



UNAUDITED SUMMARY CONSOLIDATED (GROUP) AND SEPARATE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

it's clear

...that we are a one-stop-shop for your financial needs.

ONE NICO

	GROUP			COMPANY		
	30-Jun-23 Unaudited MK'million	30-Jun-22 Unaudited MK'million	31-Dec-22 Audited MK'million	30-Jun-23 Unaudited MK'million	30-Jun-22 Unaudited MK'million	31-Dec-22 Audited MK'million
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME						
Revenue	252,851	116,791	299,066	871	1,872	4,090
Dividend Income	1,649	1,796	5,384	8,629	1,834	7,042
Share of profit from associate and Joint Ventures companies	199	152	380	199	152	380
Depreciation and amortisation	(2,941)	(2,824)	(5,305)	(26)	(27)	(52)
Impairment losses on financial assets	(2,432)	(544)	(4,011)	-	-	-
Finance costs	(957)	(663)	(1,218)	(294)	(208)	(464)
Operating expenses	(76,363)	(83,703)	(158,821)	-	-	(91)
Management expenses	(30,010)	(21,768)	(49,224)	(2,486)	(1,727)	(4,393)
Long-term policy holders benefits	(100,493)	6,795	(36,554)	-	-	-
Profit before income tax	41,503	16,032	49,697	6,893	1,896	6,512
Income tax expense	(10,719)	(4,210)	(12,128)	(480)	(56)	(499)
Profit for the year	30,784	11,822	37,569	6,413	1,840	6,013
Attributable to non-controlling interest	14,502	5,473	17,644	-	-	-
Attributable to shareholders of the parent company	16,282	6,349	19,925	6,413	1,840	6,013
	30,784	11,822	37,569	6,413	1,840	6,013
Other comprehensive income						
Items that will never be reclassified to profit or loss						
Revaluation of property and equipment	-	-	315	-	-	-
Items that are or may be reclassified to profit or loss						
Profit on available for sale assets	1,460	276	549	-	-	(591)
Translation difference on foreign subsidiary	134	637	525	-	-	-
Total other comprehensive income for the year	1,594	913	1,389	-	-	(591)
Total other comprehensive income for the year after tax	1,594	913	1,389	-	-	(591)
Total comprehensive income for the year	32,378	12,735	38,958	6,413	1,840	5,422
Attributable to non-controlling interest	15,283	5,947	18,595	-	-	-
Attributable to shareholders of the parent company	17,095	6,788	20,363	6,413	1,840	5,422
	32,378	12,735	38,958	6,413	1,840	5,422
Dividend paid to shareholders of the parent company	(4,172)	(1,460)	(3,129)	(4,172)	(1,460)	(3,129)
Earnings per share (Tambala)	1,561	609	1,910	-	-	-
Dividend paid per share (Tambala)	400	140	300	400	140	300
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION						
ASSETS	1,385,858	1,007,137	1,151,879	27,450	22,271	25,040
Cash and cash equivalents	108,975	89,732	96,525	10,222	6,818	9,642
Trade and other receivables	32,001	22,128	18,670	3,825	1,891	2,208
Loans and advances to customers	132,226	106,349	137,796	-	-	-
Client funds under management	164,661	123,057	134,739	-	-	-
Insurance receivables	65,090	51,895	45,589	-	-	-
Other investments and loans receivable	54,604	17,316	60,350	2	2	2
Inventories	255	150	212	-	-	-
Investment in associate companies	1,844	1,418	1,645	1,844	1,418	1,645
Investment in government securities	459,198	376,011	396,697	-	-	-
Investment in subsidiaries	-	-	-	9,063	9,063	9,063
Investment in equity shares	325,195	190,727	227,015	2,179	2,790	2,179
Investment properties	4,454	4,061	4,454	178	158	178
Deferred tax assets	6,952	2,923	6,590	-	-	-
Right-of-use assets	4,933	3,681	3,151	42	69	56
Intangible assets	9,336	6,940	5,736	42	14	11
Property and equipment	16,134	10,749	12,710	53	48	56

