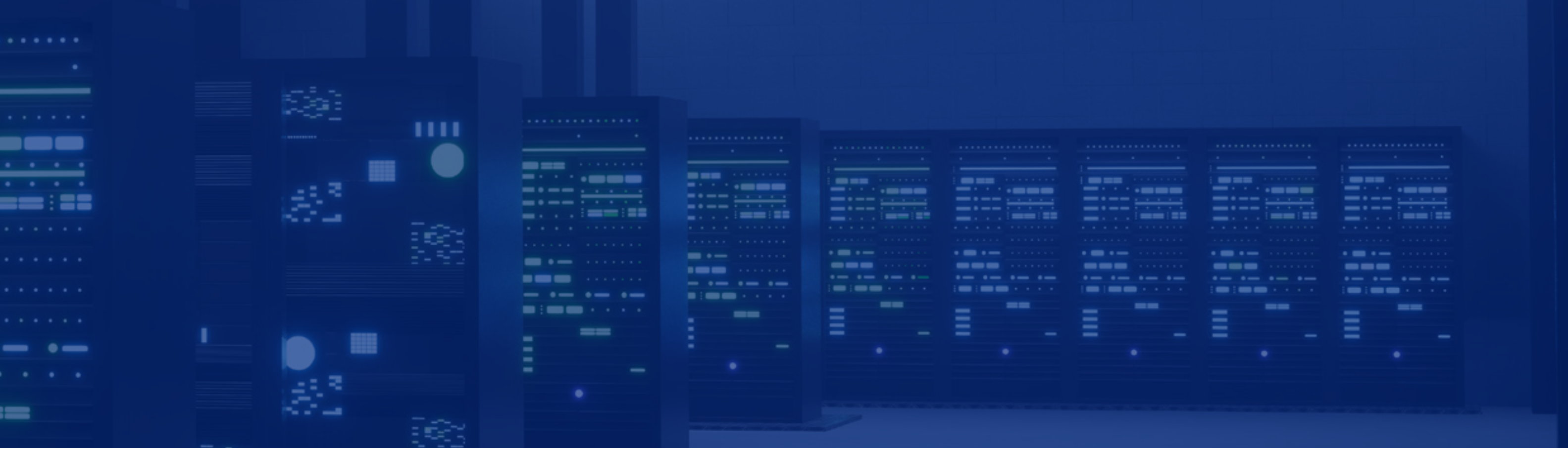
# Company Profile 2025

NICO Technologies

# Hello &
# Welcome



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# Who
# Are We?

"We are an IT services organization with a unique set of skills and experiences built over 22 years. We have grown our knowledge base offering Managed IT services to the NICO group of companies and adding value through many IT projects and products."

NICO Technologies Ltd was incorporated in January 2002, as an IT products and services provider, under the Companies Act of Malawi with NICO Holdings Ltd as the sole shareholder. NICO Technologies Ltd evolved from a self-accounting IT department of The National Insurance Company Ltd where it had been in existence since 1982

Our staff of 60+ employees have vast experience in managing core system projects in Malawi & Zambia, delivering word class IT services within agreed Service Level Agreements and designing and developing software solutions that have transformed our clients' businesses.

NICO Technologies is governed by a board of 7 directors with industry leadership experience in Banking, Insurance, Telecommunication, Finance and Information Technology that convene every quarter to assess the company's risk & compliance, revenue and customer experience. The Management team of the company has a cumulative total of 50 years of Information technology having practiced with both local and International Information Technology companies.

## +40

### CERTIFIED ENGINEERS

Certified across multiple competencies ranging from Business Application, networking, Hardware, Software Development and many more.

## +3000

### USERS BEING SUPPORTED

Through our Managed IT Services, supporting business applications, email, internet and local area network, laptops & desktops and IT strategic planning.

## 95%

### SERVICE DESK SLA SCORE

Timely closure of service request raised by our clients. We commit 95% SLA closure rate with 5% reserved for service request that require procurement services.

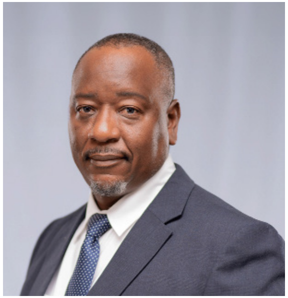
# Board of Directors

**NICO Tech is guided by a Board of Directors with experience in**

IT, banking, and finance.The management team, with a combined 50 years of experience, drives the company's growth in technology and customer service.

**Louis Sibande**
Director

**Gerald Chima**
Director



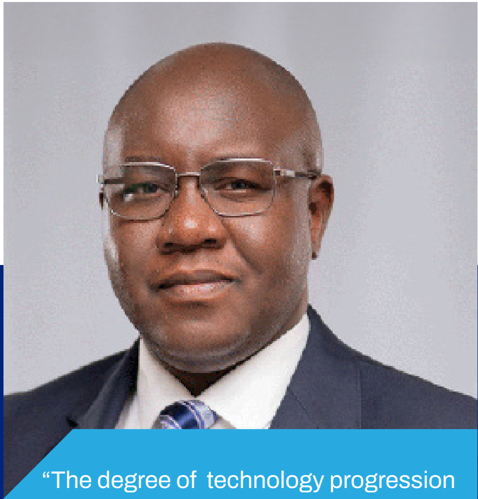
**Donbell  Mandala**
Director

**Emily Kwatani**
Director

**Tayemu Masikini**
Director

**Dr. Kwanele Ngwenya**
Director

# Executive Team



“The degree of technology progression is becoming tougher to keep up with by a lot of organizations. We believe it’s our job to keep up so that our clients don’t have to.”

**Clarence Gama**
Chief Executive Officer

**Adelaide Kaliwo**
Finance Manager

**Joseph Chipula**
Head of Technology Operations

**Macleod**
Business Development Manager

**Dalitso Pota**
Digital Transformation Manager

# Managed
# IT Services

## NICO
## Tech Assist

Seamlessly supplement your in-house team or offload IT responsibilities, ensuring that you have the expertise needed to meet demands without the overhead costs of full-time hires.

01.

## IT Project Management

Ensure your projects are completed on time and within budget by leveraging our skilled project managers, who bring industry best practices to mitigate risks and enhance accountability.

02.

## IT Infrastrucuture Services

We empower businesses by providing access to the latest technology without upfront costs, ensuring operational efficiency, scalability, and reduced downtime

03.

# Digital Transformation

## Business Process Analysis

Streamline workflows and improve resource utilization by identifying inefficiencies, leading to reduced operational costs and increased productivity

## Procurestream

A cloud-based procurement system that streamlines the purchasing process and integrates seamlessly with financial packages like Accpac and SAP, improving visibility and compliance while reducing costs.

## Custom Software Development

We create tailored solutions that seamlessly integrate with your operations, boosting flexibility and functionality, ultimately enhancing user satisfaction and driving growth.

## Automate360

A modular suite designed to automate key business operations such as HR, customer management, procurement, and legal, enhancing efficiency and providing real-time insights for data-driven decision-making.

