26 97 97 34 60

[www.rsm.lu](http://www.rsm.lu)

## 9. Report of the réviseur d'Entreprises Agréé

To the Unitholders of  
**ALTERNATIVE (the "Fund")**  
 RCS: O1

### Opinion

We have audited the financial statements of Alternative, which comprise the statement of net assets as at December 31, 2023 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at December 31, 2023, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### Basis for Opinion

We conducted our audit in accordance with the amended Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the réviseur d'entreprises agréé for the audit of the financial statements" section of our report.

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

We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements.

### Other information

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the réviseur d'entreprises agréé thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### Responsibilities of the Management Board of the Management Company for the financial statements

The Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

#### **Responsibilities of the réviseur d'entreprises agréé for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the réviseur d'entreprises agréé that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law dated July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the réviseur d'entreprises agréé to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the réviseur d'entreprises agréé. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**RSM Audit Luxembourg S.à r.l.**

Cabinet de Révision agréé

Anthony PONT

Partner

Luxembourg, June 7, 2024

*Anthony Pont*

Anthony PONT

Partner

# 10. Statement of Net Assets

EUR

	Notes	2023	2022
<b>Assets</b>			
Financial Assets	13.2, 15.2.2	159,254,524.70	132,907,520.06
Amounts owed by affiliated undertaking:			
due and payable after < than 1 year	13.2, 15.2.3	24,870,447.99	104,900,667.98
due and payable after > than 1 year	13.2, 15.2.3	31,299,896.54	65,997,742.35
Other debtors :			
due and payable after < than 1 year	13.2, 15.2.3	252,221.57	252,194.52
due and payable after > than 1 year	13.2, 15.2.3	61,694,031.77	-
Other investments	13.2, 15.2.4	13,404,799.47	13,467,036.24
Cash at Bank	13.2	2,944,201.60	14,430,189.86
Deferred charges	13.2, 15.2.5	3,846,635.68	3,554,941.59
<b>Total assets</b>		<b>297,566,759.32</b>	<b>335,510,292.60</b>
<b>Liabilities</b>			
Debenture loans :			
due and payable after < than 1 year	14.1, 15.2.7	67,452,617.44	45,667,539.09
due and payable after > than 1 year	14.2, 15.2.7	160,433,439.02	146,776,120.28
Accrued interest payable	14.1, 14.2, 15.2.9	1,966,645.08	1,345,575.26
Bank overdraft		-	10.87
Amounts owed to affiliated undertakings (AU):			
due and payable < 1 year	14.3	1,698,339.72	3,960,135.14
due and payable > 1 year		-	75,149,524.04
Other creditors			
due and payable after < than 1 year	14.4, 15.2.7	88,803.00	-
due and payable after > than 1 year		-	-
Provisions	14.5	150,000.00	-
Unrealized loss on forward foreign exchange contracts	14.5	136,893.22	-
<b>Total liabilities</b>		<b>231,926,737.48</b>	<b>272,898,904.68</b>
<b>Net assets at the end of the year</b>		<b>65,640,021.84</b>	<b>62,611,387.92</b>
<b>Number of units outstanding</b>		<b>12.7291</b>	<b>12.7291</b>
<b>NAV per unit</b>		<b>5,156,689.93</b>	<b>4,918,760.00</b>

The accompanying notes form an integral part of these financial statements.

# 11. Statement of Operations and changes in Net Assets

EUR

	Notes	2023	2022
<b>Interest and similar income or charges</b>			
Interest receivable	15.2.9	16,506,916.24	17,682,928.02
Interest payable	15.2.9	(16,236,665.09)	(12,745,245.03)
Dividend receivable		1,453,628.38	502,617.67
Capital loss on other investments		-	(2,963,597.66)
Value adjustments on Private Bonds	15.2.10	308,858.37	1,927,687.39
<b>Total interest and similar income or charges</b>		<b>2,032,737.90</b>	<b>4,404,390.39</b>
<b>Expenses</b>			
Management fees	15.3	(3,017,116.67)	(1,769,225.98)
Performance fees	15.4	-	(3,277,201.66)
Subscription fees	15.5	(2,783,819.75)	(1,472,581.75)
Operating expenses		(641,874.40)	-
Bad debt provision		(266,304.43)	-
<b>Total expenses</b>		<b>(6,709,115.25)</b>	<b>(6,519,009.39)</b>
<b>Net investment income/(loss)</b>		<b>(4,676,377.35)</b>	<b>(2,114,619.00)</b>
Net asset at the beginning of the year		62,611,387.92	47,809,080.25
<b>Net realised gains/(losses) for the year</b>		<b>(4,676,377.35)</b>	<b>(2,114,619.00)</b>
Change in net unrealised appreciation/depreciation			
- on investments and other investments	15.2.2; 15.2.4	11,152,007.93	14,399,394.62
- on currencies	15.2.11	(3,297,470.39)	2,517,532.05
- on forward foreign exchange contracts		(149,526.27)	
<b>Change in net unrealised appreciation/depreciation for the year</b>		<b>7,705,011.27</b>	<b>16,916,926.67</b>
<b>Result for the year</b>		<b>3,028,633.92</b>	<b>14,802,307.67</b>
Subscriptions		-	-
Redemptions		-	-
<b>Net assets at the end of the year</b>		<b>65,640,021.84</b>	<b>62,611,387.92</b>
<b>Number of units outstanding</b>		<b>12.7291</b>	<b>12.7291</b>
<b>NAV per unit</b>		<b>5,156,689.93</b>	<b>4,918,760.00</b>

The accompanying notes form an integral part of these financial statements.

## 12. Statistics

EUR

	2023	2022
Total net assets	65,640,021.84	62,611,387.92
Number of units outstanding	12.7291	12.7291
NAV per unit	5,156,689.93	4,918,760.00
Number of outstanding units at the beginning of the year	12.7291	12.7291
Number of issued units	-	-
Number of redeemed units	-	-
Number of outstanding units at the end of the year	12.7291	12.7291

# 13. Details of Assets

## 13.1 Classification of assets

Economic classification of investments	% of total assets 2023
Lending	38.25%
Operational Leasing	31.11%
Financial Leasing	6.13%
Other	24.51%
<b>Total</b>	<b>100.00%</b>

Geographical classification of investments	% of total assets
Czechia	30.34%
Luxembourg	19.29%
Uzbekistan	13.32%
Romania	8.93%
Moldova	6.13%
Tajikistan	9.04%
Italy	3.03%
Armenia	2.58%
Kyrgyzstan	1.07%
Kazakhstan	0.81%
Liechtenstein	0.29%
Hong Kong	0.28%
United Kingdom	0.09%
Cyprus	0.09%
United Arab Emirates	0.02%
Other investments	4.70%
<b>Total</b>	<b>100.00%</b>

## 13.2 Statements of securities and other assets, 2023

### Financial Assets

Undertakings in which the Fund holds at least 10% of the share capital are as follows:			
	Net Equity	Result of the year	Fair value (EUR)
<b>Mikro Kapital Company SRL (100.00%)</b> Calea lesilor Street, 17/2, Chisinau, Republic of Moldova	MDL 149,620,984	MDL 17,768,570	11,988,889.89
<b>S.C. Mikro Kapital IFN S.A (99.88%)</b> 15A, Sf. Andrei Street, 111-113 Iasi county, Romania	RON 45,163,709*	RON 7,799,560*	16 442 532.01
<b>Mikro Kapital SpA (99.82%)</b> Via Gaetano Casati n.33/35/37 – 00154 Roma, Italy	EUR 1,466,519	EUR (2,030,525)	3,762,025.45
<b>CJSC MDO IMON International (52.63%)</b> 2, micro-district 17, Khujand, Republic of Tajikistan	TJS 310,228,000	TJS 58,911,000	25,762,201.50
<b>Micro-credit Company Bailyk Finance CJSC (22.98%)</b> 170, Fatyanova Street, Bishkek, Kyrgyz Republic	KGS 767,225,000	KGS 216,633,000	2,908,925.21
<b>Mikro Kapital HK Ltd (100.00%)</b> Unit 55, Level 43, Champion Tower N 3 Garden Road, Central, Hong Kong	HKD 6,927,740	HKD (4,471,597)	802,620.53
<b>Mikro Kapital Armenia UCO CJSC (100.00%)</b> 8, Paronyan st., apt. 1, Yerevan, Republic of Armenia	AMD 800,592,000	AMD 23,662,000	3,741,888.52
<b>Mikro Leasing LLC (Uzbekistan) (100.00%)</b> 54, Aytmatov str., Yunus-Abad District, Tashkent, Uzbekistan	UZS 111,046,611,000	UZS 45,079,183,000	20,318,619.51
<b>Mikro Leasing LLC (Kyrgyzstan) (100.00%)</b> 145 Panfilov st., Bishkek, Kyrgyz Republic.	KGS (8,893,333)*	KGS (33,386,790)*	-
<b>D-Mobility Worldwide a.s. (Czechia) (100.00%)</b> Praha, Staré Město, Krocínova 333/3	CZK 1,328,779,000	CZK (62,045,000)	73,526,822.08
<b>Total Financial Assets</b>			<b>159,254,524.70</b>

\* unaudited

## 13.2 Statements of securities and other assets, 2023

Amounts owed by affiliated undertakings (<1 year)				
Loan Number	Maturity date	Interest rate	Principal amount	Interest accrued
Assignment agreement #1	31/12/2024	18%	-	10,195,195.16
Assignment agreement #2	31/12/2024	N/A	156,516.59	-
Assignment agreement #3	31/12/2024	N/A	341,712.88	-
Loan agreement #1	19/06/2024	19.00%	213,786.41	176,701.52
Loan agreement #2	23/04/2024	18.50%	230,041.91	614,452.85
Loan agreement #3	24/08/2024	18.50%	1,970,363.99	128,829.41
Loan agreement #4	28/01/2024	20.00%	247,286.45	41,598.33
Loan agreement #5	01/11/2024	23.00%	1,676,583.54	224,738.09
Loan agreement #6	19/02/2024	20.00%	303,135.62	52,322.04
Loan agreement #7	17/03/2024	20.00%	297,863.53	51,738.49
Loan agreement #8	31/12/2023	4.00%	-	1,030.81
Loan agreement #9	31/12/2023	4.00%	-	2,428.00
Loan agreement #10	31/12/2023	4.00%	212.51	802.14
Loan agreement #11	31/12/2023	4.00%	30,000.00	2,870.14
Loan agreement #12	31/12/2023	4.00%	20,000.00	1,713.97
Loan agreement #13	31/12/2023	4.00%	10,000.00	657.53
Loan agreement #15	24/07/2024	20.00%	-	(0.03)
Loan agreement #16	31/12/2023	4.00%	5,000.00	266.30
Loan agreement #17	31/12/2023	4.00%	25,000.00	1,273.97
Loan agreement #20	12/09/2023	7.50%	33,000.00	3,024.25
Loan agreement #21	14/09/2024	15.00%	88,868.26	8,718.54
Loan agreement #22	01/10/2024	23.00%	143,599.76	1,249.06
Loan agreement #23	08/10/2024	15.00%	181,373.13	20,497.64
Loan agreement #24	05/12/2024	20.00%	2,030,829.14	130,037.41
Loan agreement #25	18/11/2024	15.00%	107,389.22	12,196.86
Loan agreement #27	06/01/2024	7.50%	30,000.00	2,028.08
Loan agreement #28	09/12/2024	15.00%	184,850.30	17,471.15
Loan agreement #29	27/01/2024	20.00%	308,507.85	34,314.34
Loan agreement #30	28/02/2024	15.00%	223,000.00	25,385.34
Loan agreement #31	04/03/2024	15.00%	188,000.00	21,014.79
Loan agreement #32	19/03/2024	20.00%	42,734.94	4,753.27
Loan agreement #33	31/12/2024	0.00%	-	1,383,507.29
Loan agreement #34	31/12/2024	0.00%	-	253,627.61
Loan agreement #35	03/04/2024	24.00%	-	14,932.37

## 13.2 Statements of securities and other assets, 2023

Amounts owed by affiliated undertakings (<1 year)				
Loan Number	Maturity date	Interest rate	Principal amount	Interest accrued
Loan agreement #36	09/04/2024	20.00%	156,054.56	16,587.94
Loan agreement #37	12/04/2024	15.00%	151,000.00	14,520.82
Loan agreement #38	03/06/2024	15.00%	296,000.00	22,139.18
Loan agreement #39	03/06/2024	7.50%	49,000.00	1,832.47
Loan agreement #40	08/07/2024	7.50%	30,000.00	900.00
Loan agreement #41	08/07/2024	15.00%	149,000.00	8,940.00
Loan agreement #42	11/08/2024	10.50%	30,000.00	966.58
Loan agreement #43	11/08/2024	18.00%	93,000.00	5,136.66
Loan agreement #44	04/09/2024	10.50%	43,000.00	1,100.92
Loan agreement #45	04/09/2024	18.00%	399,000.00	17,512.25
Loan agreement #46	12/09/2024	30.00%	245,630.16	16,352.91
Loan agreement #47	09/10/2024	10.50%	43,000.00	655.60
Loan agreement #48	09/10/2024	18.00%	39,000.00	1,019.34
Loan agreement #49	20/10/2024	30.00%	299,465.99	10,337.73
Loan agreement #50	07/11/2024	10.50%	43,000.00	309.25
Loan agreement #51	08/11/2024	18.00%	165,000.00	1,952.88
<b>Total amount owed</b>			<b>11,320,806.74</b>	<b>13,549,641.25</b>

## 13.2 Statements of securities and other assets, 2023

Amounts owed by affiliated undertakings (>1 year)				
Loan Number	Maturity date	Int. Rate	Principal amount	Interest accrued
Loan agreement #1	31/07/2025	14.50%	3,605,818.59	177,268.36
Loan agreement #2	23/06/2026	14.50%	1,212,505.49	57,578.64
Loan agreement #3	31/07/2025	14.50%	1,582,311.50	131,897.22
Loan agreement #4	01/06/2026	14.50%	455,522.35	18,586.34
Loan agreement #5	26/05/2027	3.50%	3,429,171.60	117,498.79
Loan agreement #6	30/08/2026	16.00%	742,743.09	30,343.85
Loan agreement #7	01/06/2025	21.00%	14,198,473.39	532,116.55
Loan agreement #8	25/08/2026	16.00%	448,106.55	20,141.17
Loan agreement #9	06/04/2025	20.00%	-	23,368.47
Loan agreement #10	19/04/2025	20.00%	-	4,250.54
Loan agreement #11	18/08/2025	20.00%	-	3,394.07
Loan agreement #12	01/07/2026	27.00%	2,716,297.29	184,857.05
Loan agreement #13	28/02/2027	20.00%	499,216.17	17,233.22
Loan agreement #14	05/12/2025	25.00%	101,574.76	1,878.44
Loan agreement #15	27/06/2027	3.50%	211,354.80	5,112.67
Loan agreement #16	13/10/2027	3.50%	44,612.59	990.94
Loan agreement #17	02/11/2027	3.50%	226,934.12	5,226.35
Loan agreement #18	06/02/2028	5.00%	477,765.10	15,746.48
				<b>29,952,407.39</b>
				<b>1,347,489.15</b>

Amounts owed by other debtors (<1 year)				
Loan Number	Maturity date	Interest rate	Principal amount	Interest accrued
Loan agreement	31/12/2024	9.00%	250,000.00	2,221.57
<b>Total amount owed</b>			<b>250,000.00</b>	<b>2,221.57</b>

## 13.2 Statements of securities and other assets, 2023

Other debtors (>1 year)				
Loan Number	Maturity date	Interest rate	Principal amount	Interest accrued
Loan agreement #1	13/02/2026	17.00%	87,417.73	1,805.77
Loan agreement #2	01/10/2026	9.25%	1,412,004.52	54,749.02
Loan agreement #3	31/12/2025	13.50%	170,000.00	8,299.73
Loan agreement #4	31/12/2025	13.50%	40,000.00	1,627.40
Loan agreement #5	31/12/2025	13.50%	80,000.00	3,195.62
Loan agreement #6	31/12/2025	13.50%	2,760,000.00	81,665.75
Loan agreement #7	31/12/2025	13.50%	40,000.00	1,080.00
Loan agreement #8	31/12/2025	13.50%	215,000.00	4,691.71
Loan agreement #9	31/12/2025	13.50%	345,000.00	6,890.55
Loan agreement #10	31/12/2025	13.50%	230,000.00	4,423.56
Loan agreement #11	31/12/2025	13.50%	25,000.00	443.84
Loan agreement #12	31/12/2025	13.50%	120,000.00	2,086.03
Loan agreement #13	31/12/2025	13.50%	25,000.00	416.10
Loan agreement #14	31/12/2025	13.50%	1,030,000.00	14,857.40
Loan agreement #15	31/12/2025	13.50%	100,000.00	1,257.53
Loan agreement #16	31/12/2025	13.50%	90,000.00	1,098.49
Loan agreement #17	31/12/2025	13.50%	250,000.00	2,404.11
Loan agreement #18	31/12/2025	13.50%	30,000.00	144.25
Loan agreement #19	31/12/2025	13.50%	215,000.00	954.25
Loan agreement #20	31/12/2025	13.50%	650,000.00	721.23
Debt assumption agreement #1	31/12/2025	5.00%	-	19,863.01
Debt assumption agreement #2	31/12/2026	8.50%	22,600,000.00	2,177,953.42
Debt assumption agreement #3	31/12/2025	10.50%	3,625,000.00	240,888.70
Debt assumption agreement #4	31/12/2025	9.50%	562,006.50	29,693.96
Debt assumption agreement #5	31/12/2025	7.50%	125,000.00	4,212.33
Debt assumption agreement #6	31/12/2025	7.50%	125,000.00	3,955.48
Debt assumption agreement #7	31/12/2025	7.33%	750,000.00	16,718.42
Debt assumption agreement #8	19/05/2026	7.70%	625,000.00	20,964.04
Debt assumption agreement #9	31/12/2025	10.50%	1,000,000.00	35,958.90
Debt assumption agreement #10	31/12/2025	10.50%	125,000.00	5,250.00
Debt assumption agreement #11	31/12/2025	9.00%	375,000.00	10,726.03
Debt assumption agreement #12	31/12/2025	9.00%	125,000.00	2,897.26
Debt assumption agreement #13	31/12/2025	9.00%	250,000.00	8,013.70

## 13.2 Statements of securities and other assets, 2023

Other debtors (>1 year)				
Loan Number	Maturity date	Interest rate	Principal amount	Interest accrued
Debt assumption agreement #14	31/12/2025	8.00%	250,000.00	6,301.37
Debt assumption agreement #15	22/02/2026	9.00%	125,000.00	1,910.96
Debt assumption agreement #16	17/07/2027	8.50%	134,989.20	2,389.12
Debt assumption agreement #17	01/09/2026	4.90%	250,000.00	1,745.21
Debt assumption agreement #18	19/05/2026	9.50%	119,988.00	1,311.65
Debt assumption agreement #19	17/07/2027	5.25%	125,000.00	934.93
Debt assumption agreement #20	31/12/2025	4.55%	250,000.00	1,028.42
Debt assumption agreement #21	17/07/2027	7.50%	125,000.00	1,335.62
Debt assumption agreement #22	17/07/2027	4.90%	250,000.00	1,610.96
Debt assumption agreement #23	16/11/2025	4.90%	250,000.00	1,745.21
Debt assumption agreement #24	16/11/2025	11.50%	226,244.34	3,278.99
Debt assumption agreement #25	08/12/2027	11.50%	1,809,954.75	26,231.95
Debt assumption agreement #26	08/12/2027	8.00%	776,305.00	680.60
Debt assumption agreement #27	08/12/2027	8.00%	401,852.00	1,497.31
Debt assumption agreement #28	17/07/2027	8.10%	68,518.18	258.49
Debt assumption agreement #29	17/07/2027	7.00%	250,000.00	3,020.55
Debt assumption agreement #30	31/12/2025	N/A	10,844,064.87	-
Assignment agreement	31/12/2028	N/A	4,242,358.05	-
Misc. receivables	31/12/2025	N/A	168,139.70	
<b>Total amount owed</b>			<b>58,868,842.84</b>	<b>2,825,188.93</b>

## 13.2 Statements of securities and other assets, 2023

<b>Other investments</b>	
Brokerage account # 1	13 404 799.47
<b>Other investments</b>	<b>13,404,799.47</b>
<b>Cash at bank:</b>	
Bank # 1	1,126,858.27
Bank # 2	816,573.48
Bank # 3	113,183.65
Bank # 4	150,000.00
Bank # 5	49,986.40
Bank # 6	6,970.08
Bank # 7	4,751.75
Bank # 8	936.45
Cash in transit	674,941.52
<b>Total Cash at Banks</b>	<b>2,944,201.60</b>
<b>Cash at bank is held at:</b>	
European Depository Bank S.A.	Luxembourg
Bendura Bank AG	Liechtenstein
Equals Group Plc	United Kingdom
Foreign Currency Innovations Limited	United Kingdom
ADSS	UAE
ISP Group	Switzerland
MBaer Merchant Bank AG	Switzerland
Intesa Sanpaolo Bank	Luxembourg
<b>Deferred charges</b>	
Subscription fees	3,751,375.34
Discount on bond's par value	95,260.34
	<b>3,846,635.68</b>
<b>TOTAL ASSETS</b>	<b>297,566,759.32</b>

## 14. Details of Liabilities

EUR

14.1 Debenture Loans with maturity < 1 year						2023
ISIN	Int. rate	Par value	CCY	Amount in EUR	Accrued interest	
XS2165688933	6.50%	125,000.00	EUR	125,000.00	13,541.67	
CH0565198899	7.50%	296,000.00	USD	267,873.30	2,399.70	
CH0581154496	7.00%	375,000.00	EUR	375,000.00	3,208.33	
XS2322238630	7.50%	500,000.00	EUR	500,000.00	-	
XS1721242672	8.75%	125,000.00	EUR	125,000.00	9,388.03	
CH1113147875	4.50%	1,960,000.00	CHF	2,116,630.67	15,874.73	
XS2399207484	6.50%	2,625,000.00	EUR	2,625,000.00	35,546.88	
XS2407756977	7.50%	2,628,000.00	USD	2,378,280.54	21,800.90	
XS2427946566	6.00%	2,500,000.00	EUR	2,500,000.00	24,583.33	
CH1165706347	6.50%	1,152,000.00	USD	1,042,533.94	8,470.59	
XS2437873198	6.00%	1,375,000.00	EUR	1,375,000.00	6,645.83	
XS2457731961	4.00%	3,500,000.00	EUR	3,500,000.00	-	
XS2465565476	7.00%	1,000,000.00	EUR	1,000,000.00	-	
CH1179816470	3.00%	1,290,000.00	CHF	1,393,088.55	-	
CH1179816496	2.50%	1,290,000.00	CHF	1,393,088.55	-	
CH1179816504	7.00%	1,000,000.00	EUR	1,000,000.00	14,777.78	
XS2465620594	8.00%	2,000,000.00	EUR	2,000,000.00	-	
CH1181286027	7.50%	1,096,000.00	USD	991,855.20	12,604.83	
CH1182009790	4.00%	1,500,000.00	EUR	1,500,000.00	11,333.33	
CH1183559520	7.00%	2,375,000.00	EUR	2,375,000.00	17,086.81	
CH1192120876	6.00%	1,032,000.00	CHF	1,114,470.84	5,572.35	
CH1199272969	7.00%	6,125,000.00	EUR	6,125,000.00	-	
CH1199272951	7.50%	5,148,000.00	USD	4,658,823.53	-	
CH1199064341	6.00%	1,024,000.00	CHF	1,105,831.53	-	
PBL_2022-05-16_ALT	7.00%	125,000.00	EUR	125,000.00	1,069.44	
CH1191797195	0.00%	1,000,000.00	EUR	1,000,000.00	-	
CH1199064358	6.50%	4,000,000.00	EUR	4,000,000.00	-	
CH1202643693	7.00%	875,000.00	EUR	875,000.00	12,079.86	
CH1108675021	7.00%	1,375,000.00	EUR	1,375,000.00	15,506.94	

EUR

14.1 Debenture Loans with maturity < 1 year						2023
ISIN	Int. rate	Par value	CCY	Amount in EUR	Accrued interest	
2022-08-08_ALT	5.00%	125,000.00	EUR	125,000.00	902.78	
2022-08-08_ALT_1	5.00%	250,000.00	EUR	250,000.00	1,805.56	
2022-08-08_ALT_2	5.00%	125,000.00	EUR	125,000.00	902.78	
CH1161139444	7.00%	1,750,000.00	EUR	1,750,000.00	9,868.06	
2022-09-01_ALT_1	7.00%	125,000.00	EUR	125,000.00	704.86	
2022-09-01_ALT_2	7.00%	125,000.00	EUR	125,000.00	704.86	
2022-09-01_ALT_3	7.00%	125,000.00	EUR	125,000.00	704.86	
CH1202643685	7.50%	1,000,000.00	USD	904,977.38	2,073.91	
XS2529924214	7.00%	1,125,000.00	EUR	1,125,000.00	19,031.25	
XS2550866854	7.00%	2,375,000.00	EUR	2,375,000.00	26,784.72	
CH1161139451	7.00%	3,500,000.00	EUR	3,500,000.00	29,944.44	
XS2582980392	5.00%	3,225,000.00	EUR	3,225,000.00	12,541.67	
XS2594035961	6.00%	1,750,000.00	EUR	1,750,000.00	25,083.33	
CH1285770611	9.00%	375,000.00	USD	339,366.52	4,920.81	
CH1287138254	9.00%	875,000.00	USD	791,855.20	10,690.05	
XS2592087188	6.00%	675,000.00	CHF	728,941.68	5,345.57	
XS2699154634	9.00%	1,125,000.00	EUR	1,125,000.00	12,375.00	
<b>Total</b>				<b>67,452,617.45</b>	<b>395,875.84</b>	
<b>Total Debenture Loans with maturity &lt; 1 year</b>						<b>67,452,617.45</b>
Accrued interest on Debenture loans with maturity < 1 year						395,875.84
<b>Total Debenture Loans and interest &lt; 1 year</b>						<b>67,848,493.29</b>

