

## Consolidated Abridged Financial Results FOR THE PERIOD ENDED 30 JUNE 2021

### CHAIRMAN'S STATEMENT

#### ECONOMIC OVERVIEW

The COVID-19 pandemic has continued to impact the global economy negatively and as indicated by the World Health Organisation, the world is likely to be dealing with the pandemic for an extended period of time. However, advanced economies have made strides towards returning to normal economic activity following the vaccination of a significant portion of their populations. The International Monetary Fund is projecting a 5.1% growth in Gross Domestic Product (GDP) for 2021 in advanced economies and 6% for the global economy. Developing and certain emerging market economies, however, have continued to incur greater economic losses due to limited access to vaccines and the resultant need to maintain lockdowns. During the first half of the year, Zimbabwe experienced a third wave of the pandemic following an outbreak of the more infectious Delta variant resulting in a spike in infections and deaths. The country understandably responded with a series of lockdowns that negatively impacted on the economy and social interaction. The Group has not been spared from the effects of these lockdowns and has implemented a suite of technological solutions to ensure that we continue to serve our clients while also participating in private sector led initiatives to improve access to COVID-19 vaccines.

The nation's GDP, initially projected by the Ministry of Finance and Economic Development to grow by 7.4% in 2021, is now estimated to grow by 7.8%. The projected improved performance largely stems from the higher growth in the agricultural sector which is now expected to register growth of 34%, combined with growth in the construction, mining, distribution and health sectors. Manufacturing industry capacity utilisation is expected to recover to 56% in the second half of 2021 compared to 47% in 2020. According to the Zimbabwe National Statistics Agency, in the five months to May 2021, the country recorded imports of US\$2.4 billion, 29.8% more than in the comparative period last year. On the export side, US\$2.0 billion worth of exports were recorded, 31.4% higher than in the comparative period last year. It is encouraging to note that imports shifted more towards industrial raw materials, machinery and medicines compared to the more consumptive nature of imports recorded in the same period last year. Despite the negative trade balance, diaspora and grant aided institution inflows saw Zimbabwe maintaining a capital account surplus in the first half of 2021. The inflation rate significantly declined in the first half of the year from a year-on-year high of 362.6% in January 2021 to 106.6% in June 2021. The slow-down in inflation has been supported by a more stable local currency which has seen limited forward pricing by stakeholders in industry and commerce. However, the potential volatility of the Zimbabwe dollar remains a key risk as the Reserve Bank of Zimbabwe Dutch Foreign Currency Auction system has witnessed settlement delays and the resultant consequence of a widening of the premium between the official and alternative market exchange rates. This may result in increased rent seeking behavior that has the potential to derail the economic progress achieved thus far.

The Zimbabwe Stock Exchange (ZSE) All Share Index gained 135% during the first half of 2021, outpacing both inflation and exchange rate movements, resulting in real value gains for listed equity asset class holders. The Group has maintained its position that, in times of turbulence, quoted equities and other real assets remain a viable long-term asset class especially in light of exchange rate movements, resulting in currency volatility risk. The Group will continue to diversify its real assets portfolio with investments in areas such as private equity, property and foreign currency denominated equities.

#### REGIONAL DEVELOPMENTS

The Group, through NicosDiamond, followed its rights in the recapitalisation of Diamond Companhia de Seguros ("Diamond Seguros") with capital injection of US\$900,000, after 30 June 2021. The capitalisation will result in the company exceeding the revised minimum regulatory capital to operate in Mozambique.

#### FINANCIAL HIGHLIGHTS

In October 2019 the Public Accountants and Auditors Board concluded that conditions for applying International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflation Economies had been met in Zimbabwe. The historical cost financial results have been restated to take account of changes in the purchasing power of the local currency during the year. Inflation adjusted financial results therefore represent the main financial statements with historical cost financials provided as supplementary information.

#### Comprehensive income highlights

	Inflation adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL000	ZWL000	ZWL000	ZWL000
Gross Premium Written (GPW)	5,363,492	3,135,612	5,029,666	983,836
Net Premium Earned	3,674,380	2,100,886	3,383,210	631,018
Rental income	208,737	136,104	191,427	38,755
Investment income	1,552,467	942,223	2,107,844	1,080,382
(Loss)/Profit before income tax	(1,054,383)	6,714,077	661,474	4,833,459
(Loss)/Profit for the period	(1,011,479)	4,792,615	481,986	3,405,916

#### Financial position highlights

	Inflation adjusted		Historical cost	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	ZWL000	ZWL000	ZWL000	ZWL000
Total assets	19,002,072	18,727,668	18,515,344	14,990,970
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL000	ZWL000	ZWL000	ZWL000
Cash generated from operations	625,288	(1,379,171)	476,741	(13,664)

#### Share performance

	Inflation adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Market price per share (cents)	2,750	766	2,750	370
Basic (loss)/earnings per share (cents)	(111)	426	52	280

### FINANCIAL PERFORMANCE

#### Statement of comprehensive income

Gross Premium Written ("GPW"), at \$5.4 billion, increased by 71% in inflation adjusted terms as a result of organic growth on the existing portfolio and the continuous revaluation of insurance policy values in line with inflation to ensure

clients have adequate cover.

Investment property had a marginal growth in United States of America Dollar ("USD") values determined as at 30 June 2021 and converted to Zimbabwe Dollar ("ZWL") at the prevailing auction rate. However, the ZWL depreciated by 6% against inflation movement of 21%, hence the fair value loss of \$1.6 billion to 30 June 2021.

Net investment income of \$1.7 billion was an increase of 79% against the same period in 2020. The investment gains were driven by fair value gains on listed and unlisted equities in line with the general performance of the ZSE Industrial Index.