# Cyber Security
# & Data Services

## Cyber Security

Our IT Security services protect your organization from cyber threats and ensure the integrity of your systems. By implementing a comprehensive security strategy, we help safeguard your data and enhance your overall security posture. **Cybersecurity Awareness Training |Penetration Testing |Endpoint Management Solutions |Patch Management Software | Mobile Device Management (MDM| Privileged Access Management (PAM360)**

## Data Services

We focus on enhancing the quality, accessibility and insights derived from data. Improving your data management processes, enhance decision-making, and driving operational efficiency. **Data Cleaning| Data Profiling | Data Analytics Service**

# Digital Solutions

## Office 365

NICO Technologies is a Microsoft Solutions Partner with the Modern Work designation, bringing over 8 years of experience in delivering Microsoft solutions. Empowering your workforce with tools that facilitate collaboration, communication, and productivity from anywhere, fostering a flexible work environment.

## ManageEngine

NICO Technologies is the exclusive Malawian partner, Optimizing IT management and monitoring to improve service delivery and operational efficiency, enabling your team to focus on strategic initiatives rather than routine maintenance.

## ZOHO

We provide a suite of integrated applications that streamline business processes across CRM, finance, and project management. Enhancing collaboration and productivity while delivering real-time insights for more efficient operations.

## Quorum®

1-Click Instant Recovery

Providing a robust disaster recovery and ransomware protection solution designed to safeguard critical business data .Ensuring business continuity and minimize downtime, providing peace of mind and operational resilience.

# Skills & Certifications

Microsoft Certified
Power Platform Developer
Associate

EC-Council
Certified CEH
Certified Ethical Hacker

PCEP – Certified Entry-Level Python Programmer
OpenEDG Python Institute

Oracle Certified Professional

GSDC
Artificial Intelligence Foundation
Certified

PMI-ACP

ITIL 4 Foundation
Certified
by PeopleCert

ECBA Certified
IIBA

Microsoft Certified
Power BI Data Analyst

CISA
Certified Information Systems Auditor.
An ISACA Certification

# Why
# Choose Us

- Good Quality Services
- Security & Compliance
- 22 Years of IT Services
- Strong Governance
- Highly Skilled Workforce

# Our Partners

# Our Clients

open connect

NBS Bank
Your Caring Bank

malawimangoes

tnm

MERA

MRA

NEEF

SUNBIRD
HOTELS & RESORTS

TEVETA
Skills for Prosperity

MACRA

ICAM

NB
National Bank of Malawi

+265 1 824 365
+256 999 487 106

Michiru House, Victoria Avenue,
PO Box 2730, Blantyre, Malawi

info@nicotechnologies.com
www.nicotechnologies.com

# NICO TECHNOLOGIES LIMITED

Audited Financial Statements for the
Year Ended 31 December 2024

NICO TECHNOLOGIES LIMITED
**FINANCIAL STATEMENTS**
For the year ended 31 December 2024

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NICO TECHNOLOGIES LIMITED
**DIRECTORS' REPORT**
For the year ended 31 December 2024

The Directors have pleasure in submitting their report together with the audited annual financial statements of NICO Technologies Limited for the year ended 31 December 2024.

**Registered office**
The Company's registered office is situated at Michiru House, P.O. Box 2730, Blantyre, Malawi.

**Nature of business**
NICO Technologies Limited is a provider of specialized Information Communication and Technology Services to the NICO Group and other companies.

**Results and dividends**
The Directors report a profit after tax of K1.01 billion for the year (2023: K356.87 million). The Company paid K300 million dividend during the year (2023: nil).

**Share capital**
The issued and fully paid share capital of the Company is K180.6 million (2023: K180.6 million) divided into 180.6 million (2023: 180.6 million) ordinary shares of K1 each (2023: K1 each).

The Company is a wholly owned subsidiary of NICO Holdings Plc which is listed on the Malawi Stock Exchange.

**Directors and Company Secretary**

The following are the Directors and Company Secretary who served during the year:

| | | |
|---|---|---|
| Dr. Matthews Mtumbuka | Chairman | Up 8th September 2024 |
| Mr. Wise Chigudu | Non-executive Director | All year |
| Mr. Kwanele Ngwenya | Non-executive Director | All year |
| Mr. Donbell Mandala | Non-executive Director | All year |
| Ms. Emily Kwatani | Independent and Non-executive Director | All year |
| Mr. Tayemu Masikini | Independent and Non-executive Director | All year |
| Mr. Gerald Chima | Non-executive Director | All year |
| Ms. Angela Kandani | Company Secretary | All year |

**Board Meetings**

The Board meets quarterly. Ad-hoc meetings are held when necessary. The Directors are provided with comprehensive board documentation at least seven days prior to each of the scheduled meetings.

| **BOARD MEETINGS - ATTENDANCE RECORD** | | | | | |
|---|---|---|---|---|---|
| **Member** | **25-Mar-24** | **24-May-24** | **22-Aug-24** | **25-Nov-24** | **2-Dec-24** |
| Dr. Matthews Mtumbuka | √ | √ | √ | N | N |
| Mr. Wise Chigudu | √ | √ | √ | √ | √ |
| Mr. Kwanele Ngwenya | √ | A | √ | A | √ |
| Mr. Donbell Mandala | √ | A | √ | √ | A |
| Ms. Emily Kwatani | √ | √ | √ | √ | √ |
| Mr. Tayemu Masikini | √ | √ | √ | √ | √ |
| Mr. Gerald Chima | √ | A | √ | √ | √ |
| Ms. Angela Kandani | √ | √ | √ | √ | √ |

**Key:**
√ = Attendance A = Apology N = Not a member

## Compliance with Malawi Code II

The Directors are committed to the implementation of and endorse the Malawi Code II guidelines. As far as it concerns the business of the Company, the code II guidelines have been adhered to in all material respects for the year ended 31 December 2024.

## Auditors

Deloitte, Chartered Accountants, P.O Box 187, Blantyre, have indicated their willingness to continue in office and a resolution is to be tabled at the forthcoming Annual General Meeting in relation to their appointment as auditors in respect of the year ending 31 December 2025.

**BY ORDER OF THE BOARD**

..............................................
**Wise Chigudu**
**INTERIM CHAIRMAN**

..............................................
**Donbell Mandala**
**DIRECTOR**

NICO TECHNOLOGIES LIMITED
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**
For the year ended 31 December 2024

The directors are responsible for the preparation and fair presentation of the financial statements of NICO Technologies Limited, comprising the statement of financial position as at 31 December 2024, and the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policy information and other explanatory notes, in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Companies Act, 2013. The directors are also responsible for the preparation of the directors' report.

The Act also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act, 2013.

In preparing the financial statements the Directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgements and estimates that are reasonable and consistently applied;
- Compliance with applicable accounting standards when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.

The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

**Approval of the annual financial statements**

The financial statements of NICO Technologies Limited, as identified in the first paragraph were approved by the board of directors on 21 March 2025 and signed on its behalf by:

**INTERIM CHAIRMAN:** ______________________
**MR. WISE CHIGUDU**

**DIRECTOR:** ______________________
**MR. DONBELL MANDALA**

Deloitte.