EUR

14.2 Debenture Loans with maturity > 1 year					2023
ISIN	Int. rate	Par value	CCY	Amount in EUR	Accrued interest
2017-04-24_ALT_02	Variable	5,805,000.00	USD	2,512,330.29	-
2020-09-01_ALT	Variable	169,344.00	USD	153,252.49	-
CH0512819563	N/A	9,625,000.00	EUR	9,625,000.00	-
XS2270283869	7.75%	30,000,000.00	EUR	30,000,000.00	264,791.67
XS2308195994	8.50%	500,000.00	EUR	500,000.00	1,770.83
XS2346133833	7.25%	5,000,000.00	EUR	5,000,000.00	15,104.17
XS2350901802	7.75%	5,016,000.00	USD	4,539,366.52	14,658.37
XS2330264768	8.25%	10,125,000.00	EUR	10,125,000.00	132,257.81
CH1159841316	7.50%	1,136,000.00	USD	1,028,054.30	15,206.64
CH1183559538	7.50%	1,000,000.00	EUR	1,000,000.00	6,250.00
CH1192097827	8.00%	1,500,000.00	EUR	1,500,000.00	-
XS2550203744	8.50%	29,625,000.00	EUR	29,625,000.00	419,687.50
CH1226224868	8.50%	6,000,000.00	EUR	6,000,000.00	52,416.67
CH1234612112	8.50%	1,750,000.00	CHF	1,889,848.81	6,247.00
CH1202643677	7.50%	1,000,000.00	CHF	1,079,913.61	6,524.48
XS2560387065	8.00%	6,105,000.00	EUR	6,105,000.00	70,546.67
CH1251766429	8.50%	4,125,000.00	CHF	4,454,643.63	39,968.05
XS2587300117	6.00%	1,875,000.00	EUR	1,875,000.00	8,750.00
CH1254821304	8.50%	1,250,000.00	USD	1,131,221.72	5,341.88
XS2592087774	10.00%	2,875,000.00	EUR	2,875,000.00	11,979.17
CH1257668629	10.00%	3,000,000.00	USD	2,714,932.13	6,787.33
XS2607102576	9.50%	875,000.00	EUR	875,000.00	19,857.64
CH1263859485	7.00%	1,250,000.00	CHF	1,349,892.01	18,636.01
XS2603886909	8.00%	2,250,000.00	EUR	2,250,000.00	35,500.00
XS2612552948	10.50%	8,205,000.00	EUR	8,205,000.00	98,118.13
CH1261026046	10.00%	250,000.00	USD	226,244.34	3,582.20
XS2603691481	9.50%	1,105,000.00	USD	1,000,000.00	4,750.00
XS2518942300	9.00%	1,125,000.00	EUR	1,125,000.00	23,906.25
CH1285770603	10.00%	1,000,000.00	EUR	1,000,000.00	17,500.00
XS2518942482	7.00%	3,250,000.00	EUR	3,250,000.00	46,131.94
CH1287138304	9.50%	1,500,000.00	CHF	1,619,870.41	12,396.51

EUR

14.2 Debenture Loans with maturity > 1 year					2023
ISIN	Int. rate	Par value	CCY	Amount in EUR	Accrued interest
XS2653852736	12.00%	2,805,000.00	EUR	2,805,000.00	81,345.00
XS2653846506	10.50%	2,500,000.00	EUR	2,500,000.00	56,875.00
XS2664507295	11.50%	3,250,000.00	USD	2,941,176.47	41,339.87
XS2719116373	13.00%	625,000.00	EUR	625,000.00	6,996.53
CH1306142626	12.00%	750,000.00	USD	678,733.03	2,488.69
CH1306142618	13.50%	250,000.00	USD	226,244.34	933.26
XS2728517512	8.00%	1,455,000.00	USD	1,316,742.08	6,437.41
MK Alternative CPN 10 MTY	10.00%	5,200,100.00	USD	4,705,972.85	15,686.58
<b>Total amount</b>				<b>160,433,439.02</b>	<b>1,570,769.23</b>
<b>Total Debenture Loans with maturity &gt; 1 year</b>				<b>160,433,439.02</b>	
Accrued interest on Debenture loans with maturity > 1 year					1,570,769.23
<b>Total Debenture Loans and interest &gt; 1 year</b>				<b>162,004,208.25</b>	

EUR

14.3 Amounts owed to affiliated undertakings due and payable < 1 year					2023
Creditors	Int. rate	Maturity date	Principal amount	Accrued Interest	
Management company	N/A	31/12/2024	1,698,339.72	--	
<b>Total Amounts owed to AU &lt; 1 year</b>			<b>1,698,339.72</b>		-

EUR

14.4 Other Creditors with maturity < 1 year					2023
Creditors	Int. rate	Maturity date	Principal amount	Accrued Interest	
Accruals	N/A	N/A	88,803.00	-	-
<b>Total other Creditors &lt; 1 year</b>			<b>88,803.00</b>		-
14.5 Other liabilities					
Operating provisions			150,000.00		
Unrealized loss on forward foreign exchange contracts			136,893.22		
<b>Total amounts owed to credit institution</b>			<b>286,893.22</b>		
<b>TOTAL LIABILITIES</b>			<b>231,926,737.48</b>		

# 15. Notes to the Financial Statements

## 15.1 Generalities

ALTERNATIVE ("the Fund") is a Securitization Fund incepted in 2014 and its first Management Regulations were filed on December 10, 2014, under the provisions of the Securitization Law of March 22, 2004 as a Securitization Fund, as subsequently amended (the "Securitization Law").

The management company which managed the assets of the Fund is Mikro Kapital Management S.A., registered in the Trade and Companies Register (R.C.S) in Luxembourg with registration number B227640 and its registered office is situated at 10, rue C.M. Spoo, L-2546 Luxembourg, where the accounting and corporate documentation of the Fund is available.

The Fund has the form of a fiduciary estate without legal personality. The Management Company manages and holds the assets of the Fund in a fiduciary capacity. The assets of the Fund are segregated from the assets of the Management Company.

The Fund is not divided into compartments. Its reference currency is Euro.

The figures stated in this annual report are historical and not necessarily indicative of future performance.

## 15.2 Summary of significant accounting policies

### 15.2.1 Presentation of Financial Statements

These financial statements are prepared in accordance with Luxembourg's legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Law, determined by the Management Board of the Management Company.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Management Board of the Management Company to exercise its judgment when applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts for the period in which the assumptions changed. The Management Board of the Management Company believes that the underlying assumptions are appropriate and that the financial statements therefore present the financial position and results fairly.

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The different items of the financial statements of the Fund are equal to the sum of the corresponding items of each asset. Cash at bank and other available values are converted in EUR to the current exchange rates in force on December 31, 2023. Income and expenses are also converted, if necessary, in EUR to the exchange rate at the time of operation.

The main valuation rules applied by the Fund are the following:

### 15.2.2 Valuation of financial assets

The Fund holds 100% of outstanding shares of Mikro Kapital Company LLC (Moldova) which have been valued at the Fair Market Value (FMV) by an independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealized appreciation/(depreciation) on investments. According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (100%) share in the authorized capital of Mikro Kapital Company LLC as of 31/12/2023. The date of the valuation is 31/12/2023. Discount rate used was 26.40%. Forecast period was from 2024 to 2028. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model.

Impairment allowance of 5% relating to Mikro Kapital Company LLC (Moldova) shareholding had been recorded in the accounts as at December 31, 2023 as a part of subsidiary's valuation.

The Fund holds 99.88% of outstanding shares of Mikro Kapital IFN S.A (Romania) which have been valued at the Fair Market Value (FMV) by an independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealized appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (99.88%) share in the authorized capital of Mikro Kapital IFN S.A. as of 31/12/2023. The date of the valuation is 31/12/2023. Discount rate used was 19.50%. Forecast period was from 2024 to 2033. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model. Impairment allowance of 5% relating to of Mikro Kapital IFN JSC shareholding had been recorded in the accounts as at December 31, 2023 as a part of subsidiary's valuation.

The Fund holds 52.63% of outstanding shares of CJSC MDO IMON International (Tajikistan) which have been valued at the Fair Market Value (FMV) by an independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealized appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (52.63%) share in the authorized capital of CJSC MDO IMON International as of 31/12/2023. The date of the valuation is 31/12/2023. Discount rate used was 27.20%. Forecast period was from 2024 to 2030. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model.

The Fund holds 22.98% of outstanding shares of Microcredit Company Bailyk Finance LLC (Kyrgyzstan) which have been valued at the Fair Market Value (FMV) by an independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealised appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (22.98%) share in the authorized capital of Microcredit Company Bailyk Finance LLC as of 31/12/2023. The date of the valuation is 31/12/2023. Discount rate used was 24.50%. Considering that the estimated share amounts to 22.98%, a discount for lack of control of 24% was applied. Forecast period was from 2024 to 2028. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model.

The Fund holds 100.00% of outstanding shares of Mikro Leasing LLC (Uzbekistan) which have been valued at the Fair Market Value (FMV) by an independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealised appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (100.00%) share in the authorized capital of JV Mikro Leasing LLC (Uzbekistan) as of 31/12/2023. The date of the valuation is 31/12/2023. Discount rate used was 32.80%. Forecast period was from 2024 to 2028. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model. The Fund holds 100.00% of outstanding shares of Mikro Kapital Armenia UCO CJSC which have been valued at the Fair Market Value (FMV) by an independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealised appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (100.00%) share in the authorized capital of JV Mikro Kapital Armenia UCO CJSC as of 31/12/2023.

The date of the valuation is 31/12/2023. Discount rate used was 20.30%. Forecast period was from 2024 to 2031. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model.

Impairment allowance of 5% relating to Mikro Kapital Armenia shareholding had been recorded in the accounts as at December 31, 2023 as a part of subsidiary's valuation.

The Fund holds 99.82% of outstanding shares of Mikro Kapital SpA (Italy) which have been valued at the Fair Market Value (FMV) by an independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealised appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (99.82%) share in the authorized capital of Mikro Kapital SpA as of 31/12/2023. The date of the valuation is 31/12/2023. Discount rate used was 16.40%. Forecast period was from 2024 to 2033. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model. Impairment allowance of EUR 230,701.82 relating to Mikro Kapital SpA shareholding had been recorded in the accounts as at December 31, 2023 as a part of subsidiary's valuation.

The Fund holds 100.00% of outstanding shares of D-Mobility Worldwide a.s (Czechia) which have been valued at the Fair Market Value (FMV) by an independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealised appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (100.00%) share in the authorized capital of D-Mobility Worldwide a.s as of 31/12/2023. The date of the valuation is 31/12/2023.

Impairment allowance of 5% relating to D-Mobility Worldwide a.s. shareholding had been recorded in the accounts as at December 31, 2023 as a part of subsidiary's valuation.

The table below summarizes the movements on the value of each subsidiary/investment for the year 2023.

	Acquisition value		Value adjustment			Total	
	31/12/2022	Purchase (disposal)	31/12/2023	31/12/2022	Revaluation	31/12/2023	31/12/2022
Mikro Kapital Company S.R.L.	6,292,848.00	-	6,292,848.00	3,378,702.82	2,317,339.07	5,696,041.89	9,671,550.82
Mikro Kapital IFN SA	7,039,029.48	-	7,039,029.48	5,896,271.27	3,507,231.26	9,403,502.53	12,935,300.75
Mikro Kapital SpA	5,490,159.27	2,000,000.00	7,490,159.27	(1,672,113.82)	(2,056,020.00)	(3,728,133.82)	3,818,045.45
CJSC IMON International LLC MDO	5,099,952.35	780,000.00	5,879,952.35	13,447,933.65	6,434,315.50	19,882,249.15	18,547,886.00
MC Bailyk Finance LLC	585,369.28	-	585,369.28	1,880,138.16	443,417.77	2,323,555.93	2,465,507.44
Mikro Kapital HK	4,023.03	587,903.74	591,926.77	872,429.96	(661,736.20)	210,693.76	876,452.99
Mikro Kapital Armenia	1,048,912.44	999,376.79	2,048,289.23	2,702,158.21	(1,008,558.92)	1,693,599.29	3,751,070.65
Mikro Leasing LLC (Uzbekistan)	2,527,435.78	-	2,527,435.78	14,748,045.55	3,043,138.18	17,791,183.73	17,275,481.33
Mikro Leasing LLC (Kyrgyzstan)	199,334.20	102,689.54	302,023.74	(41,220.37)	(260,803.37)	(302,023.74)	158,113.83
D-Mobility Worldwide a.s.	59,984,146.49	10,709,360.30	70,693,506.79	3,423,964.31	(590,649.02)	2,833,315.29	63,408,110.80
<b>Total</b>	<b>88,271,210.32</b>	<b>15,179,330.37</b>	<b>103,450,540.69</b>	<b>44,636,309.74</b>	<b>11,167,674.27</b>	<b>55,803,984.01</b>	<b>132,907,520.06</b>
							<b>159,254,524.70</b>

The valuation of the financial assets as at 31/12/2023 as disclosed in the financial statements reflects the economic conditions in existence at that date.

In 2023, the accounting value of the subsidiaries/investments of the Fund increased by EUR 26,347,005 as compared to the prior year. This increase is due to:

1. an increase in the acquisition value of the Subsidiaries of EUR 15,179,330 (capital contributions in D-Mobility Worldwide a.s., Mikro Kapital S.p.A, Mikro Kapital Armenia, MK Hong Kong and Mikro Leasing LLC (Kyrgyzstan); acquisition of the shares in IMON International);
2. an increase in the FMV of the subsidiaries for 2023 compared to the previous year and amounting to EUR 11,167,674 (which is recorded in the statement of operations and changes in net assets of the fund in the caption Change in net unrealised appreciation/(depreciation) on investments).

### 15.2.3 Valuation of amounts owed by affiliated undertakings and other debtors (receivables)

Amounts owed by affiliated undertaking and other debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

### 15.2.4 Valuation of other Investments

Other investments are composed of bonds and securities on the brokerage accounts with Concern General Invest Moscow (Russia).

Other investments are valued in accordance with Luxembourg accounting principles, with any asset having to be revalued based on its foreseeable sale price.

The market value corresponds to:

- The last available quote on the valuation day for transferable securities listed on an official stock exchange or dealt in on another regulated market;
- The probable realization value estimated with care and in good faith by the Management Board of the Management Company for transferable securities not listed on an official stock exchange or not dealt in on another regulated market and for transferable securities listed on a stock exchange or dealt in on another regulated market where the latest quote is not representative.

### 15.2.5 Deferred charges

Deferred charges are composed of subscription fees and discount on bond's nominal value.

### 15.2.6 Redemption of Units

During 2023 financial year there're no redemptions of the Fund's units.

### 15.2.7 Valuation of debenture loans and other creditors (payable)

Debenture loans and other creditors are recorded at their reimbursement value.

The bonds that are issued by the Securitization Fund but unsold to the investors as of December 31, 2023 (the annual closing date of the Fund) and which maturity date is superior to the annual closing date of the Fund are classified in the Liabilities in «Debenture loans» with a debit sign therefore reducing the outstanding value of the whole amount of the bonds that were issued by the Fund (independently if these bonds were sold or unsold at the date of annual closing of the Fund). Where the maturity date of the unsold bonds is inferior to 1 year these bonds are classified in the sub-caption of Debenture loans “due and payable after < 1 year” and where the maturity date of the unsold bonds is superior to 1 year these bonds are classified in the sub-caption of Debenture loans “due and payable > 1 year”.

Debenture loans and Private Bond Loans have maturity between 12 and 48 months redeemable in one shot at their maturity date («Bullet issue»).

### 15.2.8 Income proceeding from other securities and from other claims of the permanent assets

This concerns latent increased values on securities and on claims in foreign currencies, which have not been reimbursed, and realized increased values on loans and on securities in foreign currencies which have been reimbursed. Each latent or realized increased value has been booked on an individual account.

### 15.2.9 Other interest and similar income or charges

This caption concerns accrued interest and due interest on Bonds, on microfinance loans and on bank deposits. An individual account for interest has been created for each Bond, microfinance loans or bank deposit.

### 15.2.10 Value adjustments on financial assets and on securities

This concerns latent depreciations on securities and on claims in foreign currencies, which have not been reimbursed, and realized depreciations on securities and on claims in foreign currencies which have been reimbursed. Each latent or realized depreciation has been booked on an individual account.

### 15.2.11 Foreign currency translation adjustments

Any shareholding which base currency is in a foreign currency has been revalued in EUR at the exchange rate applicable on the last day of the year.

Any loan concluded in a currency other than EUR has been revalued in EUR at the exchange rate applicable on the last day of the year. Any Security whose base currency is in a foreign currency has been revalued in EUR at the exchange rate applicable on the last day of the year. Any Bank account whose base currency is in a foreign currency has been revalued in EUR at the exchange rate applicable on the last day of the year.

Any liability (Bond, Debenture loan, Supplier invoice, etc.) whose base currency is in a foreign currency has been revalued in EUR at the exchange rate applicable on the last day of the year. Income and charges in a foreign currency are converted to Euros at the exchange rate at the time of the operation. The reference institution for the determination of the main exchange rates is the European Central Bank (ECB) and Oanda Corporation.

Here are the principal exchange rates applied at 31/12/2023:

1 EUR = USD 1.10500	1 EUR = RON 4.9756
1 EUR = RUR 98.25570	1 EUR = AMD 416.521
1 EUR = CHF 0.92600	1 EUR = KGS 98.3181
1 EUR = GBP 0.86905	1 EUR = UZS 13,583.6
1 EUR = MDL 18.9209	1 EUR = KZT 501.673
1 EUR = TJS 11.9555	1 EUR = HKD 8.6314
1 EUR = CZK 24.724	

## 15.3 Management fees

As payment for its management activities, the Management Company shall receive an annual management fee equal to 1% of the total asset value of the Fund. This management fee shall be calculated and payable at the time of each Net Asset Value calculation of the Fund. In accordance with the amended Management Regulations, all the expenses of the Fund are covered by the Management Company. Hence there is no more provision for expenses as of December 31, 2023. The Management Board has decided to apply management fees of 1% for 2023.

## 15.4 Performance fees

The Management Company shall be entitled to a performance fee equal to 20% of any increase of the Net Asset Value per unit. This performance fee is calculated at the end of each quarter and is payable within thirty days of its calculation. The Management Board has decided not to apply performance fees for 2024.

## 15.5 Subscription and redemption fees

The Fund is not open for subscription by U.S. person nor by the public.

In accordance with article 9 of the Securitization Law and in the context of financing its activities and underlying assets, the Management Company shall, in compliance with written instructions from the Investment Manager, issue registered units or debt securities which represent the rights of investors.

A subscription fee of 3.5% may be due to the Management Company each time an investor wishes to invest in the Fund and to subscribe its units and bonds. This subscription fee must be paid at the time of the subscription. This subscription fee allows the Management Company to pay the investment fees and to remunerate the agents who have intervened in the subscription process.

No redemption fee will be due.

## 15.6 Related party transactions

All significant transactions with the related parties of the Fund were concluded on the arm length' basis.

## 15.7 Taxation

The Fund is subject to all Luxembourg tax regulations applicable to companies subject to the Securitization Law.

## 15.8 Off Balance Sheet commitments

As of December 31, 2023 the financial commitments are as follows:

In the framework of the acquisition of control shares in Closed Joint Stock Company Microcredit Deposit-Taking Organization "IMON INTERNATIONAL" ("IMON") performed in 2021 (the "Foundation SPA"), Alternative has entered into a "Put and Call Option Deed" dated 29 March 2021 together with the other foreign Shareholders of IMON: EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT ("EBRD") and NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. ("FMO").

According to this deed, Alternative has written two put options in favour of such two Shareholders, which may allow them to exit their relevant investment in IMON at the following conditions:

1. the "Foundation Shares Put Option", concerning 12,096 Shares, acquired in equal parts respectively by FMO and EBRD under the Foundation SPA, which can be executed from 29/03/2024 to 29/03/2026. The strike price of such option is equal to (i) the Book Value in TJS of such Shares as of the last day of the quarter immediately preceding the execution date, multiplied by (ii) 0.7.
2. the "Original Shares Put Option", concerning 27,718 Shares, owned in equal parts respectively by FMO and EBRD prior to entering the Foundation SPA, which can be executed from 29/03/2026 to 29/03/2027. The strike price of such option is equal to (i) the Book Value in TJS of such Shares as of the last day of the quarter immediately preceding the execution date, multiplied by (ii) 0.7.

(ii) interest on such amount at the interest rate of 12% per annum to be accrued from the settlement date of the "Foundation Shares Put Option" to the settlement date of the "Original Shares Put Option" (if applicable).

In addition, ALTERNATIVE shall have the right (the "Call Option"), exercisable in its sole discretion, at any time up to 29/03/2024, to buy from the abovementioned Shareholders any number of shares (in equal proportions) up to a maximum of 6,000 (six thousand) of each of the EBRD Foundation Shares and the FMO Foundation Shares held by EBRD and FMO respectively at a price determined as of the settlement date with the same methodology applicable to the Foundation Shares Put Option.

On 15/11/2023 the Fund entered into forward contract N 2023-11-15 with "MIKRO-LEASING" FLCC (Uzbekistan). Pursuant to the Agreement, the Fund undertakes to deliver UZS 181,066,217,537.81 against equivalent in RUB at the exchange rate of the Central Bank of Uzbekistan on the certain payment dates specified in the contract.

Unrealized gain (loss) on the forward is recognized in the profit & loss accounts and balance sheet each reporting period.

## 15.9 Events

International sanctions continue to be imposed by the U.S., the U.K., the E.U., the United Nations and other sanctions authorities on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. Companies operating or investing in, among others, certain countries in Africa, Europe and Asia have been and are currently subject to such sanctions. The terms of legislation and other rules and regulations that establish sanctions regimes are often broad in scope and difficult to interpret.

ALTERNATIVE and the Management Company are not the target of any such sanctions. The Management Company has adopted policies and procedures designed to comply with applicable sanctions regulations, including Sanctions Compliance Policy, and KYC / AML market standards, including KYC / AML Policy, as amended from time to time, and for the last time in June 2024, setting forth the commitment terms of the compliance by the entities of, and/or managed by, Mikro Kapital Group with the relevant economic and trade sanctions laws in all jurisdictions in which Mikro Kapital Group and its subsidiaries operates.

The Management Company performs the necessary due diligence to ensure the compliance with E.U., Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") and other applicable sanctions including screening its investors, clients or parties ALTERNATIVE has agreements with, to ensure that they are not persons, entities targeted by sanctions or from sanctioned countries.

## 15.10 Posterior events in 2024

Since the closing date as of December 31, 2023, there was no other significant events that should have been disclosed except the above, or that would have had a significant effect on the valuation of the units of the Fund, which would not have been reflected in the closing accounting value as of December 31, 2023.



Mikro Leasing Kyrgyzstan, »  
Mr. Ulan, small entrepreneur who  
required special leased equipment.



## 16. Investments in affiliated undertakings - ALTERNATIVE

OCN Mikro Kapital Company SRL  
(Moldova)

OCN Mikro Kapital Company SRL (formerly known as Credit CMB) is a non-banking lending organization with 100% foreign capital that was founded by Mr. Vincenzo Trani in 2013 and has always been a part of Mikro Kapital Group.

The Company finances small and medium enterprises in Moldova. The headquarters of the Company are located in Chisinau. Total of 76 people worked for the Company as at 31 December 2023. MK Company SRL has 11 branches covering major cities of the Republic of Moldova including Chisinau (2 offices), Balti, Cahul, Soroca and others.

Company's mission is stated as "Professional Contribution in the economic development of small and medium enterprises by providing quality financial services". By offering its services, Mikro Kapital Company strives to create long-term partnerships with its clients based on mutual trust and respect. Company's philosophy embedded in its day-to-day operations is based on transparency and sincerity.

Mikro Kapital Company Moldova has the flexibility of a micro- finance institution with the quality (in procedures) of an institutional player coupled with financial support of Mikro Kapital Group.

The financial sector of Moldova is represented by 11 commercial banks licensed by the National Bank of Moldova and 133 registered and active Non-Banking Credit Organizations (NBCO). According to the National Commission for Financial Market, Top-10 NBCOs account for 74.3% of Total Assets and 74.3% of Total Portfolios (loan and/or leasing) in the sector, with the top-1 company (OCN MICROINVEST SRL) accounting for 35.8% and 34.5%, respectively. As of 31.12.2023 Mikro Kapital Moldova was ranked number 4 among all NBCOs by amount of Total Assets and Loan Portfolio. Given the fact that 2 companies ranked above Mikro Kapital are focused primarily on PDL (pay-day loans) and consumer lending, Mikro Kapital Company can be ranked second in the country among NBCOs targeting SMEs and entrepreneurs



As of 31 December 2023, the value of the Company, estimated with a Discounted Cash Flow to the Equity by an external appraiser (one of BIG4) was MDL 237.9 million (EUR 12.3 million, approximately) for 100% Equity.

In 2023 Company's Interest income increased by 17.0% (32.0% growth in 2022). Interest Margin amounted to 54.7%, which is slightly lower than the previous year's level of 56.0%. Company's Net financial result was on par with 2022 and amounted to MDL 17.8 million (EUR 0.9 million).

Gross Loan Portfolio to clients amounted to MDL 579.7 million (EUR 30.0 million). A major part of the loan portfolio is disbursed to clients from Agriculture sector (50%), while 28% of portfolio account for Services and 16% of loans are disbursed to clients from Wholesale and retail trade sector. In the course of 2023 total number of clients remained stable (around 2.0k as at the end of 2023). Portfolio-At-Risk indicator (PAR>30) amounted to 8.7% as at the end of 2023 (7.7% on average during 2023).

In current global macro-economic conditions, the Company keeps performing in line with its plans. We deem growth prospect for the company to be positive. This fact was duly assessed by an independent appraiser, reviewed by our Auditors (RSM Luxembourg).

## Mikro Kapital IFN SA (Romania)

Mikro Kapital IFN is a non-banking financial institution with 100% foreign capital founded in 2016 (owned by Mikro Kapital Group). MK IFN is a member of European Microfinance Network (EMN) since 2017. The headquarters are located in Iasi, the fourth-largest city of Romania, where the first loan was disbursed by the Company in September 2016.

The Company refers to non-banking financial institutions with particular focus on microfinancing. Mikro Kapital IFN aims at meeting the financing needs of micro, small and medium- sized businesses (including agricultural businesses) as well as private individuals in major cities of Romania.

The Company has one central office in Iasi and 12 offices across Romania, including Bucharest, Craiova, Suceava and other cities. This helps to cover 4 important regions of the country (North-Eastern, South-Eastern, Southern and Western). Geographical strategy of the Company aims at efficient coverage of the territory with the general rule to cover a radius of 100 km by one branch.

Total personnel of the company amounted to 71 people as at the end of 2023. Mikro Kapital IFN offers 3 main products: agriculture loans, business loans and e-commerce loans, the latter is aimed at facilitating business development of online shops. Business Loans are provided for the purposes of financing working capital needs (including inventories, payments to suppliers or personnel expenses and payments to the government) and capital investments (including acquisition of vehicles, machinery and equipment, purchase of real estate objects, etc.).

