



# Unaudited Abridged Financial Results

## For the Half Year ended 30 June 2024

### CHAIRMAN'S STATEMENT

#### ECONOMIC OVERVIEW

The economy experienced increased use of the United States dollar during the first quarter of the year due to a rapid depreciation of the Zimbabwe dollar (ZWL). Over this period the official exchange rate moved from USD1: ZWL5,986 to USD1: ZWL33,887, representing 80% loss of value of the local currency. Similarly, inflation, as measured by the Total Consumption Poverty Line, surged ahead by approximately 553% in the same period. In response, and in an effort to bring currency stability in the economy, the monetary authorities replaced the ZWL with a new currency, the Zimbabwe Gold (ZWG), on 05 April 2024. The introduction of the ZWG resulted in a significant improvement in the stability of the local currency compared to the ZWL. ZWG inflation was 2.4% in Q2 2024 whilst USD annual inflation ranged between 3.2% to 3.8% for Q2 2024. This was on the back of an official USD: ZWG exchange rate movement of only 1.1% in three months. Notwithstanding this stability there were reports of shortages in the formal foreign currency markets and an increasing premium between the USD: ZWG exchange rate on the alternative market.

The consequence of the weak ZWL currency was increased USD dollarisation of the economy and with it, the proportion of USD insurance policies increased, as clients sought to protect the value of the insurance benefit in the event of a claim.

The El Nino effect induced drought in the country and Zimbabwe's GDP growth forecast was revised from an initial forecast of 3.5% to 2%. The drought has had a significant downside impact on the economy though lower weather-related claims were recorded across the agriculture insurance industry. Sluggish performance in the agriculture sector will be partially offset by the growth in Tourism, Mining and Construction sectors which are expected to perform to expectation for the rest of the year. Firmer gold prices and strong diaspora remittances have been instrumental in shoring up the country's foreign currency earnings.

Given the attendant developments, the Group will maintain a real asset bias to hedge against potential value loss arising from exchange rate and inflation shocks. The Group will provide input to the authorities to craft the necessary policy refinements that will better protect policyholder assets, allow investment inflows to increase and promote the growth and stability of the wider macro-economy.

#### FIRST MUTUAL LIFE SETTLEMENT AGREEMENT

In January 2022 the Insurance and Pensions Commission (IPEC) instituted a forensic investigation on First Mutual Life Assurance Company (FML), a wholly owned subsidiary of First Mutual Holdings Limited (FMHL). The forensic investigation was in respect of the separation of assets between the policyholders and shareholder during the period from 1 February 2009 to 31 December 2021. The investigation formally commenced on 5 September 2022 following the appointment of BDO Zimbabwe to conduct the exercise. On 10 May 2023 FML received the forensic investigation report from IPEC and submitted its response to the Ministry of Finance on 8 June 2023 in line with section 67(5) of the Insurance Act.

On 21 December 2023 FML received a Corrective Order from IPEC in relation to the BDO report. To protect FML's legal rights, an application for review of the Corrective Order was filed with the High Court. Notwithstanding the institution of legal proceedings, which had become unavoidable to safeguard FML's rights, engagements between IPEC and FML resulted in a settlement agreement that incorporated an agreed set of action items which were expected to be completed by 31 August 2024. Due to the complexities of the action items, the exercise was not completed within the envisaged time frame and are now expected to be completed by 31 December 2024.

#### CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

The Group recorded a steady increase in the use of foreign currency across its business units over the past 18 months in line with the general macroeconomic trends in the country. This trend was also reported in the Monetary Policy Statement issued by the Governor of the Reserve Bank of Zimbabwe on 5 April 2024. The statement reported that 80% of the transactions in the economy were in USD. In line with International Accounting Standard (IAS) 21 - *The Effects of Changes in Foreign Exchange* (IAS) 21 requirements, the board assessed the functional currency of the various business units and concluded that the functional currency, along with the presentation currency, had changed from the ZWL/ZWG to the USD effective 1 January 2024.

The Group has complied with the guidance of IAS 21, which directs entities operating in hyperinflationary economies to translate their last reported inflation adjusted financial statements using the closing official exchange rate at the

reporting date, to derive and present comparative financial statements under a newly assessed functional currency and presentation currency. While the Directors have applied the guidance of IAS 21 to present the comparative financial information the following key factors should be noted:

1. There were significant distortions between the official exchange rate and the pricing exchange rate for goods and services during 2023.
2. Pure USD transactions and balances (non-monetary), recorded in the prior year were subjected to the hyperinflation adjustments as required by International Accounting Standard 29 - *Financial Reporting in Hyperinflationary Economies*. Translating these to the Group's presentation currency has the impact of overstating the reported value of the transactions which are in a stable currency.

Due to the distortions resulting from compliance with IFRS, the board is of the view that the above factors result in the 2023 comparative information being unrepresentative of the historic financial performance of the Group. There was a lack of consensus with auditors on the interpretation of IAS 1 - *Presentation of Financial Statements paragraph 19*, that the currency situation being faced (multicurrency environment and decommissioning of a hyperinflationary currency) was indeed "extremely rare" and thus requiring a departure from IAS 21. Please refer to the supplementary information provided in this report for information that the board believes, while not fully compliant with IFRS, more accurately captures the financial results of the Group.

#### FINANCIAL HIGHLIGHTS

##### Comprehensive income highlights – IFRS Compliant

Six months ended:	30-Jun-2024	30-Jun-2023
	USD000	USD000
Insurance Contract Revenue	75,539	29,082
Rental income	4,292	1,165
Net interest Income - Microfinance	1,404	736
Net fair value gains/ (loss) on investment property	(50,312)	74,391
Net Investment return	891	15,929
Asset Management fees	711	39
Profit/ (Loss) after tax	(32,689)	56,322

##### Financial position highlights

	30-Jun-2024	31-Dec-2023
	USD000	USD000
Total assets	227,444	286,983
Total equity	81,701	115,025

##### Share performance.

	30-Jun-2024	31-Dec-2023
Market price per share (cents)-ZWG	42	205
Basic earnings per share (cents)-USD	(2)	4

#### FINANCIAL PERFORMANCE

The financial results are presented in US Dollars following the change of reporting currency on 1 January 2024. The conversion of the first half results and prior year figures was done in compliance with IFRS which may deviate from the underlying financial performance as tracked by management for decision making purposes.

