

MAXIMA MICROFINANCE PLC.

**Financial Statements
for the year ended 31 December 2024
and
Report of the Independent Auditors**

Corporate Information

Company	Maxima Microfinance Plc.	
Registration No.	00005996	
Registered office	No. 21 AB, Street 271 Sangkat Phsar Doeum Thkov Khan Chamkamom Phnom Penh Kingdom of Cambodia	
Shareholders	Gojo & Company, Inc. (represented by Mr. Taejun Shin) Mr. An Bunhak Ms. Sarun Vithourat Ms. Sreng Sivechheng Mr. Chet Chanprasoeur Mr. Pa Ponnak Rithy Mr. Pa Ponnak Rithy (staff representative)	
Board of Directors	Mr. An Bunhak Mr. Taejun Shin Mr. Sanjay Gandhi Mr. Pa Ponnak Rithy Mr. Forsinetti Christophe Ms. Ewa Janikowska	Chairman Member Member Member Independent Director Independent Director
Management team	Mr. Tomohiro Isozaki Ms. Sreng Sivechheng Mr. Nhean Virak Mr. Hai Mengsreang Mr. Sok Kosal Mr. Sokry Ear Mr. Yang Ra Mr. Khean Darith Mr. Eduardo Boyose Jr. Ms. Lay Sineath Ms. Sim Sopheakna Ms. Met Sovanneath Mr. Roeumg Sokea Mr. SAN Chansothea Ms. Seng Manith Ms. Chea Sreymom	Chief Executive Officer Chief Finance Officer Chief Operation Officer (Resigned on 31 July 2024) Head of Branch Operation Department Head of Village Banking Operation Department Head of Credit Department Head of Recovery and Internal Control Department (Resigned on 31 December 2024) Senior Head of IT Department Head of Corporate Planning and Finance Co-Head of Compliance Department (Appointed on 12 August 2024) Corporate Secretary and Head of Social Performance Management Department Head of Compliance Department (Resigned on 12 September 2024) Head of Project and Product Department (Appointed on 12 August 2024) Head of HR and Admin Department (Appointed on 13 August 2024) Head of Call Center Department (Appointed on 12 August 2024) Head of Internal Audit Department (Resigned on 1 December 2024)
Principal bankers	Aceda Bank Plc. Wing Bank (Cambodia) Plc Vattanac Bank Plc. Canadia Bank Plc.	
Auditors	KPMG Cambodia Ltd	

Maxima Microfinance Plc.

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Report of the Directors

The Directors hereby submit their report together with the audited financial statements of Maxima Microfinance Plc. ("the Company") for the year ended 31 December 2024.

Principal activities

The principal activity of the Company is to provide micro-finance services to the economically active poor population, comprising of granting credit for poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

Financial results

The financial results of the Company for the year ended 31 December 2024 were as follows:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Loss before income tax	(2,023,363)	(8,237,110)	(1,081,217)	(4,443,803)
Income tax credit	39,784	161,961	24,518	100,769
Net loss for the year	<u>(1,983,579)</u>	<u>(8,075,149)</u>	<u>(1,056,699)</u>	<u>(4,343,034)</u>

Share capital

During the year, the shareholders are in process acquiring all shares and structuring the shareholders of the Company. Refer to Note 17 for details.

Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid.

Reserves and provisions

There were no material movements to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

Maxima Microfinance Plc.

Bad and doubtful loans

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Company, inadequate to any material extent.

Assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets, other than loans, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

Events since the reporting date

At the date of this report, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements, except as already disclosed in Note 17.

Maxima Microfinance Plc.

The Board of Directors

The members of the Board of Directors during the year and at the date of this report are:

Mr. An Bunhak	Chairman
Mr. Taejun Shin	Member
Mr. Sanjay Gandhi	Member
Mr. Pa Ponnak Rithy	Member
Mr. Forsinetti Christophe	Independent Director
Ms. Ewa Janikowska	Independent Director

Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Director, materially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect materially the results of the operations of the Company for the current financial year in which this report is made.

Directors' interests

The Directors who held office at the end of the financial year and their interests in the shares of the Company were as follows:

	31 December 2024/2023		
	% of ownership	Number of shares	Amount US\$
Mr. An Bunhak	19.63%	100,000	1,000,000
Mr. Pa Ponnak Rithy	0.86%	4,385	43,850

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of share purchase option.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Maxima Microfinance Plc.

Responsibilities of Directors in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements as set out on pages 8 to 53 are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"), or if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- assess 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- control and direct the Company effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

I, on behalf of the Board of Directors, do hereby approve the accompanying financial statements together with the Notes thereto as set out on pages 8 to 53 which, in my opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors,



Mr. An Bunhak
Chairman

Phnom Penh, Kingdom of Cambodia

10 April 2025



KPMG Cambodia Ltd
GIA Tower, Sopheak Mongkul Street, Phum 14
Sangkat Tonle Bassac, Khan Chamkar Mon
Phnom Penh, Cambodia
+855 (17) 666 537 / +855 (81) 533 999 | kpmg.com.kh

Report of the independent auditors

To the shareholders of Maxima Microfinance Plc.

Opinion

We have audited the financial statements of Maxima Microfinance Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 53 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Report of the Directors as set out on pages 1 to 4, and the annual report, which is expected to be made available to us after that date. 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 on the other information obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities 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 an auditors' 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 CISAs 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 CISAs, 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 management.
- Conclude on the appropriateness of management'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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 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.

For **KPMG Cambodia Ltd**



Taing YoukFong
Partner

Phnom Penh, Kingdom of Cambodia

10 April 2025

Maxima Microfinance Plc.

Statement of financial position as at 31 December 2024

	Note	31 December 2024		31 December 2023	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS					
Cash on hand	6	3,159	12,716	21,609	88,273
Balances with banks and financial institutions	7	913,283	3,675,964	3,804,435	15,541,117
Balances with the National Bank of Cambodia	8	257,004	1,034,441	309,359	1,263,732
Loans to customers, net	9	23,842,035	95,964,190	30,434,296	124,324,099
Equity investment	10	10,000	40,250	10,000	40,850
Other assets	11	182,077	732,861	123,674	505,208
Property and equipment	12	132,797	534,508	85,298	348,442
Intangible assets	13	14,085	56,692	17,517	71,557
Deferred tax assets, net	20D	172,312	693,556	132,528	541,377
TOTAL ASSETS		<u>25,526,752</u>	<u>102,745,178</u>	<u>34,938,716</u>	<u>142,724,655</u>
LIABILITIES AND EQUITY					
Liabilities					
Borrowings	14	18,723,783	75,363,227	26,134,520	106,759,514
Employee benefit obligations	15	9,660	38,882	18,230	74,470
Other liabilities	16	456,267	1,836,475	465,345	1,900,934
Total liabilities		<u>19,189,710</u>	<u>77,238,584</u>	<u>26,618,095</u>	<u>108,734,918</u>
Equity					
Share capital	17A	5,095,290	20,569,686	5,095,290	20,569,686
Share premium	17B	1,538,174	6,209,608	1,538,174	6,209,608
Regulatory reserves	18	10,092	32,922	152,502	612,673
Revenue reserves	19	133,424	538,428	133,424	538,428
(Accumulated loss)/Retained earnings		(439,938)	(1,884,250)	1,401,231	5,611,148
Currency translation reserves		-	40,200	-	448,194
Total equity		<u>6,337,042</u>	<u>25,506,594</u>	<u>8,320,621</u>	<u>33,989,737</u>
TOTAL LIABILITIES AND EQUITY		<u>25,526,752</u>	<u>102,745,178</u>	<u>34,938,716</u>	<u>142,724,655</u>

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

Maxima Microfinance Plc.