PO Box 187
Blantyre
Malawi

Deloitte Chartered Accountants
Registered Auditors
First Floor, PCL House
Top Mandala
Kaohsiung Road
Blantyre
Malawi

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
**NICO TECHNOLOGIES LIMITED**

**Opinion**

We have audited the financial statements of NICO Technologies Limited (the Company) set out on pages 6 to 33, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Companies Act, 2013.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) (including International Independence Standards) together with the ethical requirements that are relevant to performing audits of financial statements in Malawi. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Directors' Responsibilities, as required by the Companies Act, 2013 which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Directors' Responsibilities for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act, 2013 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

Chartered Accountants
**Christopher Kapenda**
Partner

..25..April 2025

NICO TECHNOLOGIES LIMITED
**STATEMENT OF FINANCIAL POSITION**
As at 31 December 2024

| | Notes | 2024 K'000 | 2023 K'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Equipment | 5 | 895 763 | 692 989 |
| Right of use asset | 6.1 | 44 897 | 58 712 |
| Deferred tax asset | 7 | 128 157 | 60 492 |
| Total non-current assets | | 1 068 817 | 812 193 |
| **CURRENT ASSETS** | | | |
| Inventory | 8 | 101 876 | 218 588 |
| Trade and other receivables | 10 | 723 053 | 250 095 |
| Amounts due from related companies | 11 | 125 612 | 30 715 |
| Cash and cash equivalents | 12 | 1 198 406 | 363 891 |
| Total current assets | | 2 148 947 | 863 289 |
| **TOTAL ASSETS** | | 3 217 764 | 1 675 482 |
| **EQUITY AND LIABILITIES** | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 180 600 | 180 600 |
| Share premium | | 59 400 | 59 400 |
| Retained earnings | | 1 229 956 | 518 372 |
| Total shareholders' equity | | 1 469 956 | 758 372 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | 6.2 | 36 902 | 54 048 |
| Total non-current liabilities | | 36 902 | 54 048 |
| **CURRENT LIABILITIES** | | | |
| Amounts due to related companies | 11 | 77 | - |
| Short term borrowings | 14 | - | 77 164 |
| Short term lease liability | 6.2 | 23 891 | 18 783 |
| Tax payable | 9 | 258 173 | 115 955 |
| Trade and other payables | 13 | 1 428 765 | 651 160 |
| Total current liabilities | | 1 710 906 | 863 062 |
| Total liabilities | | 1 747 808 | 917 110 |
| **TOTAL EQUITY AND LIABILITIES** | | 3 217 764 | 1 675 482 |

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2025 and were signed on its behalf by:

.....................................
**Mr. Wise Chigudu**
**Interim Chairman**

.....................................
**Mr. Donbell Mandala**
**Director**

NICO TECHNOLOGIES LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2024

| | Notes | 2024<br>K'000 | 2023<br>K'000 |
|---|---|---|---|
| Revenue | 15 | 9 774 557 | 5 994 201 |
| Cost of sales | 15 | (6 577 124) | (4 066 238) |
| **Gross profit** | | 3 197 433 | 1 927 963 |
| Other income | 16 | 56 892 | 15 171 |
| Operating expenses | 17 | (1 795 692) | (1 357 799) |
| Impairment on trade receivables | 10 | (5 252) | (4 591) |
| Finance charges | 14 | (3 289) | (43 808) |
| Profit before tax | | 1 450 092 | 536 936 |
| Income tax expense | 9 | (438 508) | (180 069) |
| **Profit for the year** | | 1 011 584 | 356 867 |
| Basic earnings per share | 18 | 5.60 | 1.97 |

*There were no items of other comprehensive income during the year (2023: nil).*

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2024

| | Share capital K'000 | Share premium K'000 | Funds awaiting capitalization K'000 | Retained earnings K'000 | Total K'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| As at 1 January 2024 | 180 600 | 59 400 | - | 518 372 | 758 372 |
| Profit for the year | - | - | - | 1 011 584 | 1 011 584 |
| Dividend paid | - | - | - | (300 000) | (300 000) |
| As at 31 December 2024 | 180 600 | 59 400 | - | 1 229 956 | 1 469 956 |
| **2023** | | | | | |
| As at 1 January 2023 | 5 600 | 59 400 | 175 000 | 161 505 | 401 505 |
| Funds capitalised during the year | 175 000 | - | (175 000) | - | - |
| Profit for the year | - | - | - | 356 867 | 356 867 |
| As at 31 December 2023 | 180 600 | 59 400 | - | 518 372 | 758 372 |

**ANALYSIS OF SHARE CAPITAL**

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| **Share capital** | | |
| Authorised share capital | | |
| 185 000 000 (2023: 185 000 000) Ordinary shares of K1 each | 185 000 | 185 000 |
| Issued and fully paid share capital | | |
| 180 600 000 (2023: 180 600 000) Ordinary shares of K1 each | 180 600 | 180 600 |
| **Share premium** | | |
| Balance at beginning and end of the year | 59 400 | 59 400 |

The share premium arose on issue of 5 600 000 ordinary shares of K1.00 each at K10.61.

NICO TECHNOLOGIES LIMITED
**STATEMENT OF CASH FLOWS**
For the year ended 31 December 2024

| | Notes | 2024 K'000 | 2023 K'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | 1 450 092 | 536 936 |
| Adjustments for: | | | |
| • Depreciation on equipment | 5 | 469 660 | 392 974 |
| • Depreciation on right of use asset | 6.1 | 13 815 | 13 814 |
| • Interest received | 16 | (1 873) | (368) |
| • Interest charged on loan | 14 | 3 289 | 43 808 |
| • Gain on disposal of equipment | 16 | 1 071 | 4 362 |
| • Interest on lease liability | 6.2 | 11 853 | 11 853 |
| • Trade receivables written off | 10 | (6 124) | - |
| • Loss allowance for expected credit loss | 10 | 5 252 | 4 591 |
| • Other non-cash | | - | (2 118) |
| Cash generated from operations before working capital changes | | 1 947 035 | 1 005 852 |
| • Decrease/(increase) in inventory | | 116 712 | (193 922) |
| • Increase in trade and other receivables | | (472 958) | (98 365) |
| • Increase in trade and other payables | | 777 605 | 293 246 |
| • Increase in amounts due from related companies | | (94 897) | (57) |
| • Increase/(decrease) in amounts due to related companies | | 77 | (3 263) |
| Cash generated from operating activities | | 2 273 574 | 1 003 491 |
| Income tax paid | | (363 955) | (142 667) |
| Net cash generated from operating activities | | 1 909 619 | 860 824 |
| **Cash flows from investing activities** | | | |
| Interest received | 16 | 1 873 | 368 |
| Proceeds on disposal of equipment | | 3 177 | 4 785 |
| Purchase of equipment | 5 | (674 540) | (349 764) |
| Net cash used in investing activities | | (669 490) | (344 611) |
| **Cash flows from financing activities** | | | |
| Dividend paid | | (300 000) | - |
| Interest paid on lease liability | 6.2 | (11 853) | (11 853) |
| Lease repayment | 6.2 | (12 038) | (6 931) |
| Interest paid on loan | 14 | (3 289) | (43 808) |
| Loan repayment | 14 | (77 164) | (247 648) |
| Net cash used in financing activities | | (404 344) | (310 240) |
| **Net increase in cash and cash equivalents** | | 835 785 | 205 973 |
| **Cash and cash equivalents at beginning of the year** | | 363 891 | 164 982 |
| Effect of exchange rate fluctuations on cash held | | (1 270) | (7 064) |
| **Cash and cash equivalents at the end of the year** | 12 | 1 198 406 | 363 891 |

## 1. General information

NICO Technologies Limited is a private limited Company incorporated in Malawi under the Malawi Companies Act, 2013. The Company is a 100% owned subsidiary of NICO Holdings Plc, a Company incorporated in Malawi. The address of the Company's registered office is Michiru House, P.O. Box 2730, Blantyre, Malawi. It is an Information Communication and Technology services provider.