Insurance contract revenue increased by 160% compared to the prior period mainly due to the IFRS related distortions that result in the understatement of the revenue for 2023. During the period under review, the Group incurred a loss after tax of \$33 million compared to a profit of \$56 million. The significant drop from prior year stems from distortions arising from following the provisions of IFRS. Major distortions to the Group's performance were noted on investment property which was valued in the prior year in ZWL which when translated to USD, following IFRS guidelines, resulted in a valuation of \$178 million on 31 December 2023 compared to the independent USD valuation of \$128 million. This was the driver for the fair value loss on investment property of \$ 50 million.

#### SUSTAINABILITY

The Group continues to prioritise sustainability in the various aspects of operations that include value creation and optimisation, compliance with IFRS and GRI reporting requirements whilst fulfilling good corporate citizenry dictates. Creation of sustainable economic value remains a pillar of the Group's corporate strategy and core values.

Environmental, social and governance ("ESG") aspects anchor the Group's strategy with workflows and processes in place that ensure sustainability stretches to other areas of the business beyond the core operations.

#### FIRST MUTUAL IN THE COMMUNITY

The First Mutual Holdings Limited corporate social responsibility program continues to offer educational assistance to vulnerable children pursuing their academic dreams through the First

Mutual Foundation. The program supports their attendance, retention, and transition from primary to secondary schools and from secondary school to tertiary institutions.

In the reporting period, 72 learners were supported with educational assistance, including tuition, stationery, and levies. Of the supported learners, 6 are in primary school, 61 in secondary school and 5 at tertiary institutions. The scholarship fund also paid examination fees for 18 'O' and 4 'A' Level learners.

The scholarship program is expanding to 15 scholarships at five state owned universities, to complement the existing universities namely University of Zimbabwe and Chinhoyi University of Technology. The additional universities, National University of Science & Technology, Midlands State University and Bindura State University will each be awarded three scholarships.

The Group continues to contribute to the health sector through free wellness programs and healthcare services including consultations, blood checks, diabetes testing, eye, dental and cancer screening, as well as community support through targeted sponsorships and donations to initiatives with a wide reach.

#### OUTLOOK

Despite the complex economic environment, the Group businesses have developed strategies to adapt their operations to achieve real growth in the future. FMHL continues to provide a compelling value proposition to clients through maintaining the relevance of its products and delivering on its promise thus achieving sustainable operations. We will continue to pursue value enhancing initiatives such as widening our product offering and investments in assets that achieve real growth.

#### DIRECTORATE

There were no changes to the directorate during the period under review.

#### DIVIDEND

On 11 September 2024 the Board resolved that an interim dividend of \$0.6 million be declared from the reserves of the Company for the period ended 30 June 2024. This represents a dividend per share of zero point zero eight two (0.082) United States cents. Further details on the payment of the dividend will be communicated in a separate dividend announcement.

#### APPRECIATION

On behalf of the Board, I would like to thank our clients and stakeholders for their continued support. I also extend my appreciation and gratitude to the FMHL's employees and management for their commitment to serve our clients and ensuring that the businesses continue to adapt to major environmental changes. I am grateful to my fellow board members for their support, including their continued and valuable contributions, their insight and guidance to management as we pursue the realisation of the Group's strategy.

**Amos Manzai**  
Chairman  
11 September 2024

#### GROUP CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

The first half of 2024 was characterised by the continued increase in the use of the USD for transacting purposes. There was significant depreciation of the local currency in the first quarter of the year. At the beginning of the second quarter of 2024 the Government replaced the ZWL with the Zimbabwe Gold (ZWG), a hard asset backed currency. The Group focused on maintaining the relevance of its products in the core pillars of risk management, wealth creation and wealth management. There was an increasing preference by clients for USD denominated products to ensure that the value of the insurance benefit was retained. 83% of the Group's Insurance Contract Revenue was in USD for the six-months ended 30 June 2024.

#### OPERATIONS REVIEW

The commentary below relates to the unconsolidated performance of each business unit in the respective functional and presentation currency of the reporting unit (USD) with First Mutual Reinsurance Botswana and Diamond Seguros being exceptions. The commentary below is based on financial information used for management decision making purposes.

#### LIFE AND HEALTH CLUSTER

##### First Mutual Health Company

Insurance Contract Revenue (ICR) for the six months to 30 June 2024 was \$27.9 million, 25% above the previous year figure of \$22.4 million. The growth in revenue was largely driven by the higher contribution of the more stable USD and increased membership. The business achieved a profit for the period of \$3.7 million representing a 29% decrease from the prior year. The decline from prior year was mainly due to lower investment income and an increase in the company's claims experience following the migration to USD policies which provide relatively stable benefits.

The business continues to expand its network of medical services - clinics, pharmacies, hospitals, dental and optometry as a long-term strategic priority. Our objective is to complement Government efforts to provide greater access for Zimbabweans to quality healthcare at affordable prices.

##### First Mutual Life

The business achieved ICR of \$6 million which represents a growth of 43% compared to prior year. The positive variance from the comparative period was largely due to client migration from local currency denominated policies on the Group Life Assurance Policy in line the general trend to convert a portion of USD denominated allowances to pensionable basic salaries.

The business achieved a lower profit for the period of \$0.4 million relative to \$1.9 million in the prior year. The negative variance mainly arose from lower investment income and exchange losses on local currency denominated assets in the first quarter of the year when there was accelerated depreciation of the ZWL.