Statement of comprehensive income for the year ended 31 December 2024

	Note	2024		2023	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest income	21	5,052,418	20,568,394	5,695,431	23,408,221
Interest expense	22	<u>(2,262,426)</u>	<u>(9,210,336)</u>	<u>(2,540,824)</u>	<u>(10,442,787)</u>
Net interest income		2,789,992	11,358,058	3,154,607	12,965,434
Fee and commission income, net	23	577,770	2,352,102	319,203	1,311,924
Other income	24	232,371	945,982	188,361	774,164
Foreign exchange gain		<u>68,741</u>	<u>279,845</u>	<u>45,681</u>	<u>187,749</u>
Net operating income		3,668,874	14,935,987	3,707,852	15,239,271
Net impairment loss on financial assets	9	(2,676,386)	(10,895,567)	(1,605,478)	(6,598,515)
Personnel expenses	25	(2,104,262)	(8,566,451)	(2,222,014)	(9,132,478)
Depreciation and amortisation	26	(49,023)	(199,573)	(66,875)	(274,856)
Operating expenses	27	<u>(862,566)</u>	<u>(3,511,506)</u>	<u>(894,702)</u>	<u>(3,677,225)</u>
Loss before income tax		(2,023,363)	(8,237,110)	(1,081,217)	(4,443,803)
Income tax credit	20B	<u>39,784</u>	<u>161,961</u>	<u>24,518</u>	<u>100,769</u>
Net loss for the year		<u>(1,983,579)</u>	<u>(8,075,149)</u>	<u>(1,056,699)</u>	<u>(4,343,034)</u>
Other comprehensive loss					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Currency translation differences		<u>-</u>	<u>(407,994)</u>	<u>-</u>	<u>(273,654)</u>
Total comprehensive loss for the year		<u>(1,983,579)</u>	<u>(8,483,143)</u>	<u>(1,056,699)</u>	<u>(4,616,688)</u>

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

Maxima Microfinance Plc.

Statement of changes in equity for the year ended 31 December 2024

	Share capital		Share premium		Regulatory reserves		Revenue reserves		(Accumulated loss)/ Retained earnings		Currency translation reserves		Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January 2024	5,095,290	20,569,686	1,538,174	6,209,608	152,502	612,673	133,424	538,428	1,401,231	5,611,148	-	448,194	8,320,621	33,989,737
Transactions with the shareholders:														
Transferred from regulatory reserves	-	-	-	-	(142,410)	(579,751)	-	-	142,410	579,751	-	-	-	-
	-	-	-	-	(142,410)	(579,751)	-	-	142,410	579,751	-	-	-	-
Total comprehensive loss:														
Net loss for the year	-	-	-	-	-	-	-	-	(1,983,579)	(8,075,149)	-	-	(1,983,579)	(8,075,149)
<i>Other comprehensive loss</i>														
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	(407,994)	-	(407,994)
	-	-	-	-	-	-	-	-	(1,983,579)	(8,075,149)	-	(407,994)	(1,983,579)	(8,483,143)
At 31 December 2024	<u>5,095,290</u>	<u>20,569,686</u>	<u>1,538,174</u>	<u>6,209,608</u>	<u>10,092</u>	<u>32,922</u>	<u>133,424</u>	<u>538,428</u>	<u>(439,938)</u>	<u>(1,884,250)</u>	<u>-</u>	<u>40,200</u>	<u>6,337,042</u>	<u>25,506,594</u>

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Statement of changes in equity (continued) for the year ended 31 December 2024

	Share capital		Share premium		Regulatory reserves		Revenue reserves		Retained earnings		Currency translation reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)	(Note 5)
At 1 January 2023	5,095,290	20,569,686	1,538,174	6,209,608	324,126	1,318,048	133,424	538,428	2,286,306	9,248,807	-	721,848	9,377,320	38,606,425
Transactions with the shareholders:														
Transferred from regulatory reserves	-	-	-	-	(171,624)	(705,375)	-	-	171,624	705,375	-	-	-	-
	-	-	-	-	(171,624)	(705,375)	-	-	171,624	705,375	-	-	-	-
Total comprehensive loss:														
Net loss for the year	-	-	-	-	-	-	-	-	(1,056,699)	(4,343,034)	-	-	(1,056,699)	(4,343,034)
<i>Other comprehensive loss</i>														
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	(273,654)	-	(273,654)
	-	-	-	-	-	-	-	-	(1,056,699)	(4,343,034)	-	(273,654)	(1,056,699)	(4,616,688)
At 31 December 2023	<u>5,095,290</u>	<u>20,569,686</u>	<u>1,538,174</u>	<u>6,209,608</u>	<u>152,502</u>	<u>612,673</u>	<u>133,424</u>	<u>538,428</u>	<u>1,401,231</u>	<u>5,611,148</u>	<u>-</u>	<u>448,194</u>	<u>8,320,621</u>	<u>33,989,737</u>

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

Maxima Microfinance Plc.

Statement of cash flows for the year ended 31 December 2024

	Note	2024		2023	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash flows from operating activities					
Net loss for the year		(1,983,579)	(8,075,149)	(1,056,699)	(4,343,034)
<i>Adjustments for:</i>					
Income tax credit	20B	(39,784)	(161,961)	(24,518)	(100,769)
Net interest income		(2,789,992)	(11,358,058)	(3,154,607)	(12,965,434)
Net impairment loss on financial assets		2,676,386	10,895,567	1,605,478	6,598,515
Depreciation and amortisation		49,023	199,573	66,875	274,856
Gain on disposal of property and equipment		(1,118)	(4,551)	-	-
		(2,089,064)	(8,504,579)	(2,563,471)	(10,535,866)
<i>Changes in:</i>					
Loans to customers – gross		3,810,912	15,514,223	(793,460)	(3,261,121)
Short-term term deposits		-	-	2,997	12,318
Other assets		64,477	262,486	(6,824)	(28,047)
Other liabilities		(9,078)	(36,957)	(90,719)	(372,855)
Cash generated from/(used in) operations		1,777,247	7,235,173	(3,451,477)	(14,185,571)
Interest received		5,093,081	20,733,933	5,607,377	23,046,319
Interest paid		(2,212,737)	(9,008,052)	(2,303,266)	(9,466,423)
Employee benefit obligation paid	15	(8,570)	(34,888)	(9,741)	(40,036)
Prepayment on profit tax paid	20C	(58,580)	(238,479)	(61,280)	(251,861)
Net cash generated from/(used in) operating activities		4,590,441	18,687,687	(218,387)	(897,572)
Cash flows from investing activities					
<i>Acquisition of:</i>					
Property and equipment		(93,090)	(378,969)	(21,362)	(87,798)
Intangible assets		-	-	(17,517)	(71,995)
Proceed of property and equipment		1,118	4,551	-	-
Net cash used in investing activities		(91,972)	(374,418)	(38,879)	(159,793)

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Statement of cash flows (continued) for the year ended 31 December 2024

	Note	2024		2023	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash flows from financing activities					
Proceeds from borrowings	14	6,200,000	25,240,200	12,250,000	50,347,500
Repayments of borrowings	14	<u>(13,660,426)</u>	<u>(55,611,594)</u>	<u>(11,431,642)</u>	<u>(46,984,049)</u>
Net cash (used in)/generated from financing activities		<u>(7,460,426)</u>	<u>(30,371,394)</u>	<u>818,358</u>	<u>3,363,451</u>
Net (decrease)/increase in cash and cash equivalents		(2,961,957)	(12,058,125)	561,092	2,306,086
Cash and cash equivalents at 1 January		3,880,638	15,852,407	3,319,546	13,666,570
Currency translation differences		<u>-</u>	<u>(96,590)</u>	<u>-</u>	<u>(120,249)</u>
Cash and cash equivalents at 31 December	28	<u>918,681</u>	<u>3,697,692</u>	<u>3,880,638</u>	<u>15,852,407</u>

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

Maxima Microfinance Plc.