## 2 Adoption of new and revised International Financial Reporting Standards

### 2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the entity has adopted those new and revised IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Companies Act, 2013 and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2024.

| Effective date | Standard, Amendment or Interpretation |
|---|---|
| Annual reporting periods beginning on or after 1 January 2024 | Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)<br><br>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. |
| Annual reporting periods beginning on or after 1 January 2024 | Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)<br><br>The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. |
| Annual reporting periods beginning on or after 1 January 2024 | Non-current Liabilities with Covenants (Amendments to IAS 1)<br><br>The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. |
| Annual reporting periods beginning on or after 1 January 2024 | Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)<br><br>The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. |

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the Company.

## 2. Adoption of new and revised International Financial Reporting Standards (Continued)

### 2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

| Effective date | Standard, Amendment or Interpretation |
|---|---|
| Annual reporting periods beginning on or after 1 January 2025 | Amendments to the SASB standards to enhance their international applicability.<br><br>The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics. |
| Annual reporting periods beginning on or after 1 January 2026 | Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments<br><br>The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments. |
| Annual reporting periods beginning on or after 1 January 2026 | Annual Improvements to IFRS Accounting Standards — Volume 11<br>The pronouncement comprises the following amendments:<br><br>➢ IFRS 1: Hedge accounting by a first-time adopter<br>➢ IFRS 7: Gain or loss on derecognition<br>➢ IFRS 7: Disclosure of deferred difference between fair value and transaction price<br>➢ IFRS 7: Introduction and credit risk disclosures<br>➢ IFRS 9: Lessee derecognition of lease liabilities<br>➢ IFRS 9: Transaction price<br>➢ IFRS 10: Determination of a 'de facto agent'<br>➢ IAS 7: Cost method |
| Annual reporting periods beginning on or after 1 January 2027 | IFRS 18 Presentation and Disclosures in Financial Statements<br><br>IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. |
| Annual reporting periods beginning on or after 1 January 2027 | IFRS 19 Subsidiaries without Public Accountability: Disclosures<br><br>IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. |

The directors anticipate that other than IFRS 18 *Presentation and Disclosures in Financial Statements* and amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments, these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Company. IFRS 18 will impact the presentation and disclosure of information in financial statements and IFRS 7 and IFRS 9 will impact the classification and measurement of financial instruments. The directors are unable to quantify the impact that adoption of these Standards and Interpretations in future periods will have on the financial statements of the Company.

## 3. Material accounting policy information

*Statement of Compliance*
The annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Companies Act, 2013.

*Basis of preparation*
The financial statements are prepared in terms of the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

### 3.1 Functional and presentation currency
The financial statements are presented in Malawi Kwacha, which is the Company's functional currency. All amounts have been rounded to the nearest thousand.

### 3.2 Use of estimates and judgements
The preparation of the financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of accounting estimates. It also requires management to exercise its judgement in the application of policies and reported amounts in assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical costs experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRS Accounting Standards as issued by the International Accounting Standards Board that have a significant effect on the amounts recognised in the annual financial statements are discussed in note 4 to the annual financial statements.

### 3.3 Going concern basis of accounting
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realise the assets and settle its liabilities in the ordinary course of business for the foreseeable future.

### 3.4 Foreign currency translation
The financial statements are presented in Malawi Kwacha (rounded to the nearest thousand), the currency of the primary economic environment in which the Company operates and its functional currency.

In preparing the financial statements, transactions in currencies other than Malawi Kwacha (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

## 3. Material accounting policy information (Continued)

### 3.5 Equipment

*(i)* ***Recognition and measurement***
Items of equipment are measured at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of material, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items of equipment.

*(ii)* ***Subsequent costs***
The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

***Depreciation***
Equipment are depreciated on a straight line basis at the rates estimated to reduce them to their anticipated residual values over their estimated useful lives as follows;

| | |
|---|---|
| Furniture, fittings and equipment | 4-10 years |
| Computers | 3 years |
| Motor vehicles | 5 years |

***Determination of residual values and useful lives***
The assets' depreciation methods, residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

*(iii)* ***Gains and losses on disposal***
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

### 3.6 Income tax

Income tax expense represents the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

***Current tax***
The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

***Deferred tax***
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the annual financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

**3. Material accounting policy information** (Continued)

**3.6 Income tax**

*Deferred tax* (Continued)
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted at reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow the manner in which the Company expects, to recover or settle the earning amount of its assets and liabilities at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**3.7 Provisions**
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3.8 Share capital**

***Share issue costs***
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

***Earnings per share***
The calculation of earnings per share is based on the net profit for the period and the weighted average number of shares in issue throughout the period. Where new equity shares have been issued by way of capitalization or subdivision, the profit is apportioned over the shares in issue after the capitalisation or subdivision and the corresponding figures for all earlier periods are adjusted accordingly.

**3.9 Revenue recognition**
The Company recognises revenue from the following major sources:

- Lease and sale of hardware/ICT Infrastructure products including servers, computers, printer toners and cards.
- Sale of software products/services including software which can be developed internally or bought off-the shelf for on selling or as a service to customers.
- Managed ICT services including managing and supporting IT systems for clients and IT project management.

## 3. Material accounting policy information (Continued)

### 3.9 Revenue recognition (Continued)

**Hardware and software products/services**
Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

A receivable is recognised by the Company when the goods or services are transferred to a customer on credit.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods. The foregoing scenario is common with card sales.

**Software development**
The Company provides a service of installation of various software products for specialised business operations. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these installation services based on the stage of completion of the contract. The Directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15 *Revenue from contracts with customers*. Payment for installation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation.

Services are performed representing the entity's right to consideration for the services performed to date.

**Project management and IT Systems management**
The Company is also engaged in managing of IT processes and ICT service delivery for various customers. Contracts are entered into with customers indicating performance milestones. Revenue is recognised over time with reference to satisfaction of the stated performance standards.

### 3.10 Inventory
Inventory is stated at the lower of cost and net realisable values. Cost comprises direct cost of material and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to sell.

### 3.11 Financial instruments

#### 3.11.1 Financial assets
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

***Classification of financial assets***

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**3. Material accounting policy information** (Continued)

**3.11 Financial instruments** (Continued)

**3.11.2 Financial liabilities**

Financial liabilities are initially measured at fair value plus directly attributable transactional costs. Subsequent to recognition, they are measured at amortised cost.

**3.11.3 Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on financial assets such as trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime expected credit loss for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the entity recognises lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Lifetime expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit loss represents the portion of lifetime expected credit loss that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

***Measurement and recognition of expected credit losses***

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by the default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

**3.11.4 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 3. Material accounting policy information (Continued)

### 3.12 Non-financial assets

The carrying amount of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

### 3.12.1 Impairment

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation o amortization, if no impairment loss had been recognized.

### 3.13 Retirement benefits

The Company operates a defined contribution retirement benefit plan. Contributions to the scheme are recognised a an expense when employees have rendered service entitling them to the contributions.

### 3.14 Trade and other payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

## 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.1 *Critical judgements in applying the Company's accounting policies*

<u>4.1.1 Business Model Assessment</u>

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how the Company's of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

## 4. Critical accounting judgements and key sources of estimation uncertainty

### 4.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

4.2.1 Useful lives and residual value of equipment

The Company reviews the estimated useful lives and residual values of equipment at the end of each reporting period. These estimates are subjective by nature as they require assessment of financial and non-financial information in arriving at the residual values and useful lives which can only be borne out by future events.