Non-banking financial sector in Romania includes 176 companies whose activity is supervised by the National Bank of Romania.



As of 31 December 2023, the value of the Company, estimated with a Discounted Cash Flow to the Equity by an external appraiser (one of BIG4) was RON 85.8 million (EUR 17.2 million, approximately) for 100% Equity.

In 2023 the Company continued its strong performance. Revenue (interest income) increased by 28.6% (as compared to 21.4% growth a year before) and amounted to RON 52.8 million (EUR 10.6 million, approximately). The interest margin was on par with the previous year and amounted to 62.7% (as compared to 61.5% a year before). Net financial result for the year amounted to RON 7.8 million (EUR 1.6 million, approximately) which is on par with results of 2022 (+8.7%).

Gross Loan Portfolio to clients increased by 11.1% (as compared to 22.4% growth a year before) and reached RON 211.4 million (EUR 42.5 million, approximately) by the end of 2023. The number of clients remained stable at around 2.5k at the end of the year. Portfolio quality stayed at high level as indicator of Portfolio-At-Risk (PAR>30) was around 4.7% on average during the year and amounted to 5.8 % by the end of 2023.

The company's Loan Portfolio is disbursed mainly to clients from Agriculture sector (almost 60%), 14% of all loans are attributed to clients from the wholesale and retail trade sector and around 8% of all loans are related to clients from sector of services. These three sectors together account for more than 80% of total portfolio distribution.

In the medium-term period Mikro Kapital Romania targets reaching the second place on the microfinance market of the country. This goal is planned to be achieved with the help of such initiatives as investments in digitalization and promoting online channels that will help to support required portfolio growth as well as increasing access to credit in most parts of Romania with special focus on strengthening company's presence in the West of Romania. On the financing side, MK IFN aims at decreasing cost of funds as a result of diversification of its sources.

Given strong performance for the last several years our outlook for the Company remains in line with the growth plans, and we do not foresee any sufficient adverse risks in the future.

## Mikro Kapital S.p.A. (Italy)

Mikro Kapital S.p.A. (Italy) is a non-banking lending organization with 100% foreign capital that was founded by Mr. Vincenzo Trani in 2017 and has always been a part of Mikro Kapital Group.

The Company finances small and medium enterprises in Italy. The headquarter of the Company is located in Rome. Total of 12 people worked for the Company as at 31 December 2023. Mikro Kapital S.p.A. has one branch covering the whole country thanks also to a network of partnerships.

Company's mission is stated as support startups and quality entrepreneurial activities that are not yet bankable, but also people and families who cannot use traditional credit channels to satisfy ordinary needs (home, car, health, training) due to not having a sufficient credit history.

Main products offered by Mikro Kapital S.p.A. are microloans for small business or people in need, and micreleasing. Law 30 December 2021 n. 234 modified the art. 111 of the Consolidated Banking Act, making significant changes to the regulation of microcredit. This framework represents an important change for microcredit and a considerable expansion of potential users. Furthermore, the exclusion of the limitations may result in a mitigation of the riskiness of the product as subjects with greater history and size will be able to access it.

The loans provided by Mikro Kapital S.p.A. were addressed to new companies (start-ups) that entered the Italian market thanks to its financial support, and to already active companies that met the specific requirements of microcredit. The most financed sectors are catering and retail trade, sectors which, following the lifting of the restrictions resulting from the pandemic, have seen a boost in activity.



As of 31 December 2023, the value of the Company, estimated with a Discounted Cash Flow method by an external appraiser (one of BIG4) was EUR 4.0 million.

ALTERNATIVE holds 99.82% of outstanding shares of Mikro Kapital SpA (Italy) which have been valued at the Fair Market Value (FMV) by the independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealised appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (99.82%) share in the authorized capital of Mikro Kapital SpA as of 31/12/2023. The date of the valuation is 31/12/2023.

The discount rate used was 16.40%. Forecast period was from 2024 to 2033. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model.

Impairment allowance of EUR 230,701.82 relating to Mikro Kapital SpA shareholding had been recorded in the accounts as at December 31, 2023 as a part of subsidiary's valuation.

In 2023 the Company's interest income amounted to EUR 591.1 thousand. The interest margin increased as compared to the previous year and resulted in 62.9% (vs. 56.0% in 2022). Gross Loan Portfolio to clients amounted to EUR 10.5 million by the end of 2023.

Amid the current global macro-economic conditions, the Company continues to perform according to its plans. We believe the growth prospects for the Company are positive. This assessment has been confirmed by an independent appraiser and reviewed by our auditors, RSM Luxembourg.

## Mikro Kapital Armenia UCO CJSC (Armenia)

Mikro Kapital Armenia UCO CJSC (Armenia) is a non-banking financial institution with 100% foreign capital founded in 2018.

The Company refers to non-banking financial institutions with particular focus on microfinancing. Mikro Kapital Armenia aims at meeting the financing needs of micro, small and medium- sized businesses as well as private individuals in the country.

The Company has one central office in Yerevan and 2 branches, opened in 2023. First branch is located in Gyumri, the second most populous city in the country and capital of the Shirak province. The second branch is located in Vanadzor, the third most populous city in the country and capital of the Lori province. This indicates the company's territorial expansion strategy, aiming to be locally close to its customers.

Total personnel of the company amounted to 20 people. The total disbursed amount is about 11 billion AMD (which is equal to 25 million EUR) to serving more than 2,000 clients as at the end of 2023.

Mikro Kapital Armenia offers various loan products to meet different client's needs: Business loan, Business loan without collateral, Business improvement, Business loan by statement, business equipment and business loan Zark (which is an auto-approved loan type based on credit score and the company's internal scoring system). For private individuals' company offers car purchase loans, consumer loans with car collateral and micro loans without collateral.

Business Loans are provided for the purposes of financing working capital needs (including inventories, payments to suppliers or personnel expenses and payments to the government) and capital investments (including acquisition of vehicles, machinery and equipment, purchase of real estate objects, etc.).

Non-banking financial sector in Armenia includes 42 companies whose activity is supervised by the Central Bank of Armenia.



As of 31 December 2023, the value of the Company, estimated with a Discounted Cash Flow to the Equity by an external appraiser (a top French financial advisory firm) was AMD 1 653 million (EUR 3.9 million, approximately).

ALTERNATIVE holds 100.00% of outstanding shares of Mikro Kapital Armenia UCO CJSC which have been valued at the Fair Market Value (FMV) by the independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealised appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (100.00%) share in the authorized capital of JV Mikro Kapital Armenia UCO CJSC as of 31/12/2023. The date of the valuation is 31/12/2023. The discount rate used was 20.30%. Forecast period was from 2024 to 2031. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model.

Impairment allowance of 5% relating to Mikro Kapital Armenia shareholding had been recorded in the accounts as at December 31, 2023 as a part of subsidiary's valuation.

In 2023 the Company's interest income increased by 25.0% in local currency and amounted to AMD 812.5 million (EUR 1.95 million, approximately). Net interest margin slightly increased as compared to the previous year and amounted to 44.9% (as compared to 40.2% a year before). Net financial result for the year amounted to AMD 23.7 million (EUR 56.8k, approximately).

Gross Loan Portfolio to clients amounted to AMD 3 473 million (EUR 8.3 million, approximately) by the end of 2023. The number of clients reached 0.87k at the end of the year, which is an increase by 28% as compared to December 2022. Portfolio quality stayed at high level as indicator of Portfolio-At-Risk (PAR>30) was only 2.7% as of December 2023.

In current global macro-economic conditions, the Company keeps performing in line with its plans. We deem growth prospect for the company to be positive. This fact was duly assessed by an independent appraiser, reviewed by our Auditors (RSM Luxembourg).

## Mikro Leasing LLC (Uzbekistan)

Mikro Leasing LLC (Uzbekistan) is a universal leasing company with 100% foreign capital, the first of such kind to be registered in Uzbekistan. Mikro Leasing was established by Mikro Kapital in 2018 and started its operating activity in the first quarter of 2019.

Mikro Leasing focuses on providing its services to individuals, individual entrepreneurs, small and medium enterprises. Company's philosophy of doing business is based on honesty and transparency. Mikro Leasing strives to fulfill customers' needs always in time and adhering to the rules of responsible financing.

Company offers its clients leasing of passenger vehicles (both for individuals and businesses), special machinery (i.e., for construction works) and agricultural machinery, equipment, trucks and commercial real estate. Lease terms assume prepayment of at least 30% of Lease Agreement amount (at least 20% for commercial real estate) and duration from 13 to 36 months (up to 60 months for commercial real estate) with options of early repurchase of lease object by a lessee.

Company's head office is located in Tashkent, capital of Uzbekistan and largest city in Central Asia by population with circa 2.7 million inhabitants. Total of 50 people worked in Mikro Leasing as of 31 December 2023.

# Mikro Leasing

As of 31 December 2023, the value of the Company, estimated with a Discounted Cash Flow to the Equity by an external appraiser (a top French financial advisory firm) was UZS 276 000 million (EUR 20.3 million, approximately) for 100% Equity.

In 2023 the Company's Interest income almost doubled as compared to a year before and amounted to UZS 178 397 million (EUR 13.0 million, approximately). Interest Margin amounted to 41.6%. Net financial result for the year increased by 3.7% as compared to 2022 and amounted to UZS 45 079 million (EUR 3.3 million, approximately).

Gross Lease Portfolio increased by 7.6% as compared to December 2022 and reached UZS 632 334 million (EUR 46.3 million, approximately). The number of clients remained stable during the year at around 3.1k. Portfolio quality stayed at high level as indicator of Portfolio-At-Risk (PAR>30) was around 2.3% on average during the year and reached 2.0 % by the end of 2023.

Company's Lease Portfolio is disbursed mainly to clients working in sector of Trade (48%) and Individuals (28%). The agricultural sector accounts for 12% of the total Lease Portfolio, while Services, Manufacturing and Construction sectors account for remaining 5%, 4% and 3%, respectively. In the medium-term period Mikro Leasing aims at becoming one of the leading non-banking institutions on the rapidly growing leasing market of Uzbekistan with support of Mikro Kapital.

Given strong performance of the Company since the start of operations our outlook for Mikro Leasing UZ remains positive and in line with the growth plans, and we do not foresee any sufficient adverse risks in the future.



## CJSC MDO IMON International LLC (Tajikistan)

IMON INTERNATIONAL started its activities on financial market in 1999 as an international project under the monetization program of the National Association of Business Women of Tajikistan (NABWT) in partnership with the international non-governmental organization Mercy Corps and with the financial support of the US Agency for International Development (USAID).

NABWT was established in July 1996 to promote the economic rights of women in the labor market and create an enabling environment for the development of women's entrepreneurship.

In 2003-2004 first draft of legislation regulating microfinance activity in Tajikistan was developed in collaboration with the World Bank, Asian Development Bank, IFC, Government and practitioners. NABWT took active role in this process.

In 2005, NABWT together with the Mercy Corps decided to transfer all their lending activities to the microcredit fund "IMON", thus creating a specialized financial institution on the basis of the project. With the initial financial support of EBRD Fund "IMON" successfully expanded its client base and increased its loan portfolio.

In July 2008 the commercial organization LLC Micro Lending Organization "IMON INTERNATIONAL" was established on the basis of the Fund "IMON", company attracted first investments and developed a portfolio of first agricultural loans. Four years later in December 2012 the Company was re-organized and re-registered as a CJSC Microcredit Deposit-Taking Organization "IMON INTERNATIONAL".

An important milestone in evolution of the Company was the attraction of international investors in Equity of IMON. This step helped not only diversify sources of financing and gain additional financial support for operational activity but also create a long-term strategy and vision with the help of international socially oriented investors such as Triple Jump, MFO, EBRD and Mikro Kapital. Mikro Kapital became a minority shareholder of IMON in Q4 2017 with 10% equity stake. In H1 2021 Securitization Fund "Alternative" (part of Mikro Kapital) became the largest shareholder of CJSC MDO "IMON INTERNATIONAL" having its share increased from 10% to 42.66% of Equity. In September 2023 the Securitization Fund "Alternative" increased its share in the authorized capital of the Company from 42.66% to 52.63%. Among other shareholders remain European Bank for Reconstruction and Development (EBRD) and Dutch Entrepreneurial Development Bank (FMO).

Mission of IMON International is stated as "To provide competitive financial services to micro and small business in Tajikistan and improve the quality of life of the population".

Today IMON INTERNATIONAL is the largest microfinance institution in Tajikistan, ranked number 3 among credit organizations by the number of borrowers and number 4 by Total Assets and Total Equity. Company's head office is located in the city Khudjand on the north of Tajikistan, second-largest city of the country with population of circa 183 thousand people. More than 1.5k employees work for the company. Extensive geographical coverage of IMON results in 27 branches (total of 128 offices and microfinance service centers) across the country.

As of 31 December 2023, the value of the Company, estimated with a Discounted Cash Flow to the Equity by an external appraiser (a top French financial advisory firm) was TJS 585.2 million (EUR 47.9 million, approximately) for 100% Equity. In 2023 Company's Interest income increased by 21.3% as compared 2022 and amounted to TJS 403.5 million (EUR 33.1 million, approximately). Interest Margin is on par with 2022 and amounted to 50.2% (as compared to 51.4% in 2022). Net financial result for the year almost doubled and amounted to TJS 58.9 million (EUR 4.8 million) which is an increase by 90.0% as compared to 2022. From total TJS 58.9 million of total comprehensive income TJS 35.7 million is attributable to other comprehensive income (revaluation of company's property and equipment). Total Gross Loan Portfolio increased by 19.2% as compared the end of 2022 and reached TJS 1,494 million (EUR 122.4 million, approximately) as of December 2023. The number of clients (including depositors) increased by 4.7% between 2022 and 2023. High quality of Company's Loan Portfolio is confirmed by low level of Portfolio-At-Risk indicator (PAR>30) that was around 1.2% on average during the year and decreased to 0.8 % as of December 2023.

Company's medium-term strategy approved in 2021 is reflected in its vision as "to be innovative bank of Tajikistan and the bank of first choice". This underlines the transition from previously stated vision as being technological and reliable financial institution. IMON INTERNATIONAL aims at receiving a banking license and winning new market shares. Strategy of the Company targets increase in client base, business efficiency and becoming more digital and remote oriented. Given strong performance of IMON INTERNATIONAL over the years and broad prospect for future development our outlook for the Company is positive and in line with the growth plans, and we do not foresee any sufficient adverse risks in the future.

## D-Mobility Worldwide a.s. (Czechia)

D-Mobility Worldwide a.s. is European platform set up in March 2018 with an aim of promoting and expanding sharing economy into CIS and European region.

As at the end of 2023 D-Mobility Worldwide directly owned 3 companies representing operating business in sharing economy, namely:

- "Carsharing Club" LLC operating in Minsk, Belarus;
- "D-Mobility Kazakhstan" operating in Almaty, Republic of Kazakhstan, and
- "D-Mobility Czechia" operating in Prague, Czechia.

All companies provide carsharing services using the brand name "Anytime". Companies operating in Belarus, Kazakhstan and Czechia use conventional per- minute car rent business model and offer their clients various standard class vehicles and different types of tariffs.

Since Q4 2022 Company also started development of franchising business and first project under "Anytime" franchise was launched in Phuket, Thailand. Using familiar mobile app Anytime Carsharing Thai, customers can rent different type cars from Toyota to Mazda at affordable prices starting from THB 8.99 (approximately, EUR 0.23) per minute.



As of 31 December 2023, the total value of D-Mobility- Worldwide a.s., estimated by an independent appraiser (a top French financial advisory firm) was CZK 1,908 million (EUR 77.2 million, approximately), including Fair Values of the investment in subsidiaries estimated with a Discounted Cash Flow to the Equity approach:

- value of Carsharing Club LLC of BYN 15.7 million (EUR 4.3 million, approximately) for 99.9% of equity,
- value of D-Mobility Kazakhstan of KZT 6,974 million (EUR 13.9 million, approximately) for 99.9% of equity,
- value of D-Mobility Czechia of CZK 398.0 million (EUR 16.1 million, approximately) for 100% of equity.

The total Fair Value of the holding company D-Mobility Worldwide a.s. is based on the 5-year plan for the period 2024-2028. Balance sheet items that are not included in the cash flows (Discounted Cash Flows and Discounted terminal value) are added as final adjustments: Net debt of CZK 259 million, other assets & liabilities of CZK 1,240 million and Investments in subsidiaries valued at Fair Value of CZK 847 million in total.

## Microcredit Company Bailyk Finance LLC (Kyrgyzstan)

Microcredit Company Bailyk Finance LLC (Kyrgyzstan) was founded in 2011 in the city of Kant. ALTERNATIVE became minority shareholder in July 2018 with 20% of the total shares.

In the past five years the Microcredit Company Bailyk Finance LLC has significantly increased the volume of its loan portfolio, rising from seventh to third place in the non-banking financial sector market in Kyrgyzstan.

The company's mission is to create affordable financial solutions for residents of villages and small towns to improve their quality of life. The Company continues to expand its financial and credit activities, covering new regions, attracting new clients and introducing new tools and access channels. By end of Q1 2024 the company has 51 offices, with over 500 employees and serving 57,000 clients throughout the country. It should be noted that when opening new offices, the Microcredit Company Bailyk Finance LLC prefers remote areas and settlements with limited access to financial and credit services. So, of which 94% of offices are located in remote regions of the country. The company offers a broad product line that, through feedback and evaluation, is developed to meet the needs of customers. Funding is offered on a case-by-case basis in the following areas: Business development (trade, services, production); Agro-financing (Agro-credits, value chain financing); Consumer Finance (Consumer Loans, Min Turkun); Financing of housing improvement with elements of energy efficiency and renewable energy sources; Islamic Finance (Murabaha).



**Bailyk Finance**  
Microcredit company

As of 31 December 2023, the value of the Company, estimated with a Discounted Cash Flow to the Equity by an external appraiser (a top French financial advisory firm) was KGS 286 million (EUR 12.7 million, approximately) for 100% of Equity.

In 2023 the Company earned interest income in the amount of KGS 1 500.8 million (EUR 15.2 million, approximately), that is an increase by 50.6% in local currency as compared to 2022. Net interest margin improved as compared to the previous year and amounted to 59.9% (56.9% in 2022). Net financial result for the year amounted to KGS 216.6 million (EUR 2.2 million, approximately). Gross Loan Portfolio to clients amounted to KGS 4 421 million (EUR 45.0 million, approximately) by the end of 2023. Portfolio quality stayed at high level as indicator of Portfolio-At-Risk (PAR>30) was only 2.3% as of December 2023.

ALTERNATIVE holds 22.98% of outstanding shares of Microcredit Company Bailyk Finance LLC (Kyrgyzstan) which have been valued at the Fair Market Value (FMV) by the independent professional appraiser. The variation in the FMV compared to the previous year is recorded in the statement of operations and changes in net assets in net unrealised appreciation/(depreciation) on investments.

According to the appraisal report, the Discounted Cash Flow ("DCF") approach was used for the calculation of the market value of the (22.98%) share in the authorized capital of Microcredit Company Bailyk Finance LLC as of 31/12/2023. The date of the valuation is 31/12/2023. Discount rate used was 24.50%. Considering that the estimated share amounts to 22.98%, a discount for lack of control of 24% was applied. Forecast period was from 2024 to 2028. The market value of this investment as of 31/12/2023 is dependent on the realization of the future cash flows that were programmed in the DCF valuation model.



# Mikro Kapital SARL

Annual report and audited financial statements  
for the year ended December 31, 2023

#### IMPORTANT NOTICE AND DISCLAIMER

This report does not constitute an offer of any securitization fund units, debt securities or other financial instruments. Only the financial statement from pages 86 to 107 have been audited in accordance with International Standards of Auditing (ISAs).



Mikro Kapital Romania, »  
Mrs. Carmen Angela, founder  
of Cambridge Academy in Ilfov

RSM Audit Luxembourg S.à r.l.

Cabinet de révision agréé

42, rue de la Vallée, L-2661 Luxembourg

B.P. 740, L-2017 Luxembourg

T (+352) 26 97 971

F (+352) 26 97 97 34 60

[www.rsm.lu](http://www.rsm.lu)

# Report of the réviseur d'entreprises agréé

To the Sole Manager of Mikro Kapital S.à.r.l.

10, rue C.M. Spoo L-2546 Luxembourg

RCS: B 137 073

## Opinion

We have audited the financial statements of Mikro Kapital S.à.r.l. (the "Company") which comprise the balance sheet as at December 31, 2023 and the profit and loss account for the year then ended and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

## Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Sole Manager and Those Charged with Governance for the Financial Statements

The Sole Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Sole Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Sole Manager is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Sole Manager either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the amended Law dated July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the amended Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Sole Manager.
- Conclude on the appropriateness of Sole Manager' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**RSM Audit Luxembourg S.à.r.l.**

Cabinet de Révision agréé



Anthony PONT

Partner

Luxembourg, 16 July 2024

# 1. Balance Sheet

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494  
Email : centralebilans@statec.etat.lu

RCSL Nr. B 137 073 | Matricule : 2008 2408 380

## BALANCE SHEET

Financial year from 01 01/01/2023 to 02 31/12/2023 (in 03 EUR)

MIKRO KAPITAL SARL  
10, rue C.M. Spoo  
L-2546 Luxembourg

### ASSETS

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>			
I. Subscribed capital not called	1101 _____	101 _____ <b>0.00</b>	102 _____ <b>0.00</b>
II. Subscribed capital called but unpaid	1103 _____	103 _____ <b>0.00</b>	104 _____ <b>0.00</b>
	1105 _____	105 _____ <b>0.00</b>	106 _____ <b>0.00</b>
<b>B. Formation expenses</b>	1107 _____	107 _____ <b>0.00</b>	108 _____ <b>0.00</b>
<b>C. Fixed assets</b>	1109 _____ <b>3</b>	109 _____ <b>286,959,137.81</b>	110 _____ <b>274,068,708.52</b>
I. Intangible assets	1111 _____	111 _____ <b>0.00</b>	112 _____ <b>0.00</b>
1. Costs of development	1113 _____	113 _____ <b>0.00</b>	113 _____ <b>0.00</b>
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____ <b>0.00</b>	116 _____ <b>0.00</b>
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____ <b>0.00</b>	118 _____ <b>0.00</b>
b) created by the undertaking itself	1119 _____	119 _____ <b>0.00</b>	120 _____ <b>0.00</b>
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____ <b>0.00</b>	122 _____ <b>0.00</b>
4. Payments on account and intangible assets under development	1123 _____	123 _____ <b>0.00</b>	124 _____ <b>0.00</b>
II. Tangible assets	1125 _____ <b>4</b>	125 _____ <b>0.00</b>	126 _____ <b>22,060.15</b>
1. Land and buildings	1127 _____	127 _____ <b>0.00</b>	128 _____ <b>0.00</b>
2. Plant and machinery	1129 _____	129 _____ <b>0.00</b>	130 _____ <b>0.00</b>

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131 0.00	132 22,060.15
4. Payments on account and tangible assets in the course of construction	1133	133 0.00	134 0.00
<b>III. Financial assets</b>	<b>1135 5</b>	<b>135 286,959,137.81</b>	<b>136 274,046,648.37</b>
1. Shares in affiliated undertakings	1137	137 286,824,038.81	138 273,911,549.37
2. Loans to affiliated undertakings	1139	139 0.00	140 0.00
3. Participating interests	1141	141 0.00	142 0.00
4. Loans to undertaking with which the undertaking is linked by virtue of participating interests	1143	143 0.00	144 0.00
5. Investments held as fixed assets	1145	145 0.00	146 0.00
6. Other loans	1147	157 135,099.00	148 135,099.00
<b>D. Current assets</b>	<b>1151</b>	<b>151 10,695,430.73</b>	<b>152 21,167,000.58</b>
I. Stocks	1153	153 0.00	154 0.00
1. Raw materials and consumables	1155	155 0.00	156 0.00
2. Work in progress	1157	157 0.00	158 0.00
3. Finished goods and goods for resale	1159	159 0.00	160 0.00
4. Payments on account	1161	161 0.00	162 0.00
<b>II. Debtors</b>	<b>1163 6</b>	<b>163 10,692,367.92</b>	<b>164 21,074,899.28</b>
1. Trade debtors	1165	165 0.00	166 0.00
a) becoming due and payable within one year	1167	167 0.00	168 0.00
b) becoming due and payable after more than one year	1169	169 0.00	170 0.00
2. Amounts owed by affiliated undertakings	1171	171 25,500.00	172 9,825,026.42
a) becoming due and payable within one year	1173	173 25,500.00	174 9,825,026.42
b) becoming due and payable after more than one year	1175	175 0.00	176 0.00
3. Amounts owed by undertakings with which the undertakings is linked by virtue of participating interests	1177	177 0.00	178 0.00
a) becoming due and payable within one year	1179	179 0.00	180 0.00
b) becoming due and payable after more than one year	1181	181 0.00	182 0.00
4. Other debtors	1183	183 10,666,867.92	184 11,249,872.86
a) becoming due and payable within one year	1185	185 296,985.51	186 188,000.00
b) becoming due and payable after more than one year	1187	187 10,369,882.41	188 11,061,872.86

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
<b>III. Investments</b>			
1. Shares in affiliated undertakings	1189 _____ 189	0.00	190 _____ 0.00
2. Own shares	1191 _____ 191	0.00	192 _____ 0.00
3. Other investments	1209 _____ 209	0.00	210 _____ 0.00
<b>IV. Cash at bank and in hand</b>	1195 _____ 195	0.00	196 _____ 0.00
<b>E. Prepayments</b>	1197 _____ 197	3,062.81	198 _____ 92,101.30
<b>TOTAL (ASSETS)</b>	1199 _____ 199	<b>0.00</b>	200 _____ <b>0.00</b>
		201 <b>297,654,568.54</b>	202 <b>295,235,709.10</b>