#### GENERAL INSURANCE CLUSTER

##### NicozDiamond Insurance

The unit's ICR grew by 25% to \$19.8 million from prior year due to increased foreign currency denominated business, organic growth as well as the upward review of statutory covers to track the local currency depreciation and premium rate reviews for specific accounts mainly driven by unfavourable loss ratios. The business recorded a profit after tax of \$0.7 million, 65% higher than the same period last year. The improved performance was mainly driven by a notable ICR increase which compared favourably to the lower growth on the main expense items.

##### Diamond Seguros

The business recorded ICR of \$2.3 million which was 17% above the prior year amount. The growth was a result of continued improvements in broker business following the recapitalisation of the business by the Group in 2021. In Mozambican Metical (MZN) terms, the ICR was MZN 146.7 million compared to MZN 125.6 million for the comparative prior year period. The business attained a marginal profit after tax of \$0.03 million from positive investment returns.

#### REINSURANCE CLUSTER

##### First Mutual Reinsurance - Zimbabwe

The ICR declined to \$6.6 million from \$8 million following a deliberate decision to limit exposure to certain classes as part of risk mitigation. The business incurred a loss for the period of \$0.9 million, 51% behind the prior year, due to negative investment returns on its local currency assets.

##### FMRE Property and Casualty - Botswana

The ICR for the period went up by 7% to \$11.7 million (USD). The year-on-year growth was 11% in Botswana Pula ("BWP"), at BWP158.7 million from BWP 143 million in prior period. Positive reinsurance recoveries coupled with positive ICR saw the business profit after tax increase by 90% to \$1.4 million (USD) in the current year.

#### INVESTMENTS CLUSTER

##### First Mutual Properties Limited

The rental income for the period grew by 30% to \$4 million following an increase in the rental rates per square metre coupled with higher occupancy rates (Current Year - 89.20%, Prior Year - 88.10%). Independent investment property valuations as of 30 June 2024 resulted in fair value gains of \$3.1 million.

##### First Mutual Microfinance (Private) Limited

Net interest income grew by 96% to \$1.1 million. The growth was propelled by an increase in the loan book compared to prior year. The profit, at \$0.3 million, was marginally higher than prior year due higher operating costs as the company expanded its network.

##### First Mutual Wealth Management (Private) Limited

The business recorded investment management fees of \$0.7 million compared to \$0.3 million which represented a growth of 155% on the back of higher funds under management arising from increased third party business. Funds under management grew by 138% during the period under review.



## Unaudited Abridged Financial Results

For the Half Year ended 30 June 2024

### GROUP CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS (continued)

#### HUMAN CAPITAL

As a financial services Group, we consider our human capital to be the key contributing factor to the success of our business. In a complex environment our employees have maintained resilience and commitment to serving our clients and other stakeholders as well as implementing our consensus driven strategy. We will continue to invest in human capital retention and development programs on a group-wide scale to enhance the skills of our staff to align towards future requirements.

#### LOOKING AHEAD

The existing economic environment requires continuous engagement with customers to maintain the relevance of our products. The solid financial position of the Group, coupled with diversified revenue streams as well as the growing contribution of regional businesses, is expected to contribute towards sustainable growth and value creation for our stakeholders. We will continue investing in technology to improve service delivery channels and product innovations as part of our strategy to meet evolving market requirements.

#### APPRECIATION

On behalf of First Mutual, I would like to thank all our stakeholders for their continued trust in the Group. We are a reliable partner and remain focused on our customers as we strive to exceed their expectations.

**Douglas Hoto**  
Group Chief Executive Officer  
11 September 2024

### STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

Note	UNAUDITED GROUP 30-Jun-24 USD000	UNAUDITED GROUP 31-Dec-23 USD000	UNAUDITED COMPANY 30-Jun-24 USD000	UNAUDITED COMPANY 31-Dec-23 USD000
<b>ASSETS</b>				
Property, plant and equipment	5	5 020	4 739	14
Investment property - completed	6	128 599	178 911	525
Investment property under development	6	4 489	3 131	-
Right of use of assets - IFRS 16	7	197	1 247	270
Goodwill		225	225	-
Other intangible assets		27	31	-
Investment in subsidiaries	8	-	-	54 900
Investment in associates- other companies		940	905	-
Financial assets:				
- Equity securities at fair value through profit or loss	9	36 038	37 300	1 232
- Debt securities at amortised cost	10	10 602	8 876	242
Investment in gold coins		545	497	-
Deferred tax asset	21	1 525	2 331	-
Income tax asset		81	66	-
Inventory		402	300	9
Reinsurance contract assets	11	1 064	16 873	-
Premium receivables from intermediaries	12	2 736	9 926	-
Rental receivables	12	2 011	708	3
Other receivables	12	1 442	3 236	554
Cash and cash equivalents	13	31 501	17 681	136
<b>TOTAL ASSETS</b>		<b>227 444</b>	<b>286 983</b>	<b>57 885</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Share capital		336	336	336
Share premium		6 734	6 734	6 734
Non-distributable reserves		11 385	10 703	324
IFRS 17 adoption reserve		-	(1 137)	-
Retained profits		26 268	42 992	49 687
<b>Total equity attributable to equity holders of the parent</b>		<b>44 723</b>	<b>59 628</b>	<b>57 081</b>
Non-controlling interests		36 978	55 397	-
<b>Total equity</b>		<b>81 701</b>	<b>115 025</b>	<b>64 078</b>
<b>Liabilities</b>				
Investment contract liabilities without DPF	14	10 806	7 549	-
Shareholder risk reserves	15	743	1 255	-
Member assistance fund		49	2	-
Lease liabilities	7	247	636	279
Compensation Reserve (Provisional Reserve)		1 617	1 620	-
Borrowings- from third parties		7 120	5 130	-
Put option liability	20	4 503	4 567	-
Insurance contract liabilities	16	94 157	114 124	-
Investment contract liabilities with DPF	17	1 355	14 012	-
Share based payment liabilities		985	2 121	244
Other payables	18	4 075	8 180	281
Deferred tax liability	19	18 610	12 179	-
Current income tax liabilities		1 476	583	-
<b>Total liabilities</b>		<b>145 743</b>	<b>171 958</b>	<b>804</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>227 444</b>	<b>286 983</b>	<b>57 885</b>