	GROUP			COMPANY		
	30-Jun-23 Unaudited MK'million	30-Jun-22 Unaudited MK'million	31-Dec-22 Audited MK'million	30-Jun-23 Unaudited MK'million	30-Jun-22 Unaudited MK'million	31-Dec-22 Audited MK'million
LIABILITIES						
Deposits and customer accounts	394,114	263,164	355,830	-	-	-
Trade and other payables	68,164	59,624	46,179	3,941	1,973	3,297
Client funds payable	159,783	124,335	134,736	-	-	-
Insurance contract payables	59,472	49,054	43,182	-	-	-
Unearned Premium Reserve (UPR)	22,741	17,046	15,078	-	-	-
Interest-bearing loans and borrowings	8,203	10,398	9,407	1,833	2,750	2,292
Long-term policyholders liabilities	523,426	379,585	422,934	-	-	-
Lease liabilities	7,159	5,493	5,063	94	120	110
Deferred tax liabilities	3,372	2,720	3,252	-	-	-
EQUITY	139,424	95,718	116,218	21,582	17,428	19,341
Issued share capital	52	52	52	52	52	52
Reserves	78,380	53,749	65,430	21,530	17,376	19,289
Non-controlling interest	60,992	41,917	50,736	-	-	-
Total equity and liabilities	1,385,858	1,007,137	1,151,879	27,450	22,271	25,040
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY						
Balance at the beginning of the period	116,218	85,668	85,668	19,341	17,048	17,048
Net profit for the year	30,784	11,822	37,569	6,413	1,840	6,013
Other comprehensive income	1,594	913	1,389	-	-	(591)
Dividends declared in the period	(9,172)	(2,685)	(8,408)	(4,172)	(1,460)	(3,129)
Balance at the end of the period	139,424	95,718	116,218	21,582	17,428	19,341
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS						
Operating activities						
Cash receipts from customers	154,722	125,445	301,820	1,324	962	2,994
Cash payments to clients, employees and suppliers	(125,575)	(141,204)	(282,803)	(2,968)	(1,554)	(3,470)
Interest paid	(1,178)	(867)	(1,989)	(283)	(198)	(463)
Income taxes paid	(13,035)	(3,959)	(15,686)	(677)	90	(722)
Cash flows generated from/ (used in) operating activities	14,934	(20,585)	1,342	(2,604)	(700)	(1,661)
Investing Activities						
Interest received	31,537	23,917	56,070	(262)	529	764
Dividends received	1,649	1,796	5,384	7,012	1,834	7,042
Additions to property and equipment and intangible assets	(8,823)	(1,939)	(4,874)	(42)	(5)	(19)
Net additions of government securities	(17,775)	(8,674)	(54,262)	-	-	-
Net (additions)/disposal of equity shares	(3,756)	8,008	8,797	-	-	-
Disposal of loans and debentures	368	369	4,837	-	-	-
Other investing activities	33	29	49	-	-	-
Cash flows generated from investing activities	3,233	23,506	16,001	6,708	2,358	7,787
Financing Activities						
Net proceeds from long term borrowings	(1,101)	(620)	(1,711)	(458)	-	(458)
Dividends paid	(6,192)	(197)	(4,758)	(3,054)	(834)	(2,013)
Other financing activities	(1,740)	(1,063)	(1,176)	(16)	(3)	(13)
Cash flows used in financing activities	(9,033)	(1,880)	(7,645)	(3,528)	(837)	(2,484)
Net increase in cash and cash equivalents	9,134	1,041	9,698	576	821	3,642
Cash and cash equivalents at beginning of the year	96,525	88,617	88,617	9,642	5,977	5,977
Effects of changes in exchange rates	3,316	74	(1,790)	4	20	23
Cash and cash equivalents at end of the period	108,975	89,732	96,525	10,222	6,818	9,642

OVERVIEW

The Directors are pleased to report on the unaudited consolidated results of NICO Holdings PLC, its subsidiaries, joint venture and associate company for the half year ended 30 June 2023.

NATURE OF ACTIVITIES

The core business of the NICO Group is General Insurance, Life Insurance, Pension Services, Banking, Corporate Finance Advisory and Asset Management. The NICO Group mainly through its portfolio investments also owns substantial investments in property, listed and unlisted equity investments across various industries in the Malawi economy. The Group carries out its business through subsidiaries in Malawi and Zambia, a joint venture company in Malawi and an associate company in Mozambique.

GROUP RESULTS

Gross revenue for the half year ended 30 June 2023 increased by 115% to MK 254.5 billion compared to MK 118.6 billion for the same period in 2022. The Group's profit after tax before other comprehensive income was MK30.8 billion, 160% higher than the MK11.8 billion profit recorded for the same period in 2022. The growth in the Group's profitability was driven by good performance of the life insurance and banking businesses.

Profit after tax and other comprehensive income of MK32.4 billion was 154% above the MK12.7 billion recorded for same period in 2022. Other comprehensive income of MK 1.6 billion was 75% higher than the MK 913 million reported in 2022 due to fair value gains on equity instruments designated as at fair value through other comprehensive income.

SEGMENTAL PERFORMANCE

Life Insurance

NICO Life Insurance registered total premium income of MK 34.4 billion in the six months to 30 June 2023, which represented a decrease of 2% when compared to premium income of MK 35.2 billion registered in the same period last year. The business registered MK 17.1 billion in profit after tax compared to MK 5.5 billion in 2022. The growth in profitability was due to better claims experience in the current period and better investment returns from fixed-income instruments and listed equities.

The associate company in Mozambique registered satisfactory performance in revenue and profit.

