

Summarised unaudited consolidated and separate financial Statements for the six months ended 30 June 2024

Performance

The Board is pleased to announce unaudited interim financial results for the group for the six months period ended 30 June 2024.

The group registered 22% increase in revenue to MK62.61 billion (2023: MK51.27 billion) due to growth in mobile money revenue by 37% to MK11.48 billion (2023: MK8.36 billion) and data revenue by 27% to MK25.96 billion (2023: MK20.47 billion).

Group EBITDA increased by 11% to MK20.18 billion (2023: MK18.24 billion). Increase in EBITDA was due to price adjustment and cost containment initiatives that management continues to implement and monitor. Net finance costs increased by 3% to MK6.96 billion (2023: MK6.79 billion). This resulted in 190% increase of net profit after taxation of MK2.26 billion (2023: MK0.78 billion).

The group invested MK13.28 billion in capital expenditure during the period (2023: MK7.00 billion) in distribution systems, network improvements and license upgrades catering for expansion, improvement, and business growth needs.

Outlook

The macro-economic environment is expected to remain challenging putting pressure on the group's profitability. Volatile exchange rates, foreign currency scarcity, ongoing food scarcity and pressure on inflation will result in increase of the cost of our operations and reduction in customer disposable income.

Despite the economic situation, the steps the company is undertaking in pricing, distribution and network optimization should produce more favorable results this year.

The group will continue developing and implementing initiatives to drive customer growth, grow revenues, deliver efficiencies in costs and improve overall group financial performance.

Dividends

Due to the need to prioritize on recovery from the recent past subdued performance of the group. The Directors have declared a nil (2023: MK0.00) first interim dividend for the financial year ended 31 December 2024, equivalent to 0 tambala per share (2023: 0 tambala per share).