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2024

Note	UNAUDITED 30-Jun-24 USD000	UNAUDITED 30-Jun-23 USD000
<b>INCOME</b>		
Insurance contract revenue	21	73 539
Insurance service expenses from insurance contracts issued	23	(55 233)
<b>Insurance service result before reinsurance</b>		<b>18 306</b>
Net expenses from reinsurance contracts held		(7 354)
<b>Insurance service result</b>		<b>10 952</b>
Insurance finance result		21 512
<b>Net insurance &amp; reinsurance performance</b>		<b>32 464</b>
Net investment return	22	891
Net gains/losses from fair value adjustments to investment properties		(50 312)
Net change in investment contract liabilities		(3 060)
Movement in shareholder risk reserve		511
<b>Net insurance &amp; reinsurance performance after investment return</b>		<b>(19 506)</b>
Rental income		4 292
Property expenses		(1 780)
Other income		6 152
Foreign currency exchange gains		1 299
Other administration expenses		(14 337)
Movement in premium credit adjustment		(69)
Movement in allowance for credit losses		(492)
Inflation adjustment monetary gain/(loss)		-
<b>Profit before share of (loss)/profit of associate</b>		<b>(24 441)</b>
Share of (loss)/profit of associate		14
<b>Profit before income tax</b>		<b>(24 427)</b>
Income tax expense		(8 262)
<b>Profit for the period</b>		<b>(32 689)</b>
<b>Other comprehensive income/(loss)</b>		
<b>Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent period</b>		
Exchange gain/(loss) on translating foreign operations		219
Share of other comprehensive profit/(loss)		77
<b>Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods</b>		<b>296</b>
<b>Total comprehensive profit for the period</b>		<b>(32 393)</b>
<b>Profit attributable to:</b>		
Non-controlling interest		(18 096)
Equity holders of the parent		(14 593)
<b>Profit for the period</b>		<b>(32 689)</b>
<b>Total Comprehensive income attributable to:</b>		
Non-controlling interest		(18 259)
Equity holders of the parent		(14 134)
<b>Total comprehensive income for the period</b>		<b>(32 393)</b>
Basic earnings per share (cents)		(2)
Diluted earnings per share (cents)		(2)

### STATEMENT OF CHANGES IN EQUITY

FOR THE ENDED 30 JUNE 2024

	Share capital USD000	Share premium reserves USD000	Non-distributable reserves USD000	IFRS 17 adoption reserve USD000	Retained earnings USD000	Total equity for parent USD000	Non- controlling interest USD000	Total equity USD000
<b>As at 1 January 2023</b>	336	6 734	(306)	(1 137)	13 068	18 695	14 125	32 820
Profit for the year	-	-	-	-	32 316	32 316	24 006	56 322
Other comprehensive (loss)/income	-	-	(530)	-	-	(530)	174	(356)
<b>Total comprehensive (loss)/income</b>	-	-	(530)	-	32 316	31 786	24 180	55 966
<b>Transactions with shareholders in their capacity as owners</b>								
FMP redemption of shares	-	-	-	-	-	-	2	2
Reclassification of NCI to put option liability	-	-	-	-	-	-	(1 934)	(1 934)
Remeasurement of Put option liability	-	-	(2 929)	-	-	(2 929)	-	(2 929)
Dividend declared and paid	-	-	-	-	(125)	(125)	(212)	(337)
<b>As at 30 June 2023</b>	336	6 734	(3 765)	(1 137)	45 259	47 427	36 161	83 588
<b>As at 1 January 2024</b>	336	6 734	10 703	(1 137)	42 992	59 628	55 397	115 025
Profit for the year	-	-	-	-	(14 593)	(14 593)	(18 096)	(32 689)
Other comprehensive income	-	-	459	-	-	459	(163)	296
<b>Total comprehensive income</b>	-	-	459	-	(14 593)	(14 134)	(18 259)	(32 393)
Reclassification of IFRS17 adoption reserve	-	-	-	1 137	(1 137)	-	-	-
Remeasurement of Put option liability	-	-	-	-	-	-	(159)	(159)
Reclassification to put option liability	-	-	223	-	-	223	-	223
Dividend declared and paid	-	-	-	-	(995)	(995)	-	(995)
<b>As at 30 June 2024</b>	336	6 734	11 385	-	26 267	44 722	36 979	81 701



## Unaudited Abridged Financial Results

For the Half Year ended 30 June 2024

### CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2024

	UNAUDITED 30-Jun-24 USD000 (24 427)	UNAUDITED 30-Jun-23 USD000 (42 485)
<b>Profit before income tax</b>	<b>3 939</b>	<b>17 302</b>
Total non-cash and separately disclosed items	28 366	(42 485)
<b>Operating cash flows before working capital changes</b>	<b>3 939</b>	<b>17 302</b>
Working capital changes	14 195	(10 349)
<b>Cash (utilised in)/generated from operations</b>	<b>18 134</b>	<b>6 952</b>
Finance costs on lease liability	(15)	(27)
Cash settled share based payments	(420)	-
Interest received	1 334	1 331
Interest paid	(153)	(145)
Tax paid	(234)	(166)
<b>Net cash flows (utilised in)/ generated from operating activities</b>	<b>18 646</b>	<b>7 946</b>
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(3 354)</b>	<b>(11 981)</b>
<b>Net cash flow used in financing activities</b>	<b>1 284</b>	<b>984</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>16 576</b>	<b>(3 051)</b>
Cash and cash equivalents at the beginning of the year	17 681	7 583
Effects of exchange rate changes on cash and cash equivalents	(2 756)	20 394
Effects of inflation on cash and cash equivalents	-	(8 652)
<b>Cash and cash equivalents at the end of the period</b>	<b>31 501</b>	<b>16 274</b>

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2024

#### 1. Corporate information

The main business of First Mutual Holdings Limited ("the Company") and its subsidiaries (together the "Group") is that of provision of life and funeral assurance, health insurance, short term insurance, reinsurance, property management and development, wealth management, micro lending, funeral services and health services. First Mutual Holdings Limited is a public company, incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. As at 30 June 2024, the Company's major shareholders were the National Social Security Authority ("NSSA") which owns 34.25% (2022: 65.53%) directly and an additional 5.33% (2022: 7.10%) indirectly through Capital Bank Limited (NSSA owns 84% (2022: 84%) of Capital Bank Limited) and CBZ Holdings Limited ("CBZHL") after acquiring 31.22% shares from NSSA in a transaction that was concluded on 6 September 2023. The registered office is located at Second Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe.