The notes in the annex form an integral part of the annual accounts

## CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>			
I. Subscribed capital	1301 7	301 <b>135,361,574.98</b>	302 <b>135,720,736.45</b>
II. Share premium account	1303	303 <b>12,030,225.00</b>	304 <b>12,030,225.00</b>
III. Revaluation reserve	1305	305 <b>46,887,859.55</b>	306 <b>46,887,859.55</b>
IV. Reserves	1307	307 <b>5,954,012.55</b>	308 <b>3,149,698.91</b>
1. Legal reserve	1309	309 <b>1,668,775.00</b>	310 <b>1,459,500.00</b>
2. Reserve for own shares	1311	311 <b>1,072,500.00</b>	312 <b>1,072,500.00</b>
3. Reserve provided for by the articles of association	1313	313 <b>0.00</b>	314 <b>0.00</b>
4. Other reserves, including the fair value reserve	1315	315 <b>0.00</b>	316 <b>0.00</b>
a) other available reserves	1429	429 <b>596,275.00</b>	430 <b>387,000.00</b>
b) other non available reserves	1431	431 <b>0.00</b>	432 <b>0.00</b>
V. Profit or loss brought forward	1319	319 <b>70,525,046.02</b>	320 <b>73,829,595.45</b>
VI. Profit or loss for the financial year	1321	321 <b>(1,704,343.14)</b>	322 <b>(1,619,290.98)</b>
VII. Interim dividends	1323	323 <b>0.00</b>	324 <b>(16,851.48)</b>
VIII. Capital investment subsidies	1325	325 <b>0.00</b>	326 <b>0.00</b>
<b>B. Provisions</b>			
1. Provisions for pensions and similar obligations	1331	331 <b>0.00</b>	332 <b>0.00</b>
2. Provisions for taxation	1335	335 <b>0.00</b>	336 <b>0.00</b>
3. Other provisions	1337	337 <b>0.00</b>	338 <b>0.00</b>
<b>C. Creditors</b>			
1. Debenture loans	1435 8	435 <b>162,292,993.56</b>	436 <b>159,514,972.65</b>
a) Convertible loans	1437	437 <b>146,922,291.67</b>	438 <b>136,681,655.72</b>
i) becoming due and payable within one year	1439	439 <b>0.00</b>	440 <b>0.00</b>
ii) becoming due and payable after more than one year	1441	441 <b>0.00</b>	442 <b>0.00</b>
b) Non convertible loans	1443	443 <b>0.00</b>	444 <b>0.00</b>
i) becoming due and payable within one year	1445	445 <b>146,922,291.67</b>	446 <b>136,681,655.72</b>
ii) becoming due and payable after more than one year	1447	447 <b>145,922,291.67</b>	448 <b>135,681,655.72</b>
2. Amounts owed to credit institutions	1449	449 <b>1,000,000.00</b>	450 <b>1,000,000.00</b>
a) becoming due and payable within one year	1355	355 <b>0.00</b>	356 <b>0.00</b>
b) becoming due and payable after more than one year	1357	357 <b>0.00</b>	358 <b>0.00</b>
	1359	359 <b>0.00</b>	360 <b>0.00</b>

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____ 361	0.00	362 _____ 0.00
a) becoming due and payable within one year	1363 _____ 363	0.00	364 _____ 0.00
b) becoming due and payable after more than one year	1365 _____ 365	0.00	366 _____ 0.00
4. Trade creditors	1367 _____ 367	27,963.00	368 _____ 22,275.00
a) becoming due and payable within one year	1369 _____ 369	27,963.00	370 _____ 22,275.00
b) becoming due and payable after more than one year	1371 _____ 371	0.00	372 _____ 0.00
5. Bills of exchange payable	1373 _____ 373	0.00	374 _____ 0.00
a) becoming due and payable within one year	1375 _____ 375	0.00	376 _____ 0.00
b) becoming due and payable after more than one year	1377 _____ 377	0.00	378 _____ 0.00
6. Amounts owed to affiliated undertakings	1379 _____ 379	13,575,619.29	380 _____ 15,048,804.70
a) becoming due and payable within one year	1381 _____ 381	13,575,619.29	382 _____ 15,048,804.70
b) becoming due and payable after more than one year	1383 _____ 383	0.00	384 _____ 0.00
7. Amounts owed to undertakings with which the undertakings is linked by virtue of participating interests	1385 _____ 385	0.00	386 _____ 0.00
a) becoming due and payable within one year	1387 _____ 387	0.00	388 _____ 0.00
b) becoming due and payable after more than one year	1389 _____ 389	0.00	390 _____ 0.00
8. Other creditors	1451 _____ 451	1,767,119.60	452 _____ 7,762,237.23
a) Tax authorities	1393 _____ 393	23,980.00	394 _____ 225,220.00
b) Social security authorities	1395 _____ 395	14,493.23	396 _____ 3,170.98
c) Other creditors	1397 _____ 397	1,728,646.37	398 _____ 7,533,846.25
i) becoming due and payable within one year	1399 _____ 399	1,728,646.37	400 _____ 7,533,846.25
ii) becoming due and payable after more than one year	1401 _____ 401	0.00	402 _____ 0.00
<b>D. Deferred income</b>	1403 _____ 403	<b>0.00</b>	404 _____ <b>0.00</b>
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	405 _____	<b>297,654,568.54</b>	406 _____ <b>295,235,709.10</b>

The notes in the annex form an integral part of the annual accounts

## 2. Profit and loss account

Annual Accounts Helpdesk :	RCSL Nr. B 137 073	Matricule : 2008 2408 380
Tel. : (+352) 247 88 494 Email : centralebilans@statec.etat.lu		

### PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2023 to 02 31/12/2023 (in 03 EUR )

MIKRO KAPITAL SARL  
10, rue C.M. Spoo  
L-2546 Luxembourg

### PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
<b>1. Net turnover</b>	1701	<b>0.00</b>	<b>0.00</b>
<b>2. Variation in stocks of finished goods and in work in progress</b>	1703	<b>0.00</b>	<b>0.00</b>
<b>3. Work performed by undertaking for its own purposes and capitalised</b>	1705	<b>0.00</b>	<b>0.00</b>
<b>4. Other operating income</b>	1713 9	<b>19,896.00</b>	<b>379,901.28</b>
<b>5. Raw materials and consumables and other external expenses</b>	1671 10	<b>(85,320.04)</b>	<b>(117,081.23)</b>
a) Raw materials and consumables	1601	0.00	0.00
b) Other external expenses	1603	(85,320.04)	(117,081.23)
<b>6. Staff costs</b>	1605 11	<b>(166,893.43)</b>	<b>(107,363.61)</b>
a) Wages and salaries	1607	(149,145.46)	(94,998.59)
b) Social security costs	1609	(17,747.97)	(12,365.02)
i) relating to pensions	1653	(11,560.68)	(7,614.03)
ii) other social security costs	1655	(6,187.29)	(4,750.99)
c) Other staff costs	1613	0.00	0.00
<b>7. Value adjustments</b>	1657 3, 4	<b>(3,340.15)</b>	<b>(6,925.13)</b>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	(3,340.15)	(6,925.13)
b) in respect of current assets	1661	0.00	0.00
<b>8. Other operating expenses</b>	1621 12	<b>(30,045.66)</b>	<b>(4,231,420.28)</b>

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
<b>9. Income from participating interests</b>			
a) derived from affiliated undertakings	1715	<b>0.00</b>	<b>0.00</b>
b) other income from participating interests	1717	0.00	0.00
<b>10. Income from other investments and loans forming part of the fixed assets</b>	1719	0.00	0.00
a) derived from affiliated undertakings	1721	<b>0.00</b>	<b>0.00</b>
b) other income not included under a)	1723	0.00	0.00
<b>11. Other interest receivable and similar income</b>	1725	0.00	0.00
a) derived from affiliated undertakings	1727	<b>13</b>	<b>483,360.20</b>
b) other income and similar income	1729	123,899.16	3,081,675.61
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>	1731	359,461.04	3,757,921.24
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	1663	<b>0.00</b>	<b>0.00</b>
<b>14. Interest payable and similar expenses</b>	1665	<b>14</b>	<b>3,935,884.13</b>
a) concerning affiliated undertakings	627	<b>(5,769,087.70)</b>	<b>(9,527,666.28)</b>
b) other interest and similar expenses	629	(4,558,334.39)	(5,951,318.94)
<b>15. Tax on profit or loss</b>	1631	(1,210,753.31)	(3,576,347.34)
<b>16. Profit or loss after taxation</b>	1635	<b>16</b>	<b>(64,846.49)</b>
<b>17. Other taxes not shown under items 1 to 16</b>	1667	<b>(1,680,393.14)</b>	<b>(1,394,070.98)</b>
<b>18. Profit or loss for the financial year</b>	1637	<b>16</b>	<b>(23,950.00)</b>
	1669	<b>(1,704,343.14)</b>	<b>(1,619,290.98)</b>

The notes in the annex form an integral part of the annual accounts

## 3. Notes

### NOTE 1 – General Information

MIKRO KAPITAL SARL - hereafter the “Company” - was incorporated under the laws of Luxembourg of August 10, 1915 on commercial companies as amended as a “Société à Responsabilité limitée” for an unlimited period of time.

The Company's registered office is established at 10, rue C.M. Spoo, L-2546 Luxembourg, Grand Duchy of Luxembourg.

The financial year of the Company runs from January 1, until December 31, of each year.

The Company's annual accounts are prepared in Euro (“EUR”).

The Company's purpose is the acquisition of interests in any form in other Luxembourg or foreign companies, and any other form of investment, acquisition by purchase, subscription or otherwise, as well as the disposal by means of sale, exchange or otherwise of all securities and of any cash, administration, supervision and development of such interests. The Company may take part in the establishment and development of any industrial or commercial business and may lend its assistance to such business by means of loans, guarantees or otherwise. It may lend or borrow with or without interest, issue bonds and other debts acknowledgements.

The Company may also carry out any securities, real estate, financial or industrial, commercial or civil transactions directly or indirectly related to its corporate purpose.

It may carry out its purpose directly or indirectly in its own name or on behalf of a third party, alone or in association, by carrying out transactions likely to further the said purpose or that of the companies in which its has interests.

In general, the Company may take any control or supervisory measures and carry out any operation which it may deem useful in the accomplishment of its object or purpose.

Mikro Kapital Group S.A. is the ultimate parent company of MIKRO KAPITAL SARL. The Company is included in the consolidated accounts of Mikro Kapital Group S.A., a Luxembourg Public Limited Company, forming the largest and smallest body of undertakings of which the Company forms part as a subsidiary undertaking. The registered office of that company is located at: 10, rue C.M. Spoo, L-2546 Luxembourg, where the consolidated financial statements are available.

### NOTE 2 - Summary of significant accounting policies

#### 2.1 General principles

The annual accounts are prepared in conformity with Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg under the historical cost convention. The accounting policies and valuation principles are, apart from those enforced by law, determined and implemented by the Management.

These annual accounts have been presented following the layout in the Title II of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings as subsequently modified.

These annual accounts have been prepared on a going concern basis, that assumes that the Company will continue its operations in foreseeable future.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

## 2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

### 2.2.1 Intangible fixed assets

Intangible fixed assets are carried at purchase price including the expenses incidental thereto, less accumulated amortization. Amortization is recognized on a straight-line basis over the estimated remaining useful life of the assets. The amortization rate and methods applied are as follows:

	Rate of amortization
Licence	20.00%
Software and website	33.33%

Where the Company considers that intangible fixed assets have suffered a durable decline in value excess of the accumulated amortization recognized, an additional write-down is recorded to reflect the impairment. The value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

### 2.2.2 Tangible assets

Tangible fixed assets are carried at purchase price including the expenses incidental to them, less accumulated depreciation. Depreciation is recognized on a straight line basis over the estimated remaining useful life of assets, as follows:

	Rate of amortization
Hardware	33.33%
Furnitures	20.00%
Vehicle	20.00%

Where the Company considers that tangible fixed assets have suffered a durable decline in value in excess of the accumulated depreciation recognized, an additional write-down is recorded to reflect this impairment. The value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

### 2.2.3 Financial assets

Loans are valued at purchase price including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of Management, value adjustments are made in respect of financial fixed assets, so that they are value at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Shares in affiliated undertakings and investments held as fixed assets are described in note 5 are booked at their fair value. The fair value of the investments as at December 31, 2023 reflects the economic conditions in existence at that date.

### 2.2.4 Foreign currency translation

The company maintains its books and records in EUR. All transactions expressed in currency other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Cash at bank is translated at the exchange rate effec-

tive at the balance sheet date. Exchange gains and losses are recorded in the profit and loss account for the year. Monetary assets and liabilities in foreign currencies are revalued at the exchange rate prevailing at the Balance Sheet date. Exchange gain and losses are recorded in the profit and loss account. Where there is an economic link between an asset and a liability, they are valued in total according to the method described above and net unrealised losses are recorded in the profit and loss account whereas net unrealised exchange gains are not recognised.

## 2.2.5 Cash

Cash includes money held on demand in banks and other financial institutions with a maturity of three months or less and that are subject to insignificant risk of change in value.

## 2.2.6 Debtors

Debtors are stated at their nominal value. A value adjustment is recorded when the estimated realisable value is lower than the nominal value. The realisable value is estimated on the basis of the information available to the Management. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

## 2.2.7 Provisions

Provisions are intended to cover losses or debts, the nature of which are clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

## 2.2.8 Creditors

Creditors are recorded at their reimbursement value.

## 2.2.9 Non-convertible loans

Non-convertible loans are valued at nominal including the expenses incidental thereto.

In case of durable depreciation in value according to the opinion of the Board of Managers, value adjustments are made in respect of bonds, so that they are valued at the lower figure to be attributed to them at the balance sheet date. The value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

## 2.2.10 Income and Expenses

Income and expenses are recorded on an accrual basis.

## 2.2.11 Comparability with prior year annual accounts

During financial year 2023 the Company has changed the approach to the recognition in profit and loss statement the interest accrued on equity linked notes (ELN) issued by MK Fund Sicav. Whereas interest accrued on ELNs directly affect the net assets value of the fund, increasing it, therefore interest accrued were directly allocated to the value adjustments of MK Fund SICAV. For the sake of comparability of the financial statements, the Company reclassified the respective income and expenses for the prior financial year. This correction enhances the accuracy and comparability of the financial statements across reporting periods, providing stakeholders with a clearer understanding of the Company's financial results and operational performance.

## NOTE 3 - Intangible Assets

	Concessions, patents, licences, trademarks and similar rights and assets	
	2023	2022
The movements for the year are as follows :	EUR	EUR
<b>Gross book value</b>		
Balance at the beginning of the year	214,649.07	214,649.07
Additions for the year	-	-
Disposals for the year	-	-
<b>Balance at the end of the year</b>	214,649.07	214,649.07
<b>Accumulated value adjustments</b>		
Balance at the beginning of the year	(214,649.07)	(214,649.07)
Depreciation for the year	-	-
<b>Balance at the end of the year</b>	(214,649.07)	(214,649.07)
<b>Net book value - closing balance</b>	-	-
<b>Net book value - opening balance</b>	-	-

## NOTE 4 - Tangible Assets

	Other fixtures and fittings, tools and equipment	
	2023	2022
The movements for the year are as follows :	EUR	EUR
<b>Gross book value</b>		
Balance at the beginning of the year	76,448.58	76,448.58
Additions for the year	-	-
Disposals for the year	(18,720.00)	-
<b>Balance at the end of the year</b>	57,728.58	76,448.58
<b>Accumulated value adjustments</b>		
Balance at the beginning of the year	(54,388.43)	(47,463.30)
Depreciation for the year	(3,340.15)	(6,925.13)
<b>Balance at the end of the year</b>	(57,728.58)	(54,388.43)
<b>Net book value - closing balance</b>	-	22,060.15
<b>Net book value - opening balance</b>	22,060.15	28,985.28

## NOTE 5 - Financial Assets

	2023	2022
	EUR	EUR
The movements for the year are as follows :		
<i>Affiliated undertakings</i>		
<b>Gross book value - opening balance</b>	273,911,549.37	256,072,559.85
Additions during the year	12,927,294.62	17,983,938.39
Disposals during the year	(14,805.18)	(144,948.87)
<b>Gross book value - closing balance</b>	286,824,038.81	273,911,549.37
<i>Other loans</i>		
<b>Gross book value - opening balance</b>	135,099.00	140,788.71
Additions for the year	-	-
Disposals for the year	-	(5,689.71)
<b>Gross book value - closing balance</b>	135,099.00	135,099.00

Affiliated undertakings are detailed as follows:

	Country	Holding	Net equity	Result of the year	Total
Mikro Kapital Investment S.A. *	Luxembourg	100,00%	EUR 30,000	-	32,244.16
Mikro Kapital Corporate Services LLC **	Russia	100,00%	RUB 21,607,000.00	RUB (4,607,000.00)	219,905.82
Mikro Kapital Hungary Kft	Hungary	100,00%	EUR 140,870,944	EUR 2,599,231	140,870,944.00
D-Mobility Kazakhstan LLP	Kazakhstan	0,10%	KZT (1,571,959)	KZT (1,783,009)	13.90
Mikro Kapital Fund SICAV***	Liechtenstein	100,00%	EUR 148,086,671.75	EUR (246.08)	145,700,930.93
					286,824,038.81

\* Mikro Kapital Investment S.A. has been valued at the Fair Market Value (FMV) by an independent professional appraiser. According to the appraisal report, the net asset approach was used for the calculation of the market value of the shares in the authorized capital.

\*\* The annual accounts of Mikro Kapital Corporate Services LLC are not audited

\*\*\* Mikro Kapital Fund SICAV was placed in liquidation since July 2023 and was audited as at December 31, 2023

## NOTE 6 - Debtors

Debtors are composed of:

Becoming due and payable within one year	2023		2022	
		EUR		EUR
<i>Amounts owed by affiliated undertakings</i>				
Mikro Kapital Group S.A.	31/12/2024		25,500.00	-
Concern General Invest Switzerland AG			-	4,543,282.23
Loan to Mikro Kapital Group SA	31/12/2023	2.0%		3,475,000.00
Interest on loan to Mikro Kapital Group SA			-	92,349.33
Mikro Kapital Hong Kong Ltd	03/05/2023	N/A	-	1,272,678.98
Loan to Mikro Kapital Hong Kong Ltd	02/08/2023	N/A	-	100,000.00
Mikro Kapital Spa	31/12/2023	N/A	-	341,712.88
Mikro Kapital Investment SA	31/12/2023	N/A	-	3.00
			25,500.00	9,825,026.42
<i>Other debtors</i>				
Tax prepayments			196,985.51	88,000.00
Other debtors			100,000.00	100,000.00
			296,985.51	188,000.00
<b>Total</b>			<b>322,485.51</b>	<b>10,013,026.42</b>
Becoming due and payable after more than one year				
	2023		2022	
		EUR		EUR
<i>Other debtors</i>				
MIKRO SARL (assignment agreement)	31/12/2025	-	10,014,659.13	-
Loan to Giustino Ausania	30/09/2026	3.00%	106,723.28	103,723.28
Loan to MIKRO FUND	05/09/2028	0.50%	248,500.00	10,927,801.48
Interest on loan to MIKRO FUND			-	30,348.10
<b>Total becoming due and payable after more than one year</b>			<b>10,369,882.41</b>	<b>11,061,872.86</b>
<b>Total debtors</b>			<b>10,692,367.92</b>	<b>21,074,899.28</b>

## NOTE 7 - Capital and Reserves

### a. Movements of the year

	Subscribed capital	Beneficiary shares	Share premium	Legal reserve	Other reserves	Revaluation reserve	Result brought forward	Result for the financial year	Interim dividends	Total capital and reserves
Balance as of January 1, 2023	10,725,000.00	1,303,725.00	46,887,859.55	1,072,500.00	387,000.00	3,149,698.91	73,829,595.45	(1,619,290.98)	(16,851.48)	135,720,736.45
Allocation of the prior year result	-	-	-	-	-	-	(1,619,290.98)	1,619,290.98	-	-
Result for the financial year	-	-	-	-	-	-	-	(1,704,343.14)	-	(1,704,343.14)
Dividends	-	-	-	-	-	-	(1,459,131.97)	-	-	(1,459,131.97)
Movements of the year	-	-	-	-	209,275.00	2,804,313.64	(226,126.48)	-	16,851.48	2,804,313.64
Balance as at December 31, 2023	10,725,000.00	1,305,225.00	46,887,859.55	1,072,500.00	596,275.00	5,954,012.55	70,525,046.02	(1,704,343.14)	-	135,361,574.98

### b. Subscribed capital

As at December 31, 2023 the corporate subscribed and fully paid capital, amounting to EUR 10,725,000.00 is represented by 21,450 shares, with a nominal value of EUR 500.00 each.

The Company has also issued the following beneficiary shares:

- 2,253 class A beneficiary shares with a nominal value of EUR 0.01 each that give entitlement to a preferred dividend of 9% per annum of the amount paid in cash for subscription, subject to available distributable reserves; on 23 October 2023 AGM of shareholders approved to change the nominal value of Class A Beneficiary shares to one eurocent (prior nominal value was EUR 500) and subsequently amend the Articles of Association.
- 423 class B beneficiary shares with a nominal value of EUR 122.00 each that give entitlement to a fraction of profits of the Company in direct proportion to the total nominal value of shares;
- 127,119 class C beneficiary shares with a nominal value of EUR 1.00 each that give entitlement to a preferred dividend of 4% per annum of the amount paid in cash for subscription, subject to available distributable reserves and a fraction of the corporate assets in direct proportion to the total nominal value of shares (including beneficiary shares) in existence.

On 10 October 2023 AGM of shareholders of the Company approved the distribution of the preferred dividends on Class A Beneficiary shares in the amount of EUR 1,422,632.71 and class C Beneficiary shares in the amount of EUR 36,499.26.

### c. Share premium

The movement for the year on the share premiums are due to the issuance and redemption of the class A and B beneficiary shares following the decisions made by the Board of Managers.

### d. Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution.

**e. Revaluation reserve**

Under the Luxembourg Accounting and Commercial Law of July 30, 2013, the unrealised profits resulting from the application of the fair value option should be allocated to the revaluation reserve, which is non-distributable reserve. As of December 31, 2023, the revaluation reserve amounted to EUR 5,954,012.55 (2022: EUR (3,149,698.91)).

**f. Other reserves**

According to AGM held on 10 October 2023 EUR 209,275.00 were allocated to the non-distributable NWT reserve that shall be kept for 5 years.

## NOTE 8 - Creditors

The creditors consist of:

Becoming due and payable within one year

*Debenture loans*

*Becoming due and payable within one year*

During the year ended December 31, 2019, the Company issued Debenture loans for a total amount of EUR 100,000,000.00 in exchange of 100,000 units (EUR 1,000 per unit) into Mikro Kapital Fund SICAV (see note 5).

On 21 July 2023 all open debenture loans were restructured by converting in to a single bond with ISIN CH1305154366:

ISIN	Interest rate	Maturity	Marke	Accrued interest
CH1305154366	10.00%	31/12/2024	139,750,000.00	6,172,291.67
			139,750,000.00	6,172,291.67

Becoming due and payable after more than one year

*Debenture loans*

ISIN	Interest rate	Maturity	Value	Accrued interest
XS2445925113	0%	23/02/2042	1,000,000.00	-
			1,000,000.00	-

			2023	2022
			EUR	EUR
<i>Trade creditors</i>				
Suppliers			-	-
Invoice to be received			27,963.00	22,275.00
			<b>27,963.00</b>	<b>22,275.00</b>
<i>Amounts owed to affiliated undertakings</i>				
Loan from Mikro Kapital Hungary Kft	31/12/2024	1.0%	10,504,740.00	10,573,872.18
Interest on loan Mikro Kapital Hungary Kft			394,549.87	53,680.94
ALTERNATIVE (assignment agreement)	31/12/2024		156,516.59	4,421,251.58
Mikro Kapital Group S.A. (assignment agreement)	31/12/2024			-
			<b>13,575,619.29</b>	<b>15,048,804.70</b>
<i>Becoming due and payable within one year (continued)</i>				
<i>Other creditors</i>				
Dividends payable to shareholders			1,213,897.30	59,764.44
Mikro Kapital Management S.A.	31/12/2023		507,296.50	-
MK Impact Finance			-	7,472,316.02
General Invest Spa			-	1,765.79
Amounts payable to staff			7,452.57	-
NWT - Tax accrual			23,950.00	-
Tax authorities			30.00	225,220.00
Social security			14,493.23	3,170.98
			<b>1,767,119.60</b>	<b>7,762,237.23</b>
<b>Total creditors</b>			<b>15,370,701.89</b>	<b>22,833,316.93</b>

Becoming due and payable after more than one year

## NOTE 9 - Other operating income

	2023	2022
	EUR	EUR
The other operating income is broken as follows:		
Compensation under suretyship agreement	-	341,712.88
Other operating income	1,765.79	30,043.04
Gain from accounts payables write-off	17,525.41	7,540.56
Benefits in kind	604.80	604.80
	<b>19,896.00</b>	<b>379,901.28</b>

## NOTE 10 - Raw materials and consumables and other external expenses

The other external charges are presented as follows:

	2023	2022
	EUR	EUR
<i>Other external charges</i>		
Bank charges	40,095.10	46,740.07
Accounting & audit fees	37,037.00	16,429.10
Other professional charges	7,456.67	-
Other charges	731.27	1,372.60
Consulting fees	-	23,876.20
Legal fees	-	20,023.98
Tax consulting fees	-	8,639.28
	<b>85,320.04</b>	<b>117,081.23</b>

## NOTE 11 - Staff Costs

During the year 2023, the Company employed 3 staff members, 2 part-time and 1 full-time (2022: 3).

## NOTE 12 - Other operating expenses

Other operating expenses are composed of:

	2023	2022
	EUR	EUR
Book value of yielded tangible fixed assets	18,720.00	-
Fines	11,322.66	7.06
Losses on bad debts	3.00	273.58
Losses on suretyship agreement with MK Italy Spa	-	4,209,470.83
Miscellaneous operating charges	-	21,668.81
	30,045.66	4,231,420.28

## NOTE 13 - Other interest receivable and similar income

This caption is presented by the interest accrued on the loans given of EUR 126,899.16 (2022: EUR 148,399.77) and realized forex gain of EUR 356,469.29 (2022: EUR 3,744,507.55).

## NOTE 14 - Value adjustments in respect of financial assets and of investments held as current assets current assets

	2023	2022
	EUR	EUR
Value adjustments on Mikro Kapital Fund SICAV	3,935,884.13	5,572,771.66
	3,935,884.13	5,572,771.66

## NOTE 15 - Interest payable and similar expenses

	2023	2022
	EUR	EUR
<i>Concerning affiliated undertakings</i>		
Interest on ELN	3,771,259.42	-
Value adjustments on ELN	443,274.81	5,733,447.86
Interest on loans from affiliated undertakings	343,794.30	106,894.14
Other financial charges	5.86	-
Capital loss on liquidation from affiliated undertakings	-	110,976.94
	<b>4,558,334.39</b>	<b>5,951,318.94</b>
<i>Other interest and similar expenses</i>		
Foreign currency exchange losses	1,210,753.31	3,572,709.28
Banking interests on current accounts	-	3,638.06
	<b>1,210,753.31</b>	<b>3,576,347.34</b>
<b>Total interest payable and similar expenses</b>	<b>5,769,087.70</b>	<b>9,527,666.28</b>

## NOTE 16 - Taxation

The Company is subject in Luxembourg to the applicable general tax regulation.