Overall, the Group incurred an inflation adjusted loss for the period of \$1 billion mainly due to the fair value loss on investment property and, higher claims ratios in the health subsidiary.

#### Statement of financial position

The Group's total assets appreciated in value by 2% from 31 December 2020 to 30 June 2021. The growth is mainly attributable to the fair value adjustment on listed equities.

#### SUSTAINABILITY

We remain committed to providing sustainable financial services which are responsive to emerging trends and risks faced by our clients. During the six months ended 30 June 2021, the Group made significant progress towards commissioning of the First Mutual Park solar power project. The Group remains optimistic of opportunities for business growth in the foreseeable future.

#### FIRST MUTUAL IN THE COMMUNITY

First Mutual continues to actively contribute to the community in which we operate. We contributed to the national effort to mitigate the impact of COVID-19 through the First Mutual Health vaccination program which provided assistance in resourcing local government clinics.

In addition, we continue to provide educational assistance to selected children in need from primary school to tertiary level through the First Mutual Foundation and the First Mutual Reformed Church University Scholarship based on humanitarian needs and academic merit. The Group is also playing a key role in equipping university students with financial literacy education through its Future First programme and providing support to cancer awareness programs.

#### OUTLOOK

The Ministry of Finance and Economic Development is projecting that the economy will recover, with growth projections of 7.8% in 2021 led by recovery of the agriculture sector supported by monetary and fiscal stability. The International Monetary Fund's recent allocation of Special Drawing Rights to mitigate against the impact of COVID-19 will enhance recovery prospects.

The vaccination drive by the Government of Zimbabwe is expected to further alleviate the impact of COVID-19 and result in the opening up of the economy. The Group will continue to leverage on its diverse business portfolio, strategic partnerships, as well as its regional footprint to sustain a positive growth trajectory in the future.

#### DIRECTORATE

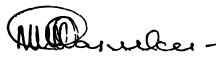
There were no changes to the directorate during the period under review.

#### DIVIDEND

On 10 September 2021 the Board resolved that an interim dividend of \$35 million, being 4.82 Zimbabwe cents per share, be declared from the profits of the Company for the six months ended 30 June 2021. The dividend will be payable on or about 15th October 2021 to all shareholders of the Company registered on the close of business on 8th October 2021. The shares of the company will be traded cum-dividend on the ZSE up to 5th October 2021 and ex-dividend as from 6th October 2021.

#### APPRECIATION

On behalf of the Board, I would like to extend my gratitude to our customers, regulators and other stakeholders for their support during the extraordinarily challenging period under review mainly due to COVID-19. We especially appreciate the commendable efforts by employees for their seamless adjustment in executing their duties in a challenging environment. Keep it up. Finally, I wish to thank my fellow board members for their open and honest contributions in our board deliberations, their guidance and support for management and above all, their wisdom. I thank you.



Amos Manzai  
Chairman

10 September 2021

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

The first half-year of 2021 witnessed a gradual reopening of global economies as measures to mitigate the impact of the COVID-19 pandemic yielded positive results. Throughout the world, governments are focused on the vaccination of their citizens with varying degrees of success. The general trend appears to be the higher the level of the population that is vaccinated the more likely that COVID-19 restrictions will be lifted thus facilitating the recovery of more sectors in the economy.

The Group remained committed to delivering its promise on the core pillars of risk management, wealth creation and wealth management by enhancing access to our products and services through digital platforms to reduce the impact of COVID-19 lockdown measures.

#### OPERATIONS REVIEW

The commentary below relates to the unconsolidated performance of each subsidiary, unless stated otherwise.

#### LIFE AND PENSIONS BUSINESS

##### First Mutual Life Assurance Company (Private) Limited

GPW increased by 102% to \$617.5 million partly due to inflation adjustments to basic salaries that drive pension contributions and group life assurance covers in the Employee Benefits division. Revenue growth has also been improved by underwriting of foreign currency denominated products in the retail division. The company adjusted its operating structure to align to changing market preferences and continued to invest in the funeral services unit.

#### HEALTH BUSINESS

##### First Mutual Health Company (Private) Limited

On an inflation adjusted basis, the GPW grew by 111% to \$1.9 billion mainly due to revision of contributions to maintain the ability to continue meeting the expectations of members as health service costs increased in real terms. The company also experienced growth in foreign currency denominated premiums which tend to have lower shortfalls. The claims ratio increased to 86.67% from 66.55% owing to increased access to services by members and higher charges by service providers. Membership declined from 131,196 members in December 2020 to 116,982 members by June 2021 indicating the continued negative impact of the COVID-19 pandemic on the capacity of some clients to continue paying for membership.

#### SHORT-TERM INSURANCE BUSINESS

##### NicosDiamond Insurance Company Limited

GPW grew by 62% to \$1.7 billion driven by asset revaluations to protect clients against insurance value erosion through inflation and organic growth within the existing portfolios. There was an increase in preferring USD denominated policies to hedge against insurance value erosion in local currency due to high inflation. The claims ratio was in line with prior year at 41% (2019: 40%) as national lockdowns continued into 2021.

#### Diamond Seguros

Diamond Seguros migrated from an associate to a subsidiary with effect from 1 December 2020. GPW grew by 81% in 2021 as a result of improved broker business due to improved confidence after recapitalisation of the business in the third quarter of 2020. In Mozambican Metical (MZN), the growth was 31% to MZN100.6 million. The claims ratio at 29% was higher than the comparative period of 22% due to the stricter lockdowns in 2020. The Group recently obtained regulatory approval to inject US\$900,000 through a rights offer to ensure that the company exceeds the minimum regulatory capital level.