#### 2.1 Statement of compliance

The consolidated financial statements of the Group and the Company have been compiled adopting principles from International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange regulations. The consolidated financial results have been restated to take account of a change in functional currency for the Group's Zimbabwean operations and the change in the Group's presentation currency in accordance with IAS 21, 'The Effects of Changes in Foreign Exchange Rates'.

#### 2.2 Accounting policies

The consolidated financial information has been compiled following the accounting policies used in the Group's prior year financial statements and adheres to applicable amendments to IFRS, with the exception of the modifications related to the change in functional and presentation currency.

#### 2.2.1 IFRS 17 - Insurance contracts and transitional provisions

On 1 January 2023 the Group adopted International Financial Reporting Standard (IFRS) 17 - Insurance Contracts. IFRS 17 requires the Group to measure its insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to those insurance contracts. These requirements are intended to provide uniformity across the industry as well as provide more transparent reporting on the financial position and risk of insurance businesses. The Group is provided with various options of transition from IFRS 4 - Insurance contracts. Considering the various circumstances from both an operational and financial reporting perspective, the Group opted for the full retrospective transitional approach for all its insurance & reinsurance contracts with the exception of growth annuities to which the fair value approach was applied. The date of such transition is 1 January 2022 for practical purposes. The fair value transitional approach was applied to growth annuities carried under the Variable Fee Approach (VFA) due to impracticability in determining the Contractual Service Margin (CSM) at the date of transition as required by IFRS 17 for the full retrospective approach.

#### 2.2.2 Measurement models

##### 2.2.2.1 Premium Allocation Approach (PAA)

The majority of contracts issued by the Group are accounted for under the PAA measurement model, the eligibility criteria which has been met by the Group contracts for all of its short-term insurance contracts (one year or less). The Group reasonably expects that such simplification (that is adoption of the PAA) will produce a measurement of the liability for remaining coverage (LRC) for the Group that would not differ materially from the one that would be produced by applying the requirements under other measurement models.

##### 2.2.2.2 Variable Fee Approach (VFA)

The Group accounts for annuity contracts issued by its Life business contracts under the VFA measurement model.

#### 2.2.3 Future cashflows and estimates

##### 2.2.3.1 Best estimates of future cash flows

Best estimates of future cashflows refer to amounts expected to be collected from premiums and payouts for claims, benefits and expenses, and are projected using a range of scenarios and assumptions based on the Group's demographic and operating experience along with external mortality data where the Group's own experience data is not sufficiently large in size to be credible. The estimates of future cash flows are adjusted to reflect the effects of the time value of money and the financial risks to derive an expected present value.

##### 2.2.3.2 Discount Rates

The discount rate is defined as the financial adjustment that is made to the future cashflows in order to determine their present value. Under IFRS 17, the discount rate is primarily used to adjust the estimates of future cash flows to reflect the time value of money and to accrete interest on the CSM. A bottom-up approach is used to determine the discount rate to be applied to a given set of expected future cash flows. For the period ended 31 December 2023, the Group has determined the risk-free rate by making reference to corporate bonds with an estimate of 12% and they are based on observable market data in addition to their other characteristics such as:

- Covering a longer duration period compared to other instruments in the market.
- Traded regularly in the market.

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2024 (continued)

#### 2.2.3.3 Risk adjustment for non-financial risk

The risk adjustment reflects the compensation required by the Group for bearing the uncertainty about the amount and timing of future cash flows understated premiums and overstated claims that arises from non-financial risk. The Group estimates these factors by reference to the business units' claims experiences. The Group does not disaggregate changes in the risk adjustment between insurance service result and insurance finance income or expenses as all adjustments are included in insurance service result through the election to present net finance costs/ income relating insurance and reinsurance contracts in the profit and loss.

For the period ended 31 December 2023, the following risk adjustment factors were adopted: these have been determined at a 90% confidence level.

Business Unit	Direct Business/ Reinsurance issued	Reinsurance/ Retrocession held
NicozDiamond Insurance Limited	8%	11%
First Mutual Health	0.3%	N/A
FMRE P & C Botswana	11%	11%
First Mutual Reinsurance Zimbabwe	11%	11%
First Mutual Life	10%	11%

#### 2.2.3.4 Contractual Service Margin (CSM)

The CSM represents the future profit that the Group expects to earn from the portfolio of annuity contracts and is deferred to the Statement of Financial Position, effectively not resulting in income or expense at initial recognition. The CSM is remeasured and adjusted at each subsequent reporting period for changes in fulfilment cash flows relating to future service. The CSM is systematically recognised in insurance contract revenue to reflect the insurance contract services provided, based on the coverage units of the group of contracts.

#### 2.2.3.5 Onerous Contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow and shall be immediately recognised on initial recognition in the Income Statement on day one.

#### 2.2.3.6 Acquisition cashflows

Acquisition cashflows represent commissions on insurance & reinsurance business from intermediaries, these are deferred over a period in which the related premiums are earned. Management has not made an accounting policy choice as per IFRS 17 to expense upfront such costs when the coverage period is one year or less for all it's products under PAA approach. Acquisition cashflows are amortised over the product life.

### 3 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the USD which is the Company and the Group's functional and presentation currency.

