

Nictus Holdings Limited

(Incorporated in the Republic of Namibia)

(Registration number 1962/1735)

Share Code: NHL

ISIN Code: NA000A1J2SS6

UNAUDITED CONSOLIDATED GROUP FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Figures in N\$'000	Note	Unaudited		Variance %	Restated
		Six months ended 31 Dec 23	Six months ended 31 Dec 22 Restated*		Year ended 30 Jun 23 Restated*
Revenue	6	472,352	447,074	6	872,327
Cost of sales		(356,763)	(355,266)	-	(692,392)
Gross profit		115,589	91,808	26	179,935
Other operating income		5,919	6,508	(9)	11,248
Other operating gains / (losses)		185	(34)	644	(43)
Investment income from operations		19,853	14,080	41	36,519
Insurance service result	5	531	(1,135)	147	(20,165)
Net insurance finance expenses	5	(26,947)	(10,466)	(157)	(29,207)
Fair value adjustment reinsurance		20,560	14,378	43	49,349
Operating and administrative expenses		(95,950)	(89,082)	(8)	(181,154)
Operating profit		39,740	26,057	53	46,482
Investment income		1,462	1,120	31	3,130
Finance costs		(4,029)	(2,660)	(51)	(6,627)
Profit before taxation		37,173	24,517	52	42,985
Taxation		(11,289)	(8,080)	(40)	(4,230)
Profit for the period		25,884	16,437	57	38,755
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		25,884	16,437	57	38,755
Total comprehensive income attributable to:					
Owners of the parent		25,884	16,437	57	38,755
Earnings per share					
Basic and diluted earnings per share (cents)	8	48,43	30,76	57	72,52
Basic and diluted earnings per share before treasury shares adjustment (cents)		48,43	30,76	57	72,52
Headline earnings per share (cents)		48,01	30,83	56	72,70
Headline earnings per share before treasury shares adjustment (cents)		48,01	30,83	56	72,70
Dividends per share (cents) ** ***		26,00	26,00		26,00
Net asset value per share (cents)		436,71	372,38		414,14
Number of shares in issue (000's)		53,444	53,444		53,444
Number of treasury shares held in Group (000's)		-	-		-

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

** Dividends paid October 2023 of 26 cents per share

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in N\$'000	Note	Unaudited		Restated
		31 Dec 23	31 Dec 22 Restated*	30 Jun 23 Restated*
ASSETS				
Non-current assets		675,623	528,990	603,230
Property, plant and equipment		368,650	339,175	368,194
Right of use assets		3,299	4,915	4,263
Investment property		43,524	43,482	43,482
Intangible assets		3,739	2,842	3,088
Trade and other receivables		54,812	51,816	50,046
Investments		117,317	65,539	72,590
Loans and receivables		58,185	11,723	37,594
Finance lease receivables		12,207	-	8,519
Deferred tax		13,890	9,498	15,454
Current assets		1,108,457	829,438	1,003,972
Inventories		176,142	149,545	167,010
Trade and other receivables		142,488	110,614	167,371
Investments		2,035	10,640	2,324
Loans and receivables		14,839	15,498	12,612
Finance lease receivables		4,631	-	2,853
Reinsurance asset		268,356	216,704	249,261
Cash and cash equivalents		499,966	326,437	402,541
Total assets		1,784,080	1,358,428	1,607,202
EQUITY				
Stated capital		233,394	199,013	221,331
Revaluation reserve		129	129	129
Contingency reserve		46,652	46,652	46,652
Retained income		25,551	20,551	25,551
		161,062	131,681	148,999
LIABILITIES				
Non-current liabilities		78,884	73,386	71,744
Interest bearing loans and borrowings		13,508	18,632	15,098
Lease liabilities		1,191	2,400	2,186
Deferred tax		64,185	52,354	54,460
Current liabilities		1,471,802	1,086,029	1,314,127
Trade and other payables		176,375	111,243	175,744
Interest bearing loans and borrowings		46,894	46,232	65,090
Lease liabilities		2,504	2,843	2,441
Provisions		90	30	72
Insurance contract liability	4	1,245,939	925,681	1,070,780
Total liabilities		1,550,686	1,159,415	1,385,871
Total equity and liabilities		1,784,080	1,358,428	1,607,202