#### REINSURANCE BUSINESS

##### First Mutual Reinsurance Company Limited - Zimbabwe

GPW increased by 98% to \$427.6 million mainly due to improved business written in foreign currency. The reintroduction by the authorities in July 2020 of the policy permitting the payment for goods and services in local and foreign currency led to an increase in USD policies which resulted in more business for reinsurers in the first half of the year. The claims ratio improved to 30% in 2020 from 52% in 2020 due to lower claims partly due to national lockdown measures.

##### FMRE Property and Casualty (Proprietary) Limited - Botswana

GPW grew by 25% to \$948.8 million in 2021. The growth was 18% in Botswana Pula terms, at BWP115.1 million, driven by improved local and international treaty participation and growth of specialist lines of business under the casualty segment. The claims ratio, at 41%, was marginally above the prior period level of 40%.

#### PROPERTY AND WEALTH MANAGEMENT BUSINESSES

##### First Mutual Properties Limited

Revenue increased by 45% to \$204 million in 2021 due to rental reviews in line with the inflationary environment and an increase in the occupancy rate to 89.48% in 2021 compared to 88.22% in 2020. Independent investment property valuations as at 30 June 2021 resulted in fair value losses in the investment property portfolio value due to the slowdown in the depreciation of the ZWL against the USD (valuation currency) with no significant change in the valuation of properties in the portfolio in USD terms.

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

Investment management fees grew by 102% to \$32 million in inflation adjusted terms mainly due to the increase in funds under management underpinned by the growth on the ZSE All Index performance. Funds under management grew by 152% during the period under review.

#### SUSTAINABILITY

We aim to create sustainable economic value by pursuing a long-term approach to environmental stewardship, social responsibility and corporate governance. This is critical to our business success, as we are committed to delivering on our promises to our stakeholders, in particular our customers, investors and society as a whole.

#### HUMAN CAPITAL

The exceptional quality and resilience of our employees is the core pillar to our success. Despite the challenges the period under review presented, our employees remained focused on serving our clients and executing our strategy. Although the remote working concept was in force, the team remained cohesive with a strong sense of togetherness and unity of purpose across the Group. We will continue to invest in human capital retention and development through various programmes which include migrating towards online platforms in response to physical distancing measures which are expected to continue for the foreseeable future.

#### CORONAVIRUS PANDEMIC

As a Group, we have lost two colleagues due to the pandemic and we express our sympathy to their families. We have continued to take measures to ensure safety and wellbeing of our employees, customers and other stakeholders.

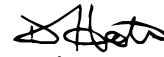
#### LOOKING AHEAD

Despite the uncertainties brought by the pandemic, the Group's solid balance sheet, coupled with a diversified business model, are expected to deliver sustainable growth and value creation for all our stakeholders. We have confidence in the country's medium-term economic prospects and will thus continue to invest in core businesses and complementary areas.

Key developments during 2021 include the recapitalisation of our insurance subsidiary in Mozambique, Diamond Seguros, to meet regulatory capital requirements and capacitating the unit to underwrite health insurance business.

#### APPRECIATION

On behalf of the First Mutual, I would like to thank all our stakeholders for the continued trust you have placed in the Group. We remain a reliable partner in these challenging times and our focus will remain on our customers as we strive to exceed your expectations.