4.2.2 Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

## 5. Equipment

| | Motor vehicles K'000 | Computers, furniture and fittings equipment K'000 | Total K'000 |
|---|---|---|---|
| **Cost** | | | |
| **2024** | | | |
| At the beginning of the year | 35 038 | 1 750 246 | 1 785 284 |
| Additions | 85 000 | 589 540 | 674 540 |
| Disposals | - | (3 729) | (3 729) |
| At the end of the year | 120 038 | 2 336 057 | 2 456 095 |
| **Depreciation** | | | |
| **2024** | | | |
| At the beginning of the year | 32 704 | 1 059 591 | 1 092 295 |
| Charge for the year | 9 419 | 460 241 | 469 660 |
| Released on disposal | - | (1 623) | (1 623) |
| At the end of the year | 42 123 | 1 518 209 | 1 560 332 |
| **Carrying amount** | | | |
| **At 31 December 2024** | 77 915 | 817 848 | 895 763 |
| **Cost** | | | |
| **2023** | | | |
| At the beginning of the year | 35 038 | 1 415 748 | 1 450 786 |
| Additions | - | 349 764 | 349 764 |
| Disposals | - | (15 266) | (15 266) |
| At the end of the year | 35 038 | 1 750 246 | 1 785 284 |
| **Depreciation** | | | |
| **2023** | | | |
| At the beginning of the year | 25 696 | 679 744 | 705 440 |
| Charge for the year | 7 008 | 385 966 | 392 974 |
| Released on disposal | - | (6 119) | (6 119) |
| At the end of the year | 32 704 | 1 059 591 | 1 092 295 |
| **Carrying amount** | | | |
| **At 31 December 2023** | 2 334 | 690 655 | 692 989 |

**5. Equipment** (Continued)

The following useful lives were used in the calculation of depreciation:

| | |
|---|---|
| Fixtures, fittings and equipment | 4-10 years |
| Computer equipment | 3 years |
| Motor vehicle | 5 years |

## 6.1 Right of use asset

| | 2024<br>K'000 | 2023<br>K'000 |
|---|---|---|
| **Right of use assets** | | |
| **Cost** | | |
| At the beginning of the year | 82 887 | 82 887 |
| Additions | - | - |
| At the end of the year | 82 887 | 82 887 |
| At the beginning of the year | 58 712 | 72 526 |
| Amortisation for the year | (13 815) | (13 814) |
| At the end of the year | 44 897 | 58 712 |
| Carrying amount | 44 897 | 58 712 |

Amounts recognised in profit and loss are as follows:

| | 2024<br>K'000 | 2023<br>K'000 |
|---|---|---|
| Finance charges on lease liability (note 17) | 11 853 | 11 853 |
| Depreciation expense on right-of-use asset (note 17) | 13 815 | 13 814 |
| | 25 668 | 25 667 |

## 6.2 Lease liability

| | 2024<br>K'000 | 2023<br>K'000 |
|---|---|---|
| At the beginning of the year | 72 831 | 79 762 |
| Interest on lease liability (Note 17) | 11 853 | 11 853 |
| Repayments | (23 891) | (18 784) |
| At the end of the year | 60 793 | 72 831 |
| **Maturity Analysis** | | |
| Due within 1 year or less | 23 891 | 18 783 |
| Due between 2 and 5 years | 36 902 | 54 048 |
| At the end of the year | 60 793 | 72 831 |

## 7. Deferred tax asset

### *Recognised deferred tax*

Deferred tax (assets) and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2024 K'000 | 2023 K'000 | 2024 K'000 | 2023 K'000 | 2024 K'000 | 2023 K'000 |
| Equipment | - | - | (12 474) | (9 077) | (12 474) | (9 077) |
| Exchange gains | 174 | 2 268 | - | - | 174 | 2 268 |
| Provisions | - | - | (115 857) | (53 683) | (115 857) | (53 683) |
| Deferred tax (assets)/ liabilities | 174 | 2 268 | (128 331) | (62 760) | (128 157) | (60 492) |

The movement in deferred tax is analysed as follows:

| | Balance as at 1 January 2024 K'000 | Recognised in profit or loss K'000 | Balance as at 31 December 2024 K'000 |
|---|---|---|---|
| Equipment | (9 077) | (3 397) | (12 474) |
| Exchange gains | 2 268 | (2 094) | 174 |
| Provisions | (53 683) | (62 174) | (115 857) |
| Deferred asset | (60 492) | (67 665) | (128 157) |

| | Balance as at 1 January 2023 K'000 | Recognised in profit or loss K'000 | Balance as at 31 December 2023 K'000 |
|---|---|---|---|
| Equipment | 22 313 | (31 390) | (9 077) |
| Exchange gains | 1 186 | 1 082 | 2 268 |
| Provisions | (43 394) | (10 289) | (53 683) |
| Deferred asset | (19 895) | (40 597) | (60 492) |

Deferred tax asset of K128.1 million (2023: K60.5 million) has been recognized in the statement of financial position in line with the Company's accounting policy described in 3.6.

## 8. Inventory

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| Computer stock, Cards, toners | 101 876 | 218 588 |

Comprises K73 million laptops (2023: K205.5 million) for sale/lease and the remaining K28 million (2023: K13.1 million) were cards, toner, and stocks. The cards, toner stocks carrying amounts were net of nil obsolete inventory provision (2023: K1.7 million).

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| **9. Tax** | | |
| (a) Income tax expense | | |
| Current tax charge | 506 173 | 206 462 |
| Adjustment in respect of current income tax of previous years | - | 14 204 |
| Deferred tax credit (note 7) | (67 665) | (40 597) |
| | 438 508 | 180 069 |
| (b) Income tax payable | | |
| Balance at the beginning of the year | 115 955 | 37 956 |
| Charge for the year | 506 173 | 206 462 |
| Charge related to previous years | - | 14 204 |
| Paid during the year | (363 955) | (142 667) |
| Balance at the end of the year | 258 173 | 115 955 |
| **10. Trade and other receivables** | | |
| Trade receivables | 456 259 | 179 575 |
| Opening loss allowance | (12 506) | - |
| Increase in loss allowance/expected credit loss | (5 252) | (12 506) |
| Expected credit losses write offs | 6 124 | - |
| Net trade receivables | 444 625 | 167 069 |
| **Other receivables** | | |
| Prepayments | 194 382 | 49 554 |
| Staff advances | 18 885 | 7 496 |
| Accrued income | 2 973 | - |
| Input VAT claimable | 33 379 | 22 683 |
| Other sundry debtors | 28 809 | 3 293 |
| **Total other receivables** | 278 428 | 83 026 |
| **Trade and other receivables** | 723 053 | 250 095 |
| **Financial instruments categories** | | |
| **Financial instruments** | | |
| Trade and other receivables | 495 292 | 177 858 |
| **Non-financial instruments** | | |
| Prepayments | 194 382 | 49 554 |
| Input VAT claimable | 33 379 | 22 683 |
| **Trade and other receivables** | 723 053 | 250 095 |

Information relating to financial risk management is included in note 20.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business on a 30-day credit period.