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in N\$'000	Stated capital	Revaluation reserve	Insurance contingency reserve	Retained income	Total equity
Opening balance as previously reported	129	46,652	20,551	133,331	200,663
IFRS 17 transitional adjustment	-	-	-	(4,357)	(4,357)
Restated* balance at 1 July 2022	129	46,652	20,551	128,974	196,306
Total comprehensive income	-	-	-	16,437	16,437
Profit for the period	-	-	-	16,437	16,437
Other comprehensive income	-	-	-	-	-
Contributions by and to the owners of the Group	-	-	-	(13,730)	(13,730)
Dividends paid	-	-	-	(13,895)	(13,895)
Prescribed dividends	-	-	-	165	165
Unaudited balance at 31 December 2022	129	46,652	20,551	131,681	199,013
Total comprehensive income	-	-	-	22,318	22,318
Profit for the period	-	-	-	22,318	22,318
Other comprehensive income	-	-	-	-	-
Contributions by and to the owners of the Group	-	-	5,000	(5,000)	-
Transfer to contingency reserve	-	-	5,000	(5,000)	-
Restated* balance at 1 July 2023	129	46,652	25,551	148,999	221,331
Total comprehensive income	-	-	-	25,884	25,884
Profit for the period	-	-	-	25,884	25,884
Other comprehensive income	-	-	-	-	-
Contributions by and to the owners of the Group	-	-	-	(13,821)	(13,821)
Dividends paid	-	-	-	(13,895)	(13,895)
Prescribed dividends	-	-	-	74	74
Unaudited balance at 31 December 2023	129	46,652	25,551	161,062	233,394

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in N\$'000	Unaudited		Restated
	Six months ended 31 Dec 23	Six months ended 31 Dec 22 Restated*	Year ended 30 Jun 23 Restated*
Cash generated from operations	188,989	52,995	154,197
Investment income	1,462	1,120	3,130
Finance costs	(3,811)	(2,660)	(6,163)
Net cash from operating activities	186,640	51,455	151,164
Purchase of property, plant and equipment	(8,347)	(11,920)	(45,898)
Proceeds from sale of property, plant and equipment	3,475	419	1,244
Purchase of investment property	(42)	-	-
Purchase of intangible assets	(1,396)	(144)	(1,067)
Movement in loans and receivables	2,475	(9,801)	(2,537)
(Purchase) / sale of investments	(44,438)	(324)	941
Movement in finance lease receivables	(5,466)	-	(11,372)
Net cash from investing activities	(53,739)	(21,770)	(58,689)
(Repayment of) / proceeds from borrowings	(19,786)	16,667	31,991
Payment on lease liabilities	(1,795)	(1,241)	(3,288)
Dividends paid	(13,895)	(13,895)	(13,895)
Net cash from financing activities	(35,476)	1,531	14,808
Net movement in cash and cash equivalents	97,425	31,216	107,283
Cash and cash equivalents at beginning of period	402,541	295,221	295,221
Effect of foreign exchange on cash and cash equivalents	-	-	37
Cash and cash equivalents at end of period	499,966	326,437	402,541

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

NOTES TO THE FINANCIAL INFORMATION

1. STATEMENT OF COMPLIANCE

The condensed consolidated unaudited interim results for the period ended 31 December 2023 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), and also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting and the Companies Act of Namibia.

These condensed consolidated interim financial results have not been reviewed or audited by the independent external auditors.

2. ACCOUNTING POLICIES

The accounting policies applied are materially consistent with those of the consolidated annual financial statements for the year ended 30 June 2023. The adoption of new and revised IFRS standards and interpretations did not have a material impact, except for the first-time application of IFRS 17 Insurance contracts set out in note 3.

The condensed consolidated unaudited interim financial statements are presented in thousands of Namibia Dollars (N\$'000) on the historical cost basis, except for financial instruments which are measured at fair value and land and buildings held for administrative purposes which are measured at revalued amounts.

3. IFRS 17 INSURANCE CONTRACTS

Introduction

The International Accounting Standards Board (IASB) issued IFRS 17 Insurance Contracts in May 2017 and in June 2020, the IASB issued amendments to the standard. IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. The effective date of IFRS 17 is for annual reporting periods beginning on or after 1 January 2023. The Group adopted the standard on 1 July 2023 and restated comparative information.

Transition approach

The Group adopted IFRS 17 as of 1 July 2023 on a fully retrospective basis for all its insurance contracts owing to the fact that the Group has determined that there is reasonable and supportable information available for all contracts in force at transition date.

Comparative information has been restated as required by the transitional provisions of IFRS 17. The change in carrying amounts of insurance assets and liabilities at the date of transition has been recognised in retained earnings on 1 July 2022 (the comparative period).

Classification of insurance policies

In return for payment of an insurance premium, Corporate Guarantee and Insurance Company of Namibia Limited (Corporate Guarantee), a wholly-owned subsidiary of Nictus Holdings Limited and registered Namibian Alternative Risk Transfer (ART) insurer, undertakes to indemnify the policyholder for loss suffered by reason of the occurrence of any of the event(s) defined in the multiperil, income protection and credit insurance contingency policies ("the policies"), occurring during the period of insurance (12 months), in accordance with the terms and conditions of the policy, by payment up to the policy indemnity limit or, at the insurer's sole discretion, by replacement, reinstatement or repair.