Notes to the financial statements for the year ended 31 December 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

Maxima Microfinance Plc. ("the Company"), originally known as Maxima Organisation for Household Economic Development ("the Institution"), is a private limited company incorporated in Cambodia and registered with the Ministry of Commerce on 27 July 2005 under the Registration Number 00005996 (previously Co.7897E/2005). On 10 August 2005, the Company obtained license No. 013 from the National Bank of Cambodia ("the NBC") to operate as a micro-finance institution to provide micro-finance services to the economically active poor population of Cambodia. On 22 February 2012, the NBC granted a permanent license no. M.F 013 to the Company who also amended its name to Maxima Mikroheranhvatho Plc.. On 22 July 2015, the NBC approved the amendment of the new name of the Company as Maxima Microfinance Plc.

The principal activity of the Company is to provide micro-finance services to the economically active poor population, comprising of granting credit for poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

The address of its registered office and principal place of business is located at No. 21AB, Street 271, Sangkat Phsar Doeum Thkov, Khan Chamkamom, Phnom Penh, Kingdom of Cambodia. The Company has 9 provincial branches located in Kandal, Kampong Speu, Kampong Cham, Tboung Khmom, Takeo, Kampong Chhnang, Kampong Thom, Pursat, Battambang and Siem Reap provinces and 1 head office base in Phnom Penh.

As at 31 December 2024, the Company had 229 employees (31 December 2023: 286 employees).

2. Basis of accounting

A. Statement of compliance

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

The financial statements of the Company were authorised for issue by the Board of Directors on 10 April 2025.

Details of the Company's accounting policies are included in Note 33.

B. Basis of measurement

The financial statements have been prepared on a historical cost, except when otherwise indicated.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

3. Functional and presentation currency

The Company transacts its business and maintains its accounting records in two currencies, Khmer Riel (“KHR”) and United States Dollars (“US\$”). Management has determined the US\$ to be the Company’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

These financial statements are presented in US\$, which is the Company’s functional currency. All amounts have been rounded to the nearest dollar or thousand riels, except when otherwise indicated.

4. Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024 is set out below in relation to the impairment of financial instruments and in the following note in relation to other areas:

- Note 33B(vii) – identification and measurement of impairment.

5. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars (“US\$”) which is the Company’s functional currency. The translations of United States Dollars amount into Khmer Riel (“KHR”) meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIFRS for SMEs Section 30, *Foreign Currency Translation*.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity items are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as “Currency translation reserves” in the other comprehensive income.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Translation of United States Dollars into Khmer Riel (continued)

The Company uses the following exchange rates:

Financial year end		Closing rate	Average rate
31 December 2024	US\$1 =	KHR4,025	KHR4,071
31 December 2023	US\$1 =	<u>KHR4,085</u>	<u>KHR4,110</u>

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

6. Cash on hand

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
US Dollars	2,531	10,188	14,450	59,028
Khmer Riel	<u>628</u>	<u>2,528</u>	<u>7,159</u>	<u>29,245</u>
	<u>3,159</u>	<u>12,716</u>	<u>21,609</u>	<u>88,273</u>

7. Balances with banks and financial institutions

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current accounts	4,662	18,765	7,447	30,421
Saving accounts	908,621	3,657,199	2,422,632	9,896,452
Term deposits	<u>-</u>	<u>-</u>	<u>1,374,356</u>	<u>5,614,244</u>
	<u>913,283</u>	<u>3,675,964</u>	<u>3,804,435</u>	<u>15,541,117</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

7. Balances with banks and financial institutions (continued)

Balances with banks and financial institutions are further analysed as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
A. By maturity:				
Within 1 month	913,283	3,675,964	3,632,348	14,838,142
2 to 3 months	-	-	172,087	702,975
	<u>913,283</u>	<u>3,675,964</u>	<u>3,804,435</u>	<u>15,541,117</u>

B. By interest rate (per annum):

Annual interest rates applicable to balances with banks and financial institutions at the year ended were as follows:

	31 December 2024	31 December 2023
Savings account	2.00%	2.00%
Term deposits	<u>-</u>	<u>3.00% - 4.70%</u>

8. Balances with the National Bank of Cambodia

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current accounts	2,239	9,012	54,594	223,017
Capital guarantee deposit (*)	<u>254,765</u>	<u>1,025,429</u>	<u>254,765</u>	<u>1,040,715</u>
	<u>257,004</u>	<u>1,034,441</u>	<u>309,359</u>	<u>1,263,732</u>

(*) In compliance with Prakas B7-00-006 Pro Kor dated 11 January 2000 and B7-06-209 Pro Kor dated 13 September 2006 on the Licensing of Microfinance Institutions, the Company is required to maintain a statutory capital deposit with the NBC of 5% of registered capital. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia.

The capital guarantee deposit earns interest rate at 1.31% (2023: 1.33%) per annum.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

9. Loans to customers, net

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Individual loan	8,325,330	33,509,453	9,031,345	36,893,044
Group loan	27,843	112,068	724,097	2,957,936
Staff loan	302,993	1,219,547	353,342	1,443,402
Small-Medium entities loan	17,547,081	70,627,001	22,213,924	90,743,880
Loans to customers, gross	26,203,247	105,468,069	32,322,708	132,038,262
Accrued interest receivable	337,185	1,357,169	379,933	1,552,026
Less: Unearned loan processing fee	(343,528)	(1,382,700)	(400,306)	(1,635,250)
Less: Impairment loss allowance	(2,354,869)	(9,478,348)	(1,868,039)	(7,630,939)
	<u>23,842,035</u>	<u>95,964,190</u>	<u>30,434,296</u>	<u>124,324,099</u>

The movement in the impairment loss allowance during the year was as follows:

	Individual assessment US\$	Collective Assessment US\$	Total US\$	KHR'000 (Note 5)
2024				
At 1 January 2024	737,762	1,130,277	1,868,039	7,630,939
Recognised in profit or loss	2,633,674	42,712	2,676,386	10,895,567
Write-offs during the year	(1,432,957)	(756,599)	(2,189,556)	(8,913,682)
Currency translation differences	-	-	-	(134,476)
At 31 December 2024	<u>1,938,479</u>	<u>416,390</u>	<u>2,354,869</u>	<u>9,478,348</u>
2023				
At 1 January 2023	333,058	424,020	757,078	3,116,890
Recognised in profit or loss	642,786	962,692	1,605,478	6,598,515
Write-offs during the year	(238,082)	(256,435)	(494,517)	(2,032,465)
Currency translation differences	-	-	-	(52,001)
At 31 December 2023	<u>737,762</u>	<u>1,130,277</u>	<u>1,868,039</u>	<u>7,630,939</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

9. Loans to customers, net (continued)

Gross loans to customers are analysed as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
A. By maturity:				
Within 3 months	217,903	877,060	464,303	1,896,678
4 to 6 months	334,032	1,344,479	508,898	2,078,848
7 to 12 months	1,464,199	5,893,401	1,302,650	5,321,325
Over 12 months	24,187,113	97,353,129	30,046,857	122,741,411
	<u>26,203,247</u>	<u>105,468,069</u>	<u>32,322,708</u>	<u>132,038,262</u>
B. By currency:				
US dollars	22,910,297	92,213,945	27,882,666	113,900,691
Khmer Riel	3,292,950	13,254,124	4,440,042	18,137,571
	<u>26,203,247</u>	<u>105,468,069</u>	<u>32,322,708</u>	<u>132,038,262</u>
C. By economic sector:				
Agriculture	4,188,936	16,860,467	5,999,192	24,506,699
Trade and commerce	3,319,559	13,361,225	4,125,477	16,852,574
Services	1,404,421	5,652,795	1,666,845	6,809,062
Transportation	1,096,984	4,415,361	1,649,556	6,738,436
Construction	11,119,485	44,755,927	12,709,547	51,918,499
Household/family	949,442	3,821,504	899,169	3,673,105
Staff loans	302,993	1,219,547	353,342	1,443,402
Others	3,821,427	15,381,243	4,919,580	20,096,485
	<u>26,203,247</u>	<u>105,468,069</u>	<u>32,322,708</u>	<u>132,038,262</u>
D. By residency status:				
Residents	<u>26,203,247</u>	<u>105,468,069</u>	<u>32,322,708</u>	<u>132,038,262</u>
E. By relationship:				
External customers	25,900,254	104,248,522	31,969,366	130,594,860
Staff loans	302,993	1,219,547	353,342	1,443,402
	<u>26,203,247</u>	<u>105,468,069</u>	<u>32,322,708</u>	<u>132,038,262</u>
F. By secured/unsecured:				
Secured	22,403,511	90,174,132	28,425,581	116,118,498
Unsecured	3,799,736	15,293,937	3,897,127	15,919,764
	<u>26,203,247</u>	<u>105,468,069</u>	<u>32,322,708</u>	<u>132,038,262</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

9. Loans to customers, net (continued)

F. By secured/unsecured: (continued)

Secured loans are collateralised by hard and soft title deed. Soft title deed is not issued by cadastral department but is verified by the village chiefs where the property is located. Unsecured loans represent the uncollateralised loans.