Douglas Hoto  
Group Chief Executive Officer

10 September 2021

# Consolidated Abridged Financial Results

## FOR THE PERIOD ENDED 30 JUNE 2021

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2021

Note	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	REVIEWED	UNAUDITED	UNAUDITED
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	ZWL000	ZWL000	ZWL000	ZWL000
Gross premium written	5,363,492	3,135,612	5,029,666	983,836
Reinsurance	(1,311,462)	(780,662)	(1,240,537)	(269,676)
<b>Net premium written</b>	<b>4,052,030</b>	<b>2,354,950</b>	<b>3,789,129</b>	<b>714,160</b>
Unearned premium reserve	(377,650)	(254,064)	(405,919)	(83,142)
<b>Net premium earned</b>	<b>3,674,380</b>	<b>2,100,886</b>	<b>3,383,210</b>	<b>631,018</b>
Rental income	208,737	136,104	191,427	38,755
Fair value adjustments - investment property	(1,642,460)	8,232,718	362,841	6,266,402
Net investment income	1,552,467	942,223	2,107,844	1,080,382
Interest income	16,953	24,785	15,348	5,987
Fee income:				
- Insurance contracts	107,231	148,515	100,512	54,503
- Investment contracts	4,035	2,062	3,820	654
Other income	98,622	130,149	86,058	14,868
Foreign currency exchange gain	47,858	171,023	44,507	135,900
Monetary gain	957,354	244,318	-	-
<b>Total income</b>	<b>5,025,177</b>	<b>12,132,783</b>	<b>6,295,567</b>	<b>8,228,469</b>
<b>EXPENDITURE</b>				
Pension benefits	(112,870)	(34,205)	(105,994)	(10,217)
Insurance claims and loss adjustment expenses	(2,283,680)	(1,078,918)	(2,143,469)	(310,755)
Insurance claims and loss adjustment expenses recovered from reinsurers	146,603	90,948	136,835	28,511
<b>Net insurance benefits and claims</b>	<b>(2,249,947)</b>	<b>(1,022,175)</b>	<b>(2,112,628)</b>	<b>(292,461)</b>
Movement in insurance contract liabilities	132,347	(2,751,590)	(811,367)	(2,478,529)
Movement in shareholder risk reserve	-	79,598	-	(4,712)
Investment loss on investment contract liabilities	(2,124,177)	(795,374)	(1,012,956)	(278,849)
Movement in member assistance fund	-	-	-	-
Acquisition of insurance and investment contracts expenses	(297,819)	(176,799)	(273,523)	(50,882)
Administration expenses	(1,507,767)	(725,710)	(1,394,149)	(272,474)
Allowance for expected credit losses	(62,312)	(29,185)	(60,268)	(18,263)
Finance cost	(899)	(1,119)	(822)	(541)
<b>Total expenditure</b>	<b>(6,110,574)</b>	<b>(5,422,354)</b>	<b>(5,665,713)</b>	<b>(3,396,711)</b>
<b>Profit before share of profit of associate</b>	<b>(1,085,397)</b>	<b>6,710,429</b>	<b>629,854</b>	<b>4,831,758</b>
Share of profit of associate	31,014	3,648	31,620	1,701
<b>(Loss)/Profit before income tax</b>	<b>(1,054,383)</b>	<b>6,714,077</b>	<b>661,474</b>	<b>4,833,459</b>
Income tax credit/(expense)	42,904	(1,921,462)	(179,488)	(1,427,543)
<b>(Loss)/profit for the period</b>	<b>(1,011,479)</b>	<b>4,792,615</b>	<b>481,986</b>	<b>3,405,916</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	(167,100)	286,124	(114,000)	234,427
Share of other comprehensive income from Associates	921	-	921	-
<b>Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods</b>	<b>(166,179)</b>	<b>286,124</b>	<b>(113,079)</b>	<b>234,427</b>
<b>Total comprehensive (loss)/profit for the period</b>	<b>(1,177,658)</b>	<b>5,078,739</b>	<b>368,907</b>	<b>3,640,343</b>
<b>Profit/(loss) attributable to:</b>				
Non-controlling interest	(209,669)	1,714,315	103,856	1,382,530
Equity holders of the parent	(801,810)	3,078,300	378,130	2,023,386
<b>Profit/(loss) for the period</b>	<b>(1,011,479)</b>	<b>4,792,615</b>	<b>481,986</b>	<b>3,405,916</b>
Comprehensive income attributable to:				
Non-controlling interest	(217,583)	1,714,315	103,487	1,382,530
Equity holders of the parent	(960,075)	3,364,424	265,420	2,257,813
<b>Total comprehensive income for the period</b>	<b>(1,177,658)</b>	<b>5,078,739</b>	<b>368,907</b>	<b>3,640,343</b>
Basic earnings per share (cents)	(110.78)	425.51	52.25	279.69
Diluted earnings per share (cents)	(110.49)	425.09	52.11	279.42
Headline earnings per share (cents)	(121.42)	421.08	47.73	277.73