A contract is classified as an insurance contract where the Group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary envisaged by IFRS 17. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

The policies that the Group sells are insurance contracts as envisaged in the scope of IFRS 17. A policyholder may also elect to contractually apply to receive a secured advance from the Group. The policies are pledged and ceded to the Group as security for the secured advance. Currently, these advances are predominantly secured by policy benefits being ceded to the Group. In terms of the guidance in IFRS 17, where a secured advance is provided to a policyholder, the agreements between the Group and the policyholder are considered to be a single insurance contract due to the interdependency between the agreements. Various repayment terms, none of which exceed 60 months, and interest rates apply. Cash flows with regard to secured advances are solely payments of principal and interest on the principal amount outstanding. The secured advances form part of the total insurance contract liabilities, disclosed on an aggregate basis.

The Group offers insurance contracts that provide both insurance cover and the payment of a specified amount in the form of an experience bonus (the amount to be determined by the group at its discretion, from time to time, by deducting the allowable deductions from the experience account, in its sole and absolute discretion, together with interest (if any) calculated on such amount from time to time, in the sole and absolute discretion of the Group). These specified amounts meet the definition of an investment component as they will be paid to policyholders in all circumstances, regardless of whether an insured event occurs. The Group considers the investment component and insurance component as highly inter-related as the lapse or maturity of one component in a contract causes the lapse or maturity of the other and the value of one component varies according to the value of the other. The policies, including the nondistinct investment component, issued by the Group is accounted for and measured as part of the insurance liability as a single unit of account in terms of IFRS 17.

Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of either the beginning of the coverage period or the date when the first payment from the policyholder is due or actually received, if there is no due date. When an insurance contract is extinguished, it is no longer at risk and is therefore no longer required to transfer any economic resources to satisfy the insurance contract the Group will derecognise it.

Contract boundary

The coverage period is the period during which the Group provides coverage for insured events. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide services ends when:

- the Group has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
 - the Group has the practical ability to reprice the contract or portfolio of insurance contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - the pricing of the premiums for coverage up to the date when the risks are reassessed does not reflect the risks related to periods after the reassessment date.

These contracts are deemed to be insurance contracts under IFRS 17 as the Group has concluded that there is a transfer of significant risk (20% risk transfer).

The insurance contract issued by the Group does have a specific period an explicit policy start date - and expiry date, thus indicating the period during which the Group provides coverage for insured events, and in effect the boundary of the insurance contract. The Insurance premiums obligation to be paid are for the period of insurance as set out in the policy schedule. Either the Group or policyholder can review the terms associated with the insurance contract at the policy anniversary. The Group considers the legal rights and commercial substance of the contracts in the assessment. This supports a specific boundary of the insurance contract as the Group and the policyholder have the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks as required.

From an insurer's perspective, all insurance contracts issued have a contract boundary of one year or less. Cash flows outside the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

The policyholder can renew their insurance cover should they choose, resulting in a new insurance contract being entered into on the day following the expiration of the previous insurance contract. This process will be repeated at every policy anniversary. No renewal fee will be levied upon renewal on the expiry of the policy, all circumstances remaining constant. Upon renewal, for practical consideration, no physical cash flow is applicable. The latter will not influence the full recognition of the liability for remaining coverage (LRC) associated with the newly issued insurance policy on day one of the coverage period with initial recognition.

The appropriate measurement model applicable to the insurance contracts is the premium allocation approach.

Level of aggregation

IFRS 17 requires that the Group identifies portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Currently the Group has three insurance products consisting of multiple multiperil, credit insurance and income protection contingency policies in issue. All three products are inclusive of a risk transfer represented within the annual aggregate policy indemnity limit. The Group generally manages its insurance policy on a policy-per-policy basis with the risks being limited to the risk transfer represented within the annual aggregate policy indemnity limit irrespective of the class of business underwritten. All three products have similar risks and are managed together, that is the reason that only one portfolio of insurance contracts is identifiable.

Portfolios are further divided into groups of insurance contracts, based on whether:

- a group of contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

Given the IFRS 17 requirements and the loss experience, the portfolio of insurance contracts identified would be appropriately designated/grouped as a group of contracts that at initial recognition has no significant possibility of becoming onerous subsequently. The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a portfolio of similar risks spread over a large geographical area. The underwriting strategy is continuously monitored and updated and determines the classes of business to be written, the territories in which business is to be written and the industry sectors to which the Group is prepared to accept exposure. The strategy is cascaded down by the respective segment board to management that sets the limits for management by client size, class of business, region and industry in order to enforce appropriate risk selection within the portfolio.