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
G. By overdue:				
Loans of one year or less:				
< 15 days	232,465	935,672	212,787	869,235
15 days – 30 days	6,681	26,891	762	3,113
31 days – 60 days	-	-	1,502	6,136
61 days – 90 days	453	1,823	613	2,504
≥ 91 days	1,205	4,850	209,426	855,505
	<u>240,804</u>	<u>969,236</u>	<u>425,090</u>	<u>1,736,493</u>
Loans of more than one year				
< 30 days	23,336,116	93,927,867	29,187,490	119,230,897
≥ 30 days – 89 days	622,249	2,504,552	723,631	2,956,033
≥ 90 days – 179 days	653,357	2,629,762	744,681	3,042,022
≥ 180 days – 359 days	715,281	2,879,006	863,717	3,528,284
More than 359 days	635,440	2,557,646	378,099	1,544,533
	<u>25,962,443</u>	<u>104,498,833</u>	<u>31,897,618</u>	<u>130,301,769</u>
	<u>26,203,247</u>	<u>105,468,069</u>	<u>32,322,708</u>	<u>132,038,262</u>
H. By concession:				
Restructured (*)	2,602,670	10,475,747	2,332,165	9,526,894
Non restructured	<u>23,600,577</u>	<u>94,992,322</u>	<u>29,990,543</u>	<u>122,511,368</u>
	<u>26,203,247</u>	<u>105,468,069</u>	<u>32,322,708</u>	<u>132,038,262</u>

(*) A “restructured loan” is a loan that original contractual terms have been modified to provide for concessions for the borrowers for reasons related to temporary financial difficulties.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

9. Loans to customers, net (continued)

I. By interest rate (per annum):

	31 December 2024	31 December 2023
Individual loan	14.00% - 18.00%	14.40% - 18.00%
Group loan	16.00% - 18.00%	15.60% - 18.00%
Staff loan	12.00% - 16.00%	12.00% - 16.20%
Small-Medium entities loan	<u>13.00% - 18.00%</u>	<u>13.20% - 18.00%</u>

10. Equity investment

This represents the cost of an equity investment in Credit Bureau Holding (Cambodia) Ltd ("CBH") through the Cambodia Microfinance Association. CBH is one of shareholders of Credit Bureau (Cambodia) Co., Ltd which is a company operating as the leading provider of information, analytical tools and credit reporting services in the Kingdom of Cambodia.

11. Other assets

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Income tax credit (Note 20C)	114,842	462,239	56,262	229,830
Non-refundable deposit	28,416	114,374	39,986	163,343
Prepayments	24,033	96,733	25,444	103,939
Others	<u>14,786</u>	<u>59,515</u>	<u>1,982</u>	<u>8,096</u>
	<u>182,077</u>	<u>732,861</u>	<u>123,674</u>	<u>505,208</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

12. Property and equipment

2024	Leasehold improvements US\$	Office equipment US\$	Computer and IT equipment US\$	Furniture and fixtures US\$	Motor vehicles US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 5)
Cost								
At 1 January 2024	41,690	47,484	217,678	41,307	92,832	-	440,991	1,801,448
Additions	-	2,145	10,565	-	-	80,380	93,090	378,969
Disposals	(908)	(6,802)	-	-	-	-	(7,710)	(31,387)
Currency translation differences	-	-	-	-	-	-	-	(30,387)
At 31 December 2024	40,782	42,827	228,243	41,307	92,832	80,380	526,371	2,118,643
Less: Accumulated depreciation								
At 1 January 2024	37,118	45,194	147,099	33,450	92,832	-	355,693	1,453,006
Depreciation for the year (Note 26)	2,345	1,116	38,234	3,896	-	-	45,591	185,601
Disposals	(908)	(6,802)	-	-	-	-	(7,710)	(31,387)
Currency translation differences	-	-	-	-	-	-	-	(23,085)
At 31 December 2024	38,555	39,508	185,333	37,346	92,832	-	393,574	1,584,135
Carrying amounts								
At 31 December 2024	2,227	3,319	42,910	3,961	-	80,380	132,797	534,508

Included in the cost of property and equipment were items costing US\$445,991 which were fully depreciated as at 31 December 2024 (31 December 2023: US\$311,599), which are still in active use.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

12. Property and equipment (continued)

2023	Leasehold improvements US\$	Office equipment US\$	Computer and IT equipment US\$	Furniture and fixtures US\$	Motor vehicles US\$	US\$	Total KHR'000 (Note 5)
Cost							
At 1 January 2023	39,828	46,837	200,046	41,307	92,832	420,850	1,732,639
Additions	1,862	1,868	17,632	-	-	21,362	87,798
Disposal	-	(1,221)	-	-	-	(1,221)	(5,018)
Currency translation differences	-	-	-	-	-	-	(13,971)
At 31 December 2023	<u>41,690</u>	<u>47,484</u>	<u>217,678</u>	<u>41,307</u>	<u>92,832</u>	<u>440,991</u>	<u>1,801,448</u>
Less: Accumulated depreciation							
At 1 January 2023	34,491	44,627	110,372	29,218	92,832	311,540	1,282,610
Depreciation for the year (Note 26)	2,627	1,788	36,727	4,232	-	45,374	186,487
Disposal	-	(1,221)	-	-	-	(1,221)	(5,018)
Currency translation differences	-	-	-	-	-	-	(11,073)
At 31 December 2023	<u>37,118</u>	<u>45,194</u>	<u>147,099</u>	<u>33,450</u>	<u>92,832</u>	<u>355,693</u>	<u>1,453,006</u>
Carrying amounts							
At 31 December 2023	<u>4,572</u>	<u>2,290</u>	<u>70,579</u>	<u>7,857</u>	<u>-</u>	<u>85,298</u>	<u>348,442</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

13. Intangible assets

2024	Computer and banking software US\$	Construction in process US\$	US\$	Total KHR'000 (Note 5)
Cost				
At 1 January 2024	63,250	17,517	80,767	329,933
Additions	17,517	(17,517)	-	-
Currency translation differences	-	-	-	(4,846)
At 31 December 2024	80,767	-	80,767	325,087
Less: Accumulated amortisation				
At 1 January 2024	63,250	-	63,250	258,376
Amortisation for the year (Note 26)	3,432	-	3,432	13,972
Currency translation differences	-	-	-	(3,953)
At 31 December 2024	66,682	-	66,682	268,395
Carrying amounts				
At 31 December 2024	14,085	-	14,085	56,692
2023				
Cost				
At 1 January 2023	63,250	-	63,250	260,400
Additions	-	17,517	17,517	71,995
Currency translation differences	-	-	-	(2,462)
At 31 December 2023	63,250	17,517	80,767	329,933
Less: Accumulated amortisation				
At 1 January 2023	41,749	-	41,749	171,880
Amortisation for the year (Note 26)	21,501	-	21,501	88,369
Currency translation differences	-	-	-	(1,873)
At 31 December 2023	63,250	-	63,250	258,376
Carrying amounts				
At 31 December 2023	-	17,517	17,517	71,557