### 4 Audit opinion

The financial statements for the 6 months ending 30 June 2024 have not been reviewed in line with the waiver of section 38 (1) (a) of the Securities and Exchange rules by statutory instrument 134/19 granted by the Zimbabwe Stock Exchange.

	UNAUDITED GROUP 30-Jun-24 USD000	UNAUDITED GROUP 31-Dec-23 USD000	UNAUDITED COMPANY 30-Jun-24 USD000	UNAUDITED COMPANY 31-Dec-23 USD000
<b>5 Property, vehicles and equipment</b>				
At 1 January	4 739	1 903	14	17
Additions	583	3 195	3	15
Disposals	(4)	(35)	-	(1)
Depreciation charge and disposal	(298)	(324)	(3)	(17)
<b>Closing balance</b>	<b>5 020</b>	<b>4 739</b>	<b>14</b>	<b>14</b>
<b>6 Investment property</b>				
At 1 January	182 042	90 305	866	957
Additions	1 358	3 163	-	-
Disposal or transfer to Subsidiaries	-	(524)	(80)	(837)
Transfer from or to Non-current asset held for sale	-	31	-	-
Fair value adjustments	( 50 312)	89 067	(261)	746
<b>Closing balance</b>	<b>133 088</b>	<b>182 042</b>	<b>525</b>	<b>866</b>
<b>Presented as:</b>				
Investment property- completed	128 599	178 911	525	866
Investment property under development	4 489	3 131	-	-
<b>Total</b>	<b>133 088</b>	<b>182 042</b>	<b>525</b>	<b>866</b>

The Group's fair values of its investment properties are based on valuations performed by Knight Frank Zimbabwe an accredited independent valuer. Knight Frank is a specialist in valuing these types of investment properties and has recent experience in the location and category of the investment properties being valued. The valuations are based upon assumptions on future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Where the market information is available, the valuers make use of market information from transactions of similar properties .

	UNAUDITED GROUP 30-Jun-24 USD000	UNAUDITED GROUP 31-Dec-23 USD000	UNAUDITED COMPANY 30-Jun-24 USD000	UNAUDITED COMPANY 31-Dec-23 USD000
<b>7 Leases</b>				
<b>Right of use of assets</b>				
As at 1 January	1 247	39	340	282
Additions	-	1 283	-	-
Modification	(913)	-	-	109
Depreciation charge for the year	(137)	(98)	(70)	(51)
Exchange rate effects	-	23	-	-
<b>Closing balance - right of use of asset</b>	<b>197</b>	<b>1 247</b>	<b>270</b>	<b>340</b>
<b>Lease liability</b>				
Current	98	250	68	47
Non-current	149	386	211	297
<b>Closing balance - lease liability</b>	<b>247</b>	<b>636</b>	<b>279</b>	<b>344</b>



## Unaudited Abridged Financial Results

For the Half Year ended 30 June 2024

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2024 (continued)

	UNAUDITED GROUP 30-Jun-24 USD000	UNAUDITED GROUP 31-Dec-23 USD000	UNAUDITED COMPANY 30-Jun-24 USD000	UNAUDITED COMPANY 31-Dec-23 USD000
<b>8 Investment in subsidiaries</b>				
First Mutual Microfinance (Private) Limited	-	-	826	752
First Mutual Life Assurance Company (Private) Limited	-	-	27 553	32 633
First Mutual Health Company (Private) Limited	-	-	9 589	8 104
First Mutual Reinsurance Company (Private) Limited	-	-	2 953	3 623
FMRE Property & Casualty (Proprietary) Limited	-	-	4 115	3 147
First Mutual Wealth Management (Private) Limited	-	-	878	751
NicozDiamond Insurance Limited	-	-	8 986	12 456
<b>Total</b>	-	-	<b>54 900</b>	<b>61 466</b>
<b>9 Financial assets at fair value through profit or loss</b>				
At 1 January	37 300	14 322	1 792	433
Purchases	1 699	14 112	49	39
Disposals	(601)	(1 155)	(3)	(6)
Fair value gain on unquoted investments	540	3 067	-	-
Fair value gain on quoted equities	(2 900)	6 954	(606)	1 326
<b>Closing balance</b>	<b>36 038</b>	<b>37 300</b>	<b>1 232</b>	<b>1 792</b>
<b>10 Debt securities at amortised cost</b>				
At 1 January	8 876	2 038	155	44
Purchases	5 657	14 982	137	330
Maturities	(2 872)	(8 951)	(50)	(73)
Exchange gains or loss	(1 059)	10 576	-	-
Monetary gain/ loss adjustment	-	(9 769)	-	(146)
<b>Closing balance</b>	<b>10 602</b>	<b>8 876</b>	<b>242</b>	<b>155</b>
<b>11 Net Reinsurance contract assets</b>				
Reinsurance contract assets	1 064	16 873	-	-
Reinsurance contract Liabilities	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>1 064</b>	<b>16 873</b>	-	-
<b>12 Tenant and other receivables</b>				
Premium receivables from intermediaries	2 736	9 926	-	-
Tenant receivables	2 011	708	3	1
Amounts due from Group companies	-	-	493	10
Other receivables	1 442	3 236	61	429
<b>Total</b>	<b>6 189</b>	<b>13 870</b>	<b>557</b>	<b>440</b>
<b>13 Cash and balances with banks</b>				
Money market investments with original maturities less than 90 days	23 215	9 433	66	180
Cash at bank and on hand	8 286	8 248	70	368
<b>Cash and balances with banks</b>	<b>31 501</b>	<b>17 681</b>	<b>136</b>	<b>548</b>
<b>14 Investment contract liabilities without DPF</b>				
At 1 January	7 549	2 626	-	-
Movement for the period	3 257	4 923	-	-
<b>Closing balance</b>	<b>10 806</b>	<b>7 549</b>	-	-
<b>15 Shareholder risk reserve</b>				
At 1 January	1 255	247	-	-
Movement	(512)	1 008	-	-
<b>Closing balance</b>	<b>743</b>	<b>1 255</b>	-	-
<b>16 Net Insurance contract liabilities</b>				
Insurance contract assets	-	-	-	-
Insurance contract liabilities	94 157	114 124	-	-
<b>Net insurance contract liabilities</b>	<b>94 157</b>	<b>114 124</b>	-	-
<b>17 Investment contract liabilities with DPF</b>				
Life Savings VFA	1 355	14 012	-	-
<b>Total</b>	<b>1 355</b>	<b>14 012</b>	-	-
<b>18 Other payables</b>				
Other payables	3 439	7 356	218	629
Provisions	1 345	2 233	48	80
Payroll and statutory payables	1 170	2 465	58	236
Accrued expenses	402	1 029	110	305
Trade payables	376	1 497	1	7
Property business related liabilities	146	132	1	1
Amounts due to group companies	636	824	-	-
<b>Total</b>	<b>4 075</b>	<b>8 180</b>	<b>281</b>	<b>640</b>
<b>19 Deferred tax liability</b>				
At 1 January	9 848	11 104	-	-
Recognised through statement of comprehensive income	7 237	(1 256)	-	-
<b>Total</b>	<b>17 085</b>	<b>9 848</b>	-	-
<b>Disclosed as</b>				
Deferred tax asset	(1 525)	(2 331)	-	-
Deferred tax liability	18 610	12 179	-	-
<b>Total</b>	<b>17 085</b>	<b>9 848</b>	-	-
<b>20 Put option liability</b>				
At 1 January	4 567	2 611	-	-
Initial recognition	-	-	-	-
Reclassification from non-controlling interest	159	1 245	-	-
Remeasurement gain	-	2 780	-	-
Monetary gain/ loss adjustment	(223)	(2 069)	-	-
<b>Closing balance</b>	<b>4 503</b>	<b>4 567</b>	-	-