Ted Sauti-Phiri
Chairman



Lekani Katandula
Chairman, Board Audit Committee

4 September 2024.

KEY FINANCIAL HIGHLIGHTS

22%
growth in revenue to

MK 62.61
billion

37%
growth in mobile money revenue to

MK 11.48
billion

27%
growth in data revenue to

MK 25.96
billion

11%
growth in data EBITDA

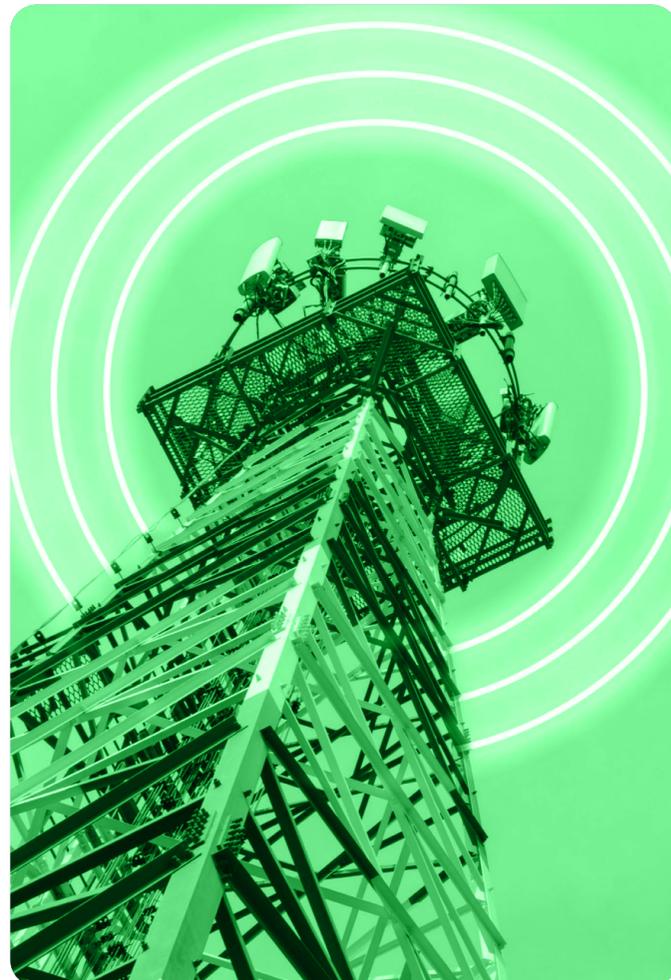
MK 20.18
billion

190%
growth in net profit after taxation of

MK 2.26
billion

CAPEX Investment

MK 13.28
billion



SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

In billions of Malawi Kwacha

	Group unaudited six months ended 30-June-24	Group unaudited six months ended 30-June-23	Company unaudited six months ended 30-June-24	Company unaudited six months ended 30-June-23	Group audited year ended 31-Dec-23	Company audited year ended 31-Dec-23
Service revenue	62.61	51.27	52.09	43.65	110.48	93.69
Cost of sales	(47.24)	(35.36)	(41.48)	(31.43)	(73.11)	(64.65)
Gross profit	15.37	15.91	10.61	12.22	37.37	29.04
Other income	6.02	3.18	8.16	3.38	7.66	7.46
Administrative expenses	(11.12)	(11.10)	(10.19)	(10.29)	(31.57)	(30.19)
Impairment of trade receivables	(0.10)	(0.33)	(0.10)	(0.31)	(0.59)	(0.59)
Operating profit	10.17	7.66	8.48	5.00	12.87	5.72
Finance income	0.23	0.07	0.03	0.04	0.31	0.07
Finance expense	(7.19)	(6.86)	(7.42)	(7.20)	(20.71)	(20.81)
Net finance expenses	(6.96)	(6.79)	(7.39)	(7.16)	(20.40)	(20.74)
Profit/(loss) before income tax	3.21	0.87	1.09	(2.16)	(7.53)	(15.02)
Income tax expense /credit	(0.95)	(0.09)	0.24	1.01	2.60	4.92
Profit/(loss) for the year	2.26	0.78	1.33	(1.15)	(4.93)	(10.10)
Other comprehensive income	-	-	-	-	0.17	0.17
Total comprehensive income/(loss) for the year	2.26	0.78	1.33	(1.15)	(4.76)	(9.93)
Earnings per share (MK)	0.23	0.08	0.13	(0.11)	(0.49)	(0.99)
Number of ordinary shares in issue (billion)	10.04	10.04	10.04	10.04	10.04	10.04

SUMMARY STATEMENTS OF FINANCIAL POSITION

In billions of Malawi Kwacha

	Group unaudited as at 30-June-24	Group unaudited as at 30-June-23	Company unaudited as at 30-June-24	Company unaudited as at 30-June-23	Group audited as at 31-Dec-23	Company audited as at 31-Dec-23
Assets						
Non-current assets						
Investment in subsidiaries	-	-	1.26	1.26	-	1.26
Equity investments	0.33	0.16	0.33	0.16	0.33	0.33
Property, plant and equipment	91.57	77.58	79.35	74.84	76.17	73.87
Intangible assets	11.45	12.24	11.22	12.32	13.12	12.77
Right of use assets	11.37	13.18	11.37	13.18	12.22	12.22
Deferred tax assets	5.46	0.94	5.35	0.94	4.79	4.89
Contract assets	0.27	1.00	0.27	0.98	0.71	0.71
Total non-current assets	110.45	105.10	109.15	103.68	107.34	106.05
Current assets						
Inventories	2.93	1.29	2.93	1.29	1.57	1.57
Contract assets	0.68	1.10	0.68	1.10	0.84	0.84
Trade and other receivables	21.01	17.83	15.67	16.68	21.00	16.39
Amounts due from related companies	0.54	0.21	0.88	0.21	-	1.91
Current tax recoverable	1.20	-	2.80	0.33	-	1.49
Bank and cash balances	28.66	20.18	0.90	1.09	31.85	3.46
Total current assets	55.02	40.61	23.86	20.70	55.26	25.66
Total assets	165.47	145.71	133.01	124.38	162.60	131.71
Equity and liabilities						
Shareholder's equity						
Share capital	0.40	0.40	0.40	0.40	0.40	0.40
Share premium	2.35	2.35	2.35	2.35	2.35	2.35
Retained earnings	41.26	44.59	31.07	38.52	39.00	29.74
Total equity	44.01	47.34	33.82	41.27	41.75	32.49
Non-current liabilities						
Long-term portion of interest bearing loans	3	29.47	28.83	29.47	28.83	27.11
Long-term portion of lease liabilities	4	-	0.42	-	0.42	-
Total non-current liabilities	29.47	29.25	29.47	29.25	27.11	27.11
Current liabilities						
Amounts due to related parties	0.16	0.10	1.26	0.10	0.04	2.04
Bank overdraft	11.17	10.77	11.17	10.77	10.77	10.77
Current-term portion of interest bearing loans	3	6.52	11.79	6.52	11.79	11.45
Contract liabilities	3.13	4.07	3.13	4.07	4.25	4.25
Trade and other payables	47.79	27.37	47.37	26.42	45.94	43.42
Amounts payable to owners of e-money	22.95	13.71	-	-	20.81	-
Current portion of lease liabilities	4	0.27	0.71	0.71	0.18	0.18
Current tax payable	-	0.60	-	-	0.30	-
Total current liabilities	91.99	69.12	69.72	53.86	93.74	72.11
Total liabilities	121.46	98.37	99.19	83.11	120.85	99.22
Total equity and liabilities	165.47	145.71	133.01	124.38	162.60	131.71

