

# FIRST MUTUAL

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## TRADING UPDATE – Q3 2025

### OPERATING ENVIRONMENT

The Reserve Bank of Zimbabwe has maintained a tight monetary policy stance during 2025 with the bank policy rate maintained at 35% and reserve requirements remained relatively high at 30% for demand deposits and 15% for savings and time deposits. These measures, together with other liquidity management tools such as non-negotiable Certificates of Deposit, helped to limit month-to-month price pressure and stabilise official and alternative market exchange rates. The high proportion of USD deposits in the banking sector persisted at approximately 83% for the USD and 17% ZWG throughout the period. This underlined the dominance of the USD despite lower local currency headline inflation and increased efforts by the RBZ to promote the use of the ZWG.

FMHL recognises the efforts by the Government of Zimbabwe to improve the ease of doing business environment through comprehensive reviews of existing taxes, business fees and licensing requirements. The Agricultural and Manufacturing sectors have been the first sectors to receive reviews with the Tourism and other sectors expected to follow. The initial reforms have drastically cut the burden of legislative costs, and the expectation is that these benefits will filter through to rest of the economy including the financial services sector. While there may be a time-lag before these measures start to bear fruit, they are expected to have a positive impact on economic growth.

On the investment front, listed equity markets delivered positive returns in the third quarter of 2025. The ZSE All Share Index was up 7% and VFEX 34.6% in Q3 2025. This was buttressed by notable increases in trading value and liquidity on both bourses. The Group's exposure to these markets saw a recovery in the investments portfolio and benefits accruing to the policyholder and shareholder constituents. Money market conditions remained tight as the RBZ policy stance made ZWG borrowing expensive and sustained demand for alternative USD financing. Reported money market quotes showed elevated ZWG lending rates with RBZ USD instruments yielding double digit interest rate quotes (11% to 14%). The tight monetary stance has reduced speculative borrowing and supported exchange rate stability which has improved confidence in the financial services sector.

In the event that financial stability persists we expect USD money market and ZWG money market interest rates to subside thus lowering the cost of business in the medium term. Long-term lending facilities will remain impeded by uncertainties around the announced intension to implement a mono-currency during the National Development Strategy 2 period (2026 - 2030). The Group will maintain its real asset strategy to hedge against downside risk whilst seeking opportunities for growth through relevant products and service offerings.

### BASIS OF PREPARATION.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements also comply with interpretations issued by the IFRS Interpretations Committee (IFRIC), the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), and the regulations of the Zimbabwe Stock Exchange.

Effective 1 January 2024, the Group changed its presentation currency from the Zimbabwe Dollar (ZWL) to the United States Dollar (USD) for the IFRS complaint financial statements. The opening balances on transition to the USD presentation currency were derived from financial information that had been restated in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies and subsequently translated at the official exchange rate prevailing on the date of transition.

Following the change in presentation currency, each Group entity continues to measure its financial performance and position in its respective functional currency, which reflects the primary economic environment in which it operates. For consolidation purposes:

- Assets and liabilities of business units with functional currencies other than USD are translated into USD at the closing exchange rate prevailing at the reporting date.
- Income and expenses are translated at average exchange rates for the reporting period.
- Exchange differences arising on the translation of foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

### Comprehensive Income highlights – International Financial Reporting Standard (IFRS) Compliant

	Functional Currency - USD			Presentation Currency - ZWG		
	30-Sept-25 USD000	30-Sep-24 USD000	Change %	30-Sept-25 ZWG000	30-Sep-24 ZWG000	Change %
Insurance contract revenue	131,054	113,055	16%	3,492,681	1,536,398	127%
Rental Income	6,476	6,161	5%	172,588	83,728	106%
Net- Interest and fee income	1,410	1,368	3%	37,570	18,589	102%
Income from Health services	236	206	14%	6,277	2,799	124%
Asset and project management fees	1,112	853	30%	29,627	11,588	156%
Other Income	1,362	1,127	21%	36,300	15,314	137%
<b>Total Revenue</b>	<b>141,648</b>	<b>122,770</b>	<b>15%</b>	<b>3,775,043</b>	<b>1,668,416</b>	<b>126%</b>
Fair value gains-investment property	1,017	(50,312)	102%	27,097	(683,731)	104%
Investment return - Equities	701	4,782	-85%	18,674	64,990	-71%
<b>Profit before Tax</b>	<b>10,474</b>	<b>(16,887)</b>	<b>162%</b>	<b>264,572</b>	<b>(230,956)</b>	<b>114%</b>
<b>Profit after tax</b>	<b>8,721</b>	<b>(25,504)</b>	<b>34%</b>	<b>232,417</b>	<b>(346,598)</b>	<b>67%</b>