## 10. Trade and other receivables

**Trade receivables ageing and expected credit loss analysis**
The simplified approach has been adopted for measuring expected credit losses for trade receivables because of the following:

- The NICO Technologies Limited receivables do not contain a financing component;
- The terms of the receivables due are for a short-term duration of less than 12 months; and
- Management writes off/provides in full all trade debtors aged over 1 year.

| **The Simplified Approach Application** | |
|---|---|
| Timing of initial recognition | Period asset was originally booked invoice/transaction date |
| Measurement basis of loss allowance | Lifetime Expected Credit Losses (ECLs) |

**Default and computation methodology – "Provision Matrix"**
A key issue in measuring expected losses is identifying when a "default" may occur.

Management's assertion: there is a rebuttable presumption that a default does not occur later than when a trade debtor is 90+1 days past due. All trade debtors aged 360+1 days are fully written off.

Classification of trade debtors ensures that the average credit losses for a large group with shared risk characteristics provides a reasonable and supportable estimate of the probability-weighted amount. The default rate is arrived by analysing the classified 3-year sales trend and comparing with the related class of closing balances as at reporting date.

| **31 December 2024** | **Current 30 days** | **31-90 days** | **91-180 days** | **181-360 days** | **360+ Days** | **Total** |
|---|---|---|---|---|---|---|
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| Expected loss rate | 0% | 0% | 20.82% | 85.14% | 42.07% | |
| Gross carrying amount | 261 021 | 148 271 | 38 436 | 5 674 | 2 857 | 456 259 |
| Loss allowance during the period | - | - | 2 368 | 27 | 2 857 | 5 252 |
| Expected credit loss write offs | - | - | - | - | (6 124) | (6 124) |
| Opening loss allowance | - | - | 5 637 | 4 804 | 2 065 | 12 506 |
| **Closing loss allowance** | - | - | **8 005** | **4 831** | **(1 202)** | **11 634** |

| **31 December 2023** | **Current 30 days** | **31-90 days** | **91-180 days** | **181-360 days** | **360+ Days** | **Total** |
|---|---|---|---|---|---|---|
| | **K'000** | **K'000** | **K'000** | **K'000** | **K'000** | **K'000** |
| Expected loss rate | 0% | 0% | 17.85% | 59.89% | 100% | |
| Gross carrying amount | 96 560 | 41 356 | 31 573 | 8 021 | 2 065 | 179 575 |
| Loss allowance during the period | - | - | 2 014 | 512 | 2 065 | 4 591 |
| Opening loss allowance | - | - | 3 623 | 4 292 | - | 7 915 |
| **Closing loss allowance** | - | - | **5 637** | **4 804** | **2 065** | **12 506** |

**10. Trade and other receivables** (Continued)

Set out below is the movement in the allowance for expected credit loses of trade receivables during the year:

| | As at 31 December 2024 K'000 | As at 31 December 2023 K'000 |
|---|---|---|
| **Movement in expected credit loss allowance** | | |
| Opening loss allowance 1 January | 12 506 | 7 915 |
| Receivables written off during the year as uncollectable | (6 124) | - |
| Expected credit loss – expense for the year | 5 252 | 4 591 |
| **Closing loss allowance** | 11 634 | 12 506 |

**11. Related party balances**

During the year, the Company entered transactions with its related parties on an arm's length basis. These include ICT services support, banking services, insurance services, pension administration and life assurance and shared services. Balances due to/from related parties which are payable /receivable in normal course of business at year end were as follows:

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| **Amounts due from related companies** | | |
| NBS Bank Plc (fellow subsidiary) | - | 6 408 |
| NICO Insurance Zambia Limited (fellow subsidiary) | 9 384 | 3 068 |
| NICO Life Insurance Limited (fellow subsidiary) | 100 505 | 10 771 |
| Eris Properties Malawi Limited (fellow subsidiary) | 15 723 | 10 468 |
| | 125 612 | 30 715 |
| **Amounts due to related companies** | | |
| Icon Properties Plc | ( 77) | - |

NBS Bank Plc (a related party company) provides banking services to the Company. Included in the cash and cash equivalents as outlined is note 12 is K844.8 million (2023: K68.8 million) held in the current account held with NBS Bank Plc (the bank) as at 31 December 2024 and K5.8 million (2023: K4.7 million) held in the fixed deposit account with the bank as at 31 December 2024.

Related party transactions are included in note 19.

Information relating to financial risk management including the expected credit loss for related parties has been disclosed in note 20.

**12. Cash and cash equivalents**

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| Cash in hand | 200 | 200 |
| Cash and bank | 1 198 406 | 363 791 |
| | 1 198 406 | 363 891 |
| Cash at bank in local currency* | 1 154 133 | 348 888 |
| Short term investments** | 5 816 | 4 737 |
| FCDA bank account*** | 38 457 | 10 066 |
| | 1 198 406 | 363 891 |

* Bank balances are held with Standard Bank Plc, NBS Bank Plc and CDH Bank Limited at an average interest rate range of 0.0% - 4% pa. NBS Bank Plc. is a related party company and all balances held and transactions conducted with NBS Bank Plc. are at an arm's length basis;

** The short-term fixed deposit is held with NBS Bank Plc. as credit card collateral at an average interest rate of 16.00%. Accounts held with NBS Bank Plc are related party balances and all transactions were conducted at an arm's length; and

*** Standard Bank Plc FCDA balances are denominated US Dollars, $22 180 (2023: $6 040).

## 13. Trade and other payables

| | 2024<br>K'000 | 2023<br>K'000 |
|---|---|---|
| Trade payables | 193 433 | 119 763 |
| Accrued expenses | 661 313 | 184 550 |
| Audit fees expense provision | 16 745 | 12 387 |
| Bonus provision | 330 897 | 147 730 |
| Other payables | 226 377 | 186 730 |
| | 1 428 765 | 651 160 |

The average credit period of payables is 30 days and no interest is charged on overdue balances. The Directors consider that the carrying amount approximate fair value. An analysis of the other payables has been included in note 13 (a) to the annual financial statements.

### 13 (a) Other payables

| | 2024<br>K'000 | 2023<br>K'000 |
|---|---|---|
| Pay as You Earn (PAYE) | 27 909 | 37 699 |
| Withholding tax (WHT) | 13 501 | 15 886 |
| Output Value Added Tax (VAT) payable | 75 855 | 43 433 |
| Tevet levy | 10 332 | 7 292 |
| Group internet and data | - | 17 094 |
| Deferred income | 79 736 | 53 521 |
| Leave provision | 8 176 | 8 176 |
| Other sundry creditors | 10 868 | 3 629 |
| | 226 377 | 186 730 |

**Financial instruments categories**

| | 2024<br>K'000 | 2023<br>K'000 |
|---|---|---|
| **Financial instruments** | | |
| Trade payables | 193 433 | 119 763 |
| Accrued expenses | 661 313 | 184 550 |
| | 854 746 | 304 313 |
| **Non-financial instruments** | | |
| Audit fees expense provision | 16 745 | 12 387 |
| Bonus expense provision | 330 897 | 147 730 |
| Other payables | 226 377 | 186 730 |
| | 574 019 | 346 847 |
| **Trade and other payables** | 1 428 765 | 651 160 |

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| **14. Borrowings** | | |
| Opening balance | 77 164 | 324 812 |
| Interest charge | 3 289 | 43 808 |
| Payment | (80 453) | (291 456) |
| Balance at the end of the year | - | 77 164 |
| Repayment schedule | | |
| Due between 2 and 5 years | - | - |
| Due within 1 year or less | - | 77 164 |
| | - | 77 164 |

**CDH Investment Bank loan**
This was a 4-year floating rate loan raised in March 2020 to enable the acquisition of server infrastructure. Interest is payable monthly in arrears. The loan was priced at the floating rate of the market reference rate plus a margin of 0.5%. The loan was fully paid off in March 2024.