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2024 (continued)

	UNAUDITED GROUP 30-Jun-24 USD000	UNAUDITED GROUP 31-Dec-23 USD000	UNAUDITED COMPANY 30-Jun-24 USD000	UNAUDITED COMPANY 31-Dec-23 USD000
<b>21 Insurance contract revenue</b>				
Life assurance	5 608	2 291	-	-
Health insurance	28 477	11 963	-	-
Property and casualty	39 454	14 828	-	-
<b>Total</b>	<b>73 539</b>	<b>29 082</b>	-	-
<b>22 Net investment income</b>				
Dividend received	354	303	-	-
Fair value gain on unquoted equities at fair value through profit or loss	540	4 167	-	-
Investment expenses	(98)	(1 309)	-	-
Fair value gain on quoted equities at fair value through profit or loss	(1 299)	11 094	-	-
<b>Net investment return from equities</b>	<b>(503)</b>	<b>14 255</b>	-	-
Interest revenue from financial assets not measured at FVTPL	1 334	1 331	-	-
Fair value gain/(loss) on gold coins	60	343	-	-
<b>Total net investment income</b>	<b>891</b>	<b>15 929</b>	-	-
<b>23 Insurance service expenses</b>				
Incurred claims and other directly attributable expenses	38 499	37 514	-	-
Changes that relate to past service - adjustments to the LIC	3 442	36	-	-
Insurance acquisition cash flows amortisation	13 292	7 607	-	-
<b>Total insurance claims and loss adjustment expenses</b>	<b>55 233</b>	<b>45 157</b>	-	-
<b>24 COBE (24.31) and IFRS mandatory disclosures</b>				
Staff costs	10 365	8 764	-	-
Directors' fees – Holding company	205	79	-	-
– Group companies	506	253	-	-
Depreciation of property, vehicles and equipment	159	161	-	-
Audit fees	550	502	-	-





## Unaudited Abridged Financial Results

For the Half Year ended 30 June 2024

### SEGMENTAL RESULTS AND ANALYSIS FOR THE PERIOD ENDED 30 JUNE 2024

	Life and Health	General Insurance	Reinsurance	Property	Other	Gross Figures	Consolidation Entries	Total Consolidated
	USD000	USD000	USD000	USD000	USD000	USD000	USD000	USD000
<b>As at 31 June 2024</b>								
Insurance contract revenue	34 086	22 114	18 312	-	-	74 512	(973)	73 539
Rental income	-	392	-	4 133	8	4 533	(241)	4 292
Fair value adjustments on investment property	-	(3 646)	-	(54 944)	(99)	(58 689)	8 377	(50 312)
Net Investment income	(23 871)	(154)	(294)	297	(14 010)	(38 032)	38 923	891
Fee and other income	2 443	34	78	212	6 652	9 419	(1 968)	7 451
<b>Total income</b>	<b>12 658</b>	<b>18 740</b>	<b>18 096</b>	<b>(50 302)</b>	<b>(7 449)</b>	<b>(8 257)</b>	<b>44 118</b>	<b>35 861</b>
Intersegment revenue	(23 531)	1 166	875	(7 890)	(14 737)	(44 117)	44 117	-
Total expenses	(6 751)	(1 220)	(1 362)	(2 881)	(6 544)	(18 758)	2 149	(16 609)
Insurance finance result	21 512	-	-	-	-	21 512	-	21 512
Movement in investment contract liabilities	(3 060)	-	-	-	-	(3 060)	-	(3 060)
Profit before income tax	(2 314)	(2 585)	1 110	(2 585)	(14 666)	(21 040)	(3 387)	(24 427)
Income tax expense	-	(530)	(634)	(530)	104	(1 590)	(6 672)	(8 262)
Total assets	133 100	24 438	47 857	24 438	86 960	316 793	(89 349)	227 444
Total liabilities	94 846	14 461	29 115	14 461	12 054	164 937	(19 194)	145 743
Cash flows from operating activities	762	3 591	5 453	(155)	9 330	18 981	(335)	18 646
Cash flows generated from/ (utilised in) investing activities	(1 592)	41	(4 023)	(59)	(6 513)	(12 146)	8 792	(3 354)
Cash generated from/(utilised in) financing activities	(5)	(246)	345	(155)	1 579	1 518	(234)	1 284
<b>As at 30 June 2023</b>								
Insurance contract revenue	14 254	6 419	8 865	-	-	29 538	(456)	29 082
Rental income	-	129	-	1 148	28	1 305	(140)	1 165
Fair value adjustments on investment property	-	5 333	-	74 644	1 366	81 343	(6 952)	74 391
Net Investment income	55 527	1 512	3 094	266	40 402	100 801	(84 872)	15 929
Fee and other income	1 978	3 031	4 500	989	2 006	12 504	3 475	15 979
<b>Total income</b>	<b>71 759</b>	<b>16 424</b>	<b>16 459</b>	<b>77 047</b>	<b>43 802</b>	<b>225 491</b>	<b>(88 945)</b>	<b>136 546</b>
Intersegment revenue	43 588	6 979	730	7 801	33 626	92 724	(92 724)	-
Total expenses	(2 686)	(3 155)	(1 384)	(1 309)	(2 405)	(10 939)	2 902	(8 037)
Insurance finance result	(39 349)	-	-	-	-	(39 349)	-	(39 349)
Movement in investment contract liabilities	(2 006)	-	-	-	-	(2 006)	-	(2 006)
Profit before income tax	20 351	8 908	6 084	75 762	41 706	52 811	(93 024)	59 787
Income tax (expense)/credit	(406)	(1 681)	1 075	(2 168)	(298)	(3 478)	13	(3 465)
Total assets	103 362	39 965	27 763	127 114	66 297	364 501	(165 191)	199 310
Total liabilities	71 537	27 338	23 484	8 597	6 389	137 345	(23 447)	113 898
Cash flows from operating activities	1 172	5 525	8 390	(238)	14 356	29 205	(21 259)	7 946
Cash flows generated from/ (utilised in) investing activities	(2 449)	62	(6 189)	(91)	(10 021)	(18 688)	6 707	(11 981)
Cash utilised in financing activities	(7)	(378)	531	(238)	276	184	800	984