Diluted headline earnings per share (cents)	(121.09)	420.67	47.60	277.46

### STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 30 JUNE 2021

Note	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	AUDITED	UNAUDITED	UNAUDITED	UNREVIEWED	UNAUDITED	UNAUDITED	UNAUDITED
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	31-Jun-21	31-Dec-20	31-Jun-21	31-Dec-20	31-Jun-21	31-Dec-20	31-Jun-21	31-Jun-21
	ZWL	ZWL	ZWL	ZWL	ZWL000	ZWL000	ZWL000	ZWL000
<b>ASSETS</b>								
Property, plant and equipment	289,557	278,999	81,481	55,827	2,899	3,586	225	169
Investment property	9,927,656	11,554,355	9,927,656	9,549,054	-	-	-	-
Right of use of assets - IFRS 16	7,375	21,504	7,375	17,772	38,156	28,683	14,693	2,808
Goodwill	19,222	19,039	19,222	15,735	-	-	-	-
Other intangible assets	26,469	27,344	3,903	669	-	-	-	-
Investment in subsidiaries	-	-	-	-	5,253,700	3,859,280	5,470,727	3,837,074
Investment in associates	385,715	428,705	150,639	172,213	-	-	-	-
Financial assets:								
- Equity securities at fair value through profit or loss	4,435,205	2,576,321	4,435,205	2,129,191	704,973	136,760	704,973	113,025
- Debt securities at amortised cost	90,043	99,779	90,043	82,462	-	-	-	-
Deferred acquisition costs	176,393	118,918	167,380	56,783	-	-	-	-
Non current assets held for sale	50,968	59,070	50,968	48,818	-	-	-	-
Income tax asset	-	386	-	319	-	-	-	-
Inventory	27,033	31,582	21,207	14,545	1,768	1,868	416	507
Insurance, tenant and other receivables	1,533,766	1,503,780	1,526,595	1,188,173	142,782	82,994	142,782	68,590
Cash and balances with banks	2,033,670	2,007,886	2,033,670	1,659,410	11,870	13,966	11,870	11,542
<b>TOTAL ASSETS</b>	<b>19,003,072</b>	<b>18,727,668</b>	<b>18,515,344</b>	<b>14,990,970</b>	<b>6,156,148</b>	<b>4,127,137</b>	<b>6,345,686</b>	<b>4,033,715</b>
<b>EQUITY AND LIABILITIES</b>								
<b>Equity attributable to equity holders of the parent</b>								
Share capital	33,696	33,632	728	727	33,696	33,632	728	727
Share premium	1,821,921	1,815,422	39,554	39,417	1,821,921	1,815,422	39,544	39,417
Non-distributable reserves	552,852	717,680	456,312	569,160	34,495	41,059	430	567
Retained profits	487,943	1,339,852	3,680,440	3,352,409	4,089,409	2,157,971	6,128,347	3,927,670
<b>Total equity attributable to equity holders of the parent</b>	<b>2,896,412</b>	<b>3,906,586</b>	<b>4,177,034</b>	<b>3,961,712</b>	<b>5,979,521</b>	<b>4,048,084</b>	<b>6,169,059</b>	<b>3,968,381</b>
Non-controlling interests	3,729,560	3,953,599	2,750,067	2,653,035	-	-	-	-
<b>Total equity</b>	<b>6,625,972</b>	<b>7,860,185</b>	<b>6,927,101</b>	<b>6,614,747</b>	<b>5,979,521</b>	<b>4,048,084</b>	<b>6,169,059</b>	<b>3,968,381</b>
<b>Liabilities</b>								
Life insurance contracts with and without DPF and investment contracts with DPF liabilities	5,305,241	5,437,588	5,305,241	4,493,874	-	-	-	-
Investment contract liabilities without DPF	1,468,547	564,972	1,468,547	466,919	-	-	-	-
Shareholder risk reserves	-	-	-	-	-	-	-	-
Member assistance fund	9,041	10,940	9,041	9,041	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Lease liability - IFRS 16	15,110	17,659	15,110	14,594	14,815	3,871	14,815	3,199
Insurance contract liabilities - short term	3,416,361	2,873,541	2,722,007	1,806,597	-	-	-	-
Insurance liabilities - life assurance	28,264	21,607	28,264	17,857	-	-	-	-
Share based payment liabilities	413,067	110,064	413,067	90,962	148,361	38,956	148,361	32,195
Other payables	485,580	529,135	417,801	437,302	13,451	36,226	13,451	29,940
Deferred tax	1,162,805	1,222,566	1,136,081	973,449	-	-	-	-
Current income tax liabilities	73,084	79,411	73,084	65,629	-	-	-	-
<b>Total liabilities</b>	<b>12,377,100</b>	<b>10,867,483</b>	<b>11,588,243</b>	<b>8,376,223</b>	<b>176,627</b>	<b>79,053</b>	<b>176,627</b>	<b>65,334</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,003,072</b>	<b>18,727,668</b>	<b>18,515,344</b>	<b>14,990,970</b>	<b>6,156,148</b>	<b>4,127,137</b>	<b>6,345,686</b>	<b>4,033,715</b>