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

14. Borrowings

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<i>Corporate:</i>				
Current portion	14,069,613	56,630,192	19,866,305	81,153,857
Non-current portion	<u>4,455,875</u>	<u>17,934,898</u>	<u>6,119,609</u>	<u>24,998,602</u>
	18,525,488	74,565,090	25,985,914	106,152,459
Accrued Interest payable	298,789	1,202,625	362,532	1,480,943
Unamortised borrowing processing fee	<u>(100,494)</u>	<u>(404,488)</u>	<u>(213,926)</u>	<u>(873,888)</u>
	<u>18,723,783</u>	<u>75,363,227</u>	<u>26,134,520</u>	<u>106,759,514</u>

As at 31 December 2024, the Company was in breach of covenants with 5 lenders, of which the actual performance ratio exceeded the limit as follows:

	Limit	Actual
PAR > 30 days	<5.00%	10.01%
PAR 30 days + Restructured/Rescheduled (*)	<5.00%	15.22%
PAR > 30days + Restructured/Rescheduled (*)	<16.00%	17.13%
PAR > 90 days	<4.00%	7.65%
PAR > 90 Days + Restructured/Reschedule	<12.00%	16.19%
Write-off 12m-ttm ratio	2.00%	7.08%
Loan Loss Reserve plus Regulatory Reserve Ratio (using PAR>30 denominator)	≥100.00%	87.99%
Open Credit Exposure Ratio (*)	<20.00%	26.46%
Open Credit Exposure Ratio (*)	<32.00%	34.04%
Return on assets ratio	>0.00%	-7.71%
Operating Self Sufficiency Ratio (OSS)	>80.00%	74.00%
Cost to Income Ratio	<85.00%	85.67%

(*) Actual figures for PAR30 days + Restructured/Rescheduled and Open Credit Exposure Ratio have variances due to differences in some lenders' definition of restructured/rescheduled portfolio.

As of the date of these financial statements, the non-current liabilities portion of US\$8,466,666 had been reclassified to current liabilities.

Subsequently, the 2 out of the 5 lenders approved the waiver of the breached covenants as indicated in No Action Letters dated 11 February 2025 and 20 March 2025, respectively. The Company is in the process of seeking approval from the remaining lenders for the waiver of these breached borrowing covenants.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

14. Borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities and operating activities:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	26,134,520	106,759,514	25,078,604	103,248,613
Changes from financing cash flows				
Proceeds from borrowings	6,200,000	25,240,200	12,250,000	50,347,500
Repayment of borrowings	(13,660,426)	(55,611,594)	(11,431,642)	(46,984,049)
	(7,460,426)	(30,371,394)	818,358	3,363,451
Changes from operating cash flows				
Interest expense	2,262,426	9,210,336	2,540,824	10,442,787
Interest paid	(2,212,737)	(9,008,052)	(2,303,266)	(9,466,423)
	49,689	202,284	237,558	976,364
Currency translation differences	-	(1,227,177)	-	(828,914)
At 31 December	<u>18,723,783</u>	<u>75,363,227</u>	<u>26,134,520</u>	<u>106,759,514</u>

Borrowings are analysed as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
A. By maturity:				
4 to 12 months	4,249,998	17,106,243	5,954,538	24,324,288
1 to 5 years	<u>14,275,490</u>	<u>57,458,847</u>	<u>20,031,376</u>	<u>81,828,171</u>
	<u>18,525,488</u>	<u>74,565,090</u>	<u>25,985,914</u>	<u>106,152,459</u>
B. By currency:				
US Dollars	<u>18,525,488</u>	<u>74,565,090</u>	<u>25,985,914</u>	<u>106,152,459</u>
C. By relationship:				
Related parties (Note 29C)	3,200,000	12,880,000	-	-
Non-related parties	<u>15,325,488</u>	<u>61,685,090</u>	<u>25,985,914</u>	<u>106,152,459</u>
	<u>18,525,488</u>	<u>74,565,090</u>	<u>25,985,914</u>	<u>106,152,459</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

14. Borrowings (continued)

D. By interest rate (per annum):

	31 December 2024	31 December 2023
Related parties	13.24% - 11.81%	-
Non-related parties	<u>6.66% - 9.59%</u>	<u>6.66% - 9.59%</u>

15. Employee benefit obligations

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Non-current	<u>9,660</u>	<u>38,882</u>	<u>18,230</u>	<u>74,470</u>

This represents liability for seniority back-pay indemnity required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by the Guidance No. 042/19 dated 22 March 2019.

The movement of liability for employee benefit obligations was as follows:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	18,230	74,470	27,971	115,157
Paid during the year	(8,570)	(34,888)	(9,741)	(40,036)
Currency translation differences	<u>-</u>	<u>(700)</u>	<u>-</u>	<u>(651)</u>
At 31 December	<u>9,660</u>	<u>38,882</u>	<u>18,230</u>	<u>74,470</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

16. Other liabilities

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Customers prepayment for loan resettlement	159,517	642,056	194,504	794,549
Accrued management advisory fees (Note 29C)	79,694	320,769	17,071	69,736
Accrued other expenses	49,538	199,390	53,021	216,590
Accrued staff bonus and vacation	87,815	353,455	148,753	607,656
Salary and withholding tax payable	39,430	158,706	42,839	174,997
Others	40,273	162,099	9,157	37,406
	<u>456,267</u>	<u>1,836,475</u>	<u>465,345</u>	<u>1,900,934</u>

17. Share capital and share premium

A. Share capital

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Registered, issued and fully paid up share capital of 509,529 at US\$10 each	<u>5,095,290</u>	<u>20,569,686</u>	<u>5,095,290</u>	<u>20,569,686</u>

The Company's shareholders and their respective interest are as follows:

	31 December 2024/2023		
	% of Ownership	Number of shares	Amount US\$
Gojo & Company, Inc.	61.63%	314,029	3,140,290
Mr. An Bunhak	19.63%	100,000	1,000,000
Ms. Sreng Sivechheng	8.44%	43,000	430,000
Ms. Sarun Vithourat	8.24%	42,000	420,000
Mr. Chet Chanprasoeur	1.08%	5,500	55,000
Mr. Pa Ponnak Rithy	0.86%	4,385	43,850
Mr. Pa Ponnak Rithy (staff representative)	0.12%	615	6,150
	<u>100%</u>	<u>509,529</u>	<u>5,095,290</u>
Equivalent in KHR'000 (Note 5)			<u>20,569,686</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

17. Share capital and share premium (continued)

A. Share capital (continued)

On 8 July 2024, the shareholders approved Gojo & Company Inc. and Mr. Tomohiro Isozaki to directly acquire all shares held by the existing individual shareholders with no change to the total share capital of the Company. As at 31 December 2024, the acquisition and shares transfer process were still on going.

Subsequently on 9 January 2025, the shares acquisition was completed and approved by NBC. The Company then started the process of updating its Memorandum and Article of Association with the Ministry of Commerce, which remain in progress as of the date of these financial statements.

After the share acquisition, the Company's shareholders and shareholding structure will be as follows:

	% of Ownership	Number of shares	Amount US\$
Gojo & Company, Inc. (Represented by Mr. Taejun Shin)	99.99%	509,528	5,095,280
Mr. Tomohiro Isozaki	0.00%	1	10
	<u>100%</u>	<u>509,529</u>	<u>5,095,290</u>
Equivalent in KHR'000 (Note 5)			<u>20,569,686</u>

B. Share premium

	31 December 2024/2023		
	Number of shares	Amount US\$	Amount KHR'000 (Note 5)
3 September 2012 (i)	51,500	121,025	488,578
17 October 2014 (ii)	176,000	574,992	2,321,242
16 December 2016 (iii)	<u>202,029</u>	<u>842,157</u>	<u>3,399,788</u>
	<u>429,529</u>	<u>1,538,174</u>	<u>6,209,608</u>

- (i) On 3 September 2012, the Board of Directors decided to increase the number of the Company's share from 80,000 shares to 131,500 shares by issuing 51,500 new shares at US\$12.35 for each share. The excess of US\$2.35 per share over the US\$10 par value was recognised as share premium. The increase was approved by the NBC on 23 November 2012.