Measurement

IFRS 17 introduces three new measurement models:

- Premium allocation approach (PAA): Simplification available to contracts which are of short duration or where certain eligibility criteria are met;
- General measurement model (GMM): Applicable to all insurance contracts issued and reinsurance contracts held; and
- Variable fee approach: Applicable to insurance contracts with a discretionary participation feature.

Insurance liabilities and assets are measured using the PAA, which is the simplified measurement model applicable to contracts with a coverage period of twelve months or less, or where the measurement of the insurance liability is not significantly different between the PAA or GMM. This criterion is satisfied from a Corporate Guarantee perspective; all insurance contracts issued have a contract boundary of one year or less.

Using the PAA, the balance of the liability for remaining coverage (LRC) for the group will consist, in essence, of the following elements:

- Premiums, if any, received at initial recognition;
- Plus the premiums received in the subsequent reporting period;
- Plus any adjustment to a financing component;
- Minus the amount recognised as insurance revenue for coverage provided in that period;

- Minus any investment component paid or transferred to the liability for incurred claims (LIC); and
- Minus any incurred claims paid or transferred to the LIC.

The Group is not required to adjust the carrying amount of the LRC to reflect the time value of money and the effect of financial risk, at initial recognition, as it expects that the time between providing each part of the coverage and the related premium due date is no more than a year. All of Corporate Guarantee's insurance contracts issued have a coverage period of one year or less, thus this criterion is satisfied.

Monthly notional interest is allocated to the experience account of the policyholder based on the terms and conditions set out within the insurance contract.

Notional interest is calculated on the positive balance of the experience account, at a rate determined by the Group, according to market conditions. The notional interest will not be forfeited, even if claims were made against the experience account - it is always calculated on the remaining balance in this account. The notional interest accrues and is due to the policyholder on expiry or cancellation of the policy. The existence of the notional interest component would increase the LRC subsequent to initial recognition. The increase of the LRC will not coincide with cash flow receipts.

The best estimate provision for LIC relates to claim events that have occurred before or at the reporting date, whether reported or not. The Group shall measure the LIC for the group of insurance contracts at the fulfilment cash flows relating to incurred claims.

The Group will not be required to adjust future cash flows for the time value of money and the effect of financial risk as those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

Insurance acquisition costs

Insurance acquisition costs are defined as those costs related to the selling, underwriting and starting a group of insurance contracts. The Group's policy is to expense any insurance acquisition cash flows.

Amounts recognised in the statement of comprehensive income

Insurance revenue, insurance service expenses, showing in aggregate incurred claims (excluding investment components) and other incurred insurance service expenses, and insurance acquisition costs are recognised in the statement of comprehensive income based on the concept of services provided during the period.

Expected premium receipts are allocated to insurance revenue based on the passage of time. The risk adjustment for non-financial risk is the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk as the insurer fulfils its insurance contracts. The risk adjustment for non-financial risk shall reflect the insurer's current estimates of how the actual behaviour of the policyholders may differ from the expected behaviour.

Corporate Guarantee manages its non-financial risk through underwriting limits, approval procedures for new clients, pricing guidelines, centralised management of risk and monitoring of emerging issues. These factors and the past claims experience, combined with the nature of the policies issued, are such that the technical reserves held are more than the 95th percentile of the net ultimate fulfilment cash flows. Corporate Guarantee considers the level of reserves sufficient and deems it unnecessary to increase same to account for specific risks linked to non-financial risks.

Impact of changes in tax legislation

IFRS 17 will impact the allocation between current income tax and deferred tax in the statement of financial position and the group's overall tax position. The Namibian Income Tax Act however did not change since the implementation of IFRS 17 to include any of the IFRS 17 principles, hence Corporate Guarantee still complies to the Namibian Tax Act regulations as specified in the Tax Act, irrespective of the IFRS 17 principles applied in the Financial Statements.