SUMMARY STATEMENTS OF CHANGES IN EQUITY

In billions of Malawi Kwacha

Group - unaudited	Share Capital	Share Premium	Retained earnings	Total
Balance as at 1 January 2024	0.40	2.35	39.00	41.75
Comprehensive income for the period	-	-	2.26	2.26
Balance at 30 June 2024	0.40	2.35	41.26	44.01
Group - unaudited				
Balance at 1 January 2023	0.40	2.35	43.81	46.56
Comprehensive income for the period	-	-	0.78	0.78
Balance at 30 June 2023	0.40	2.35	44.59	47.34
Company - unaudited				
Balance at 1 January 2024	0.40	2.35	29.74	32.49
Comprehensive income for the period	-	-	1.33	1.33
Balance at 30 June 2024	0.40	2.35	31.07	33.82
Company - unaudited				
Balance as at 1 January 2023	0.40	2.35	39.67	42.42
Comprehensive income for the period	-	-	(1.15)	(1.15)
Balance at 30 June 2023	0.40	2.35	38.52	41.27
Group - audited				
Balance at 1 January 2023	0.40	2.35	43.76	46.51
Loss for the year	-	-	(4.93)	(4.93)
Other comprehensive income	-	-	0.17	0.17
Balance at 31 December 2023	0.40	2.35	39.00	41.75
Company - audited				
Balance at 1 January 2023	0.40	2.35	39.67	42.42
Loss for the year	-	-	(10.10)	(10.10)
Other comprehensive income	-	-	0.17	0.17
Balance at 31 December 2023	0.40	2.35	29.74	32.49

SUMMARY STATEMENTS OF CASH FLOWS

In billions of Malawi Kwacha

	Group unaudited six months ended 30-June-24	Group unaudited six months ended 30-June-23	Company unaudited six months ended 30-June-24	Company unaudited six months ended 30-June-23	Group audited year ended 31-Dec-23	Company audited year ended 31-Dec-23
Cash flows from operating activities						
Cash generated from operations	21.11	10.77	20.16	11.89	41.40	32.59
Interest received	0.23	0.07	0.03	0.04	0.31	0.07
Interest paid	(6.17)	(5.10)	(6.17)	(5.10)	(10.18)	(10.18)
Income tax paid	(3.16)	(0.08)	(1.53)	(0.08)	(1.62)	(1.26)
Cash generated from operating activities	12.01	5.66	12.49	6.75	29.91	21.22
Cash flows from investing activities						
Dividend received	-	-	-	-	-	0.26
Purchase of property, plant and equipment	5	(13.28)	(5.39)	(13.08)	(4.47)	(12.26)
Purchase of intangible assets	5	(1.61)	-	(1.61)	(2.43)	(1.85)
Proceeds from sale of property, plant and equipment	0.42	-	0.37	-	0.05	0.05
Net cash used in investing activities	(12.86)	(7.00)	(12.71)	(6.08)	(14.64)	(13.25)
Cash flows from financing activities						
Bank overdraft	0.40	(0.22)	0.40	(0.22)	(0.22)	(0.22)
Proceeds from loans	3	5.17	8.97	5.17	8.97	15.66
Repayment of loans	3	(7.74)	(8.57)	(7.74)	(8.57)	(18.13)
Lease liability payments	4	(0.17)	(1.34)	(0.17)	(1.34)	(3.40)
Net cash used in financing activities	(2.34)	(1.16)	(2.34)	(1.16)	(6.09)	(3.40)
Net (decrease)/increase in cash and cash equivalents	(3.19)	(2.50)	(2.56)	(0.49)	9.18	1.88
Cash and cash equivalents at the beginning of the year	31.85	22.68	3.46	1.58	22.67	1.58
Cash and cash equivalents at the end of the year	28.66	20.18	0.90	1.09	31.85	3.46

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NOTES TO THE SUMMARY FINANCIAL STATEMENTS

In billions of Malawi Kwacha

	Group unaudited as at 30-June-24	Group unaudited as at 30-June-23	Company unaudited as at 30-June-24	Company unaudited as at 30-June-23	Group audited as at 31-Dec-23	Company audited as at 31-Dec-23
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1. Capital commitments

Authorised and contracted for	3.60	5.20	5.20	5.20	11.56	11.56
Authorised and not contracted for	7.71	7.40	7.40	7.40	30.02	30.02

The capital expenditure will be financed from internally generated resources and existing facilities

2. Contingent liabilities

Legal claims	3.50	3.30	3.30	3.30	2.67	2.67
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3. Loans and borrowings