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Notes to the financial statements (continued) for the year ended 31 December 2024

17. Share capital and share premium (continued)

B. Share premium (continued)

- (ii) On 17 October 2014, the Board of Directors resolved to increase the number of shares from 131,500 shares to 307,500 shares through issuance of an additional 176,000 shares at US\$13.267 each. The excess of US\$3.267 per share over par value was recognised as share premium. The increase was approved by the NBC on 30 March 2015.
- (iii) On 16 December 2016, the Board of Directors resolved to increase the number of share capital from 307,500 shares to 509,529 shares through issuance of an additional 202,029 shares, of which 159,029 shares were at US\$14.16 each and 42,761 shares at US\$14.20 each. The excess of US\$4.16 and US\$4.20 per share, respectively, over par value was recognised as share premium. The increase was approved by the NBC on 23 December 2016.

18. Regulatory reserves

Regulatory reserves represented the variance of provision between loans impairment in accordance with CIFRS for SMEs and regulatory provision in accordance with National Bank of Cambodia.

As at 31 December 2024, the Company transferred from regulatory reserves to retained earnings an amount of US\$142,410 (31 December 2023: US\$171,624).

	Balances with banks and financial institutions US\$	Loans to customers US\$	US\$	Total KHR'000 (Note 5)
31 December 2024				
Allowance per NBC	10,092	2,090,284	2,100,376	8,454,013
Allowance per CIFRS for SMEs (Note 9)	-	(2,354,869)	(2,354,869)	(9,478,348)
Regulatory reserves (A)	<u>10,092</u>	<u>-</u>	<u>10,092</u>	<u>32,922</u>
31 December 2023				
Allowance per NBC	38,014	1,982,527	2,020,541	8,253,910
Allowance per CIFRS for SMEs (Note 9)	-	(1,868,039)	(1,868,039)	(7,630,939)
Currency translation differences	-	-	-	(10,298)
Regulatory reserves (B)	<u>38,014</u>	<u>114,488</u>	<u>152,502</u>	<u>612,673</u>
Transfer from regulatory reserves to retained earnings (A) – (B)			<u>(142,410)</u>	<u>(579,751)</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

19. Revenue reserves

- (i) The institution's net profit after tax of the fiscal year will be allocated as 5% of net profit shall be placed into the Revenue Reserve Fund. When this fund reaches 10% of registered capital, the extra amount may be kept another special Reserve Fund, following the decision of the Board, for any social activities.
- (ii) The remaining balance will be distributed 20% to shareholders as dividends and 80% will be kept in Retained Earnings or for Reinvestment for the coming year. However, these percentages can be changed depending on the decision of the Board. No dividend shall be paid until:
 - All accumulated losses have been fully covered.
 - All preliminary and pre-operational expenses have been adjusted.
 - The annual external audit report has been completed.
 - Getting approval from NBC.

The Revenue Reserve Fund ensures MAXIMA's financial health, sustains operations, and covers unanticipated or episodic situations. The Board approves and reviews it annually to ensure objectives are met.

20. Income tax

A. Applicable tax rates

In accordance with Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the tax on income at the rate of 20% of taxable income or the minimum tax at 1% of annual turnover, whichever is higher.

According to Prakas 638 issued on 4 July 2017, an entity is eligible to be exempted from payment of minimum tax if it maintained proper accounting records and obtained approval from the General Department of Taxation ("GDT").

On 17 August 2023, the Company obtained confirmation from the GDT that it has maintained proper accounting records and is approved to apply for exemption from payment of minimum tax for financial years 2023 and 2024 as accorded by aforementioned regulation.

On 31 May 2024, the Company was awarded with Gold Certificate of Tax Compliance issued by the GDT in accordance with Prakas No.1536 MEF/PK dated 23 December 2016 for a validity period of 2 years for the tax year of 2024 and 2025.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

20. Income tax (continued)

B. Income tax credit

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Income tax credit from deferred tax movement	<u>(39,784)</u>	<u>(161,961)</u>	<u>(24,518)</u>	<u>(100,769)</u>

The reconciliation of income tax expense computed at the statutory tax rate of 20% to the income tax expense shown in profit or loss is as follows:

	2024			2023		
	US\$	KHR'000 (Note 5)	%	US\$	KHR'000 (Note 5)	%
Loss before income tax	<u>(2,023,363)</u>	<u>(8,237,110)</u>		<u>(1,081,217)</u>	<u>(4,443,803)</u>	
Income tax using statutory rate at 20%	(404,673)	(1,647,425)	20%	(216,243)	(888,761)	20%
Non-deductible expenses	8,406	34,221	-	1,189	4,887	-
Deferred tax assets not recognised	<u>356,483</u>	<u>1,451,243</u>	<u>-18%</u>	<u>190,536</u>	<u>783,103</u>	<u>-18</u>
Income tax credit	<u>(39,784)</u>	<u>(161,961)</u>	<u>2%</u>	<u>(24,518)</u>	<u>(100,771)</u>	<u>2%</u>

The calculation of taxable income is subject to the final review and approval of the tax authorities.

C. Income tax credit

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	(56,262)	(229,830)	5,018	20,659
Prepayment on profit tax paid	(58,580)	(238,479)	(61,280)	(251,861)
Currency translation differences	<u>-</u>	<u>6,070</u>	<u>-</u>	<u>1,372</u>
At 31 December	<u>(114,842)</u>	<u>(462,239)</u>	<u>(56,262)</u>	<u>(229,830)</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

20. Income tax (continued)

D. Deferred tax assets, net

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Deferred tax assets	187,701	755,497	140,673	574,649
Deferred tax liabilities	<u>(15,389)</u>	<u>(61,941)</u>	<u>(8,145)</u>	<u>(33,272)</u>
Deferred tax assets, net	<u>172,312</u>	<u>693,556</u>	<u>132,528</u>	<u>541,377</u>

Deferred tax assets/(liabilities) are attributable to the following:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Impairment loss allowance	103,754	417,610	43,575	178,004
Unearned loan processing fee	68,439	275,467	79,790	325,942
Unamortised borrowing processing fee	7,175	28,879	8,621	35,217
Employee benefits obligation	6,353	25,571	8,687	35,486
Accelerated depreciation of property and equipment and intangible assets	(376)	(1,513)	(1,747)	(7,136)
Others	<u>(13,033)</u>	<u>(52,458)</u>	<u>(6,398)</u>	<u>(26,136)</u>
	<u>172,312</u>	<u>693,556</u>	<u>132,528</u>	<u>541,377</u>

Movement of net deferred tax assets is as follows:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	132,528	541,377	108,010	444,677
Recognised in profit or loss	39,784	161,961	24,518	100,769
Currency translation differences	<u>-</u>	<u>(9,782)</u>	<u>-</u>	<u>(4,069)</u>
At 31 December	<u>172,312</u>	<u>693,556</u>	<u>132,528</u>	<u>541,377</u>

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Notes to the financial statements (continued) for the year ended 31 December 2024

20. Income tax (continued)

E. Deferred tax assets not recognised

Tax losses incurred in any tax year can be carried forward to offset against profit realised in the following five tax years subject to the following conditions:

- The loss must be recorded in the Tax on Income return and submitted to the GDT on time;
- The business objective of the Company must not have changed; and
- The Company must not have received a unilateral tax re-assessment.

Deferred tax assets in respect of the tax losses are not recognised in the financial statements because it is not probable, as of the date of these financial statements, that future taxable profits will be available against which the Company can use the benefits therefrom.