The historical cost information and company statements of Financial position has been shown as supplementary information for the benefit of users. The historical cost information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information and company financial information.



### STATEMENT OF CHANGES IN EQUITY

FOR THE ENDED 30 JUNE 2021

INFLATION ADJUSTED	Share capital	Share premium reserves	Non-distributable reserves	Retained earnings	Total equity for parent	Non-controlling interest	Total equity
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
<b>As at 1 January 2020</b>	33 594	1 812 947	660,454	(413,477)	2,093,518	2 615 445	4,708,963
Profit for the year	-	-	-	3 078 300	3,078,300	1 714 315	4,792,615
Other comprehensive (loss)/income	-	-	286 124	-	286,124	-	286,124
<b>Total comprehensive (loss)/income</b>	-	-	286 124	3 078 300	3,364,424	1 714 315	5,078,738
<b>Transactions with shareholders in their capacity as owners</b>							
Issue of shares	-	-	-	-	-	-	-
- share options	-	-	346	-	346	-	346
Dividend declared and paid	-	-	-	( 5 241)	(5,241)	-	(5,241)
<b>As at 30 June 2020</b>	<b>33,594</b>	<b>1,812,947</b>	<b>946,923</b>	<b>2,659,582</b>	<b>5,453,046</b>	<b>4,329,390</b>	<b>9,782,805</b>
<b>As at 1 January 2021</b>	<b>33,632</b>	<b>1,815,422</b>	<b>717,680</b>	<b>1,339,852</b>	<b>3,906,586</b>	<b>3,953,599</b>	<b>7,860,185</b>
Profit for the year	-	-	-	(801,810)	(801,810)	(209,669)	(1,011,479)
Other comprehensive income	-	-	(158,265)	-	(158,265)	(7,915)	(166,180)
<b>Total comprehensive income</b>	-	-	<b>(158 265)</b>	<b>(801,810)</b>	<b>(960,075)</b>	<b>(217 584)</b>	<b>(1,177,659)</b>
<b>Transactions with shareholders in their capacity as owners</b>							
Issue of shares	-	-	-	-	-	-	-
- share options	64	6 499	( 6 563)	-	-	-	-
Dividend declared and paid	-	-	-	(50,099)	(50,099)	(6,455)	(56,554)
<b>As at 30 June 2021</b>	<b>33,696</b>	<b>1,821,921</b>	<b>552,852</b>	<b>487,943</b>	<b>2,896,412</b>	<b>3,729,560</b>	<b>6,625,972</b>
<b>HISTORICAL COST</b>							
	Share capital	Share premium reserves	Non-distributable reserves	Retained profits	Total equity for parent	Non-controlling interest	Total equity
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
<b>As at 1 January 2020</b>	723	39 045	68 229	389 819	497,817	350 636	848,453
Profit for the year	-	-	-	2 023 386	2,023,386	1 382 531	3,405,916
Other comprehensive (loss)/income	-	-	234 427	-	234,427	-	234,427
<b>Total comprehensive (loss)/income</b>	-	-	234 427	2 023 386	2,257,813	1 382 531	3,640,343
<b>Transactions with shareholders in their capacity as owners</b>							
Issue of shares	-	-	-	-	-	-	-
- share options	-	-	116	-	116	-	116
Dividend declared and paid	-	-	-	( 2 532)	(2,532)	-	(2,532)
<b>As at 30 June 2020</b>	<b>723</b>	<b>39,045</b>	<b>302,772</b>	<b>2,410,672</b>	<b>2,753,213</b>	<b>1,733,167</b>	<b>4,486,380</b>
<b>As at 1 January 2021</b>	<b>727</b>	<b>39,417</b>	<b>569,160</b>	<b>3,352,409</b>	<b>3,961,712</b>	<b>2,653,035</b>	<b>6,614,747</b>
Profit for the year	-	-	-	378 130	378,130	103 856	481,986
Other comprehensive income	-	-	(112 710)	-	(112,710)	( 369)	(113,079)
<b>Total comprehensive income</b>	-	-	<b>(112 710)</b>	<b>378 130</b>	<b>265,420</b>	<b>103 487</b>	<b>368,907</b>
<b>Transactions with shareholders in their capacity as owners</b>							
Issue of shares	-	-	-	-	-	-	-
- share options	1	137	( 138)	-	-	-	-
Dividend declared and paid	-	-	-	( 50 099)	(50,099)	( 6 455)	(56,554)
<b>As at 30 June 2021</b>	<b>728</b>	<b>39,554</b>	<b>456,312</b>	<b>3,680,440</b>	<b>4,177,033</b>	<b>2,750,067</b>	<b>6,927,101</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	REVIEWED	UNREVIEWED	UNREVIEWED
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	ZWL000	ZWL000	ZWL000	ZWL000
<b>Profit before income tax</b>	<b>(1,054,383)</b>	<b>6,714,077</b>	<b>661,474</b>	<b>4,833,459</b>
Total non-cash and separately disclosed items	1,192,851	(6,219,999)	(751,409)	(4,674,936)
<b>Operating cash flows before working capital changes</b>	<b>138,468</b>	<b>494,078</b>	<b>(89,935)</b>	<b>158,523</b>
Working capital changes	480,484	(172,902)	561,232	378,743
<b>Cash (utilised in)/generated from operations</b>	<b>618,952</b>	<b>321,176</b>	<b>471,297</b>	<b>537,266</b>
Finance costs on lease liability	(899)	(1,119)	(822)	(541)
Interest received	16,953	124,785	15,348	5,987
Tax paid	(9,718)	(1,824,013)	(9,082)	(556,376)
<b>Net cash flows (utilised in)/ generated from operating activities</b>	<b>625,288</b>	<b>(1,379,171)</b>	<b>476,741</b>	<b>(13,664)</b>
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(219,387)</b>	<b>(550,547)</b>	<b>(121,174)</b>	<b>(162,079)</b>
<b>Net cash flow used in financing activities</b>	<b>(60,249)</b>	<b>(9,934)</b>	<b>(60,007)</b>	<b>(3,744)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>345,652</b>	<b>(1,939,652)</b>	<b>295,560</b>	<b>(179,487)</b>
Cash and cash equivalents at the beginning of the year	2,007,886	1,515,878	1,659,410	279,516
Effects of exchange rate changes on cash and cash equivalents	(219,685)	956,586	78,700	781,310
Effects of inflation on cash and cash equivalents	(100,183)	1,291,561	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>2,033,670</b>	<b>1,824,371</b>	<b>2,033,670</b>	<b>881,340</b>

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

#### 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 and funeral services. First Mutual Holdings Limited is a public company, incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange.

The ultimate parent of the Company is National Social Security Authority ("NSSA") which owns 66.22% (2019: 68.81%) directly and an additional 7.10% (2019: 7.10%) indirectly through Capital Bank Limited (under liquidation). NSSA owns 84% (2018: 84%) of Capital Bank Limited. The registered office is located at Second Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe.

The consolidated inflation adjusted financial statements of the Group and the company for the six months ended 30 June 2021 were authorised for issue in accordance by a resolution of the Directors at a meeting held on 10 September 2021.

#### 2.1 Statement of compliance

The Group's interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Committee Interpretations ("IFRIC") as issued by the International Financial Reporting Interpretations Committee ("IFRS IC") and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31). The financial statements are based on statutory records that are maintained under the historical cost convention except for investment properties, equity securities at fair value through profit or loss and insurance and investment contract liabilities that have been measured on a fair value basis. For the purpose of fair presentation in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", this historical cost information has been restated for changes in the general purchasing power of the Zimbabwe Dollar and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Company and the Group.

#### 2.2 Accounting policies

The accounting policies applied in the reviewed abridged financial results are consistent with the accounting policies in the prior year financial statements.

#### 2.3 Inflation adjusted

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the month-on-month consumer price index ("CPI") prepared by the Zimbabwe Statistical Agency. The conversion factors used to restate the financial statements at 30 June 2021 are as follows:

Date	CPI	Conversion factor
30 June 2020	1,445.21	2.07
31 December 2020	2,474.51	1.21
30 June 2021	2,986.44	1

All items in the income statements are restated by applying the relevant monthly conversion factors.

#### 3 Functional and presentation currency

These financial statements are prepared using the Zimbabwe Dollar ("ZWL") which is the Group and Company's functional and presentation currency.

#### 4 Independent auditor's review conclusion

The Group's inflation adjusted interim financial statements from which these abridged results have been extracted have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse review conclusion as a result of non-compliance with International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates" in prior year and International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors"; and valuation of investment property, due to lack of market evidence to support property valuation inputs. The auditor's review conclusion on the Group's inflation adjusted interim financial statements is available for inspection at the Company's registered office. The engagement partner for this review is Mr Fungai Kuipa (PAAB Practising Certificate Number 335).