### Statement of Financial Position – IFRS Compliant

	Functional Currency - USD			Presentation Currency - ZWG		
	30-Sept-25 USD000	31-Dec-24 USD000	Change %	30-Sept-25 ZWG000	31-Dec-24 ZWG000	Change %
Total Assets	270,633	256,809	5%	7,189,274	6,617,765	9%
Total Liabilities	159,689	165,255	3%	4,242,088	4,258,483	1%
Total Equity	110,944	91,554	21%	2,947,185	2,359,283	25%

### USD Supplementary Information

#### 1. Background

Zimbabwe has undergone several changes in the economic and monetary policy framework including the re-introduction of the Zimbabwe Gold in a multi-currency environment. To hedge against the risk of currency volatility and to maintain product relevance, most of our clients migrated to settling their obligations in USD currency, whilst local currency obligations were subject to adjustments in line with inflation trends.

The presentation currency USD IFRS financial statements include opening balances at 1 January 2024 that were derived from IAS 29 hyperinflation adjusted amounts. Due to the inherent measurement mechanics of hyperinflation conversions, users may find that period-on-period analysis based solely on the IFRS compliant USD statements is less reflective of underlying operating performance trends. Accordingly, supplementary financial information has been provided to enhance users' understanding of the Group's performance. The assumptions and methodology used in preparing this supplementary information have been detailed in Section 2 below.

#### 2. Methodology

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

- Pure USD transactions and balances (including transactions denominated in other foreign currencies) were separately identified and segregated from ZWG denominated transactions and balances.
- For the Statement of Profit or Loss, historical ZWG denominated transactions were translated to USD using an estimated average economic exchange rate for the respective reporting periods.
- These USD translated amounts were then combined with the pure USD transactions to derive the USD equivalent results.
- For the Statement of Financial Position, ZWG non-monetary items were translated at the spot rate prevailing at the date of acquisition or disposal. ZWG monetary items were translated to USD at the reporting date. Resultant foreign exchange gains or losses arising from non-USD currencies have been recognised in profit or loss for the period in the Statement of Comprehensive Income.

The following table shows the Group's analysis of Insurance Contract Revenue by region:

### Insurance Contract Revenue by Region

Region	30 Sept-2025	30 Sept-2024	Growth
Zimbabwe	103,590	92,073	13%
Botswana	18,311	17,306	6%
Mozambique	3,734	3,471	8%
<b>Total</b>	<b>125,635</b>	<b>112,850</b>	<b>11%</b>

### Supplementary Information Comprehensive Income Highlights – 30 September 2025

	30-Sept-25	30-Sep-24	Change
	USD000	USD000	%
Insurance contract revenue	125,635	112,850	11%
Rental Income	6,252	6,106	2%
Net- Interest and fee income	1,941	2,231	-13%
Income from Health services	201	114	76%
Asset and project management fees	1,048	841	25%
Other Income	1,339	1,267	6%
<b>Total Revenue</b>	<b>136,416</b>	<b>123,409</b>	<b>11%</b>
Fair value gains-investment property	1,017	3,144	-68%
Investment return	2,484	10,653	-77%
Net Operating income	7,535	6,231	21%
Profit before Tax	7,838	12,035	-35%
<b>Profit after tax</b>	<b>6,321</b>	<b>9,442</b>	<b>-33%</b>

### Supplementary Information Statement of Financial Position Highlights – 30 September 2025

	30-Sept-25	31-Dec-24	Change
	USD000	USD000	%
Total Assets	271,370	255,043	6%
Total Liabilities	156,081	144,815	-8%
Total Equity	115,289	110,229	5%

### OPERATIONS REVIEW

The commentary below is based on financial information prepared for management decision making purposes. The methodology applied in deriving this information is set out in **Section 2 – Methodology** of this trading update.

#### Insurance contract revenue

The consolidated Insurance Contract Revenue ("ICR") for the period ended 30 September 2025 amounted to \$125.6 million, representing an 11% increase compared to the prior year. The growth reflects increased premium volumes and improved retention across key product segments. Absolute USD denominated revenue constituted 84% of the Group's consolidated ICR for the period.

#### Rental income

Rental income for the period ended 30 September 2025 increased by 2% to \$6.3 million from prior year, supported by rental rate reviews effected during the period. Occupancy levels declined to 85.13% (2024: 90.64%), primarily due to recently completed properties which are still in the process of being leased to full capacity.

#### Profit for the period.

The business recorded a profit of US\$ 6.3 million for the period ended 30 September 2025, representing a 33% decline compared to the prior year. The reduction in profit was mainly due to negative equity market movements on the Zimbabwe Stock Exchange (ZSE) during the period.