Impact on the statement of financial position on transition to IFRS 17

Figures in N\$'000	Impact at the end of 2023			Impact at the beginning of 2023		
	As previously reported Audited 30 June 2023	Reclassifications, measurements and restatements	Restated 30 June 2023	As previously reported Audited 30 June 2022	Reclassifications, measurements and restatements	Restated 1 July 2022
Property, plant and equipment	368,194	-	368,194	330,802	-	330,802
Right of use assets	4,263	-	4,263	5,206	-	5,206
Investment property	43,482	-	43,482	43,482	-	43,482
Intangible assets	3,088	-	3,088	3,379	-	3,379
Trade and other receivables	50,046	-	50,046	45,145	-	45,145
Investments	72,590	-	72,590	63,692	-	63,692
Loans and receivables	722,491	(684,897)	37,594	552,845	(548,770)	4,075
Finance lease receivables	8,519	-	8,519	-	-	-
Deferred tax	15,454	-	15,454	12,350	-	12,350
Total non-current assets	1,288,127	(684,897)	603,230	1,056,901	(548,770)	508,131
Inventories	167,010	-	167,010	129,079	-	129,079
Trade and other receivables	366,239	(198,868)	167,371	262,840	(148,100)	114,740
Investments	2,324	-	2,324	12,163	-	12,163
Loans and receivables	144,470	(131,858)	12,612	138,159	(132,620)	5,539
Finance lease receivables	2,853	-	2,853	-	-	-
Reinsurance asset	249,261	-	249,261	202,885	-	202,885
Cash and cash equivalents	402,541	-	402,541	295,221	-	295,221
Total current assets	1,334,698	(330,726)	1,003,972	1,040,347	(280,720)	759,627
Total assets	2,622,825	(1,015,623)	1,607,202	2,097,248	(829,490)	1,267,758
Stated capital	129	-	129	129	-	129
Reserves	72,203	-	72,203	67,203	-	67,203
Retained income	155,828	(6,829)	148,999	133,331	(4,357)	128,974
Equity	228,160	(6,829)	221,331	200,663	(4,357)	196,306
Interest bearing loans and borrowings	15,098	-	15,098	19,611	-	19,611
Lease liabilities	2,186	-	2,186	3,003	-	3,003
Deferred tax	57,674	(3,214)	54,460	49,177	(2,051)	47,126
Total non-current liabilities	74,958	(3,214)	71,744	71,791	(2,051)	69,740
Trade and other payables	175,744	-	175,744	108,802	-	108,802
Interest bearing loans and borrowings	65,090	-	65,090	28,586	-	28,586
Lease liabilities	2,441	-	2,441	2,434	-	2,434
Provisions	72	-	72	20	-	20
Insurance contract liability	2,076,360	(1,005,580)	1,070,780	1,684,952	(823,082)	861,870
Total current liabilities	2,319,707	(1,005,580)	1,314,127	1,824,794	(823,082)	1,001,712
Total liabilities	2,394,665	(1,008,794)	1,385,871	1,896,585	(825,133)	1,071,452
Total equity and liabilities	2,622,825	(1,015,623)	1,607,202	2,097,248	(829,490)	1,267,758

Figures in N\$'000	Impact for the year ended 30 June 2023		
	As previously reported Audited 30 June 2023	Reclassifications, measurements and restatements	Restated 30 June 2023
Revenue	1,006,340	(134,013)	872,327
Cost of sales	(720,262)	27,870	(692,392)
Gross profit	286,078	(106,143)	179,935
Other operating income	11,963	(715)	11,248
Other operating gains / (losses)	(43)	-	(43)
Investment income from operations	36,519	-	36,519
Insurance service result	-	(20,165)	(20,165)
Net insurance finance expenses	-	(29,207)	(29,207)
Fair value adjustment reinsurance	-	49,349	49,349
Administrative expenses	(56,181)	-	(56,181)
Operating expenses	(228,219)	103,246	(124,973)
Operating profit	50,117	(3,635)	46,482
Investment income	3,130	-	3,130
Finance costs	(6,627)	-	(6,627)
Profit before taxation	46,620	(3,635)	42,985
Taxation	(5,393)	1,163	(4,230)
Profit for the period	41,227	(2,472)	38,755
Earnings per share			
Basic and diluted earnings per share (cents)	77,14	(4,62)	72,52
Basic and diluted earnings per share before treasury shares adjustment (cents)	77,14	(4,62)	72,52

4. INSURANCE CONTRACT LIABILITY

Insurance contract issued overview	Secured advances	Legal insurance contract liabilities	Total liabilities
Figures in N\$'000			
Contingency policies - Premium allocation approach (PAA)			
Insurance contract liabilities as at 31 December 2023	(787,479)	2,033,418	1,245,939
Insurance contract liabilities as at 31 December 2022*	(720,215)	1,645,896	925,681
Insurance contract liabilities as at 30 June 2023*	(816,755)	1,887,535	1,070,780