Group and Company - unaudited	Old Mutual Investment Group Limited Commercial Paper	Standard Bank revolving credit facility	Total
Opening balance - 1 January 2024	14.50	24.06	38.56
Additions	-	5.17	5.17
Interest charge	1.82	2.84	4.66
Capital repayments	(0.80)	(6.94)	(7.74)
Interest paid	(1.82)	(2.84)	(4.66)
Balance as at 30 June 2024	13.70	22.29	35.99
Long term portion of loans	13.70	15.77	29.47
Current portion of loans	-	6.52	6.52
	13.70	22.29	35.99

Group and Company - unaudited	Old Mutual Investment Group Limited Commercial Paper	Standard Bank revolving credit facility	Total
Opening balance - 1 January 2023	17.00	23.22	40.22
Additions	-	8.97	8.97
Interest charge	1.78	1.67	3.45
Capital repayments	-	(8.57)	(8.57)
Interest paid	(1.78)	(1.67)	(3.45)
Balance as at 30 June 2023	17.00	23.62	40.62
Long term portion of loans	17.00	11.83	28.83
Current portion of loans	-	11.79	11.79
	17.00	23.62	40.62

Group and Company - audited	Old Mutual Investment Group Limited Commercial Paper	Standard Bank revolving credit facility	Total
Opening balance - 1 January 2023	17.00	23.22	40.22
Additions	-	15.66	15.66
Interest charge	4.65	3.74	8.39
Capital repayments	(2.50)	(15.64)	(18.14)
Interest paid	(4.65)	(2.92)	(7.57)
Balance as at 31 December 2023	14.50	24.06	38.56
Long term portion of loans	14.50	12.61	27.11
Current portion of loans	-	11.45	11.45
	14.50	24.06	38.56

Old Mutual Investment Group Limited (OMIGL)

On 26 February 2015, the company secured commercial debt paper of MK5.0 billion. The arranger and administrator was Old Mutual Investment Group Limited (OMIGL). The commercial paper was for a period of 5 years with an option of early repayment in tranches of MK1.0 billion after the third year. The coupon rate was 364 Treasury bill rate plus 200 basis points. The loan was secured with a debenture ranking behind National Bank of Malawi plc overdraft facility and First Capital Bank plc overdraft facility debentures. On 25 February 2020 the loan was rolled over for another 5 year period on the same terms.

In 2020, the company secured commercial debt paper of MK10.0 billion. The arranger and administrator is Old Mutual Investment Group Limited (OMIGL). The commercial paper is for a period of 5 years with an option of early repayment in tranches of MK1.0 billion after the third year. The coupon rate is 364 Treasury bill rate plus 175 basis points. The loan is secured with a debenture ranking behind National Bank of Malawi plc overdraft facility and First Capital Bank plc overdraft facility debentures.

In 2021, the company secured additional commercial paper of MK2.0 billion from Old Mutual Investment Group Limited for a period of 5 years with the same terms as the other existing Old Mutual Investment Group Limited commercial papers.

Standard Bank revolving credit facility

TNM entered into a revolving credit facility with Standard Bank plc of up to MWK 24 billion or the Malawi Kwacha equivalent thereof. The purpose of the facility is to finance or refinance capital expenditure. The facility has a tenor of 60 months and attracts interest at a rate of Standard Bank plc reference rate minus 0.8% effectively 24.30%. TNM has covenanted to maintain a USD denominated account with Standard Bank plc for the lifetime of the facility and to channel all its USD receivables to the said account.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS (continued)

In billions of Malawi Kwacha

4. Lease liabilities

	Group unaudited as at 30-June-24	Group unaudited as at 30-June-23	Company unaudited as at 30-June-24	Company unaudited as at 30-June-23	Group audited as at 31-Dec-23	Company audited as at 31-Dec-23
Lease liabilities	1.34	1.13	0.27	1.14	0.18	0.18
Long-term portion of lease liability	-	0.42	-	0.42	-	-
Short-term portion of lease liability	0.27	0.71	0.27	0.71	0.18	0.18
	0.27	1.13	0.27	1.13	0.18	0.18

5. Capital expenditure

	Group unaudited as at 30-June-24	Group unaudited as at 30-June-23	Company unaudited as at 30-June-24	Company unaudited as at 30-June-23	Group audited as at 31-Dec-23	Company audited as at 31-Dec-23
Acquisition of property, plant and equipment	13.28	5.39	13.08	4.47	12.26	11.70
Acquisition of intangible assets	-	1.61	-	1.61	2.43	1.85
	13.28	7.00	13.08	6.08	14.69	13.55

6. Depreciation and amortisation

	Group unaudited Six months end 30-June-24	Group unaudited Six months end 30-June-23	Company unaudited Six months end 30-June-24	Company unaudited Six months end 30-June-23	Group audited Year ended 31-Dec-23	Company audited Year ended 31-Dec-23
	10.01	10.22	9.62	9.09	20.50	19.77

Mpamba

Mobile Money Transfers



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