21. Interest income

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Loans to customers	4,988,118	20,306,628	5,605,404	23,038,210
Deposits and placements with banks	<u>64,300</u>	<u>261,766</u>	<u>90,027</u>	<u>370,011</u>
	<u>5,052,418</u>	<u>20,568,394</u>	<u>5,695,431</u>	<u>23,408,221</u>

22. Interest expense

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Borrowings	<u>2,262,426</u>	<u>9,210,336</u>	<u>2,540,824</u>	<u>10,442,787</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

23. Fee and commission income, net

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Fee and commission income				
Loan collection fees	561,449	2,285,659	303,362	1,246,818
Commission fee on CBC	11,858	48,274	15,841	65,106
	<u>573,307</u>	<u>2,333,933</u>	<u>319,203</u>	<u>1,311,924</u>
Fee and commission expense				
Borrowing processing fees	4,463	18,169	-	-
	<u>577,770</u>	<u>2,352,102</u>	<u>319,203</u>	<u>1,311,924</u>

24. Other income

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Finance charges	136,540	555,854	125,833	517,174
Dividends income from CBC	19,262	78,416	26,831	110,275
Grants income from shareholder (*) (Note 29B)	14,898	60,649	-	-
Others	61,671	251,063	35,697	146,715
	<u>232,371</u>	<u>945,982</u>	<u>188,361</u>	<u>774,164</u>

(*) This pertains to a grant income from a shareholder, Gojo & Company Inc. to support the Company in implementing the Pasio Program, which assists young entrepreneurs globally by providing financial resources, enhancing digital visibility, and offering financial education.

25. Personnel expenses

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Salaries and bonus	1,880,305	7,654,722	1,995,527	8,201,616
Seniority benefits	99,377	404,564	101,945	418,994
Insurance	37,735	153,619	40,025	164,503
Staff material and incidental travel	19,084	77,691	19,733	81,103
Pension fund	18,204	74,108	20,022	82,290
Employee training	8,584	34,945	4,189	17,217
Others	40,973	166,802	40,573	166,755
	<u>2,104,262</u>	<u>8,566,451</u>	<u>2,222,014</u>	<u>9,132,478</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

26. Depreciation and amortisation

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Depreciation (Note 12)	45,591	185,601	45,374	186,487
Amortisation (Note 13)	3,432	13,972	21,501	88,369
	<u>49,023</u>	<u>199,573</u>	<u>66,875</u>	<u>274,856</u>

27. Operating expenses

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Management advisory fee (Note 29B)	267,252	1,087,983	251,895	1,035,288
Rental expenses	193,500	787,739	225,761	927,878
Motor vehicle operating expense	74,141	301,828	63,228	259,867
Professional fees	36,105	146,983	45,241	185,941
Bank charges	26,941	109,677	25,216	103,638
Communication expenses	26,164	106,514	26,241	107,851
Utilities	25,230	102,711	15,864	65,201
Repairs and maintenance	18,387	74,853	19,778	81,288
Business meals and entertainment	15,596	63,491	16,870	69,336
License fees	15,246	62,066	16,173	66,471
Withholding tax	8,903	36,244	6,576	27,027
Stationery and supplies	7,950	32,364	11,366	46,714
Security and cleaning services	6,620	26,950	6,612	27,175
Marketing and advertising	6,518	26,535	6,864	28,211
Membership	4,796	19,525	4,776	19,629
Others	129,217	526,043	152,241	625,710
	<u>862,566</u>	<u>3,511,506</u>	<u>894,702</u>	<u>3,677,225</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Cash and cash equivalents

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash on hand	3,159	12,716	21,609	88,273
Balances with banks and financial institutions (maturity of three months or less)	913,283	3,675,964	3,804,435	15,541,117
Balances with the National Bank of Cambodia (maturity of three months or less)	2,239	9,012	54,594	223,017
	<u>918,681</u>	<u>3,697,692</u>	<u>3,880,638</u>	<u>15,852,407</u>

29. Related parties

A. Identity of related parties

The related parties of, and their relationship with the Company are as follows:

Relationship	Related party
Shareholders	Refer to Note 17
Key management personnel	All management of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members).

B. Transactions with related parties

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Gojo & Company, Inc.				
Management advisory fees (Note 27) (*)	267,252	1,087,983	251,895	1,035,288
Proceeds from borrowings	3,200,000	13,027,200	-	-
Repayment of borrowings	-	-	(6,000,000)	(24,660,000)
Interest expenses	68,373	278,346	134,039	550,900
Interest paid	(9,572)	(38,968)	(134,039)	(550,900)
Grant income from shareholder (Note 24)	<u>14,898</u>	<u>60,649</u>	<u>-</u>	<u>-</u>
Key management personnel				
Salaries, bonus and other benefits	<u>481,699</u>	<u>1,960,997</u>	<u>541,058</u>	<u>2,223,748</u>

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

29. Related parties (continued)

B. Transactions with related parties (continued)

- (*) This pertains to management advisory fee for loan management from Gojo & Company, Inc. for 36-months term starting from 1 February 2018, which will automatically renew for another 36 months upon maturity. The fee is charged based on rates of 0.06% and 0.08% on monthly outstanding loan balance to customers. The management advisory agreement was renewed on 21 May 2021.

On 1 July 2024, the Company entered into a new management advisory agreement with Gojo & Company, Inc for 12-months term, which will automatically renew for additional 12 months upon maturity. The fee has been revised and is now charged based on the services defined in the agreement. This new agreement superseded the previous management advisory agreement dated 21 May 2021.

C. Balances with related parties

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Gojo & Company, Inc.				
Other assets	14,326	57,662	6,606	26,987
Interest payable	58,801	236,674	-	-
Accrued management advisory fees (Note 16)	79,694	320,769	17,071	69,736
Borrowings (Note 14)	<u>3,200,000</u>	<u>12,880,000</u>	<u>-</u>	<u>-</u>

Borrowings from shareholder are unsecured and bear interest rate ranging from 11.81% to 13.24% (2023: 5.70%) per annum. Interest is paid on semi-annual basis (2023: quarterly basis) in arrears.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

30. Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

31 December 2024	FVTPL US\$	FVOCI US\$	Amortised cost US\$	Cost less impairment US\$	Total carrying amount US\$	KHR'000 (Note 5)
Financial assets						
Cash on hand	-	-	3,159	-	3,159	12,716
Balances with banks and financial institutions	-	-	913,283	-	913,283	3,675,964
Balances with the National Bank of Cambodia	-	-	2,239	-	2,239	9,012
Loans to customers, net	-	-	23,842,035	-	23,842,035	95,964,191
Equity investment	-	-	-	10,000	10,000	40,250
Other assets	-	-	14,786	-	14,786	59,514
Total financial assets	-	-	24,775,502	10,000	24,785,502	99,761,647
Financial liabilities						
Borrowings	-	-	18,723,783	-	18,723,783	75,363,227
Other liabilities	-	-	257,320	-	257,320	1,035,713
Total financial liabilities	-	-	18,981,103	-	18,981,103	76,398,940

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

30. Classification of financial assets and financial liabilities (continued)

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments. (continued)

31 December 2023	FVTPL US\$	FVOCI US\$	Amortised cost US\$	Cost less impairment US\$	Total carrying amount US\$	KHR'000 (Note 5)
Financial assets						
Cash on hand	-	-	21,609	-	21,609	88,273
Balances with banks and financial institutions	-	-	3,804,435	-	3,804,435	15,541,117
Balances with the National Bank of Cambodia	-	-	54,594	-	54,594	223,016
Loans to customers, net	-	-	30,434,296	-	30,434,296	124,324,099
Equity investment	-	-	-	10,000	10,000	40,850
Other assets	-	-	1,982	-	1,982	8,096
Total financial assets	-	-	34,316,916	10,000	34,326,916	140,225,451
Financial liabilities						
Borrowings	-	-	26,134,520	-	26,134,520	106,759,514
Other liabilities	-	-	228,002	-	228,002	931,388
Total financial liabilities	-	-	26,362,522	-	26,362,522	107,690,902

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

31. Commitments and contingencies

A. Lease commitments

The Company has commitments for the lease of its head office and branch offices under an operating lease arrangement, with future minimum lease amounts due as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Within 1 year	93,188	379,369	218,112	896,440
1 to 5 years	<u>175,718</u>	<u>715,349</u>	<u>212,132</u>	<u>871,863</u>
	<u>268,906</u>	<u>1,094,718</u>	<u>430,244</u>	<u>1,768,303</u>

B. Taxation contingencies

On 24 May 2021, the General Department of Taxation ("GDT") issued a Notice of Tax Reassessment ("NTR") on the comprehensive tax audit for the period from 1 January 2016 to 31 December 2017, imposing additional tax including penalty and interest of KHR36,439,652 equivalent to US\$8,851.