6 months ended 31 December 2023

Figures in N\$'000

	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)	Total
Opening secured advances	(816,755)	-	(816,755)
Opening legal insurance contract liabilities	1,887,535	-	1,887,535
Insurance contract liability opening balance	1,070,780	-	1,070,780
Insurance revenue	(17,948)	-	(17,948)
Incurred claims and other insurance services expenses	(6,739)	6,739	-
Insurance service results	(24,687)	6,739	(17,948)
Notional interest charge to profit and loss	68,028	-	68,028
Finance income earned from secured advances	(41,081)	-	(41,081)
Net insurance finance expenses	26,947	-	26,947
Total movement recognised in the statement of comprehensive income	2,260	6,739	8,999
Cancellation and expired premiums	(84,912)	84,912	-
Notional interest incurred	(14,978)	14,978	-
Investment component	(99,890)	99,890	-
New premiums received	184,370	-	184,370
Renewal premiums received	18,062	-	18,062
Premiums received	202,432	-	202,432
Claims and other insurance service expenses paid	-	(6,739)	(6,739)
Cancellation and expired premiums settlement	-	(99,890)	(99,890)
Secured advance finance income received	41,081	-	41,081
Secured advance payments made to policyholders	29,276	-	29,276
Total cash flows	272,789	(106,629)	166,160
Closing secured advances	(787,479)	-	(787,479)
Closing legal insurance contract liabilities	2,033,418	-	2,033,418
Insurance contract liability closing balance	1,245,939	-	1,245,939

6 months ended 31 December 2022 Restated*

Figures in N\$'000

	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)	Total
Opening secured advances	(681,390)	-	(681,390)
Opening legal insurance contract liabilities	1,543,260	-	1,543,260
Insurance contract liability opening balance	861,870	-	861,870
Insurance revenue	(9,414)	-	(9,414)
Incurred claims and other insurance services expenses	(3,335)	3,335	-
Insurance service results	(12,749)	3,335	(9,414)
Notional interest charge to profit and loss	39,615	-	39,615
Finance income earned from secured advances	(29,149)	-	(29,149)
Net insurance finance expenses	10,466	-	10,466
Total movement recognised in the statement of comprehensive income	(2,283)	3,335	1,052
Cancellation and expired premiums	(40,539)	40,539	-
Notional interest incurred	(8,099)	8,099	-
Investment component	(48,638)	48,638	-
New premiums received	115,363	-	115,363
Renewal premiums received	9,044	-	9,044
Premiums received	124,407	-	124,407
Claims and other insurance service expenses paid	-	(3,335)	(3,335)
Cancellation and expired premiums settlement	-	(48,638)	(48,638)
Secured advance finance income received	29,149	-	29,149
Secured advance payments made to policyholders	(38,824)	-	(38,824)
Total cash flows	114,732	(51,973)	62,759

Closing secured advances	(720,215)	-	(720,215)
Closing legal insurance contract liabilities	1,645,896	-	1,645,896
Insurance contract liability closing balance	925,681	-	925,681

Year ended 30 June 2023 Restated*

Figures in N\$'000

	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)	Total
Opening secured advances	(681,390)	-	(681,390)
Opening legal insurance contract liabilities	1,543,260	-	1,543,260
Insurance contract liability opening balance	861,870	-	861,870
Insurance revenue	(24,492)	-	(24,492)
Incurred claims and other insurance services expenses	(32,106)	32,106	-
Insurance service results	(56,598)	32,106	(24,492)
Notional interest charge to profit and loss	95,233	-	95,233
Finance income earned from secured advances	(66,026)	-	(66,026)
Net insurance finance expenses	29,207	-	29,207
Total movement recognised in the statement of comprehensive income	(27,391)	32,106	4,715
Cancellation and expired premiums	(99,596)	99,596	-
Notional interest incurred	(70,819)	70,819	-
Investment component	(170,415)	170,415	-
New premiums received	402,945	-	402,945
Renewal premiums received	73,110	-	73,110
Premiums received	476,055	-	476,055
Claims and other insurance service expenses paid	-	(32,106)	(32,106)
Cancellation and expired premiums settlement	-	(170,415)	(170,415)
Secured advance finance income received	66,026	-	66,026
Secured advance payments made to policyholders	(135,365)	-	(135,365)
Total cash flows	406,716	(202,521)	204,195
Closing secured advances	(816,755)	-	(816,755)
Closing legal insurance contract liabilities	1,887,535	-	1,887,535
Insurance contract liability closing balance	1,070,780	-	1,070,780

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

5. INSURANCE SERVICE RESULT AND NET INSURANCE FINANCE EXPENSES

Figures in N\$'000	Unaudited		Restated
	Six months ended 31 Dec 23	Six months ended 31 Dec 22 Restated*	Year ended 30 Jun 23 Restated*
Insurance service result			
Insurance revenue	22,342	12,537	56,960
Insurance service expenses	(10,204)	(4,420)	(40,118)
Net expenses from reinsurance contract held	(11,607)	(9,252)	(37,007)
	531	(1,135)	(20,165)
Insurance revenue consist mostly of administration fees.			
Net insurance finance expenses			
Notional interest charge to profit and loss	(68,028)	(39,615)	(95,233)
Finance income earned from secured advances	41,081	29,149	66,026
	(26,947)	(10,466)	(29,207)