## NOTE 17 - Related parties transactions

Transaction with significant related parties are disclosed in the relevant notes to the annual accounts. During the financial year, there have been no significant related parties transactions outside of the normal course of business.

## NOTE 18 - Remunerations granted to the members of the administrative managerial and supervisory bodies as well as commitments in respect of retirement pensions for former members of those bodies

There is no remuneration paid to the members of the administrative managerial and supervisory bodies (board of directors) and there are no commitments in respect of retirement pensions for former.

## NOTE 19 - Advances and loans granted to the members of the management and supervisory bodies

During the year ended December 31, 2023, the Company didn't execute any advances and loan payments to the members of these bodies (2022: 0).

## NOTE 20 - Off-balance sheet commitments

Off-balance sheet commitments as at December 31, 2023 are as follows:

Beneficiary	Start date	Maturity	Currency	Amount in Ccy
UniCredit Bank Czechia as	26/03/2019	N/A	CZK	2,500,000.00
Raiffeisen Leasing sro	29/01/2020	31/03/2027	CZK	45,078,124.00
OMV Ceska Republika s.r.o.	01/07/2021	N/A	CZK	1,000,000.00
Raiffeisen Leasing sro	10/03/2021	23/01/2031	CZK	487,750.00
Fasanara Capital Ltd	20/10/2021	18/11/2024	EUR	1,500,000.00
UniCredit Fleet Management sro	17/12/2019	30/04/2025	CZK	34,571,000.00
UniCredit Fleet Management sro	25/05/2021	31/07/2026	CZK	90,000,000.00
Libra Internet Bank S.A.	27/10/2021	27/03/2027	RON	3,700,000.00
International Bank for Economic Co-operation	28/12/2021	28/12/2024	RON	15,000,000.00
Toyota Financial Services Czech s.r.o.	27/04/2022	31/12/2028	CZK	62,247,097.00
GLS Alternative Investments	05/12/2022	12/12/2025	EUR	1,000,000.00

## NOTE 21 - Post balance sheet events

Since the closing date as of December 31, 2023, there were no significant events which could influence the presentation of the annual accounts.

VII

Mikro  Kapital

Mikro Kapital Hungary Kft.  
Simplified annual report  
December 31, 2023

IMPORTANT NOTICE AND DISCLAIMER

This report does not constitute an offer of any securitization fund units, debt securities or other financial instruments. Only the financial statement from pages 109 to 132 have been audited in accordance with International Standards of Auditing (ISAs).

Budapest, Hungary



## 2. Independent auditor's report

**To the owner of MIKRO KAPITAL HUNGARY Limited Liability Company**

### Opinion

We have audited the accompanying simplified annual financial statements of MIKRO KAPITAL HUNGARY Limited Liability Company (hereinafter referred to as "the Company") which comprise the balance sheet as at 31 December 2023 (in which the balance sheet total is EUR 194,947,488, the profit after tax for the period is EUR 2,599,213), the related income statement for the period then ended, and supplementary notes, comprising significant accounting policies and other explanatory information. In our opinion, the accompanying simplified annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance for the period then ended in accordance with the provisions of Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "Act on Accounting").

### Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Simplified Annual Financial Statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

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

### Other matters

The Company did not comply with the deadline on financial statements disclosure prescribed in paragraph 153 § (1) of Act on Accounting.

### Responsibilities of Management and Those Charged with Governance for the Simplified Annual Financial Statements

Management is responsible for the preparation and fair presentation of the simplified annual financial statements in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of the simplified annual financial statements that are free from material misstatement, whether due to fraud or error. In preparing the simplified annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern; and management is responsible for preparing the simplified annual financial statements on a going concern basis. Management shall apply the going concern basis of accounting unless the use of going concern principle is precluded by any provision of other applicable laws or regulations, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern. Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Simplified annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the simplified annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these simplified annual financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the simplified annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the simplified annual financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the simplified annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the simplified annual financial statements, including the disclosures, and whether the simplified annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies, if any, in internal control that we identify during our audit.

Budapest, 2 July 2024



Kiss Tamás Olivér  
Managing director  
4K Audit Kft.  
1151 Budapest, Mélyfúró utca 2/B  
Licence number: MKVK 003991

**4K AUDIT KFT.**  
1151 Budapest, Mélyfúró u. 2/B  
Adószám: 13486673-2-42



Kiss Tamás Olivér  
Statutory auditor  
Licence number: MKVK 007217

Translation note: This translation from Hungarian has been prepared for information purposes only.

### 3. Balance Sheet (Assets)

In EUR

Item No.	Item description	31 December 2022	31 December 2023
a	b	c	d
1	A. Fixed assets	127.354.593	127.361.590
2	I. INTANGIBLE ASSETS	-	-
3	II. TANGIBLE ASSETS	26.471	31.378
4	III. FINANCIAL INVESTMENTS	127.328.122	127.330.212
5	B. Current assets	10.660.654	64.307.886
6	I. STOCKS	-	-
7	II. DEBTORS	10.628.147	64.150.842
8	III. SECURITIES	-	-
9	IV. CASH AT BANK AND IN HAND	32.507	157.044
10	C. Accrued and deferred assets	460.080	3.278.012
11	<b>Total Assets</b>	<b>138.475.327</b>	<b>194.947.488</b>

**(Liabilities)**

In EUR

Item No.	Item description	31 December 2022	31 December 2023
a	b	c	d
12	D. Shareholders' equity	138,271,731	140,870,944
13	I. Subscribed capital	100,000	100,000
14	Showing separately: ownership shares repurchased at nominal value	-	-
15	II. Subscribed capital unpaid (-)	-	-
16	III. Capital reserve	138,000,000	138,000,000
17	IV. Retained earnings	24,726	171,731
18	V. Tied-up reserve	-	-
19	VI. Revaluation reserve	-	-
20	VII. Profit or loss for the year	196,457	2,599,213
22	E. Provisions	-	-
23	F. Liabilities	120,435	53,975,110
24	I. SUBORDINATED LIABILITIES	-	-
25	II. LONG-TERM LIABILITIES	-	-
26	III. SHORT-TERM LIABILITIES	120,435	53,975,110
27	G. Accruals and deferred income	83,161	101,434
28	<b>Total Liabilities</b>	<b>138,475,327</b>	<b>194,947,488</b>

Date: Budapest, 2 July 2024



Representative of the Company

## 4. Profit and loss Statement (with total cost method)

In EUR

Item No.	Item description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023
a	b	c	d
1	I. Total net sales (01+02)	246.584	1.698.384
2	II. Work performed by the company for its own purposes and capitalized ( $\pm 03+04$ )	-	-
3	III. Other income		15
4	IV. Material costs (05+06+07+08+09)	183.641	437.000
5	V. Staff costs (10+11+12)	135.574	1.223.569
6	VI. Depreciation	8.465	25.471
7	VII. Other operating charges	5.737	42.126
8	A. RESULTS OF OPERATING ACTIVITIES (I $\pm$ II+III-IV-V-VI-VII)	-86.833	-29.767
9	VIII. Income from financial transactions (13+14+15+16+17)	367.066	2.919.801
10	IX. Expenses on financial transactions (18+19+20+21+22)	66.792	33.610
11	B. PROFIT OR LOSS FROM FINANCIAL TRANSACTIONS (VIII-IX)	300.274	2.886.191
12	C. PROFIT OR LOSS BEFORE TAX ( $\pm A \pm B$ )	213.441	2.856.424
13	X. Tax expense	16.984	257.211
14	D. PROFIT AFTER TAX ( $\pm C - X$ )	196.457	2.599.213

Date: Budapest, 2 July 2024



Representative of the Company

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

## 5. Supplementary Notes for the period 01.01.2023 - 31.12.2023

### 5.1 – General Data

**Name, address of the Company:** MIKRO KAPITAL HUNGARY Kft.  
1088 Budapest, Múzeum utca 1-3.

**Date of Articles of Association:** 26 October 2021  
**Court of Registration:** 05 November 2021  
**Main activities:** 6420'08 Holding

**Activity description:** The Company's business activity is holding.

**Issued capital:** 100 000 EUR

**Members' data:** MIKRO KAPITAL SARL  
LU-2546 Luxembourg, 10, rue C.M. Spoo

**Voting rate of members:**

Name of the Member:	%
MIKRO KAPITAL SARL	100%
<b>Total</b>	<b>100%</b>

**Authorized signatory**

Name	Data	Authorized to sign
Vincenzo Trani	mother's name: Arena Enrica Stella; position: managing director (representative); address: Hungary, 1077 Budapest VII, Izabella st. 10 , 1 floor, 1	joint
Nicola Ragusa	mother's name: Piazza Renata; position: managing director (representative); address: Italy, 199 Róma, Via Tripoli st. 5	joint
Valeriiia Elfilmova	mother's name: Gorelschikova Larisa; position: managing director (representative); address: Hungary, 1093 Budapest IX, Közraktár st. 24 , 4 floor, 11	joint

Two representatives are entitled to sign the accounts jointly.

#### The data of the company which is responsible for preparing the consolidated report

The company that draws up consolidated accounts of the largest body of companies of which the company forms part as a subsidiary company: Mikro Kapital Group Sarl - LU 2546 Luxembourg, 10, rue C.M. Spoo

#### Data related to bookkeeping and audit

The Company's auditor: 4K Audit Kereskedelmi és Szolgáltató Korlátolt Felelősségi Társaság

Auditor's address: Magyarország, 1151 Budapest XV, Mélyfűrő utca 2.

Audit fee: 3 300 EUR + VAT

Person responsible for the audit: Kiss Tamás Olivér

Chamber registration No.: 007217

#### Responsible for the financial statement preparation

Name: Ruzic Andrea - Registration number: 192936

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

## 5.2 Significant elements of the accounting policy

Based on Act C of 2000 on Accounting ("Act on Accounting"), which lays down accounting rules that are fundamentally in accordance with international accounting principles, as of 3 May 2021 we regulate the Company's accounting policy in line with the following instructions.

- ensure compliance with the provisions of the Act on Accounting,
- facilitate the management's successful, profit-oriented managing of the company, supply the necessary information for well-grounded decisions, and
- provide guidelines for the preparation of financial statements that give a true and fair view.

### Financial year, balance sheet date:

The Company's financial year corresponds to the calendar year, with its balance sheet date being on 31 December.

The deadline for publishing the financial statements is the last day of the fifth month following the balance sheet date of the financial year, in our case 31 May.

Within this period, considering the circumstances, we set 28 February of the year following the financial year as the date of balance sheet preparation. The valuation and other provisions related to the date of balance sheet preparation in the Act on Accounting shall apply to this date.

The Company prepares its financial statements in euro. The applied accounting system provides the direct contact between the general ledger and analytics and provides the proper data for the financial statement based on Act of Accounting. The system is also used to produce the trial balance used for the financial statement.

The comparability of the financial statements of successive financial years shall be ensured by the constancy of the structure, breakdown and contents of the balance sheet and of the profit and loss account as well as that of the valuation principles and processes of the balance sheet items.

### The valuation of intangible and tangible assets

Tangible and intangible assets are recorded in the balance sheet at purchase value reduced with the accumulated depreciation. The annual depreciation charge and purchase value (gross value) ratio is determined by the Company based on the expected use of the individual asset, and so its useful life, physical deterioration, obsolescence, taking into account all circumstances relevant to the Company's activities.

For tangible and intangible assets, the Company bases its calculation on the expected useful life of the asset.

Depreciation for this period is calculated for tangible and intangible assets based on the gross value, using the linear or the declining balance method.

Depreciation shall be calculated monthly on a pro rata basis as of the first day of the month following the date of putting into operation.

The value of intangible and tangible assets with an individual purchase price below HUF 200,000 is recorded by the Company in one sum as depreciation on the date of putting into operation.

### Valuation of Long-term financial assets

Equity investment in a business association must be recorded at acquisition value, irrespective of whether it is recognized under current assets or long-term financial assets, or the book value decreased by impairment already accounted for and increased by the reversed amount of the impairment. The cost (acquisition value) of equity investment in a business association shall be the consideration (purchase price) paid for the share, quota or other partnership share upon purchase. The cost (acquisition value) of equity investment in a business association shall be the aggregate value of equity contribution

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

as collateral for subscribed capital and as a difference of the subscription, the issue price and the nominal value, as collateral for capital in excess of the subscribed capital funds specified in the deed of foundation, its amendment, and the decision of the Annual General Meeting, the founders, and the members upon foundation or capital increase, in the amount corresponding to the deposit actually paid and the provided non-cash deposit.

#### **Valuation of stocks**

The Company does not own inventories.

#### **Valuation of receivables**

Pursuant to the Accounting Act, receivables from customers should be recognized at the approved value ; therefore the balance of receivables should be reconciled at least once a year (at the balance sheet date value). Accounting errors discovered during reconciliations should be corrected before the preparation of the balance sheet.

Impairment should be recognized on receivables outstanding at the balance sheet date and financially not settled before the preparation of the balance sheet (including receivables from credit institutions, financial enterprises, amount provided as a loan or advance, and all items of a receivable nature recorded among accrued income) based on the individual rating of the customer or debtor - on the basis of information available at the time of the preparation of the balance sheet - in the value of the difference (loss) between the book value of the receivable and the expected amount recovered, if such difference qualifies as long-term and of a significant value, i.e., exceeding one year and over 10% of the value of receivables.

#### **Receivables and liabilities in foreign currency**

Receivables and liabilities in foreign currency shall be valued at the official exchange rate of the European Central Bank prevailing on the delivery date set in the agreement. Open items due on the financial year end date shall be revalued at the official exchange rate of European Central Bank prevailing on the financial year end date.

#### **Provisions**

Provisions shall be set aside from the pre-tax profit - to the extent necessary - to cover payment liabilities towards third parties which originate from past and current transactions and contracts [including, in particular, guarantee commitments prescribed in the relevant legislation, contingent liabilities, commitments, payments of early retirement pension benefits and severance pay, environmental protection obligations] and which on the balance sheet date, are assumed or sure to be incurred, however, the amounts and the due dates of such liabilities are uncertain and the company has not provided the required cover for such liabilities in any other form. In the process of setting aside the provisions, the liabilities that exist on the balance sheet date shall be taken into account even if they become known between the balance sheet date and the balance sheet preparation date.

#### **Income, expense or expenditure of exceptional size or incidence**

Income of exceptional size - income originating from a single economic event (contract) that reaches or exceeds in the year in question the limit specified in the Act on Accounting in the given year, or the corresponding foreign exchange value calculated using the exchange rate prevailing on the balance sheet date. Expense of exceptional size - expense originating from a single economic event (contract) that reaches or exceeds in the year in question the limit specified in the Act on Accounting in the given year, or the corresponding foreign exchange value calculated using the exchange rate prevailing on the balance sheet date.

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

**Material errors**

Errors shall be construed as major in all cases if, in the year when discovered by the audit, the aggregate amount of all errors (whether negative or positive) for the same year and the impacts thereof - increasing or decreasing the equity - exceeds 2 (two) per cent of the balance sheet total of the year audited, or 1 million HUF, if such 2 per cent of the balance sheet total does not exceed HUF 1 million. When a major error is discovered, the Company prepares a three-column financial statement, i.e. major errors are presented in a separate column in the Balance Sheet and the Profit and Loss Account, their effect on the profit/loss does not concern the data of the year in question.

**Immaterial errors**

Immaterial errors cannot be presented in a separate column in the Balance Sheet and the Profit and Loss Account; they influence the data of the year in question, and thus the influence on profit is reflected in the corresponding line of the Profit and Loss Account.

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

## 5.3 Supplements related to the balance sheet

### Fixed assets

#### **Intangible assets**

The Company had no intangible assets in the reported year.

#### **Tangible assets**

The Company had tangible assets of EUR 31,378 which consisted of the following elements:

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Other fixtures and fittings, tools and equipment, vehicles	26,471	31,277	18.16%
Payments on account and tangible assets in the course of construction	0	101	n.a.
<b>Tangible assets Total:</b>	<b>26,471</b>	<b>31,378</b>	<b>18.54%</b>

Changes to fixed assets are shown in detail in Appendix I.

#### **Financial investments**

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Long-term loans to affiliated companies	70,324,970	70,324,970	0.0%
Other long-term participations	57,003,152	57,003,152	0.0%
Financial investments Total:	0	0	n.a.
<b>Tangible assets Total:</b>	<b>127,328,122</b>	<b>127,328,122</b>	<b>0.0%</b>

The maturity of the long-term loan resulting from the sale of Mikro Fund participations is 31 December 2025. The interest rate is based on the 'Lending Facility' rate published by the European Central Bank less 0.25%.

The Company shows its receivables from the sale of Mikro Fund Units among long-term loans to affiliated companies. The partner company, Anatares Capital Kft. is a related company of Mikro Kapital Hungary Kft., since its sole member and the ultimate investor of Mikro Kapital Hungary Kft. is the same entity.

The Company records the value of the Alternative Unit purchase under Other long-term participations.

Name of the Company Address of the Company	MIKRO KAPITAL HUNGARY Kft. 1088 Budapest, Múzeum utca 1-3.
---	---

Current assets**Stocks**

The Company does not own inventories as of 31 December 2023. At the end of the previous year, the company did not own inventories.

**Debtors**

From the total receivables of EUR 64,150,842 in the reported year EUR 64,052,822 intercompany receivables was recognized. The recognized amount of other receivables is one EUR 98,020 in the current year.

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Amounts owed by affiliated companies	10,610,290	64,052,822	503.69%
Other receivables	17,857	98,020	448.92%
<b>Receivables Total:</b>	<b>10,628,147</b>	<b>64,150,842</b>	<b>503.59%</b>

**Details of receivables owed by affiliated companies**

In EUR

Amounts owed by affiliated companies	31 December 2022	31 December 2023	Change (%)
Mikro Kapital SARL	10,573,872	10,504,740	-0.65%
Mikro Kapital Management S.A.	35,920	69,913	94.64%
Mikro Kapital Financing Kft.	498	549	10.24%
Antares Capial Kft.	0	13	n.a.
MIKRO SARL	0	53,477,607	n.a.
<b>Total:</b>	<b>10,610,290</b>	<b>64,052,822</b>	<b>503.69%</b>

The Company shows open balances resulting from debt assumption, cost recharging or existing loan agreements with the parent company and amounts paid to the tax authority for Mikro Kapital Financing Kft. among receivables from affiliated companies.

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

#### Breakdown of other receivable

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Security deposit	9,645	38,007	294.06%
VAT receivables	7,764	50,821	554.57%
Supplier overpayment	448	8,709	1843.97%
Advance payments for services	0	483	n.a.
<b>Total:</b>	<b>17,857</b>	<b>98,020</b>	<b>448.92%</b>

#### Liquid assets

The value of financial assets in the bank on the balance sheet date is one EUR 157,044, which is more than this amount was in the previous year. The value of the petty cash is EUR 0 on the balance sheet date.

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Cash at bank	32,507	157,044	383.11%
<b>Liquid assets Total:</b>	<b>32,507</b>	<b>157,044</b>	<b>383.11%</b>

#### Accrued and deferred assets

The Company recognised one EUR 3,278,012 of which one EUR 10,789 is prepaid expenses and one EUR 3,267,223 is accrued income.

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Accrued income	457,220	3,267,223	614.58%
Accrued expenses	2,860	10,789	277.24%
<b>Total:</b>	<b>460,080</b>	<b>3,278,012</b>	<b>612.49%</b>

#### Breakdown of accrued income

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Revenue accrual ("cost plus fee")	146,024	35,078	-75.98%
Interest	311,196	3,216,733	933.67%
Issued rent revenue after balance sheet date	0	15,412	n.a.
<b>Total:</b>	<b>457,220</b>	<b>3,267,223</b>	<b>614.58%</b>

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

### Breakdown of accrued expenses

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Insurance	0	3,805	n.a.
Advance payment of rental fee	2,860	3,956	38.32%
Other accrual	0	3,028	n.a.
<b>Total:</b>	<b>2,860</b>	<b>10,789</b>	<b>277.24%</b>

### Own Equity

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Issued capital	100,000	100,000	0.00%
Capital reserve	138,000,000	138,000,000	0.00%
Retained earnings	-24,726	171,731	-794.54%
Balance sheet net profit/loss	196,457	2,599,213	1223.04%
<b>Provisions Total:</b>	<b>138,271,731</b>	<b>140,870,944</b>	<b>1.88%</b>

Changes to own equity are shown in detail in Appendix III.

### Liabilities

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Short-term liabilities	120,435	53,975,110	44716.80%
<b>Liabilities Total:</b>	<b>120,435</b>	<b>53,975,110</b>	<b>44716.80%</b>

### Short-term liabilities

Current liabilities (a total of one EUR 53,975,110) were recognized in the reported year as follows:

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Trade creditors	23,340	53,145	127.70%
Short-term liabilities to affiliated companies	55,528	53,533,394	96307.93%
Other short-term liabilities	41,567	388,571	834.81%
<b>Total:</b>	<b>120,435</b>	<b>53,975,110</b>	<b>44716.80%</b>

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

**Breakdown of other short-term liabilities**

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Local business tax liability	4,904	28,085	472.70%
Innovation contribution liability	736	4,985	577.31%
Salaries account	9,980	25,282	153.33%
Personal income tax payable	2,933	24,635	739.92%
Social contribution tax payable	2,412	20,777	761.40%
Health insurance contribution payable	3,618	30,543	744.20%
CIT payable	16,984	254,264	1397.08%
<b>Total:</b>	<b>41,567</b>	<b>388,571</b>	<b>834.81%</b>

**Details of short-term debts to related parties**

In EUR

Short-term debts to affiliated companies	31 December 2022	31 December 2023	Change (%)
Mikro Kapital Management S.A.	55,528	55,787	0.47%
D-Mobility Worldwide a.s.	0	53,477,607	n.a.
<b>Total:</b>	<b>55,528</b>	<b>53,533,394</b>	<b>96,307.93%</b>

**Accruals and deferred income**

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Deferred costs and expenses	83,161	101,434	21.97%
<b>Total:</b>	<b>83,161</b>	<b>101,434</b>	<b>21.97%</b>

The Company recognized one EUR 101,434 as accrued expenses.

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

#### Breakdown of deferred costs and expenses

In EUR

Description	31 December 2022	31 December 2023	Change (%)
Tax advisory fee	0	8,088	n.a.
Electricity fee	256	0	n.a.
Wages and salaries	0	8,111	n.a.
Interest	61,688	61,688	0.00%
Accounting and payroll	17,974	7,704	-57.14%
Audit fee	3,243	6,543	101.76%
Professional fee	0	9,300	n.a.
<b>Total:</b>	<b>83,161</b>	<b>101,434</b>	<b>21.97%</b>

## 5.4 Supplements to the profit and loss statement

#### The Company's revenues in the reported year

The amount of net sales for the period 01.01.2023 - 31.12.2023 is EUR 1,698,384 of which EUR 15,412 is domestic and EUR 1,682,972 is export sales.

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Net domestic sales	0	15,412	n.a.
Net external sales	246,584	1,682,972	582.51%
<b>Total:</b>	<b>246,584</b>	<b>1,698,384</b>	<b>588.76%</b>

#### Breakdown of the company's revenues in the reported year on country level

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Total EU countries	246,584	1,698,384	588.76%
Luxembourg	246,584	1,682,972	582.51%
Hungary	0	15,412	n.a.
<b>Total</b>	<b>246,584</b>	<b>1,698,384</b>	<b>588.76%</b>

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

**Details of the company's revenues in the reported year to related parties**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Mikro Kapital Management S.A.	246,584	1,682,972	582.51%
Antares Capital Kft.	0	15,412	n.a.
<b>Total:</b>	<b>246,584</b>	<b>1,698,384</b>	<b>582.51%</b>

**Breakdown of other income**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Various other revenues	0	15	n.a.
<b>Total:</b>	<b>0</b>	<b>15</b>	<b>n.a.</b>

**Material type expenditures**

The value of material-type expenditures increased by 138%, that is one EUR 253,359.

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Raw materials and consumables	1,391	22,578	1523.15%
Value of services consumed	180,493	388,356	115.16%
Cost of other services	1,757	10,654	506.37%
Value of services sold (mediated)	0	15,412	n.a.
<b>Total:</b>	<b>183,641</b>	<b>437,000</b>	<b>137.96%</b>

**Breakdown of raw materials and consumables**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Printouts and stationery	381	1,270	233.33%
Electricity and water fee	846	14,796	1648.94%
Cost of cleaning materials and maintenance	7	1,070	15185.71%
Other material cost	157	5,442	3366.24%
<b>Total:</b>	<b>1,391</b>	<b>22,578</b>	<b>1523.15%</b>

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

### Breakdown of value of services consumed

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Tax advice	11,299	64,513	470.96%
Medical service	0	132	n.a.
Other office services	0	150	n.a.
Equipment maintenance costs	791	0	n.a.
Translation, interpretation	146	1,100	653.42%
Courier	60	0	n.a.
Freight and packaging	223	3,276	3.276%
Financial, economical advice	12,346	0	n.a.
Advertisement	894	179	-79.98%
Internet	376	3,754	898.40%
Property management fee	5,231	22,150	323.44%
Cleaning services	95	3,201	3269.47%
Office rental	15,632	35,435	126.68%
Other equipment maintenance fee	0	36	n.a.
IT management fee	162	382	135.80%
Accounting and payroll	44,973	51,038	13.49%
Audit	3,918	3,300	-15.77%
Recruiting costs	50,046	29,955	-40.15%
Parking and road fees	0	6,139	n.a.
Postage	0	59	n.a.
Expert fees	8,672	71,077	719.61%
Phone costs	319	153	-52.04%
Legal services	25,192	91,776	264.31%
Other services rendered	118	551	366.95%
<b>Total:</b>	<b>180,493</b>	<b>388,356</b>	<b>115.16%</b>

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

**Breakdown of cost of other services**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Duties, fees of authorities	178	0	n.a.
Chamber fees	13	40	207.69%
Bank charges	1,334	10,319	673.54%
Liability insurance premium	232	260	12.07%
Other insurance fees	0	35	n.a.
<b>Cost of other services Total:</b>	<b>1,757</b>	<b>10,654</b>	<b>506.37%</b>

**Payroll and related expenditures: White collar workers**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Wages and salaries	120,873	1,066,119	782.02%
Other employee benefits	38	22,057	57944.74%
Contributions on wages and salaries	14,663	135,393	823.36%
<b>Payroll and related expenditures Total:</b>	<b>135,574</b>	<b>1,223,569</b>	<b>802.51%</b>

**Payroll and related expenditures: Contributions on wages and salaries details**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Social contribution	14,663	135,393	823.36%
<b>Contributions on wages and salaries Total:</b>	<b>135,574</b>	<b>135,393</b>	<b>823.36%</b>

**Depreciation**

The depreciation of tangible assets was one EUR 25,471 in the current fiscal year.