On 1 June 2021, the Company lodged an administrative protest letter to object the comprehensive tax audit case above to justify the ground on the calculation basis in NTR in accordance with the Cambodian Law on Taxation.

On 25 May 2023, the GDT re-issued an NTR on the comprehensive tax audit for the period from 1 January 2016 to 31 December 2017. The re-issued NTR imposes the same amount of additional tax, penalty and interest.

On 8 June 2023, the Company lodged 2nd administrative protest letter to object the comprehensive tax audit case above to justify the ground on the calculation basis in NTR in accordance with the Cambodian Law on Taxation.

On 16 September 2024, the Company received an Updated Notice of Tax Reassessment (NTR) with a reduced amount of KHR13,050,369, equivalent to US\$3,242. Management still considers the remaining assessment as invalid and has lodged another administrative protest letter on 10 October 2024, requesting to waive entirely the assessment.

As of to date, there has not been any official response from the GDT and management have considered that the tax assessment exposure will not give rise to any significant loss to the Company in the future.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

31. Commitments and contingencies (continued)

B. Taxation contingencies

The Company assesses its tax obligations based on applicable tax laws and regulations as of the reporting date. Given the evolving nature of tax legislation, certain tax treatments may necessitate judgment and interpretation. Management exercises judgment in establishing the Company's tax positions and continually monitors regulatory developments. While the Company strives to comply with current tax requirements, interpretations of tax regulations may vary. Any adjustments resulting from regulatory reviews, once conducted and finalised, will be reflected into the financial statements as appropriate.

32. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise indicated.

A. Foreign currency transactions

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Non-monetary items that are measured in terms of historical cost in other currency are translated using the exchange rates as at the respective dates of the initial transactions. Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI are recognised in OCI.

B. Financial instruments

(i). Recognition

The Company initially recognises a financial asset or a financial liability when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii). Classification

The Company classifies its financial assets and liabilities as basic financial instruments in accordance with Section 11 Basic Financial Instruments.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

B. Financial instruments (continued)

(iii). Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or settled, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv). Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v). Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi). Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

B. Financial instruments (continued)

(vi). Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii). Identification and measurement of impairment

Objective evidence of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets that are measured at cost or amortised cost. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

B. Financial instruments (continued)

(vii). Identification and measurement of impairment (continued)

Individual and collective assessment

All individually significant assets are individually assessed for impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the management.

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Measurement

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

B. Financial instruments (continued)

(vii). Identification and measurement of impairment (continued)

Reversal of impairment and write offs

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the entity shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account.

The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The entity shall recognise the amount of the reversal in profit or loss immediately.

The Company writes off a loan, either partially or in full, and any related allowance for impairment losses, when the management determines that there is no realistic prospect of recovery.

C. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and are used by the Company in the management of its short-term commitments.

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

D. Balances with banks and financial institutions

Placements with banks are carried at amortised cost using the effective interest method in the statement of financial position.

E. Statutory deposits

Statutory deposits represent capital guarantee deposits maintained with the National Bank of Cambodia ("NBC") in compliance with the Law on Banking and Financial Institutions ("LBFI") and are determined by defined percentages of minimum share capital as required by the NBC. Statutory deposits are not available to finance the Company's day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

Statutory deposits are carried at amortised cost using the effective interest method in the statement of financial position.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

F. Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

G Equity investment

Equity investment is accounted for at cost less any accumulated impairment loss. Dividend income from equity investment is recognised when the Company's right to receive payment has been established and recorded in other operating income.

H. Other assets

Other assets are carried at amortised cost using the effective interest method in the statement of financial position.

I. Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

Depreciation of property and equipment is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets as follows:

	Useful life
Leasehold improvements	2 to 10 years
Office equipment	4 years
Computer and IT equipment	4 years
Furniture and fixtures	4 years
Motor vehicles	4 years

Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

I. Property and equipment (continued)

Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss on the date of retirement or disposal.

Fully depreciated items of property and equipment are retained in the financial statements until disposed of or written-off.

J. Intangible assets

Intangible assets comprise of computer software is measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible asset is amortised on the straight-line method over 5 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

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

K. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (other than deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

L. Share capital and share premium

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments. Amounts received above the nominal is recorded as a share premium.

M. Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRS for SMEs and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on Credit Risk Classification and Provision on Impairment for Banks and Financial Institutions.

Based on these NBC Guidelines, all loans to customers are classified according to the repayment capacity of the counterparty and the number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance
Short-term loans (less than or equal one year):		
Normal/standard	<15 days	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	≥ 91 days	100%
Long-term loans (more than one year):		
Normal/standard	<30 days	1%
Special mention	≥ 30 days – 89 days	3%
Substandard	≥ 90 days – 179 days	20%
Doubtful	≥ 180 days – 359 days	50%
Loss	More than 359 days	100%

In accordance with the Prakas, the entity shall compare the provision calculated in accordance with above requirements and the Company's record which is under CIFRS for SMEs:

- (i) If the regulatory provision is lower, the entity records the provision calculated in accordance with CIFRS for SMEs; and
- (ii) If the regulatory provision is higher, the entity records the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings into regulatory reserve in equity accounts.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

M. Regulatory reserves (continued)

The regulatory reserves are not an item to be included in the calculation of the Company's net worth.

On 5 February 2025, the NBC issued a notification letter to all banks and financial institutions requiring that the regulatory provision in accordance with the NBC shall be calculated based on the gross carrying amount (including accrued interest receivables), multiplied by the provision rates for each loan and advance classification. This requirement applies to the financial year ended 31 December 2024 onward.

The regulatory reserve is set aside as a buffer, is non-distributable, and is not allowed to be included in the net worth calculation.

According to the NBC's Circular No. B7.024.001 Sar. Ror. Chor. dated 29 August 2024 on Credit Restructuring, bank and financial institutions are allowed to restructure their loans to customers and apply specific conditions including:

- (i) The institution may restructure facilities up to two times without changing their initial classification and without the need for additional provisions.
- (ii) A credit rating upgrade is permitted after three consecutive months of on-time principal and/or interest payments. The institution can then restore its credit rating from one level to another by adhering to the overdue day credit policy. The upgrade must comply with the conditions set forth in the Prakas.

The Prakas allows bank and financial institutions to restructure their loans to customers without incurring additional provisions effective until end of December 2025. The company is adopting the requirements in this Prakas in preparing these financial statements for the year ended 31 December 2024.

N. Borrowings and other liabilities

Borrowings and other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

O. Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

P. Employee benefits

(i). *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii). *Defined contribution plans/Pension fund*

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii). *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods, including seniority payment. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Q. Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

R. Fees and commission

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

Other fees and commission income are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

S. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

T. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

(i). Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii). Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Maxima Microfinance Plc.

Notes to the financial statements (continued) for the year ended 31 December 2024

33. Significant accounting policies (continued)

T. Income tax (continued)

(ii). *Deferred tax (continued)*

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

U. Accounting standards issued but not yet effective

In February 2025, the International Accounting Standards Board ("IASB") issued the Third Edition of the IFRS for SMEs Accounting Standard, which will be simultaneously adopted as CIFRS for SMEs. This standard becomes effective for annual reporting periods beginning on or after 1 January 2027. While early adoption is permitted, the Company has opted to implement the new standard from its mandatory effective date. This revised edition introduces significant amendments across multiple accounting areas, aiming to better align the IFRS for SMEs with updates to IFRS accounting standards. Key changes include modifications to financial statement presentation, revenue recognition, financial instruments, consolidation, leases, and other reporting areas. As of the financial statement date, management is assessing the potential impact of these changes on the Company's financial statements, including any necessary adjustments to accounting policies, disclosures, and financial reporting processes.