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

6. REVENUE

Figures in N\$'000

	Unaudited		Restated
	Six months ended	Six months ended	Year ended
	31 Dec 23	31 Dec 22 Restated*	30 Jun 23 Restated*
Revenue from contracts with customers			
Sales of goods and rendering of services	449,324	437,580	853,946
Rental income	6,081	2,277	5,808
Interest received	16,947	7,217	12,573
	<u>472,352</u>	<u>447,074</u>	<u>872,327</u>

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

7. SEGMENTAL INFORMATION

Retail segment: The retail segment was able to increase revenue for the comparative period with 4% relative to the comparative period. Gross profit increased by 44% in the same period. This result is achieved by increasing gross profit percentages on selected product ranges as well as managing costs effectively. Vehicle sales were under pressure in the first 6 months due to high interest rates, but furniture and tyre sales were better than expected.

Property companies: Rental income increased with 13% compared to the prior period. The segment made a small loss for the 6 months with increased financing costs being the main driver of the loss incurred. Other operational costs have been managed within expectations and the segment is achieved expected results.

Insurance and finance: The insurance segment has shown an 80% increase in revenue and 28% increase in profitability. Investment income achieved in the first 6 months was good and the increased focus on optimising investment income is showing the desired results. The full impact of IFRS 17 reporting is included in the segment results, with the effect of IFRS 17 being set out within the report under note 3.

CONDENSED SEGMENT ANALYSIS

Figures in N\$ '000	Unaudited		Restated
	Six months ended	Six months ended	Year ended
	31 Dec 23	31 Dec 22 Restated*	30 Jun 23 Restated*
Segment revenue			
Retail	461,756	442,563	877,931
Properties	14,611	12,893	26,745
Insurance and finance	59,992	33,279	102,511
Head office	29,029	25,937	58,828
Eliminations	(70,694)	(55,061)	(136,728)
	<u>494,694</u>	<u>459,611</u>	<u>929,287</u>
Segment results			
Retail	12,002	8,319	13,295
Properties	(142)	781	798
Insurance and finance	20,879	16,306	32,395
Head office	5,870	4,440	16,317
Eliminations	(12,725)	(13,409)	(24,050)
Operating profit after taxation	<u>25,884</u>	<u>16,437</u>	<u>38,755</u>
Segment assets			
Retail	467,266	359,931	476,024
Properties	400,258	393,707	398,345
Insurance and finance	1,541,251	1,184,979	1,364,713
Head office	283,572	258,280	312,837
Eliminations	(908,267)	(838,469)	(944,717)
Total segment assets	<u>1,784,080</u>	<u>1,358,428</u>	<u>1,607,202</u>

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

8. SHARE INFORMATION

	Unaudited		Restated
	Six months ended 31 Dec 23	Six months ended 31 Dec 22 Restated*	Year ended 30 Jun 23 Restated*
Number of shares in issue (000's)	53,444	53,444	53,444
Weighted average number of ordinary shares in issue (000's)	53,444	53,444	53,444
Basic and diluted earnings per share (cents)	48,43	30,76	72,52
Basic and diluted earnings per share before treasury share adjustment (cents)	48,43	30,76	72,52
Headline earnings per share (cents)	48,01	30,83	72,70
Headline earnings per share before treasury share adjustment (cents)	48,01	30,83	72,70
Basic earnings per share			
Reconciliation of earnings			
Profit for the period	25,884	16,437	38,755
Headline earnings per share			
Reconciliation of headline earnings			
Profit for the period	25,884	16,437	38,755
(Profit)/loss on disposal of plant and equipment	(227)	40	100
Headline earnings	25,657	16,477	38,855

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

9. DIVIDENDS

Ordinary dividends of 26 cents per share (N\$13,9 million) were declared and paid by the Company on 30 October 2023. No interim dividend has been proposed by the board of directors.

10. DIRECTORS

The following directors were re-elected at the Annual General Meeting on 30 November 2023 - TB Horn and WO Fourie. TB Horn was re-elected as chairperson and member of the Audit and Risk Committee. GR de V Tromp and SW Walters were re-elected as members of the Audit and Risk Committee.

11. RELATED PARTIES

During the period under review, certain companies within the Group entered into transactions with each other. These intra-Group transactions have been eliminated on consolidation.

12. FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

Fair values have been determined for measurement and/or disclosure purpose based on the following methods. The techniques used have not changed since the year end.