#### 5 Property, vehicles and equipment

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	REVIEWED	UNAUDITED	UNAUDITED	UNREVIEWED	UNAUDITED	UNAUDITED	UNAUDITED
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
At 1 January	278,999	277,016	55,827	18,499	3,586	3,427	169	131
Additions	38,627	76,951	32,700	42,846	85	254	81	79
Disposals	(212)	(65)	(79)	(36)	-	-	-	-
Depreciation charge and disposal	(27,857)	(74,903)	(6,967)	(5,482)	(772)	(95)	(25)	(41)
<b>At 31 December</b>	<b>289,557</b>	<b>278,999</b>	<b>81,481</b>	<b>55,827</b>	<b>2,899</b>	<b>3,586</b>	<b>225</b>	<b>169</b>

#### 6 Investment property

At 1 January	11,554,355	7,670,557	9,549,054	1,413,176	-	-	-	-
Additions	15,761	89	15,761	19	-	-	-	-
Transfer to Non-current asset held for sale	-	(59,069)	-	(48,818)	-	-	-	-
Fair value adjustments	(1,642,460)	3,942,778	362,841	8,184,677	-	-	-	-
<b>At 31 December</b>	<b>9,927,656</b>	<b>11,554,355</b>	<b>9,927,656</b>	<b>9,549,054</b>	-	-	-	-

The Group's fair values of its investment properties are based on valuations performed by Knight Frank 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. Significant judgements were and applied in the current year as a result of the uncertainties resulting from the hyperinflationary economic environment, currency shifts, excessive market volatility lack of recent transactions conducted in ZWL\$.



**SEGMENTAL RESULTS AND ANALYSIS**  
**FOR THE PERIOD ENDED 30 JUNE 2021**

	Property and					Gross	Consolidation	Total
	Life	Casualty	Health	Property	Other	Figures	Entries	Consolidated
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
<b>INFLATION ADJUSTED</b>								
<b>As at 30 June 2021</b>								
Net Premium Earned	571,408	1,273,175	1,842,678	-	-	3,687,261	(12,881)	3,674,380
Rental income	-	21,829	-	207,775	-	229,604	(20,867)	208,737
Fair value adjustments on investment property	-	(128,111)	-	(1,593,911)	-	(1,722,023)	79,563	(1,642,460)
Investment income	1,876,685	757,114	888,376	7,474	2,166,404	5,696,053	(4,126,633)	1,569,420
Monetary gain/loss, fee and other income	607,129	(41,032)	516,188	(34,611)	126,485	1,174,160	40,940	1,215,100
<b>Total income</b>	<b>3,055,222</b>	<b>1,882,975</b>	<b>3,247,243</b>	<b>(1,413,274)</b>	<b>2,292,890</b>	<b>9,065,055</b>	<b>(4,039,878)</b>	<b>5,025,177</b>
Total expenses	(2,551,461)	(979,789)	(1,956,628)	(161,703)	(327,551)	(5,977,132)	-133,442	(6,110,574)
Profit before income tax	631,596	597,576	1,290,615	(1,574,977)	1,929,330	2,910,951	(3,965,334)	(1,054,383)
Income tax expense	(8,523)	(71,459)	-	867,508	-	787,526	(744,622)	42,904
Deffered acquisition costs	-	176,393	-	-	-	176,393	-	176,393
Total assets	9,360,842	5,308,006	2,159,741	10,098,686	6,587,173	33,551,058	(14,547,986)	19,003,072
Movement in insurance contract liabilities	132,347	-	-	-	-	132,347	-	132,347
Movement in investment contract liabilities	(2,124,177)	-	-	-	-	(2,124,177)	-	(2,124,177)
Total liabilities	7,140,784	3,591,482	866,437	943,092	505,046	13,046,842	(669,742)	12,377,100
Cash flows from operating activities	2,479,747	225,710	382,818	20,087	(198,578)	2,909,783	(2,284,497)	625,286
Cash flows generated from/(utilised in) investing activities	24,084	78,083	10,043	(22,939)	182,193	271,465	(490,852)	(219,387)
Cash generated from/(utilised in) financing activities	( 778)	2,804,714	(146,826)	( 22,299)	(11,969)	2,622,842	(2,683,091)	(60,249)
<b>As at 30 June 2020</b>								
Net premium earned	302,170	904,163	902,346	-	-	2,108,679	(7,793)	2,100,886
Rental income	-	10,074	-	143,478	-	153,552	(17,448)	136,104
Fair value adjustments on investment property	-	532,109	-	7,247,200	-	7,779,309	453,409	8,232,718
Investment income	4,451,830	299,349	335,139	(1,614)	1,555,512	6,640,217	(5,673,209)	967,008
Monetary gain/loss, fee and other income	3,212,631	139,534	159,258	31,861	93,164	3,636,448	(2,940,381)	696,067
<b>Total income</b>	<b>7,966,631</b>	<b>1,885,229</b>	<b>1,396,743</b>	<b>7,420,925</b>	<b>1,648,677</b>	<b>20,318,205</b>	<b>(8,185,422)</b>	<b>12,132,783</b>
Total expenses	(6,784,446)	(835,822)	(777,916)	(102,944)	(117,377)	(8,618,505)	3,196,151	(5,422,354)
Profit/(loss) before income tax	1,031,607	1,041,863	629,314	7,404,023	1,519,968	11,626,775	(4,912,698)	6,714,077
Income tax expense	(7,366)	(426,351)	(25,686)	(1,712,226)	(364,792)	(2,536,422)	614,960	(1,921,462)
Deffered acquisitions costs	-	118,918	-	-	-	118,918	-	118,918
Total assets	9,916,921	4,912,444	966,539	15,116,393	4,917,699	35,829,997	(17,102,329)	18,727,668
Movement in insurance contract liabilities	(2,751,590)	-	-	-	-	(2,751,590)	-	(2,751,590)
Movement in investment contract liabilities	(795,374)	-	-	-	-	(795,374)	-	(795,374)
Total liabilities	7,358,708	2,605,784	1,311,342	3,134,412	990,012	15,400,259	(4,532,776)	10,867,483
Cash flows from operating activities	121,962	273,106	162,707	77,714	92,756	728,244	(2,107,417)	(1,379,173)
Cash flows generated from/(utilised in) investing activities	(214,570)	(552,361)	(124,260)	(41,497)	114,567	(818,120)	267,573	(550,547)
Cash generated from/(utilised in) financing activities	7,678	245,191	(2,912)	-	(68,513)	181,442	(191,376)	(9,934)