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Depreciation	8,465	25,471	200.90%

Name of the Company Address of the Company	MIKRO KAPITAL HUNGARY Kft. 1088 Budapest, Múzeum utca 1-3.
---	---

**Breakdown of other operating charges**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Fines, penalties, demurrage, default interest	0	868	n.a.
Self-revision fee	43	820	1806.98%
Local business tax	4,904	33,208	577.16%
Innovation contribution	736	4,981	576.77%
VAT non-receivable	54	1,093	1924.07%
Taxes, duties, contributions settled from allocat	0	47	n.a.
Penalty regarding self-revision	0	500	n.a.
Other expenditures	0	609	n.a.
<b>Total:</b>	<b>5,737</b>	<b>42,126</b>	<b>634.29%</b>

**Financial profit or loss**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023	Change (%)
Financial revenues	367,066	2,919,801	695.44%
Income from financial investments (equity shares, loans), capital gains	137,793	0	n.a.
Showing separately: from affiliated companies	137,793	0	n.a.
Other interest receivable and similar income	226,616	2,908,464	1183.43%
Showing separately: from affiliated companies	226,616	2,908,464	1183.43%
Other income from financial transactions	2,657	11,337	326.68%
Expenditures on financial transactions:	66,792	33,610	-49.68%
Interest (paid) payable and similar charges	61,688	0	n.a.
Showing separately: from affiliated companies	61,688	0	n.a.
Other expenses on financial transactions	5,104	33,610	558.50%
<b>Financial profit or loss:</b>	<b>300,274</b>	<b>2,886,191</b>	<b>861.19%</b>

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

**The assessment of corporate income tax**

In EUR

Description	01 January 2022 - 31 December 2022	01 January 2023 - 31 December 2023
Pre-tax profit	213,441	2,856,424
Tax base increasing items	8,465	26,947
Costs relating to previous years	8,465	25,470
Net value of delisted fixed assets	0	868
Costs not incurred in the interest of the Company	0	609
Tax base decreasing items	33,191	25,470
Net value of delisted fixed assets	24,726	0
Support to non-profit companies	8,465	25,470
CIT base	188,715	2,857,901
CIT 9%	16,984	257,211

The tax authority may audit the books and accounting records of the Company within 6 years from the respective year, and may levy additional tax or penalty. The management of the Company is not aware of any circumstances that may give rise to significant tax liability on such legal titles.

## 5.5 Supplementary information

### Costs related to research or experimental development

The Company did not incur any costs related to research or experimental development in the current period.

### Environmental protection

The Company has no assets related to environmental protection, and it has no hazardous waste. The Company did not make provisions for liabilities in relation to environmental protection, and it did not account for costs related to the environment in the current year.

### Open transactions, options and swaps

On the balance sheet date there were no significant pending or future off-balance liabilities due to the unclosed status of the transaction as at the balance sheet date.

### Future liabilities not presented

There were no financial liabilities on the balance sheet date that would have significantly impacted the evaluation of the Company's financial position but were not contained in the balance sheet.

### Other information necessary for the reliable and true view of the Company

Compliance with the provisions of the Act on Accounting and the general accounting principles ensure that a reliable and fair view is presented in the balance sheet and the profit and loss account. There were no such events after the balance sheet date that would have a significant impact on the Company's financial statement for the period 01.01.2023-31.12.2023.

### Management related information

The executive officers, the members of the management and the board of supervision did not receive any renumeration, advance payment or loans in the current period.

Name of the Company Address of the Company	MIKRO KAPITAL HUNGARY Kft. 1088 Budapest, Múzeum utca 1-3.
---	---

#### Geopolitical events

The company has considered the subsequent period events and concluded that the circumstances in Ukraine has no impact on the FS.

#### Data of related companies:

Name of the related company	Registered seat of the related company
MIKRO KAPITAL SARL	LU-2546 Luxembourg, 10, rue C.M. Spoo
Mikro Kapital Management S.A.	LU-2546 Luxembourg, 10, rue C.M. Spoo
Mikro Kapital Financing Kft.	1072 Budapest, Rákóczi út 42.
Antares Capital Kft.	1088 Budapest, Múzeum utca 1-3.
MIKRO SARL	LU-2546 Luxembourg, 10, rue C.M. Spoo
D-Mobility Worldwide a.s.	Krocínova 333/3, Staré Město, 110 00, Prague 1

#### Staff Data:

Average number of staff employed: 10 people, in the previous year: 3 people.

## 5.6 Wealth, financial and income situation

The Company's wealth, financial and income situation in the previous year and the reported year can be assessed – based on the development of economic events – as follows.

#### Indices:

Description and Method of the calculation	31 December 2022	31 December 2023
Ratio of fixed assets = Fixed assets / Total assets	91.97%	65.33%
Ratio of current assets = Current assets / Total assets	7.70%	32.99%
Capitalization = Equity / Total liabilities	99.85%	72.26%
Ratio of Equity and liabilities = Liabilities / Equity	0.09%	38.32%
Liquidity = Current assets / Short term liabilities	88.52%	1.19%
Return on sales = Pre-tax profit / (Net sales revenue + other income)	86.56%	168.18%
Return on assets = Pre-tax profit / Total assets	0.15%	1.47%

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

Intangible assets

(thousand HUF)	Capitalized value of formation/restructuring expenses	Capitalized value of research and development	Concessions, licenses and similar rights
1. Gross value			
<b>11. Opening gross value (01 January 2023)</b>	0	0	327
12. Increase in gross value	0	0	765
13. Decrease in gross value	0	0	0
Decrease in gross value due to contribution in kind	0	0	0
14. Reclassifications	0	0	0
<b>15. Closing gross value (31 December 2023)</b>	0	0	1,092
2. Depreciation			
<b>21. Opening depreciation (01 January 2023)</b>	0	0	327
22. Ordinary depreciation	0	0	765
23. Extraordinary depreciation	0	0	0
24. Decrease in depreciation	0	0	0
Decrease in depreciation due to contribution in kind	0	0	0
<b>25. Closing depreciation (31 December 2023)</b>	0	0	1,092
3. Net value (01 January 2023)	0	0	0
<b>4. Net value (31 December 2023)</b>	0	0	0

Tangible assets

(thousand HUF)	Land and buildings and rights to immovables	Plant and machinery, vehicles	Other fixtures and fittings, tools and equipment, vehicles
1. Gross value			
<b>11. Opening gross value (01 January 2023)</b>	0	0	34,609
12. Increase in gross value	0	0	29,512
13. Decrease in gross value	0	0	0
Decrease in gross value due to contribution in kind	0	0	0
14. Reclassifications	0	0	0
<b>15. Closing gross value (31 December 2023)</b>	0	0	64,121
2. Depreciation			
<b>21. Opening depreciation (01 January 2023)</b>	0	0	8,138
22. Ordinary depreciation	0	0	24,706
23. Extraordinary depreciation	0	0	0
24. Decrease in depreciation	0	0	0
Decrease in depreciation due to contribution in kind	0	0	0
<b>25. Closing depreciation (31 December 2023)</b>	0	0	32,844
3. Net value (01 January 2023)	0	0	26,471
<b>4. Net value (31 December 2023)</b>	0	0	31,277

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

Intellectual property products	Goodwill	Advances and payments on account in respect of tangible assets	Total
0	0	0	327
0	0	0	765
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	1,092
0	0	0	327
0	0	0	765
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	1,092
0	0	0	0
0	0	0	0

Livestock for breeding	Assets in course of construction	Prepayments on construction-in-progress	Total
0	0	0	34,609
0	29,512	101	59,125
0	29,512	0	29,512
0	0	0	0
0	0	0	0
0	0	101	64,222
0	0	0	8,138
0	0	0	24,706
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	32,844
0	0	0	26,471
0	0	101	31,378

Name of the Company	MIKRO KAPITAL HUNGARY Kft.
Address of the Company	1088 Budapest, Múzeum utca 1-3.

Appendix II.

**Own Equity**

During the reported year the Company's equity developed as follows:

Own Equity	Opening balance (01.01.2023)	Reclassification of previous year's profit or loss	Profit or loss in the reported year	Dividend	Closing balance (31.12.2023)
Issued capital	100,000	0	0	0	100,000
Subscribed capital unpaid	0	0	0	0	0
Capital reserve	138,000,000	0	0	0	138,000,000
Retained earnings	-24,726	196,457	0	0	171,731
Tied-up reserve	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Balance sheet net profit/loss	196,457	-196,457	2,599,213	0	2,599,213
<b>Own equity Total:</b>	<b>138,271,731</b>	<b>0</b>	<b>2,599,213</b>	<b>0</b>	<b>140,870,944</b>



Mikro Kapital Italy,  
Mrs. Anna in her shop, La Bottega del caffè.

# VIII

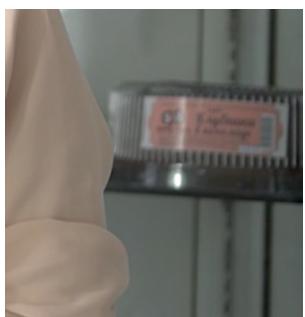
---

## Frequently Asked Questions & Answers

Data as of 31<sup>st</sup> March 2024



Imon International Tajikistan.  
Mrs Mukhidinova, pastry chef.



# Frequently Asked Q&A

## 1. General Questions

### 1.1 A brief overview of ALTERNATIVE

ALTERNATIVE (the "Fund") is a securitization fund established in Grand Duchy of Luxembourg and managed by Mikro Kapital Management S.A. (a specially created management company incorporated in the Grand Duchy of Luxembourg).

ALTERNATIVE is a part of Mikro Kapital established in 2008. Mikro Kapital is a group of companies focused on impact investments with a particular attention to emerging countries. Mikro Kapital offers a range of financial products and services, including microloans, SME loans, leasing,

trade finance, and working capital financing with the aim to support economic development by providing access to capital for SMEs. We employ a responsible lending approach, taking into account the financial needs and capabilities of our clients. Mikro Kapital operates as a for- profit organization but emphasizes social impact and financial inclusion as part of its mission. By supporting micro-entrepreneurs and SMEs, we aim to contribute to poverty reduction, job creation, and overall economic development in the regions where we operate.

ALTERNATIVE provides investment opportunities to professional investors through issuance of debt securities (bonds). ALTERNATIVE acquires risks connected to debt and equity of micro- financing companies, small financial institutions, leasing companies, sharing economy participants, banks or credit cooperatives granting access to financing services to micro-, small- and medium- sized enterprises and entrepreneurs in Europe, Central-Asia and APAC developing countries.



## 1.2 Brief Description of the Strategy

We invest in microfinancing organizations that support creditworthy micro, small and medium- sized agents who need financing to support the expansion or the start of their business. A strict and demanding due diligence is applied before granting any loan by these microfinancing organizations. A collateral that at least fully covers the amount of the loan is always required. ALTERNATIVE collects financial resources mainly through the issuance of midterm fixed coupon bonds. ALTERNATIVE invests in various emerging countries in Europe and Central-Asia regions, such as: Italy, Romania, Moldova, Armenia, Kyrgyzstan, Tajikistan and others.



ALTERNATIVE invests in its own portfolio of companies under the brand name Mikro Kapital and in third parties, such as local small financial institutions, leasing companies, banks or credit cooperatives. ALTERNATIVE collects financial resources from European institutional and private investors through bonds of various maturities and of other debt instruments. Most of the portfolio companies of the Fund which provide micro-financing are regulated or authorized by the local central banks of the respective countries. Most of the activities of the portfolio companies are audited and the fair market value of these portfolio companies is reflected in the accounts of the Fund.

**INVESTORS:** professional and institutional clients (within the meaning of Annex II to the MiFID II Directive 2014/65/EU).

**FINANCIAL INSTRUMENTS:** debt instruments (bonds) that have maturities equal to or less than 5 years.

**BORROWERS:** ALTERNATIVE provides loans to micro-financing companies, small financial institutions, leasing companies, sharing economy participants, banks, or credit cooperatives granting access to financial services to micro-, small-, and medium-sized enterprises and entrepreneurs.

### 1.3. Please describe the legal and regulatory set-up of ALTERNATIVE (SPV which issues bonds)

ALTERNATIVE is a securitization fund without legal personality (fonds de titrisation) established in a legal form of a fiduciary estate (patrimoine fiduciaire) in accordance with the Luxembourg law of 27 July 2003 on trusts and fiduciary contracts. A securitization fund does not have a legal personality what means that ALTERNATIVE is represented and operates through its management company Mikro Kapital Management S.A. The main document that governs relations between ALTERNATIVE and Mikro Kapital Management S.A. is Management Regulations that describe the powers and obligations of the Management Company towards the Fund as well as establishes financial obligations of the parties (management, performance fees, expenses etc.). The amended Law of 22 March 2004 on securitisation (Luxembourg) provides for the framework of relations between the funds and their managements companies.

ALTERNATIVE may issue units representing the rights of its unitholders in accordance with its management regulations, it may also issue debt instruments and is, customarily, financed almost entirely through issuing debt instruments. All loans are pooled within the same SPV. This implies no tranches, thus same rights for all bondholders.

ALTERNATIVE issues the bonds at the minimum subscription amount of not less than 125,000 EUR (or equivalent in other currencies). We do not offer our bonds to public and issue them through private placement that helps us to be more flexible towards the needs of investors. Due to the fact that ALTERNATIVE does not issue securities to public, ALTERNATIVE does not require CSSF authorization under the amended Law of 22 March 2004 on securitisation and is not regulated.

That is a basic concept of the securitization law of 2004 of Luxembourg. However, our portfolio companies which provide micro-financing are regulated or authorized by the local central banks of the respective countries.

### 1.4. Do all subsidiaries legally belong to ALTERNATIVE?

ALTERNATIVE owns all its portfolio companies' equity directly or indirectly (through other companies of Miko Kapital).

### 1.5. Are ALTERNATIVE or its Management Company regulated?

ALTERNATIVE and Mikro Kapital Management S.A. established and operate in accordance with the laws of the Grand Duchy Luxembourg and European Union. ALTERNATIVE issues bonds at a minimum subscription amount of not less than 125,000 EUR (or equivalent in other currencies). We do not offer our bonds to public and issue them through private placement that helps us to be more flexible towards the needs of investors. Due to not offering securities to public ALTERNATIVE does not require CSSF authorization under the amended Law of 22 March 2004 on securitisation and is not regulated. That is a basic concept of the securitization amended law of 2004 of Luxembourg. However, our portfolio companies which provide micro-financing are regulated or authorized by the local Central Banks of the respective countries.

Mikro Kapital Management S.A. is not a securitization vehicle, it does not issue any financial instruments. It is not regulated being a management company of a non-regulated securitization fund.

### 1.6. What is your competitive advantage?

**Compliance with SRI (Socially responsible investing) principles:** ALTERNATIVE invests in small and mid-sized companies in growing economies countries such as Tajikistan, Kazakhstan, Romania, Moldova, Armenia that have positive social impacts; ALTERNATIVE does not invest in immoral business activities;

**Deep Local Knowledge:** The team operating for many years in Eastern Europe has deep local knowledge and contacts with the companies and entrepreneurs being financed. The senior management team is composed of foreign nationals who have been working in the countries where Mikro Kapital is present for many years and are experts in Microfinance. They are supported by a large and qualified team of local professionals, many employees worked as credit officers within the geographical regions.

**Industry diversification** within the Fund loan portfolio reduces investment risk.

**Combination of Emerging Market returns with the safety of a European-domiciled Fund structure (transparency, etc.):** ALTERNATIVE is a Luxembourg based securitization fund subject to the Luxembourg law on Securitisation. Luxembourg has a well-established and investor-friendly regulatory environment for investors. At the same time our portfolio companies operate in emerging markets that generally have higher growth rates compared to developed markets. These economies often experience rapid industrialization, urbanization, and rising consumer demand, which can lead to higher investment returns. Investors have the opportunity to benefit from the growth potential of emerging market companies and sectors.

### 1.7. What are the key strengths of your investment solutions?

- Investment in bonds issued by ALTERNATIVE provides a combination of simplicity, stable income (determined by a set coupon), low duration risk and a low FX risk.
- Bonds pay an annual coupon yielding from 9% up to 13.5% in EUR.
- Low duration risk as bonds expire in 11, 24, 36, 48 months with the first coupon payment being set 3 months after subscription date (or at client's discretion).
- Historically low default rate of the underlying portfolios of the microfinancing institutions (less than 1% cumulated since inception, the lowest rate of its asset class).
- Low correlation with macro-economic factors.
- ALTERNATIVE's Hedging Policy ensures protection from currency risks, in compliance with the best market practice.
- Attractive risk premia.
- High capitalization ratio: bondholder's interests are protected by a significant buffer in equity capital and cash.
- Bond structure: private placement structure offers the opportunity to set the yield ex ante (as opposed to other open funds, which operate in this asset class).

## 1.8. Characterize your strategy

<b>Investment Objectives</b>	Seeking steady high income via investment in microfinance, leasing and sharing economy across selected emerging countries.
<b>Asset Class</b>	Private debt: securitized bonds linked to micro credit, leasing and sharing economy.
<b>Source of Funds</b>	ALTERNATIVE collects financial resources from professional and institutional investors (within the meaning of Annex II to the MiFID II Directive 2014/65/ EU).
<b>Number of clients</b>	ALTERNATIVE as at 31 March 2024: 166.4 thousand final clients.
<b>Investment Allocation Financial Instrument</b>	ALTERNATIVE should invest at least 50% of the Fund's assets into investments related to micro finance.
<b>Hedging</b>	Hedging Policy ensures the most effective protection from currency risks, with a tailor-made approach focused on market specifics related to each and every asset and liability at risk. Portfolio hedge is also applied, to optimize ALM (Assets-Liabilities Management)
<b>Duration Volatility</b>	Bonds expire at 11/24/36/48 months. There is no volatility target.

### Cost Structure of the Bonds for the Bondholder

- » **Subscription Fee:** there is **NO** subscription fee.
- » **Redemption Fee at maturity:** there is **NO** redemption fee.
- » **Management Fee:** there is **NO** management fee.
- » **Performance Fee:** there is **NO** performance fee.
- » **Ongoing Expenses:** there are **NO** ongoing expenses

### 1.9. Who is responsible for managing portfolio companies and ALTERNATIVE?

#### LEVEL OF THE FUND

ALTERNATIVE is managed by Mikro Kapital Management S.A. namely by its Board of Directors (see para. 1.10).

Top management team is responsible for:

**Strategic Planning:** Top management is responsible for setting the overall direction and long-term goals of the organization.

They develop strategies and plans to achieve these goals and ensure that the organization is moving in the desired direction.

**Financial Management:** Top management oversees the financial aspects of the organization. They review financial reports, monitor budgets, ensure financial stability, and make strategic financial decisions to support the organization's growth and profitability.

**Risk Management:** Top management identifies and manages risks that could impact the organization's success. They establish risk management processes, assess potential risks, and develop contingency plans to mitigate them.

#### LEVEL OF SUBSIDIARIES

All our subsidiaries have their own management that is guided by internal policies. Depending on the size of the loan the decision is taken by a branch manager, regional manager, internal credit committees, CEO or Board of Directors of the subsidiary. Each loan application has a second opinion by risk before it is approved or declined. The due diligence process is laid out in the credit policy as well.

### 1.10. Provide biographies for the key people and management team As of 15<sup>th</sup> February 2024



Born in 1974, after graduating and completing his specialization Vincenzo moved to Russia at the end of the 1990s to work for the European Bank for Reconstruction and Development (EBRD) and has worked continuously in Eastern Europe and Central Asia markets from that time onwards. He directed development initiatives on behalf of prominent private banks and industrial groups for eight years. He gained official recognition as the initiator of some of the most important projects for small and medium-sized businesses in Moldova, Tajikistan, Kazakhstan and other countries. He founded General Invest in 2007 and Mikro Kapital Group in 2008, a micro-finance fund for financing small businesses that has established itself as one of the most successful of such initiatives at a European level.

**Vincenzo Trani**

Non-Executive  
Director, Director A



Born in 1971, Etienne completed his secondary schooling at the Lycée Technique d'Esch-sur-Alzette before studying at the ICHEC Brussels Management School and at the University of Greenwich in London, where he graduated in business and finance in 1995. Etienne joined the Socialist Party in 1991 and was elected municipal councillor in Kayl, Luxembourg in 1995. He then became secretary general of the Socialist parliamentary group from 1997 to 2004 before taking up his duties at the Ministry of the Economy. He has been a member of the executive board of several companies, such as Société électrique de l'Our (SEO), Enovos International SA, Enovos Deutschland AG and National Credit and Investment Company (SNCI). Upon being appointed minister in 2012 he resigned from all these positions. In 2013 he headed the LSAP list and became Deputy Prime Minister of the Bettel government, retaining the Ministry of Economy and also being assigned the Ministry of Internal Security and Defense. After the 2018 elections he remained Deputy Prime Minister and Minister of Economy. He was appointed Minister of Health. In February 2020 he resigned from his position and left politics. He then created Beta Aquarii, specialized in economic consulting, and joined the boards of ArcelorMittal, LuxTP as chairman, Besix and Sistema. He is also an independent director of Jan de Nul Group. He became a member of the Supervisory board of Mikro Kapital Management S.A. in January 2022.

**Etienne Schneider**  
Non-Executive  
Director, Director A



**Peter Michel Heilmann**  
Non-Executive Director, Director A

Peter Michel is a visionary entrepreneur and alternative investment and finance specialist with over 30 years of international experience. He is passionate about building, pioneering and manifesting the New World of regenerative business, land stewardship, and (micro)finance. Born in The Netherlands, he spent his formative years in Bujumbura, Burundi and Ndola (Copperbelt), Zambia. Peter Michel has co-founded and scaled several global communities, portals and ventures, while raising capital for farmers, entrepreneurs, and funds. In 1993, he founded Eco-Network, one of the world's first sustainability networks and portals. He stood at the cradle of numerous other networks, including the Global Compact Networks of Finland and Hellas as well as the European B Corp Community. In 1999, he founded the New Economy Forum. He also serves, among others, as the Nordic Circular Hotspot's International Partner. Peter Michel is (co-)author of seven published books, three in English and four in Greek, on themes including entrepreneurship, innovation, the future of responsible investing, sustainability, and leadership. Over the past two decades, Peter Michel has mentored many talented and transformative entrepreneurs in Europe, Asia, Africa, and the Americas. He has been appointed as a Non-Executive Director of Mikro Kapital Management S.A. in February 2024.



**Johannes Feist**  
Chief Executive Officer, Director B

Johannes Feist is a development finance expert, experienced with mergers & acquisitions and restructurings, and with commercial, governmental and not for profit business models. He has deep knowledge of the functions of development finance institutions (DFIs), of MSME and rural financial services industries, and of investment fund regulations in Luxemburg, Germany and Mauritius. He obtained a PhD and Diploma (MSc) in International Economics from University of Munich (Germany). He started his career at the EU Commission and European Centre of International Security (EUCIS), then became Assistant Lecturer at University of Munich. In 1999 he joined KFW Development Bank as Senior Project Manager. In the following 20 years in KFW, Mr. Feist covered different managerial and international roles, among them: Resident Director in Pristina and Belgrade, Vice President for European Financial Institutions (Berlin), Vice President for Corporate Strategy (Frankfurt). Since 2015 he was Head of Division Financial Systems Development Southern Africa and Regional Funds, essentially KFW's equity team. In 2020 Mr. Feist left KFW and founded his own company, JF Investment Advisory, supporting clients in the public (DFIs, International Organizations) and private/corporate space. In September 2022 he was appointed Chief Executive Officer of Mikro Kapital Management S.A.



**Valeria Elfimova**  
Chief Legal Officer, Director B

Valeria Elfimova has over 20 years of extensive in-house counsel and law firm experience in wide variety of disciplines, showcasing a robust and progressive career marked by adeptness, excellent analytical and strategic problem-solving skills, and rich experience in various legal domains. She has considerable experience in M&A, private equity, turnarounds, transaction support, structuring of investment projects, consulting on various issues related to corporate, civil, contract, antimonopoly, intellectual property as well as deep knowledge of sanctions regulation, corporate governance, regulatory and compliance procedures. Valeria boasts successful setting up and legal support of the Companies' activity in Argentina, Venezuela, Saudi Arabia, Romania, Serbia, Algeria, Nicaragua, Singapore, Cyprus, BVI, etc. She holds a Master's in Law Degree from the International Law Institute at the Russian Ministry of Justice and Master's in Linguistics from Orel State University. Throughout her career, Valeria has navigated prominent legal and general management roles at oil&gas, investment and one of the Big 4 companies. In 2021, she assumed the role of Head of Legal at Mikro Kapital, and by 2023, she was appointed Chief Legal Officer and became a board member. Her achievements underscore her continuous advancement and leadership in the legal field.



**Michele Mattioda**  
Investor Relation  
Director, Director B

Mr. Mattioda holds a Master's degree in Automotive Engineering earned at Turin Polytechnic. He started his career in the automotive field in FCA and Bosch. He was involved in startup projects for sustainable mobility at the university, as a project manager. Later he moved to General Invest in Zürich, part of Mikro Kapital group, to support the Swiss Asset Manager focusing on HNWI investors for wealth planning through the use of various financial investment strategies and as well on institutional investors for due diligence on Mikro Kapital Group. Following the development of Mikro Kapital group he moved to the headquarters in Luxembourg in 2020 as investor relations manager, coordinating all funding opportunities. In 2022 he was appointed a member of the Management board.



**Nicola Ragusa**  
Chief Financial Officer, Director B

Nicola Ragusa is a knowledgeable financial manager, with over 25 years of experience in the field of tax and accounting, and an outstanding successful track record improving enterprises' financial performance through skilled alignment of tax & accounting practices with corporate business goals. He is also an IFRS specialist, reputable for identifying and implementing effective accounting solutions for complex financial operations.