Banking

The bank delivered a strong performance in the six months to 30 June 2023, driven by an increase of the loan book and money market investments, a rise in interest rates, improved uptake of digital products, and trading income. The Bank registered a 49% growth of customer deposits during the six months to 30 June 2023 to MK 418 billion (June 2022: MK 281 billion). Loans and advances grew by 24% to close at MK 132 billion (June 2022: MK 106 billion). Money market investment growth was 51% at MK 319 billion from MK 211 billion in the prior period. Net interest income grew by 81% to MK 32.5 billion (June 2022: MK 18.0 billion), while non-interest revenue registered an increase of 80% to MK 10.2 billion (June 2022: MK5.7 billion). Credit impairments at MK 2.1 billion were up 321% higher than the MK 0.5 billion incurred in the same period last year. Credit impairments increased due to loan book growth and downgrades of loans and advances due to the prevailing economic conditions. Profit after tax grew by 139% to MK 12.2 billion (June 2022: MK 5.1 billion).

General Insurance

The general insurance business in Malawi registered premium of MK 15.8 billion in the six months to 30 June 2023, which represented a 25.6% growth over 2022 premiums of MK 12.6 billion. The premium growth was due to both organic growth and new business. The business registered a profit after tax of MK702.0 million, an increase of 196.6% from the MK236.7 million profit after tax recorded in the same period in 2022. The growth in profitability was mainly due to improved underwriting performance and higher interest income from investments.

The business in Zambia registered premiums of MK 14.9 billion (2022: MK 12.6 billion) representing a growth of 18.4% arising from organic growth and new business. The business registered a loss after tax of MK1.04 billion compared to a loss after tax of MK58.6 million recorded in the same period in 2022. Profitability was negatively affected by an increase in claims expenses emanating from an upward adjustment to claims reserves and an increase in expected credit losses stemming from an increase in outstanding premium receivables.

Asset Management

NICO Asset Managers Limited ("NAML") manages a significant portion of funds under management in Malawi. The Company specialises in portfolio management and investment advisory and has, over the years, delivered competitive returns and measurable value to its clients.

The business registered a 56% growth in revenue during the period to MK 14.6 billion (June 2022: MK 9.4 billion). Revenue growth was mainly driven by increases in interest income, securities trading income, and fees from managed funds. Profit after tax for the period of MK 1.8 billion represented an increase of 101% compared to MK 901 million registered in same period of the prior year. NAML registered an increase in assets under management of 52.3% to MK1.147 trillion in the six months to 30 June 2023 (June 2022: MK753 billion).

Pension Administration

NICO Pension Services Limited is licenced to offer pension administration services and act as a corporate trustee for pension schemes. The company currently offers pension administration services to several schemes and is also a corporate trustee for various pension funds.

The company registered revenue of MK 2.4 billion in the six months to 30 June 2023 which represented 28% growth over 2022 revenue of MK 1.8 billion. The growth in revenue was driven by new business and pension contribution arrears received from various schemes. The business registered profit after tax of MK 439.5 million in the six months period which was 74% higher than MK 278.0 million recorded in the same period last year.

Segmental Contribution to Group Profit After Tax

	30-Jun-2023 MK' Million (6 Months)	30-Jun-2022 MK' Million (6 Months)	31-Dec-2022 MK' Million (12 Months)
Life insurance	17,115	5,529	14,597
Banking	12,156	5,090	18,905
Asset management	1,815	901	2,730
Pension administration	440	278	670
Other segments	164	(161)	(127)
General insurance	(339)	178	1,489
Holding company	6,413	1,840	6,013
Total	37,764	13,656	44,277
Elimination of dividend income from group companies	(6,980)	(1,834)	(6,708)
Group profit after tax	30,784	11,822	37,569

DIVIDEND

After taking consideration of future investments and capital requirements, the Board of directors resolved to pay an interim dividend of MK2.00 per share (MK2.09 billion), (2022: MK1.00 per share, MK1.04 billion), a 100% increase. The interim dividend will be paid on 6th October 2023 to the shareholders appearing on the Register of Members as at close of business on Friday 22nd September 2023. The Register of Members will be closed on 23rd September 2023 to 25th September 2023, both days inclusive.

OUTLOOK

Prospects for the 2023 domestic economic recovery face some headwinds, such that Malawi Gross Domestic Product (GDP) growth projection for 2023 has been revised downwards to 1.9% from an earlier projection of 2.7% according to Reserve Bank of Malawi. This follows the impact of cyclone Freddy, a lower-than-initially projected agricultural output, impact of prolonged electricity power cuts at the beginning of 2023 as well as protracted foreign exchange supply shortages which are expected to dampen non-agricultural output. Headline inflation is now projected to average higher at 29.5% in 2023 compared to an average of 20.9% in 2022. The monetary policy is likely to remain contractionary with resultant high interest rates as the central bank tries to contain inflation.

The Group has strategies to effectively deal with the risks implicit in the economic outlook and expects to report satisfactory performance for the rest of the year.

Gaffar Hassam
CHAIRMAN

Vizenge Kumwenda
GROUP MANAGING DIRECTOR