## 15. Revenue and cost of sales

The Company's revenue and cost of sales arise from the provision of the following main services.

- ICT software services and projects management.
- ICT Infrastructure Services.
- Managed ICT support.

| | ICT Software & Projects Mgt K'000 | ICT Infra-Services K'000 | ICT Management Support K'000 | Total K'000 |
|---|---|---|---|---|
| **2024** | | | | |
| Turnover | 3 478 823 | 4 695 025 | 1 600 709 | 9 774 557 |
| Cost of sales | (2 246 961) | (3 890 013) | (440 150) | (6 577 124) |
| Gross profit | 1 231 862 | 805 012 | 1 160 559 | 3 197 433 |
| **2023** | | | | |
| Turnover | 1 763 072 | 3 071 327 | 1 159 802 | 5 994 201 |
| Cost of sales | (1 255 239) | (2 496 863) | (314 136) | (4 066 238) |
| Gross profit | 507 833 | 574 464 | 845 666 | 1 927 963 |

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| **16. Other income** | | |
| Interest received | 1 873 | 368 |
| Gain/(loss) on disposal of equipment | 1 071 | (4 362) |
| Other sundry income | 53 948 | 19 165 |
| | 56 892 | 15 171 |

## 17. Operating expenses

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| Accommodation expenses | 24 790 | 14 000 |
| Auditors' remuneration:- full year audit | 23 635 | 12 041 |
| Auditors' remuneration:- midyear review | 5 092 | 3 543 |
| Communication expenses | 279 069 | 194 148 |
| Depreciation on equipment | 469 660 | 392 974 |
| Depreciation on right of use asset | 13 815 | 13 814 |
| Directors' emoluments - fees | 9 819 | 10 237 |
| Office equipment expenses | 65 225 | 80 260 |
| Staff costs | 393 940 | 271 196 |
| Shared services fees | 312 915 | 212 100 |
| Sundry business expenses | 179 755 | 139 972 |
| Interest on finance lease liability | 11 853 | 11 853 |
| Bad debts written off | 6 124 | 1 661 |
| **Total operating expenses** | 1 795 692 | 1 357 799 |

| | 2024 K'000 | 2023 K'000 |
|---|---|---|
| ***Staff costs comprise:*** | | |
| Salaries and wages | 72 852 | 81 121 |
| Staff welfare related costs | 218 980 | 128 600 |
| Pension costs | 102 108 | 61 475 |
| | 393 940 | 271 196 |

Staff expenses are mainly indirect finance and administration staff costs. The direct staff costs are included in cost of sales.

## 18. Earnings per share

Calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of profit K1.01 billion (2023: K356.9 million) and a weighted average number of ordinary shares outstanding during the years of 180.6 million (2023: 180.6 million).

| | 2024 | 2023 |
|---|---|---|
| Profit attributable to ordinary shareholders (K'000) | 1 011 584 | 356 867 |
| Ordinary shares in issue throughout the year ('000) | 180 600 | 180 600 |
| Profit per share (K) | 5.60 | 1.98 |

## 19. Related party transactions

The Company has a related party relationship with its directors, shareholders and companies in the same group. The following related party transactions took place during the year with companies affiliated to its shareholder, NICO Holdings Plc. and with the shareholder itself:-

| | NICO General K'000 | NICO Life K'000 | NBS Bank Plc K'000 | NICO Holdings Plc K'000 | NICO Pensions K'000 | NICO Zambia K'000 | NICO Asset Managers K'000 | Eris Properties K'000 | NICO Capital K'000 | Total K'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **(a) Income analysis** | | | | | | | | | | |
| **2024** | | | | | | | | | | |
| **ICT Management & Leases** | | | | | | | | | | |
| Software support | 889 498 | 1 004 660 | 2 573 032 | 989 958 | 734 114 | 215 610 | 661 118 | 239 072 | 87 010 | 7 394 072 |
| **2023** | | | | | | | | | | |
| **ICT Management & Leases** | | | | | | | | | | |
| Software support | 730 103 | 663 103 | 1 387 871 | 667 360 | 495 080 | 129 611 | 436 788 | 126 899 | 62 963 | 4 699 778 |

| | NICO General K'000 | NICO Life K'000 | NBS Bank Plc K'000 | NICO Holdings Plc K'000 | NICO Pensions K'000 | NICO Zambia K'000 | NICO Asset Managers K'000 | Eris Properties K'000 | NICO Capital K'000 | Total K'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **(b) Expenses analysis** | | | | | | | | | | |
| **2024** | | | | | | | | | | |
| **Technical support Services** | (105 203) | (32 741) | (9 691) | (612 915) | (104 024) | - | - | - | - | (864 574) |
| **2023** | | | | | | | | | | |
| **Technical support Services** | (32 606) | (74 321) | (8 471) | (212 776) | (5 347) | - | - | (18 783) | - | (352 304) |

## 20. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.
- Currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Holding Company NICO Holdings Plc Risk and Compliance department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

**Categories of financial instruments**

| | Note | Amortised cost K'000 | Fair value through P&L K'000 | Carrying amount K'000 |
|---|---|---|---|---|
| **At 31 December 2024** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 10 | 495 292 | - | 495 292 |
| Amounts due from related companies | 11 | 125 612 | - | 125 612 |
| Cash and cash equivalents | 12 | 1 198 406 | - | 1 198 406 |
| **Total financial assets** | | 1 819 310 | - | 1 819 310 |
| **Financial liabilities** | | | | |
| Trade and other payables | 13 | 854 746 | - | 854 746 |
| **Total financial liabilities** | | 854 746 | - | 854 746 |

| | Note | Amortised cost K'000 | Fair value through P&L K'000 | Carrying amount K'000 |
|---|---|---|---|---|
| **At 31 December 2023** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 10 | 177 858 | - | 177 858 |
| Amounts due from related companies | 11 | 30 715 | - | 30 715 |
| Cash and cash equivalents | 12 | 363 891 | - | 363 891 |
| **Total financial assets** | | 572 464 | - | 572 464 |
| **Financial liabilities** | | | | |
| Trade and other payables | 13 | 304 313 | - | 304 313 |
| Borrowings | 14 | 77 164 | - | 77 164 |
| **Total financial liabilities** | | 381 477 | - | 381 477 |

## 20. Financial risk management (Continued)

### 20.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

#### (i) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Of the trade receivables balance of K456.3 million (2023: K179.6 million) at the end of the year, K409 million (2023: K137.9 million) was within 90 days old out of which K350 million (2023: K124.7 million) was due from the top seven Company's largest non-related party customers, all operating in different sectors. Apart from this, the Company does not have significant credit risk exposure to any single non-related party company or any group of companies having similar characteristics. No concentration of credit risk relating to any of the companies exceeded 20 per cent of gross monetary assets at any time during the year. The concentration of credit risk is limited since the customer base is large and mostly unrelated.