He graduated in Economics at the State University of Rome (Italy). He started his career as auditor at Coopers & Lybrand (now PwC), then worked in several Investment Funds and Financial Institutions in Italy as Chief Accountant. From 2006 till 2014, Nicola Ragusa is Deputy Director of the Italian branch of the French-Belgian banking Group Dexia. In 2014 he assumed the role of Tax & Accounting Director in Carnelutti Russia Law Firm. In 2020, he joined Mikro Kapital and, in November 2022, Nicola Ragusa has been appointed as Group CFO. He is member of the Board of Executive directors since July 2023.



**Thomas Heinig**  
Chief Risk Officer, Director B

Thomas Heinig is a development finance expert, experienced in the implementation of complex fund structures and specialised in Local Currency and Guarantee vehicles. He has a deep understanding of different challenges in emerging and frontier market especially in the financial sector and has longstanding experience in the cooperation with ministries and development finance institutions (DFI). He obtained a Diploma (MSc) in Business Administration from the University of Goettingen and studied at the University of Lisboa (UTL). He started his career as a credit analyst at a regional DFI in Germany, and worked at a risk management department of a commercial bank. He joined KfW in 2010 and as Senior Risk Manager. As of 2013 he moved to the team of Financial Systems Development Southern Africa and Regional Funds, essentially KfW's equity team and was since 2015 the Deputy Head of the team. In 2020 he joined EDFI MC in Brussels as the Head of Risk being in charge of Risk Management (incl. Pillar Assessment), Internal Audit and Compliance. In February 2023 he was appointed Chief Risk Officer of Mikro Kapital Management S.A.



**Pape Saliou Ndao**  
Director, Director B

Mr. Ndao has extensive international experience in developing business through emerging markets analysis and designing strategies with a focus on African markets. In 2017 Ndao joined Mikro Kapital Management S.A. in Luxembourg as manager for building business cases, timelines and growth/ action plans driven by financial analysis, market trends, risk scenarios, economic factors and feasibility options. He has been engaged in effective emerging market coverage by overseeing commercial and marketing strategies together with sales and marketing departments. He was appointed a member of the management board in Mikro Kapital Management S.A. in 2018.

## 1.11. Membership and cooperation with international and commercial organizations

### European Bank of Reconstruction and Development (EBRD)

In July 2016 ALTERNATIVE launched a major cooperation project with the European Bank for Reconstruction and Development (EBRD). Together with EBRD, ALTERNATIVE has been investing in financial institutions, part of the EBRD program for development of SMEs. These banks, leasing companies and micro financial organizations are fully implementing the EBRD credit technology. Together with EBRD, ALTERNATIVE has several financial institutions in their portfolios.

### ENM (Ente Nazionale Microcredito)

In 2016, Mikro Kapital has become partner of the Italian National Agency for Microcredit. Microfinance Fund to develop microfinance capacity building and an Italian model: an agreement for the capitalization of the guarantee fund plus a development fund for microcredit and microfinance in Central Asia.

### EIF (European Investment Fund), CDP (Cassa depositi e prestiti Spa), MCC (Microcredito Centrale)

An important cooperation initiative with the European Investment Fund (EIF), the Cassa Depositi e Prestiti (CDP), COSME (Programme for the Competitiveness of Enterprises and SME), MedioCredito Centrale and the Italian Ministry of the Economy and Finance, the aim is to facilitate access to credit for small and medium-sized companies. It uses one of the broadest risk-sharing platforms ever created, before drawing on the resources of the European Fund for Strategic Investments (EFSI), the European Investment Fund and the Cassa Depositi e Prestiti issue guarantees to financial institutions, facilitating access to credit. Following this cooperation, and thanks to the Guarantee Fund and the Banca del Mezzogiorno Mediocredito Centrale, 80% of the amount of all credit provided by Mikro Kapital S.p.A. to small and medium-sized enterprises will be covered by the CDP/EIF fund. For each amount of credit provided, Mikro Kapital S.p.A. will receive a guarantee letter certifying the coverage of almost all the credit with European funds.

### European Mikro Finance Network

The European Mikro Finance Network ("EMN") approved the candidature of Mikro Kapital Italy S.p.A. (portfolio company of ALTERNATIVE) to become an EMN Practitioner member. The objective is to expand the microfinance sector in Italy and offer new possibilities to its excluded population.

PLEASE FIND BELOW A BRIEF DESCRIPTION AND REFERENCE OF OUR MAIN PARTNERS:



**European Bank**  
for Reconstruction and Development

### EBRD

The European Bank for Reconstruction and Development (EBRD) helps businesses flourish. Through our financial investments, business services and involvement in high-level policy dialogue, we are well placed to promote entrepreneurship and change lives. Our tailored solutions share a consistent goal of fostering the transition to market economies, whilst promoting innovation, growth and transparency.

Source: <http://www.ebrd.com/what-we-do.html>



ENTE NAZIONALE  
MICROCREDITO

### ENTE NAZIONALE PER IL MICROCREDITO

The “Ente Nazionale per il microcredito” is a non-economic public entity that performs important microcredit and microfinance functions at national and international level.

Source: [www.microcredito.gov.it](http://www.microcredito.gov.it)



cassa depositi e prestiti

### CASSA DEPOSITI E PRESTITI

The “CASSA DEPOSITI E PRESTITI” and “IL FONDO EUROPEO DEGLI INVESTIMENTI” (our partners) signed a counter-guarantee agreement aimed at increasing microcredit in SMEs by drawing on the guarantees of the FEIS (European Fund for Strategic Investments) through the European COSME Program (“Competitiveness of Enterprises and Small and Medium-sized Enterprises”) dedicated to supporting SMEs.

Source: <https://www.cdp.it>



### EUROPEAN INVESTMENT FUND

The European Investment Fund is a European institution whose main purpose is to support the creation, growth and development of small and medium-sized enterprises.

Source: <https://ec.europa.eu>



### COSME

COSME (Competitiveness of Enterprises and Small and Medium-sized Enterprises) is the EU-targeted program for companies and SMEs for the period 2014-2020 with the aim of increasing their competitiveness.

Source: <https://ec.europa.eu>



**Banca del Mezzogiorno –**  
**MedioCredito Centrale S.p.A.**

### BANCA DEL MEZZOGIORNO MEDIOCREDITO CENTRALE

Banca del Mezzogiorno MedioCredito Centrale, as a recruiter of RWAs, is mainly engaged in the management of two funds from the Ministry of Economic Development, or the Central Guarantee Fund, which facilitates access to credit for SMEs and Sustainable Growth Fund, which aims to support and promote research and development projects.

Source: <https://www.mcc.it/>

## 1.12. Management regulations

Please refer to the downloadable documents available on our website [www.mikrokapital.com](http://www.mikrokapital.com) under section "Investment solutions".

## 1.13. Corporate Sustainability Strategy



Mikro Kapital with all its portfolio companies around the world became a signatory to United Nations-supported Principles for Responsible Investment (UNPRI), strengthening its growing commitment to Corporate Social Responsibility towards activities and beneficiaries.

As of today, there are over 1,750 signatories ([www.unpri.org/signatories](http://www.unpri.org/signatories)), from more than 50 countries, representing approximately US\$70 trillion ([www.unpri.org/about](http://www.unpri.org/about)). UNPRI was launched in 2006 by then-United Nations Secretary General, Kofi Annan.

By adhering to UN PRI initiative, Mikro Kapital commits itself to follow 6 main principles:

- **We will** incorporate ESG (Environmental, Social and Governance) issues into investment analysis and decision-making processes.
- **We will** be active owners and incorporate ESG issues into our ownership policies and practices.
- **We will** seek appropriate disclosure on ESG issues by the entities in which we invest.
- **We will** promote acceptance and implementation of the Principles within the investment industry.
- **We will** work together to enhance our effectiveness in implementing the Principles.
- **We will** report on each of our activities and progress towards implementing the Principles.

Since 2021 Mikro Kapital is also a signatory of OPIM, Operating Principle for Impact Management. At this link you can download the disclosure statement.

[https://mikrokapital.com/wp-content/uploads/2022/06/20220411\\_OPIM-Disclosure\\_0106\\_clean-NT-RV.pdf](https://mikrokapital.com/wp-content/uploads/2022/06/20220411_OPIM-Disclosure_0106_clean-NT-RV.pdf)

Bloomberg code: MKKALT

## 2. Vision and values

### 2.1.1. Our Corporate Strategy

Our corporate strategy is based on the following principles:

- We place our clients at the centre of everything we do.
- We look to offer our clients a unique investment experience.
- We focus on our portfolio's long-term development and aim in that way to achieve sustainable and profitable growth.
- We take our responsibility toward society and local economies very seriously.

### 2.1.2. Corporate Sustainability Strategy

Corporate sustainability strategy refers to a company's plan and approach to integrate sustainable practices into its overall business operations and decision-making processes. It involves setting goals, implementing initiatives, and monitoring performance to address environmental, social, and governance (ESG) issues. Sustainability is not a part of a separate strategy but is instead an integrated part of our existence.

#### **Here are key elements of a corporate sustainability strategy:**

**Vision and Commitment:** to Mikro Kapital sustainability means that we are able to respond to the expectations of all our stakeholders, both now and in the future.

**Self-sufficiency:** it is essential for us that we are able to honour all our commitments without external support, and in so doing maintain the trust of our clients, the authorities and supervisory bodies, our shareholders and our employees.

**Social impact:** However, sustainability is only possible if we also maintain the trust of the society in which we operate, and therefore act as a responsible company by being consistently conscious of the impact of our operations on society and responding to societal needs and expectations in a balanced, relevant, and transparent manner.

We want to increase the positive impact on society in those areas where we can make a difference through our everyday activities. When carrying out all these activities, we want just as much to limit the possible adverse impact we have on society at large by implementing strict policies and sustainability guidelines, by reducing our own environmental footprint and by our approach towards Socially Responsible Investments ("SRI").

## 2.2. Responsible behaviour and business ethics

When carrying out our activities, it is evident we respect prevailing laws and regulations, but we also impose stringent rules on ourselves in terms of ethical behavior, openness and transparency, discretion and privacy.

### 2.2.1 Responsible behaviour

Responsible behaviour is the basic layer of sustainability at Mikro Kapital. In order to maintain and increase trust, it is of utmost importance that we behave responsibly in everything we do, at all levels in the organization, each and every day. We uphold high ethical standards and adhere to legal requirements and regulations. This includes promoting integrity, honesty, and fairness in all business dealings, treating employees, customers, suppliers, and other stakeholders with respect, and avoiding conflicts of interest.

Mikro Kapital therefore considers responsible behaviour as absolutely necessary to successfully implement an effective and credible sustainability strategy. This means that the mind-set of all Mikro Kapital-staff should go in line with regulation and compliance. As a client centred approach lies at the heart of our corporate reference strategy, we also specifically focus on responsible selling and providing responsible advice.

The basic principles are embedded in our respect for our clients, colleagues, society and Mikro Kapital itself, together with our responsive and result-driven spirit. The basis of responsible behaviour is integrity, which entails honesty, correctness, transparency, and confidentiality, combined with a sound risk awareness.

Special attention is being paid towards training and awareness. An internal programme is being set up relating to a number of areas, including professional integrity, providing suitable advice to the customer and dilemma training.

## 2.2.2 Business ethics

We offer our services based on sound company values. When carrying out our activities, we try to do the most for our investors and insure them that all what we do promote sustainable and responsible behaviour while considering environmental, social, and governance factors.

Mikro Kapital ensures that guidelines are observed, information remains confidential and privacy is respected. All policies are reviewed on a regular basis and updated, if necessary, to ensure we are always able to adapt to the changing environment, requirements and regulations. For more information please see our Code of Ethics and Business Conduct at [mikrokapital.com](http://mikrokapital.com).

## 2.3 Boosting our positive impact

- Sustainability is not just about philanthropy and supporting local initiatives with sponsorship. We ensure that our investments have a positive effect at a society. That includes economic growth and job creation. Investments play a vital role in stimulating economic growth by providing capital to businesses. This leads to job creation, income generation, and increased economic activity in local communities. Investments can fuel entrepreneurship, innovation, and expansion, contributing to overall economic development.
- Social Development: Investments can support social development initiatives and improve the well-being of individuals and communities. For example, our investments in healthcare facilities, agriculture, and infrastructure projects can enhance access to essential services and improve quality of life.
- Environmental Sustainability: We finance SMEs that can have a positive impact by promoting clean energy, resource conservation, waste reduction, and eco-friendly practices.

## 2.4 Limiting our adverse impact

Generating sustainable, profitable growth and contributing to a more sustainable society go hand in hand.

This means that we also seek to limit our adverse impact on society as much as feasible. We want to achieve this ambition by:

- Reducing our own environmental footprint.
- Applying strict sustainability policies to our business activities in relation to human rights, environment and sensitive/controversial social issues.
- Offering a complete range of socially responsible investments.

### 2.4.1 Our commitment to the environment

Environmental responsibility is one of the selected domains Mikro Kapital wants to focus on in playing its role in society. Since climate change is one of the biggest global challenges for the 21st century, our main objective is to contribute to the transition to a low-carbon economy and society.

We are aware that we have an impact through our operations and businesses. To limit our direct and indirect impact on global warming, we started a group-wide programme:

- To reduce our own environmental footprint
- To leverage the transition to a low carbon economy by taking initiatives in our various core business lines: supporting energy efficiency, renewable energy, sustainable mobility and the circular economy.

### 2.4.2 Blacklisted companies and activities (Exclusion List)

The Mikro Kapital Environmental and Social Exclusion List (MKESEL) defines the types of projects that Funds managed by Mikro Kapital Management S.A. will not finance.

Mikro Kapital does not finance the following projects:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife, or products regulated under CITES.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labor<sup>1</sup> /harmful child labor<sup>2</sup>.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
- Destruction of High Conservation Value areas<sup>3</sup>.
- Pornography and/or prostitution
- Racist and/or anti-democratic media
- Financial Action Task Force blacklist regions
- If any of the following products form a substantial part of a project's primary financed business activities<sup>4</sup>:
  - Alcoholic Beverages (except beer and wine);
  - Tobacco;
  - Weapons and munitions; or
  - Gambling, casinos and equivalent enterprises.

[1] Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

[2] Harmful child labor means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

[3] High Conservation Value (HCV) areas are defined as natural habitats where these values are of outstanding significance or critical importance.

[4] For companies, "substantial" means more than 10 % of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio volumes.

### 2.4.3 A complete offer of socially responsible investments

Mikro Kapital is offering clients a full range of SRI and gives them an opportunity to invest in sustainable companies. This allows us, first, to limit some of our business's adverse impact on society and, second, to make a contribution towards a more sustainable society.

As a client centred approach lies at the core of our corporate strategy, it is ultimately up to the clients to choose between SRI and non-SRI investments, but Mikro Kapital will increase the focus on SRI investments, for instance by means of enhanced SRI training for the relevant relationship managers in the various sales networks.

### 2.5 Our people

Our employees represent our human capital and are one of the main drivers to creating value as a micro-finance player. By focusing on recruitment, management and development of our employees, we seek to give them the opportunity to make the best possible use of their talents and experience and adapt to our fast-changing world. We encourage all our employees to behave in a way that is responsive, respectful and result-driven. It is our ambition to truly involve all staff in realising our sustainability objectives.

### 2.6 Stakeholder engagement

We engage with all of our stakeholders to define what is important to both our stakeholders and ALTERNATIVE and how we can create value. We use a variety of channels for open and transparent sustainability communication and dialogue with our stakeholders.

We conduct stakeholder surveys in all our countries on a regular basis in order to discover what is important to them and thus meet their expectations.

### 2.7 Sustainability governance

Consistently with its sustainability strategy, Mikro Kapital's ambition is to embed sustainability into the strategic decision-making and core business operations throughout the entire organization. In order to achieve this ambition, we have adapted our sustainability governance model as a key driver for implementing sustainability.

Our top management is adherent to the following principles of sustainable governance when taking decision:

**Life Cycle Thinking:** This principle encourages us to consider the entire life cycle of our investment's strategy. We should minimize the environmental and social adverse impacts throughout the entire life of our investments. We do care where our investments flow and make sure we have a broad vision of business activity that we finance.

**Accountability and Transparency:** Mikro Kapital have established clear lines of accountability for sustainability issues and ensure transparency in reporting their sustainability performance. This involves disclosing relevant information to stakeholders and our investors including environmental, social, and governance (ESG) data and progress towards sustainability goals.

**Risk Management:** Mikro Kapital identifies and manages sustainability risks and opportunities. This includes assessing environmental, social, and governance risks and integrating them into the organization's risk management framework. Sustainable risk management practices help us identify potential impacts on the organization's reputation, operations, and long-term viability.

**Social Equity and Justice:** Sustainability principal advocates for fairness and social equity, ensuring that all individuals have access to basic needs, resources, and opportunities regardless of their social or economic background. It promotes inclusivity, equal rights, and social justice, addressing issues such as poverty, inequality, and discrimination. We are guided by this principal while investing as well in our internal business operation including promoting this principal in our HR policies.

**Continuous Improvement:** Mikro Kapital strives for continuous improvement in our sustainability performance. This involves regularly reviewing and updating sustainability strategies, goals, and practices based on feedback, evolving stakeholder expectations, and emerging sustainability trends. Continuous improvement ensures the organization remains aligned with best practices and evolving sustainability challenges.

## 3. Investment philosophy and process

### 3.1. Credit Process

- The credit process complies with market standards
- Each loan application is subject to strict due diligence and credit checks and must be approved by at least 2/3 members of the credit committee
- On site monitoring every 6 months at the borrower's location
- In the event of overdue payments on a loan (principal or interest), monitoring is carried out on a monthly basis

### 3.2 Mikro Kapital Credit financing policy

We do NOT finance:

- Companies operating in show business
- Alcohol, tobacco and weapons companies
- Speculative operations.

Please see para. 2.4.2 for further information on the blacklisted activities.

During the customer analysis process, we always carry out a series of crosschecks on the information and documents submitted by the customer.

The process can be summarized as follows:

The potential customer makes a request for a loan (credit process). At this first meeting, he presents his financial needs and he has to provide: an in-depth description of the business, balance sheet, the sources of the loan reimbursement and all the pertinent documents. If the information and the project are interesting and the potential customer agrees with our funding conditions, the client fills out and signs the application form for funding. Subsequently, the customers will receive the set of documents to be prepared. As the customer prepares the necessary documents for the due diligence, the credit specialist sends the application form to the security department to perform a first check.

The documents submitted by the customers are studied by a credit specialist who compares this information with those received by the customer in the first meeting. In case of discrepancies, the customer is contacted for further clarification. If client's explanations do not satisfy our compliance process, the application for funding will be rejected. As a next step, the credit specialist will make a visit to the customer's company in order to personally verify the truthfulness of the information

disclosed within the first meeting. After this visit, the specialist is asked to produce an accurate report and feedback about the customer's business, to be filed within Mikro Kapital's database directory.

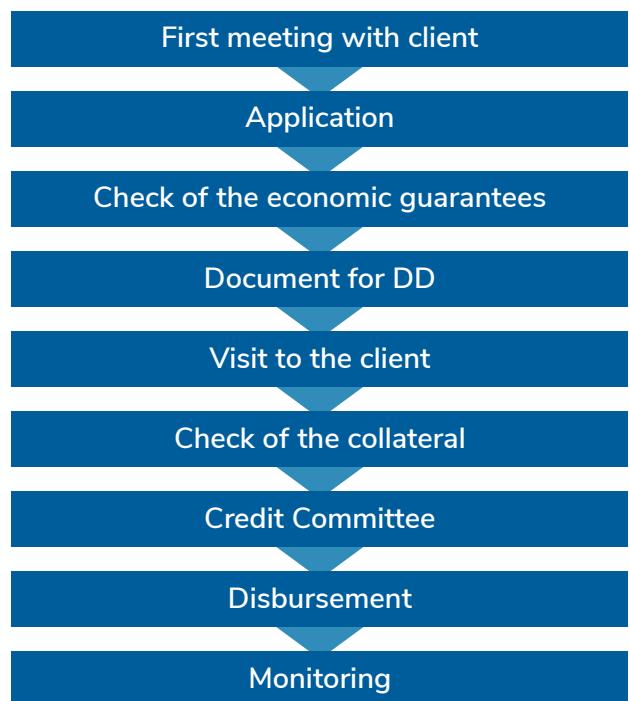
This step is crucial because it is only through an accurate due diligence of the business of the applicant's company that we can verify the truth of the information collected and make sure that what has been said or written is real. The next step is the conduct of checks on the collateral offered, which is always effected by our credit expert.

The checks are both visual (the specialist must personally verify the status of the physical pledges) and comparative (i.e., analysis of the market value of the guarantees).

The value of the pledges is then discounted by 20% (haircut). This discounted value should at least be equal to the overall amount requested by the customer in the form of a loan.

The last step is to produce the final report and submit the loan application to the committee where the final decision has to be taken. The loan application will only be approved if 2/3 of the committee members cast their votes in favor. If the application is successful we communicate this to the customer and we issue the contract.

**The process can be summarized as follows:**



### 3.3 Mikro Kapital Leasing financing policy

The customer contributes to the purchasing of the asset with an average upfront payment of 30% of the total amount. The upfront payment could be lower if the client will be able to provide a real asset as a collateral (the discounted value of the collateral plus the initial upfront payment must be equal or higher than 30% of the total value of the purchased asset). The customer is responsible for the choice of the supplier and its possible consequences. In this regard, we always verify that the requested price from the supplier is aligned with market price.

Policy constraints. We do NOT finance:

- Companies operating in show business
- Alcohol, tobacco and weapons companies
- Speculative operations.

Please see para. 2.4.2 for further information on the blacklisted activities.

During the KYC process we always carry out a series of crosschecks on the information and documents submitted by the customer.

### The process can be summarized as follows:

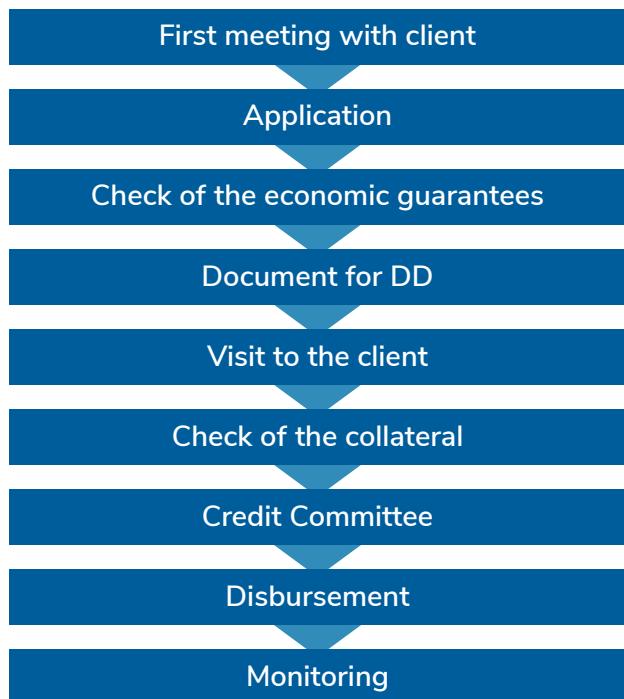
The potential customer makes a request for a loan (credit process). At this first meeting, he presents his financial needs. With regard to fixed assets, the applicant has to provide us: an in-depth description of the business, balance sheet, the sources of the loan repayment and all the pertinent documents. If the information and the project are interesting and the potential customer agrees with our funding conditions, he fills out and signs the application form for funding. Subsequently, the client will receive the set of documents to be prepared. As the customer prepares the necessary documents for the DD, the credit specialist sends the application form to the Economic Security Department to perform a first check.

The documents submitted by the client are studied by a leasing specialist who compares this information with those received by the customer in the first meeting. In case of discrepancies, the customer is contacted for further clarification. If customer's explanations are not satisfactory for our compliance process, the application for funding will be rejected. As a next step, the leasing specialist will make a visit to the customer's company in order to personally verify the truthfulness of the information disclosed within the first meeting.

After this visit, the specialist is asked to produce an accurate report and feedback on customer's business, to be filed within Mikro Kapital's database directory.

This step is crucial because only through an accurate due diligence on the "business" of the applicant's company that we can verify the truth of the information collected and make sure that what has been said or written is real. The next step involves an accurate assessment of the price of the asset to be leased, always performed by our leasing expert. This step is designed to avoid the payment by the applicant's company of a higher than market price for the asset.

In fact, should the customer default, this careful advance assessment guards against Mikro Kapital having to include a potential loss on its balance sheet deriving from a price mismatch of the leased asset. The last step is to produce the final report and submit the loan application to the committee where the final decision has to be taken. A loan application will only be approved if 2/3 of the committee members vote in favour. When the application is successful we communicate this to the customer and issue the contract.



### Decision taking

All decisions are taken by the various boards and committees, for the most part by the credit committee. The power to decide to finance a customer is never centred on a single individual.

The credit committees operate at different levels: the branch, HQ and the Board of Directors (of the respective investee).

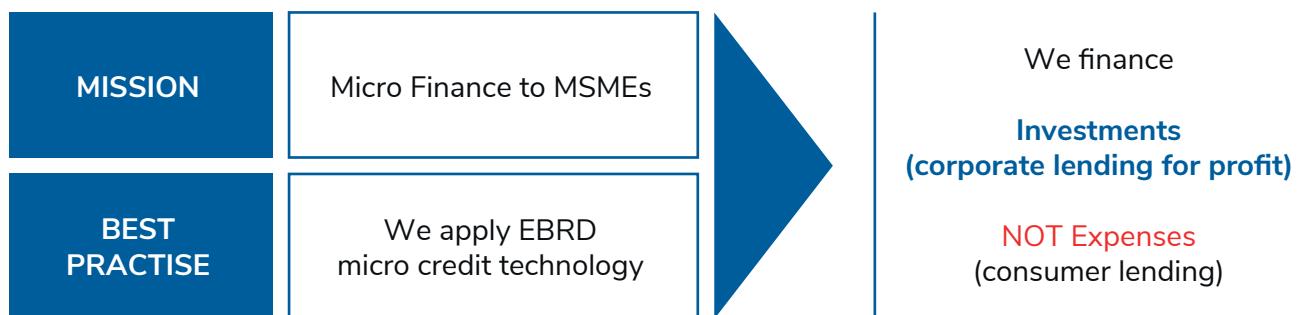
Other functions of the company are: a) to carry out the post-audit assessing the quality of the decision making and b) to provide an opinion on the company's internal regulations and its financial products. Each loan application is subject to strict due diligence and credit checks and must be approved by at least 2/3 of committee members.

### Disbursement of the loan

If one of the portfolio companies is to make a payment or to carry out an operation involving liquidity, a duly signed authorization by the two responsible managers, the CEO and the CFO is required.