### Supplementary information

#### 1. Background

During the first half of the year, macroeconomic developments were negatively impacted by price and exchange rate volatility, in the local currency, which saw increased dominance of the USD in the economy. Significant policy interventions were implemented aimed at slowing down the rate of local currency depreciation and resultant inflationary pressures which has seen the introduction of a new currency the Zimbabwean Gold (ZWG). To curb against the risk of currency volatility and to maintain product relevance, most of our clients migrated to settling their obligations in USD currency, whilst local currency obligations were subject to adjustments in line with inflation trends. The above developments resulted in the Group earning approximately, 83% of its Insurance Contract Revenue (ICR) in foreign currencies (USD, BWP, and MZN) as shown below:

Table 1: Insurance Contract Revenue by region

Region	Pure Currency USD000	USD Equivalent USD000	Total ICR USD000	Contribution to ICR %
Zimbabwe	47 002	12 159	59 161	81%
Botswana	11 737	-	11 737	16%
Mozambique	2 295	-	2 295	3%
<b>Total Insurance Contract Revenue</b>	<b>61 034</b>	<b>12 159</b>	<b>73 193</b>	<b>100%</b>

The USD IFRS compliant financials have become less useful to users due to distortions arising from conversions from IAS 29 numbers to USD numbers for opening balances and movements in the current year. Supplementary information has been added to provide a more complete picture of the performance of the Group to stakeholders. To enhance usefulness of the supplementary information presented herein, we have captured our assumptions & methodology used in coming up with the financial information in section 2 below.

#### 2. Methodology

The following methodology was undertaken in preparing the financial information presented below:

- Segregate the pure USD transactions and balances (including all transactions denominated in other foreign currencies) from the pure ZWG transactions and balances.
- For the Statement of profit or loss the historical ZWG transactions were translated using an official exchange rate and then combined with the pure USD transactions to determine at the USD equivalent amounts.
- For the Statement of Financial Position, non-monetary items are converted at the official exchange rate on the date of acquisition or disposal and for monetary items the official exchange rate is used with resultant foreign exchange gain or losses arising from non-USD currencies.

#### Supplementary information – United States Dollars Financial Statements (Summarised)

##### Consolidated Statement of Profit or Loss for the period ended 30 June 2024.

	30-Jun-24 USD000	30-Jun-23 USD000	Growth %
Insurance Contract Revenue	73 193	62 036	18%
Rental income	4 020	2 968	35%
Net-Interest and fee income- Microfinance	1 836	1 182	55%
Asset and project management fees	585	126	364%
Other income	798	786	2%
<b>Total revenue</b>	<b>80 432</b>	<b>67 098</b>	<b>20%</b>
Net Operating Income	5 538	2 988	85%
Profit before Tax	10 436	10 830	-4%
<b>Profit after Tax</b>	<b>8 444</b>	<b>9 211</b>	<b>-8%</b>

##### Consolidated Statement Financial Position as at 30 June 2024

	30-Jun-24 USD000	31-Dec-23 USD000	Growth %
<b>Assets</b>			
Other Assets	53 116	55 336	-4%
Investment Property	133 087	128 172	4%
Rental receivables	2 011	958	110%
Insurance contract assets	9 246	8 546	8%
Reinsurance contract assets	14 296	12 230	17%
Cash & Balances with banks	31 501	16 456	91%
<b>Total Assets</b>	<b>243 257</b>	<b>221 698</b>	<b>10%</b>
Equity			
Shareholders' equity	72 433	65 755	10%
IFRS 17 adoption reserve	307	307	0%
Non-controlling interests	34 734	33 321	4%
<b>Total Equity</b>	<b>107 474</b>	<b>99 383</b>	<b>8%</b>
<b>Total Liabilities</b>	<b>135 783</b>	<b>122 315</b>	<b>11%</b>
<b>Total Equity &amp; Liabilities</b>	<b>243 257</b>	<b>221 698</b>	<b>10%</b>