The amounts due from related parties amounted to K125.6 million (2023: K30.7 million). Of this amount, K100.5 million (2023: nil) was receivable from NICO Life Insurance Company Ltd and represents 80% (2023: nil) of the total related party receivable balance. All balances were fully settled before 31 March 2025.

#### (ii) Credit risk

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

All invoices over one year are either written off or provided in full. The simplified approach model is the adopted basis for measuring expected credit losses.

The Company does not require collateral in respect of trade and other receivables.

The carrying amount of financial assets recorded in the financial statement, which is net of impairment losses, represent the Company's maximum exposure to credit risk.

| | 2024<br>K'000 | 2023<br>K'000 |
|---|---|---|
| **Credit risk exposure** | | |
| Amount due from related parties | 125 612 | 30 715 |
| Trade and other receivables | 723 053 | 250 095 |
| Cash and cash equivalents | 1 198 406 | 363 891 |
| Gross exposure | 2 047 071 | 644 701 |

### 20.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. All of the company's financial instruments are measured initially at fair value and subsequently at amortised cost. The following table details the Company's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:-

## 20. Financial risk management (Continued)

### 20.2 Liquidity risk (Continued)

| | Less than 1 month K'000 | 1 – 3 months K'000 | 3 – 12 months K'000 | Total K'000 |
|---|---|---|---|---|
| **2024** | | | | |
| **Assets** | | | | |
| Cash and cash equivalents | 1 198 406 | - | - | 1 198 406 |
| Amount due from related parties | 100 505 | 25 107 | - | 125 612 |
| Trade and other receivables* | 197 556 | 297 736 | - | 495 292 |
| **Total assets** | 1 496 467 | 322 843 | - | 1 819 310 |
| **Liabilities** | | | | |
| Trade and other payables** | 328 176 | 526 570 | - | 854 746 |
| **Total liabilities** | 328 176 | 526 570 | - | 854 746 |
| **Net liquidity gap** | **1 168 291** | **(203 727)** | **-** | **964 564** |
| **Cumulative liquidity gap** | **1 168 291** | **964 564** | **964 564** | **964 564** |

*excludes non-financial assets
**excludes non-financial liabilities

| | Less than 1 month K'000 | 1 – 3 months K'000 | 3 – 12 months K'000 | Total K'000 |
|---|---|---|---|---|
| **2023** | | | | |
| **Assets** | | | | |
| Cash and cash equivalents | 359 154 | 4 737 | - | 363 891 |
| Amount due from related parties | 13 537 | 17 178 | - | 30 715 |
| Trade and other receivables* | 96 559 | 41 355 | 39 944 | 177 858 |
| **Total assets** | 469 250 | 63 270 | 39 944 | 572 464 |
| **Liabilities** | | | | |
| Trade and other payables** | 21 264 | 283 049 | - | 304 313 |
| Borrowings*** | 24 967 | 55 414 | - | 80 381 |
| **Total liabilities** | 46 231 | 338 463 | - | 384 694 |
| **Net liquidity gap** | **423 019** | **(275 193)** | **39 944** | **187 770** |
| **Cumulative liquidity gap** | **423 019** | **147 826** | **187 770** | **187 770** |

*excludes non-financial assets
**excludes non-financial liabilities
***includes interest payments

**20. Financial risk management** (Continued)

**20.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instsruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

As at 31 December 2024, the exposure to equity prices, foreign exchange rates and interest rates was minimal because entity did not hold any related instruments.

**20.4 Other market price risk**

Management of the Company monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board.

All such transactions are carried out within the guidelines set by the Board. Generally, the Company transacts in Malawi Kwacha and for foreign transactions it ensures liabilities are settled as they fall due to reduce or minimise foreign exchange exposure.

**20.5 Currency risk**

Currency risk is the risk of exposures carried related to foreign liabilities and the financial impact to losses if Malawi Kwacha currency suffers from devaluation. As at 31 December 2024, the Company had a net exposure of $290 793 on its Statement of Financial Position related to unpaid foreign liabilities due to foreign currency scarcity.

**20.6 Capital management**

The Board's policy is to maintain a strong capital base to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of distributions in the form of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year.

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

**21. Fair value measurements**

21.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values;

The fair values of financial assets and financial liabilities are determined as follows;

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

## 21. Fair value measurements (Continued)

21.2 Fair value measurements recognised in the statement of financial position:-

The analysis below outlines financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21.3 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on recurring basis:-

The Company did not have any financial assets and financial liabilities that are measured at fair value at the end of each reporting period.

21.4 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required:-

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

| | 2024 | 2023 |
|---|---|---|
| **22. Exchange and inflation rates** | | |
| Exchange rates | | |
| United States Dollar (USD) | 1 733.83 | 1 683.33 |
| South African Rand (ZAR) | 94.95 | 93.48 |
| British Pound (GBP) | 2 242.49 | 2 213.75 |
| Inflation rates (%) | 28.1 | 34.5 |

At the date of approval of the annual financial statements the exchange rates were as follows:

| | |
|---|---|
| United States Dollar (USD) | 1 733.83 |
| South African Rand (ZAR) | 94.95 |
| British Pound (GBP) | 2 242.49 |
| Inflation rate (%) (February 2025) | 30.7 |

## 23. Contingent liability

The Company and NICO Holdings Plc were defendants in a case for claim of withheld benefits amounting to K537.4 million by a former employee of the Company. The Industrial Relations Court (IRC) ruled in favour of the claimant and the Company filed a notice of appeal. After ruling, the claimant increased the claim to K1 billion claiming additional charges for loss of value. The assessment of damages on the IRC ruling was heard and judgment on damages came out on 4 March 2025 with a total settlement of K316.12 million. NICO Holdings Plc agreed to settle the claim in full and therefore NICO Technologies Ltd did not require to make any provision. On the 18th March 2025, NICO Holdings Plc paid MK316.2 million in full settlement.

## 24 Going Concern

The Company has been profitable and experienced steady growth year on year, current assets have exceeded current liabilities by K438 million as at 31 December 2024, the total current assets were K2.15 billion (2023: K863.29 million) and the total current liabilities were K1.75 billion (2023: K863.06 million). The Company's net asset value increased from K758 million as at 31 December 2023 to K1.47 billion as at 31 December 2024.

The Directors believe that the Company remains a going concern and has over the years been able to meets its obligations and the same is expected to the foreseeable future.

## 25. Environment Social Governance (ESG)

Climate Change has an impact on the country and the economy due to effects of natural disasters like the tropical storms and droughts in some parts of Malawi. The economy has been experiencing ripple effects of cyclones that occurred early 2023 and affected food security, output was adversely impacted by the floods and the subsequent droughts that have surfaced. This situation is worsened by the fact that much of Malawi's population is dependent on agriculture and agricultural-related activities for livelihood that is largely dependent on natural weather patterns. The Company through the Group corporate office continues to monitor how the disasters affect its customers but also business opportunities that could arise from there.

NICO Technologies Limited, through the NICO Group's corporate social responsibility initiatives contributes to the various support programs aimed at restoring communities affected by natural disasters.

Year on year, the NICO Group pools together social impact funds towards supporting communities affected by various disasters. NICO Technologies Ltd contribution towards this fund was K4.5 million (2023: K5million).

## 26. Events after the reporting date

Other than the event reported in note 23, no other events have occurred which require adjustment to or disclosure in the annual financial statements.