**SEGMENTAL RESULTS AND ANALYSIS**  
**FOR THE PERIOD ENDED 30 JUNE 2021**

	Property and					Gross	Consolidation	Total
	Life	Casualty	Health	Property	Other	Figures	Entries	Consolidated
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
<b>HISTORICAL COST</b>								
<b>As at 30 June 2021</b>								
Net premium earned	537,146	1,138,278	1,719,810	-	-	3,395,233	(12,023)	3,383,210
Rental income	-	20,777	-	190,173	-	210,950	(19,523)	191,427
Fair value adjustments on investment property	-	34,193	-	360,769	-	394,961	(32,120)	362,841
Investment income	1,969,985	838,614	1,033,131	5,392	2,385,447	6,232,569	(4,109,377)	2,123,192
Fee and other income	159,909	45,676	18,415	12,357	131,640	367,997	(133,100)	234,897
<b>Total income</b>	<b>2,667,041</b>	<b>2,077,536</b>	<b>2,771,356</b>	<b>568,692</b>	<b>2,517,086</b>	<b>10,601,710</b>	<b>(4,306,143)</b>	<b>6,295,567</b>
Total expenses	(2,354,723)	(905,881)	(1,834,723)	(151,743)	(311,162)	(5,558,233)	(107,480)	(5,665,713)
Profit before income tax	312,027	930,791	953,651	412,982	2,240,491	4,814,964	(4,153,490)	661,474
Income tax expense	303,818	837,977	959,534	351,929	2,245,501	4,663,780	(4,843,268)	(179,488)
Deffered acquisition costs	-	167,380	-	-	-	167,380	-	167,380
Total assets	9,249,055	5,164,010	2,107,827	10,089,721	6,710,458	33,286,091	(14,770,747)	18,515,344
Movement in insurance contract liabilities	(811,367)	-	-	-	-	(811,367)	-	(811,367)
Movement in investment contract liabilities	(1,012,956)	-	-	-	-	(1,012,956)	-	(1,012,956)
Total liabilities	7,140,784	2,838,670	830,216	981,254	503,965	12,294,889	(706,646)	11,588,243
Cash flows from operating activities	2,111,562	954,860	361,378	34,692	(195,629)	3,301,842	(2,825,102)	476,740
Cash flows generated from/(utilised in) investing activities	20,012	51,710	9,848	(22,809)	172,019	230,779	(351,953)	(121,174)
Cash generated from/(utilised in) financing activities	( 778)	735,398	(138,116)	( 21,511)	(15,116)	559,877	(619,884)	(60,007)
<b>As at 30 June 2020</b>								
Net premium earned	92,707	264,726	277,426	-	-	634,858	(3,840)	631,018
Rental income	-	3,035	-	41,410	-	44,445	(5,690)	38,755
Fair value adjustments on investment property	-	476,126	-	5,806,271	-	6,282,397	(15,995)	6,266,402
Investment income	3,639,627	245,488	188,632	(19)	2,018,047	6,091,776	(5,005,407)	1,086,369
Fee and other income	60,567	27,984	65,628	56,243	33,957	244,379	(38,453)	205,926
<b>Total income</b>	<b>3,792,901</b>	<b>1,017,358</b>	<b>531,686</b>	<b>5,903,905</b>	<b>2,052,004</b>	<b>13,297,855</b>	<b>(5,069,385)</b>	<b>8,228,469</b>
Total expenses	(3,425,048)	(671,873)	(308,790)	(46,016)	(53,953)	(4,505,681)	1,108,969	(3,396,711)
Profit before income tax	936,285	773,390	276,691	5,869,889	2,005,872	9,862,127	(5,028,668)	4,833,459
Income tax (expense)/credit	( 40,777)	( 142,090)	( 67,789)	( 1,248,292)	( 481,409)	(1,980,358)	552,815	(1,427,543)
Deffered acquisitions costs	-	56,783	-	-	-	56,783	-	56,783
Total assets	4,710,075	2,298,408	424,013	7,299,539	2,608,797	17,340,833	(2,349,863)	14,990,970
Movement in insurance contract liabilities	(2,478,529)	-	-	-	-	(2,478,529)	-	(2,478,529)
Movement in investment contract liabilities	( 278,849)	-	-	-	-	(278,849)	-	(278,849)
Total liabilities	3,619,060	1,636,891	733,499	1,512,513	115,315	7,617,278	758,944	8,376,223
Cash flows from operating activities	1,165	498,361	126,517	2,834	10,876	639,753	(355,245)	284,507
Cash flows generated from/(utilised in) investing activities	( 19,189)	( 99,915)	( 7,943)	( 31,234)	( 52,345)	(210,626)	48,547	(162,079)
Cash utilised in financing activities	123	63,342	( 1,407)	-	( 66,543)	(4,485)	741	(3,744)