Investment properties and land and buildings

The board of directors assessed the values of the land and buildings at 31 December 2023 and no fair value adjustments have been proposed. The fair values are based on valuations and other market information that take into consideration the estimated rental value (40%) and replacement value (60%) of the property. A market yield between 11.5% and 12.5% (2023: between 11.5% and 12.5%) is applied to the estimated rental value to arrive at the gross property valuation. Investment properties and land and buildings are classified as level 2 in terms of the fair value hierarchy.

Investment in equity and debt instruments

The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents for the Group is of a short-term nature and the fair values approximates the carrying amount.

Loans receivable and trade and other receivables

The fair value of loans and receivables and trade receivables are measured, at initial recognition, at fair value plus transactions costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Borrowings, loans from related parties and trade payables

Loans from related parties, interest bearing loans and borrowings as well as trade and other payables are classified as financial liabilities subsequently measured at amortised cost using the effective interest method. The fair values of these instruments approximate their carrying amounts.

Fair value hierarchy

For financial instruments recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

There were no transfers between the levels for the reporting period(s).

Levels of fair value measurement

Figures in N\$ '000	Unaudited		Restated
	Six months ended 31 Dec 23	Six months ended 31 Dec 22 Restated*	Year ended 30 Jun 23 Restated*
Level 1			
Financial assets			
Listed shares	2,327	10,917	2,617
Debt securities	117,025	65,262	72,297
	<u>119,352</u>	<u>76,179</u>	<u>74,914</u>
Level 2			
Financial assets			
Land	88,891	85,629	88,891
Buildings	232,793	232,213	231,470
Investment property	43,524	43,482	43,482
Loans and receivables	73,024	27,221	50,206
Reinsurance asset	268,356	216,704	249,261
	<u>706,588</u>	<u>605,249</u>	<u>663,310</u>

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

Categories of financial instruments

Figures in N\$ '000

Financial assets

Trade and other receivables
Investments
Loans and receivables
Reinsurance asset
Cash and cash equivalents

Unaudited 31 Dec 2023		
Amortised cost	FVTPL	Total
140,189	-	140,189
117,025	2,327	119,352
73,024	-	73,024
-	268,356	268,356
499,966	-	499,966
830,204	270,683	1,100,887

Financial liabilities

Interest bearing loans and borrowings
Trade and other payables

Amortised cost	Total
60,402	60,402
174,729	174,729
235,131	235,131

Figures in N\$'000

Financial assets

Trade and other receivables
Investments
Loans and receivables
Reinsurance asset
Cash and cash equivalents

Unaudited 31 Dec 2022 Restated*		
Amortised cost	FVTPL	Total
134,319	-	134,319
65,262	10,917	76,179
27,221	-	27,221
-	216,704	216,704
326,437	-	326,437
553,239	227,621	780,860

Financial liabilities

Interest bearing loans and borrowings
Trade and other payables

Amortised cost	Total
64,864	64,864
109,608	109,608
174,472	174,472

Figures in N\$ '000

Financial assets

Trade and other receivables
Investments
Loans and receivables
Reinsurance asset
Cash and cash equivalents

Restated 30 Jun 2023 Restated*		
Amortised cost	FVTPL	Total
167,999	-	167,999
72,297	2,617	74,914
50,206	-	50,206
-	249,261	249,261
402,541	-	402,541
693,043	251,878	944,921

Financial liabilities

Interest bearing loans and borrowings
Trade and other payables

Amortised cost	Total
80,188	80,188
174,813	174,813
255,001	255,001

* Comparative information was restated for the initial application of IFRS 17. Refer note 3.

13. LEGAL MATTERS

A subsidiary company is currently involved in a legal case relating to reinsurance. The initial court decision is in favour of the subsidiary, however the respondent appealed the decision of the court, and thus this matter currently remains in progress. No adjustments have been recognised to any reinsurance related financial statement items. Because of the nature of the dispute, the directors have not disclosed further information on the basis that they believe that this could be prejudicial to the subsidiary's position in the case.

14. EVENT AFTER INTERIM PERIOD

The directors are not aware of any material events which affected the presentation of the consolidated unaudited group results which occurred after the reporting date and up to the date of this report.

15. PROSPECTS

The first 6 months of the year resulted in the Group exceeding profits of the comparative period by 57%. Even within the high inflationary and interest rate environment, the Group was able to increase retail sales and it is expected that retail sales continue on this trend. The insurance segment also exceeded premium expectations for the first 6 months of the year and will continue to do so. As reported previously, the import strategies of the Group play a major role in the success achieved and will continue to do so in the future. Uncertainty in terms of the exchange rates and transport cost could however negatively impact the profitability of the Group.

On behalf of the Board:

PJ de W Tromp
TB Horn

Windhoek, 27 March 2024

Sponsor on the NSX

Simonis Storm Securities (Proprietary) Limited
(Member of the NSX)