### 3.4 Investment Universe

Mikro Kapital focuses its activities on micro credit to SMEs only. Micro and small businesses are indeed the most dynamic segments of the economy, the less exposed to the volatility of the global financial markets and with the highest growth potential due to the continued deleveraging in the banking sector.



### 3.5 Loans repayments duration

Usually loans and receivables are repaid over a period of between 11 and 60 months. Within our contracts we provide the opportunity to redeem the loan early without any prepayment fee.

### 3.6 How do you manage the overdue loans' collection?

The monitoring of our loans and the repayments schedule have a fundamental role in the credit and leasing activities. The payments delay of the monthly installments is closely monitored and we receive every month a report from the risk department.

We can resume the risk metrics and the measures adopted hereafter: PAR30 – soft collection: reminder by mail, calls; PAR60 – hard collection: visit to the client on-site;

PAR90 – legal collection: our lawyers take care of sending letters and initiate the collection process, we get the property of the collateral;

PAR180 – court collection: we go to court in case the collection was not yet successful.

In general, after our lawyers step into the process we are able to recover the full outstanding amount in 60% of the cases.

### 3.7 How long does it take to collect the loan in case of default of a creditor?

Length of proceedings: it is generally possible to obtain a court decision in our favour in a period of 3/6 months on average. Sale of the collateral security then begins and the NPL is closed in an overall period of 7/8 months. Please also note that we have a vast range of credit products which by definition do not require collateral security, such as leasing contracts where we already own the asset.

### 3.8 What is the average realized collateral in case of an NPL?

On average 150% of the unpaid loan. The below is an illustration:

Maximum loan issued amounts to about EUR 25,000 (equivalent in local currency), Requested collateral: around 130% of the amount to be repaid (loan + interest) = EUR 32,500.

- Assuming the customer is experiencing difficulties in repaying a balance of EUR 20,000, leading to NPL procedure;
- For the most part we cooperate with our customers by retaining the security provided ourselves (the asset / the certificate of title, etc.) and we allow him/her to sell the collateral at market value. We generally avoid taking legal action against the customer (we only use this kind of enforcement where there has been fraud);
- Once the depreciation of the pledged asset has been taken into account, the average realized collateral ratio is 150% of the loan's unpaid balance: EUR 30,000
- The customer then pays Mikro Kapital 100% of the loan: EUR 20,000
- He or she keeps the difference from the proceeds once the loan has been repaid: EUR 10,000.

### 3.9 What are the main criteria/area tested during the audit process

See answer above – full DD on Mikro Kapital activities.

### 3.10 How strong is the competition from local banks?

Competition with local banks is small, since local banks work mainly with retail or large corporations. There are some other advantages of microfinance organization over banks: Financial Inclusion: Our portfolio companies specialize in providing financial services to small businesses who may not have access to traditional banking services.

Flexibility in Loan Products: Our portfolio companies often offer small loans tailored to the needs of micro-entrepreneurs and small businesses. These loans are typically more flexible in terms of repayment schedules and collateral requirements compared to traditional bank loans. We understand the unique challenges faced by their clients and design loan products to suit their specific needs. Our main competitive advantage is the timeframe for the disbursement: 3 days on average.

Personalized Relationship and Support: We foster a more personalized relationship with our clients. Loan officers in our portfolio companies work closely with borrowers, visiting their businesses, understanding their needs, and providing guidance and support. This level of personal attention and support is often lacking in traditional banking, where customer relationships may be more transactional.

Local Knowledge and Contextual Understanding: We are deeply embedded within the communities we serve. That helps us to have a better understanding of the local context, culture, and challenges faced by their clients. This localized approach allows to design appropriate financial solutions and offer customized support, contributing to the success and sustainability of the borrowers' businesses.

## 4. Investment research

### 4.1 What is the success ratio for your applicants to receive a loan?

On average only 30-35% of applications pass our credit process analysis, hence eligible for a loan. ALTERNATIVE has 166.4 thousand of clients as at March 2024.

### 4.2 Do you use any form of quantitative analysis?

No, in our companies we use checklist and cross-checking as per best practice. We avoid scoring methodology as we believe it results to a less in-depth KYC process.

### 4.3 How do you set the yield for the new bonds every month?

On the basis of: market rate for loans in each country, hedging costs, keeping 10% as average net interest margin, as per our internal indicative target.

## 5. Portfolio risk management

### 5.1 Describe your approach to investment risk

Mikro Kapital's activity is focused only on microcredit to SMEs in emerging market countries with stable governments and a strong growth and development phase. Its dynamism and great growth potential means that the microfinance asset class has a reduced exposure to the volatility of financial markets and their fundamental macroeconomic factors.

The main risks can be identified as follows:

- Currency Risk: the local currency loans are systematically hedged in Euro at the portfolio level. As a result, the bondholders will be able to invest in a Euro bond with no FX risk.
- Counterparty risk. We always select carefully when choosing potential borrowers and we always require collateral as security for any loan.
- Country risk. ALTERNATIVE always acts in emerging countries which enjoy both political and social stability. They have similar civil legal systems which fully protects the lender and allow rapid progress through the courts. This effectiveness means it is possible to liquidate collateral security quickly.
- Counterpart risk (borrowers). This risk is very small because the management of leasing portfolios is covered by the following safeguards:
  - Best-practice analysis.
  - Decisions are taken collectively.
  - The leasing assets belong to the leasing company as defined by the leasing contract.
  - Real collateral secures the value of the loan which is also discounted by an additional 20%.
- Default risk: historically low default rate of underlying loans (less than 1% cumulated from inception, the lowest rate of its asset class).

## 5.2 Do you have any investment constraints within your portfolio?

By best practice our Balance Sheet liquidity must be at least 10% in cash or cash equivalents. Concentration limit: we cannot invest more than 35% of our total assets in a single counterparty.

## 5.3 Do you have an internal guideline or policy on how much cash you have to hold in order to maintain the secondary market?

The 10% cash buffer mentioned above is held for the benefit of our bondholders to protect against possible market turmoil, currency swings and in order to maintain the secondary market.

## 5.4 What is your risk evaluation policy?

Most of the investees follows IFRS as accounting standards. Therefore, IFRS 9 for the loan portfolio applies. Hence, the evaluation is driven by accounting rules. The outstanding loan portfolio is monitored on an ongoing basis; but at least once per year. This is done by the investees. Our Legal department always remains active so as to recover the remaining debt outstanding. The table below shows the evolution of the PAR over time.

PAR 30 +		PAR 30 +		PAR 30 +	
Period	INVESTEES	Period	INVESTEES	Period	INVESTEES
Dec 2015	1.78%	Dec 2019	3.74%	Jun 2022	3.31%
Dec 2016	1.24%	Mar 2020	3.84%	Sep 2022	3.39%
Dec 2017	2.53%	Jun 2020	3.58%	Dec 2022	4.48%
Mar 2018	3.35%	Sep 2020	3.36%	Mar 2023	5.19%
Jun 2018	2.17%	Dec 2020	2.41%	Jun 2023	5.30%
Sep 2018	2.27%	Mar 2021	2.57%	Sep 2023	5.40%
Dec 2018	1.56%	Jun 2021	2.30%	Dec 2023	5.40%
Mar 2019	1.88%	Sep 2021	2.30%	Mar 2024	4.90%
Jun 2019	2.26%	Dec 2021	2.10%		
Sep 2019	3.64%	Mar 2022	3.10%		

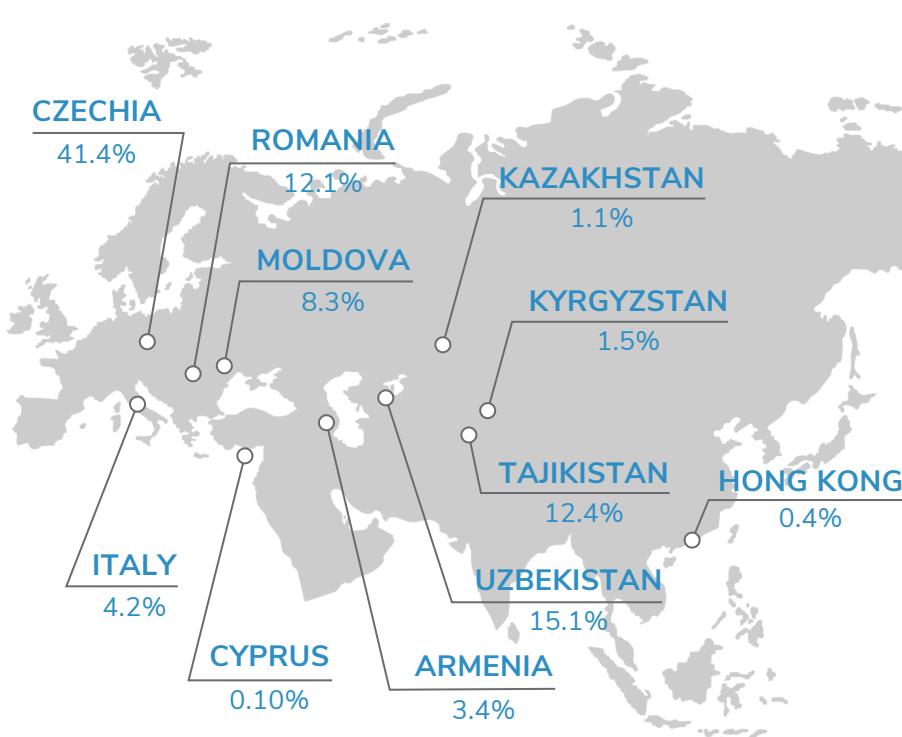
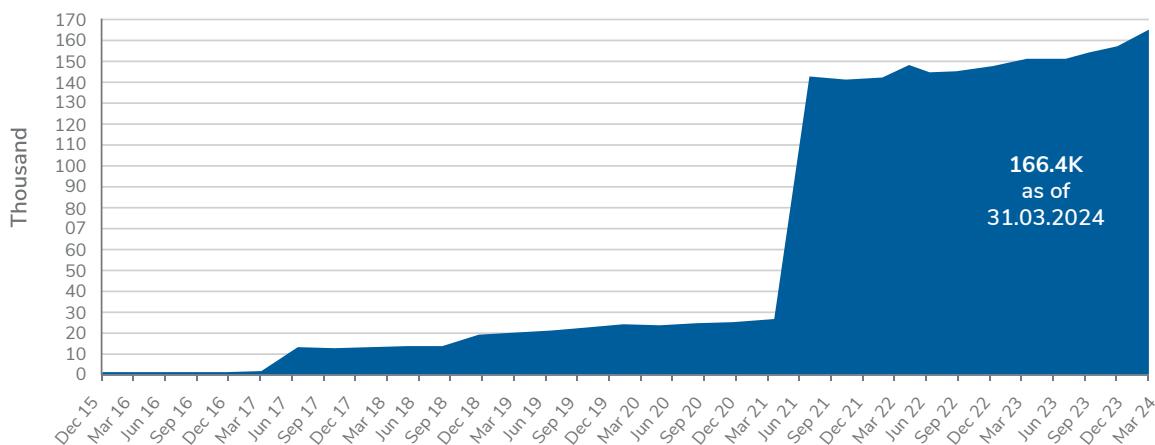
## 5.5 How the principal of diversification is applied to investment portfolio?

The number of customers since 2015 has been in constant and continuous growth as can be seen from the graph below. In March 2024 we have 166.4 thousand customers for ALTERNATIVE. A broad diversification of the current portfolio is guaranteed by the large amount of outstanding loans. We cannot invest more than 35% of our total assets in a single counterparty.

### ALTERNATIVE

- In Q1 2024 the number of ALTERNATIVE customers was about 166.4 thousand.
- Activity is focused on the development of internal structures.
- Portfolio at risk (PAR30) is at a sufficiently low level.
- At the time of the calculation of PAR30, total loans for which at least one payment is due. The acceptable level of portfolio at risk is the result of the Fund's conservative investment policy.

TOTAL FINAL REACHED CLIENTS OF ALTERNATIVE



Investment in CZECHIA is actually diversified through several legal entities controlled by our sub holding D-Mobility Worldwide ("DMWW"), operating carsharing business in Czech Republic, Kazakhstan, and other countries. As of 30/06/2024, Alternative implemented a spin-off operation, as a result of which D-Mobility KZ has been repurchased directly by the Fund, so reducing the overall weight of DMWW in the geographical distribution of assets.

### 5.6 Describe your leverage exposure

There is no use of leverage at portfolio level. Leverage has never been used. This refers to the underlying portfolios of loans. At the SPV - securitisation of fund - level, the bonds consist of leverage by definition. On the level of portfolio companies, leverage is created deliberately. Portfolio companies are encouraged to borrow from third parties (locally or internationally), if this reduces overall funding costs. Some portfolio companies are also taking deposits.

### 5.7 What is the ratio of debt (bonds) to equity in ALTERNATIVE?

ALTERNATIVE's funding consists of the bonds (debt) which are sold to investors and units (equity buffer) held by Mikro Kapital Hungary Kft, holding company controlled by the Joseph of Arimathea Asset Management Foundation. According to the internal guideline applied by the Fund, the debt shall represent at maximum 90% of all assets, meaning that on 31<sup>st</sup> of December of each year, the volume of the issued Debt Securities shall not be more than 90% of total assets.

### 5.8 Can you describe in more detail how you manage the ALM (Asset & Liability Management) of the Fund?

#### **Liability side:**

ALTERNATIVE total debt never exceeded 90% of the total assets. Liabilities portfolio is very fragmented over time, due to the granularity of the bond issuance's model.

#### **Asset side:**

The Fund's primary objective is to acquire risks linked to the financing of micro, small and medium enterprises, promotion of access/sharing economy and other impact investments, either directly or through one or more other entities.

In order to achieve this objective, ALTERNATIVE may invest directly or indirectly in:

- individual entrepreneurs; micro, small and medium enterprises and start-ups (hereinafter referred to as the "SMEs");
- banks, collective investments schemes, securitization vehicles, micro-financial institutions, factoring companies, insurance companies, credit cooperatives and leasing companies, including financial and operational leasing that finance or otherwise support SMEs;
- micro-leasing companies, which carry out – among others – car (and other type of vehicle) sharing;
- other companies and organizations that share the same values; and
- sharia compliant investments.

ALTERNATIVE shall not invest more than 35% of the Fund's assets in a single counterparty.

The Management Company shall determine the policy regarding the acquisition of risk linked to debt, as well as the type and proportions of assets and risks that the Fund may acquire or assume. All the Fund's investments shall be subject to the approval of the board of directors of the Management Company. In addition, the Fund may invest in any financial instrument to manage its liquidity up to a level of 45% of total net assets.

## 5.9 Waterfall Payment Scheme

The standard waterfall payment sequence is applied to the holders of debts securities (bondholders) of the Fund and to the unitholders of the Fund (equity holders).

The unitholders, their heirs and any other legal beneficiaries may not request the winding-up, bankruptcy, insolvency or division of ALTERNATIVE.

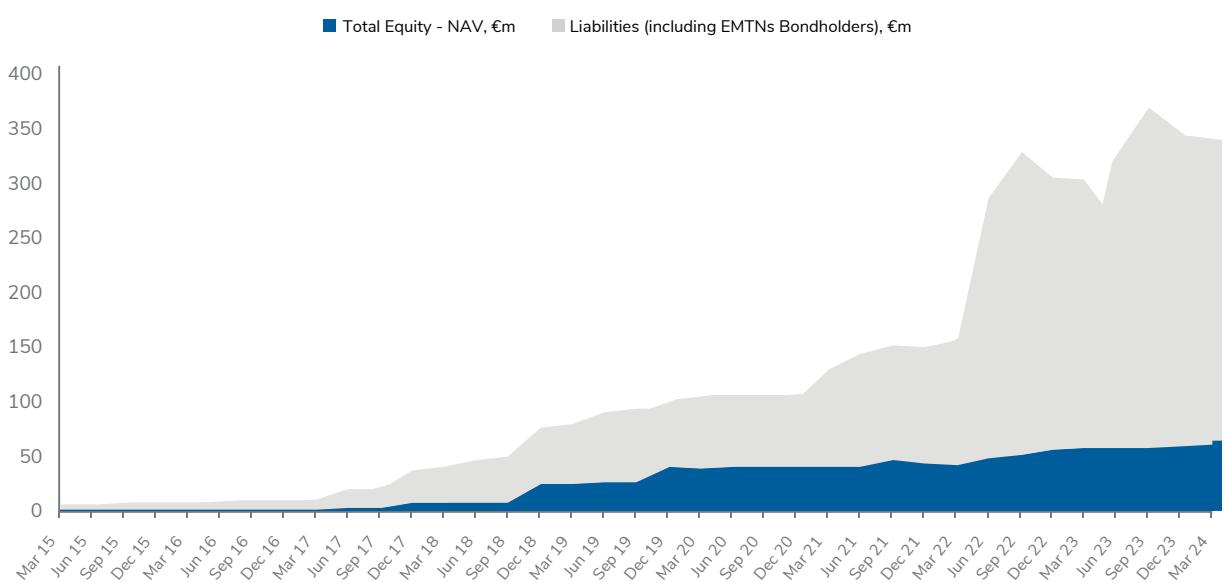
Furthermore, as per our internal guideline our equity buffer will be at least 10%.

### ALTERNATIVE - Capitalization ratio

- Bondholders' interests are protected by a significant buffer in equity capital and cash

Alternative 

21.1%



## 5.10 How high was the return on equity in the past?

We have provided the calculation of the NAV (Equity) since inception of the two strategies.

Date	ALT NAV per unit €	Period variation	Variation since lauch
01/03/2015	125,000	-	-
31/03/2015	119,773	-4.18%	-4.18%
30/06/2015	122,178	+2.01%	-2.26%
30/09/2015	126,934	+3.89%	+1.55%
31/12/2015	125,149	-1.41%	+0.12%
31/03/2016	126,558	+1.13%	+1.25%
30/06/2016	130,139	+2.83%	+4.11%
30/09/2016	136,903	+5.20%	+9.52%
31/12/2016	101,495	-25.86%	-18.80%
31/03/2017	183,035	+80.34%	+46.43%
30/06/2017	186,431	+1.86%	+49.15%
30/09/2017	198,204	+6.32%	+58.56%
31/12/2017	507,424	+156.01%	+305.94%
31/03/2018	507,850	+0.08%	+306.28%
30/06/2018	524,676	+3.31%	+319.74%
30/09/2018	586,753	+11.83%	+369.40%
31/12/2018	1,741,437	+196.79%	+1,293.15%
31/03/2019	1,720,515	-1.20%	+1,276.41%
30/06/2019	1,839,652	+6.92%	+1,371.72%
30/09/2019	1,852,243	+0.68%	+1,381.79%
31/12/2019	2,798,137	+51.07%	+2,138.51%
31/03/2020	2,742,924	-1.97%	+2,094.34%
30/06/2020	2,777,091	+1.25%	+2,121.67%
30/09/2020	2,755,735	-0.77%	+2,104.59%
31/12/2020	2,828,171	+2.63%	+2,126.54%
31/03/2021	2,832,537	+0.15%	+2,166.03%
30/06/2021	2,885,954	+0.83%	+2,184.76%
30/09/2021	3,262,640	+14.24%	+2,5140.11%
31/12/2021	3,755,889	+15.12%	+2,904.71%
31/03/2022	3,645,717	-2.93%	+2,816.57%
30/06/2022	4,177,883	+14.60%	+3,242.31%
30/09/2022	4,478,176	+7.19%	+3,482.54%
31/12/2022	4,918,760	+9.84%	+3,835.01%
31/03/2023	4,952,585	+0.69%	+3,862.07%
30/06/2023	4,975,277	+0.46%	+3,880.22%
30/09/2023	4,995,395	+0.40%	+3,896.32%
31/12/2023	5,156,689.93	+3.23%	+4,025.35%
31/03/2024	5,225,469.91	+1.33%	+4,080.38%

## 5.11 Shareholders / relation between ALTERNATIVE and Mikro Kapital Management S.A.

### 5.11.1 Who is the Ultimate Beneficial Owner of the Mikro Kapital Management S.A. and ALTERNATIVE?

Mikro Kapital Management S.A. and ALTERNATIVE are owned by Joseph of Arimathea Asset Management Foundation (the "JAAMF"). Since JAAMF is a private foundation and doesn't have shareholders the Members of the Board of Trustees (executive body managing the assets of Foundation) are the ultimate beneficial owners. The Board of Trustees consists of the following individuals: Enrica Stella Maria Gracia Arena (Chairperson), Paolo Trani, Stella Trani, Paolo Anton Trani, Elena Martina Trani, Vincenzo Trani, Emilia Graciela Villagra Ramírez.

### 5.11.2 Who are the unitholders of ALTERNATIVE?

Mikro Kapital Hungary Ktf. owns 100% units of ALTERNATIVE.

### 5.11.3 What governs the relationship between ALTERNATIVE and Mikro Kapital Management S.A.?

The main document that governs relations between ALTERNATIVE and Mikro Kapital Management S.A. is the Management Regulations of the Fund (available at the following link: <https://mikrokapital.com/investment/investment-solutions/alternative>). This is the main document that describes the powers and obligations of the Management Company towards the Fund as well as establishes financial obligations of the parties (management, performance fees, expenses etc.). The amended Law of 22 March 2004 on securitisation (Luxembourg) provides for the framework of relations between the funds and their management companies.

### 5.11.4 Do you have a specific dividend policy?

No, we do not have a dividend policy.

### 5.11.5 What has been the level of dividend in the past?

Never paid out dividends in the past.

### 5.11.6 Apart from the fees (performance, management) is there other cash inflow/outflow between ALTERNATIVE and Mikro Kapital Management S.A.?

Apart from the fees, there is no further payments flow between ALTERNATIVE and Mikro Kapital Management S.A. The fees are strictly limited in the Management Regulations.

## 6. Strategy Features

### 6.1 Have the strategy or credit process changed since inception?

No, however, the level of automation reached by our processes has improved towards a more efficient direction in terms of:

- Time to analyse the credit request
- KYC process efficiency
- Presenting the case to the credit committee
- Providing funding

### 6.2 In which markets do you believe your strategy performs the best?

ALTERNATIVE operates in those countries where the applied interest rate for disbursing micro loans is more attractive for our bondholders. As well, we are constantly looking for new acquisition opportunities of existing Micro Finance Institutions networks within those markets where we aim to extract an attractive risk premia for our bondholders (applied interest rate / % of NPLs).

### 6.3 What are your sources of added value?

Our greatest added value and competitive advantage consist in owing the network of the offices receiving/approving the applications for the micro loans and leasing within the territories where we operate. This allows us to:

- Control the whole credit approval process;
- Have a standardized due diligence procedure, which applies to all our customers;
- Economy of scale: owing the all network implies high operational costs, but guarantees the full control over the margins across the whole process;
- Full visibility over the NPLs and all risk parameters of the portfolio companies;
- Audit the whole company structure - from ALTERNATIVE to the single branches of our portfolio companies;
- Provide to our bondholders a transparent process;
- Offer a more competitive/higher risk premia for this asset class.

## 7. Risk oversight

### 7.1 Who is responsible for risk oversight?

The risk oversight is managed on two different levels.

The first risk oversight is performed on the investee level. Our investees have a risk management in place which performs its tasks and responsibilities as second-line of the "Three-line-model".

Furthermore, internal management committees such as credit committees are kept informed about risk related matters. Risk reports are shared and discussed with the Board of Directors. Most of the investees are supervised by the regulator, mostly the central bank and apply IFRS accounting standards (incl. IFRS 9). Consequently risk management techniques and adequate risk documentation (policies, manuals, checklists) must be in place.

The second layer is the risk oversight by the group CRO, headquartered in Luxembourg. The group CRO among other tasks advises the local risk managers and the management teams on daily and strategic risk matters (eg launch of a new product). Frequent meetings (at least once per month) with risk managers are held virtually. Visiting the investees from time to time supplement the virtual meetings. The group CRO is member of Board of Directors of several investees as well. Apart from this function the group CRO is a Director of MikroKapital Management and involved in strategic decisions. Therefore he is member of the internal ALCO and investment committee. He is in charge of all risk related documents such as risk management framework but also IT/IT security matters. A frequent exchange with the relevant stakeholders is given.

## 8. Valuation

ALTERNATIVE investments are continuously monitored and valued according to the international standards of the Private Equity and Venture Capital Valuation Guidelines. Mikro Kapital Management S.A. performs valuations of its investments, according to the international standards, on annual basis, or more, if required.

### 8.1 Compliance with the regulatory framework

Our investments are all in entities regulated by their respective jurisdiction frame. Each entity complies with all regulatory duties imposed to a regulated entity by the Central Bank of the country of operations. Most of our investments are duly audited in their respective country of operations and the funds are audited at Luxembourg level.

### 8.2 Basis of the valuation

The valuation is performed by well-recognized independent appraisers, based on their own knowledge of the market, where the companies operate.

Every Evaluation Report is analyzed by our auditors, related FV results are booked into ALTERNATIVE's Financial Statements only after the auditors' review and approval.

We constantly check the valuation credentials and industry expertise of the appraisers valuing our Investments, and we apply rotation of assignments between various selected appraisers, to avoid undue fidelity retention issues between the appraiser and local management of the company subject to evaluation.

Based on these internal checks, ALTERNATIVE appraisers were always considered as qualified to serve as market experts in our valuation engagements and they performed a plausible and articulated analysis to derive a Fair Value of our investments. In the course of our history, ALTERNATIVE never get indication that the appraisers were not objective and did not act on pure independence basis.

### 8.3 Valuation Method

Valuations are performed comparing 3 different “best in class” method: (I) income approach (usually a Discounted Cash Flow), (II) market approach (comparable companies), and (III) cost approach. Income approach is most likely the one having the best accuracy in deriving the Equity Value of the investments.

As mentioned, this Equity Value is usually derived via a Discounted Cash Flow method, as only cash items are included in the audited financial statements (to best represent the liquidity of the investments).

### 8.4 Valuation Frequency

In order to enhance transparency to bonds-investors and provide most updated financials every period, our valuations are performed on yearly basis, and in case of extraordinary events, on quarterly basis. Therefore, our quarterly NAV will also reflect updated facts and values related to our investments.

## 9. Bond features

Please refer to Private Investment Memorandum of each Bond issued in a monthly basis.

# Mikro Kapital

Mikro Kapital Management S.A.

Société anonyme

10, Rue C.M. Spoo

L-2546 Luxembourg

The Grand Duchy of Luxembourg

R.C.S. Luxembourg: B227640

VAT: LU30669703

[www.mikrokapital.com](http://www.mikrokapital.com)

[info@mikrokapital.com](mailto:info@mikrokapital.com)

