

**SENS ANNOUNCEMENT**  
(the "Notice" or "Announcement")

**ISSUER**



**MADISON FINANCIAL SERVICES PLC**

[Incorporated in the Republic of Zambia]

Company registration number: 67813  
Share Code: MFIN  
ISIN: ZM00000000391  
Authorised by: Kafula Mwiche – Company Secretary  
Authorised by: Francis Mwale and HLB Zambia – Co-Company Secretaries  
Contact email: [francis@mfs.co.zm](mailto:francis@mfs.co.zm) and [shuko@hlb.co.zm](mailto:shuko@hlb.co.zm)

**SPONSOR**



**Stockbrokers Zambia Limited**

[Founder member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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**APPROVAL**

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Madison Financial Services Plc

**RISK WARNING**

The Notice or Announcement contained herein contains information that may be of a price-sensitive nature. Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUED: 01 August 2025**

## Abridged Audited Results for the Year Ended 31 December 2023

In compliance with the requirements of the Securities Act No. 41 of 2016 and the Listing Requirements of the Lusaka Stock Exchange, the Board of Directors of Madison Financial Services Plc wish to announce the Audited Consolidated and Separate results of the Company for the year ended 31 December 2023.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - 2023						
	CONSOLIDATED			COMPANY		
	Audited	Audited		Audited	Audited	
Particulars	2023	2022 Restated	% Δ	2023	2022	% Δ
Revenue	ZMW	ZMW		ZMW	ZMW	
Gross Insurance Revenue	479,730,251	373,757,423	28	-	-	
Interest and similar income	76,541,817	74,481,454	3	-	-	
Fees and commission	39,080,612	38,631,397	1	7,920,000	8,700,000	(9)
Property unit sales	-	-		-	-	#DIV/0!
Investment income	85,217,138	78,734,005	8	-	1,728,665	(100)
<b>Total Revenue</b>	<b>680,569,818</b>	<b>565,604,279</b>	<b>20</b>	<b>7,920,000</b>	<b>10,428,665</b>	<b>(24)</b>
<b>Insurance Service Results</b>	<b>46,375,621</b>	<b>59,284,844</b>	<b>(22)</b>	<b>-</b>	<b>-</b>	
<b>Results from operating activities</b>	<b>(43,049,703)</b>	<b>21,528,161</b>	<b>(300)</b>	<b>(7,695,295)</b>	<b>(6,382,405)</b>	<b>(21)</b>
Net finance costs	(71,596,037)	(12,930,842)	(454)	(59,392,649)	(8,686,210)	(584)
<b>Profit/(loss) before tax</b>	<b>(114,645,740)</b>	<b>8,597,319</b>	<b>(1,434)</b>	<b>(67,087,944)</b>	<b>(15,068,615)</b>	<b>(345)</b>
Income tax	14,219,481	(2,437,293)	683	-	(172,867)	
<b>Profit/(Loss) for the year</b>	<b>(100,426,259)</b>	<b>6,160,026</b>	<b>(1,730)</b>	<b>(67,087,944)</b>	<b>(15,241,482)</b>	<b>(340)</b>
<b>Non-controlling interests</b>	<b>3,256,165</b>	<b>4,369,986</b>	<b>25</b>	<b>-</b>	<b>-</b>	
<b>Net profit attributable to the shareholders of MFS Plc</b>	<b>(103,682,424)</b>	<b>1,790,040</b>	<b>(5,892)</b>	<b>(67,087,944)</b>	<b>(15,241,482)</b>	<b>(340)</b>
<b>Earnings Per Share (EPS)</b>	<b>- 2.07</b>	<b>0.04</b>	<b>(5,892)</b>	<b>- 1.34</b>	<b>- 0.30</b>	<b>340</b>
<b>Other comprehensive income</b>	<b>43,675,078</b>	<b>55,982</b>	<b>(77,916)</b>	<b>-</b>	<b>-</b>	
<b>Total comprehensive income for the year</b>	<b>(56,751,181)</b>	<b>6,216,008</b>	<b>(1,013)</b>	<b>(67,087,944)</b>	<b>(15,241,482)</b>	<b>(340)</b>

CONDENSED STATEMENT OF FINANCIAL POSITION – 31 DECEMBER 2023						
	CONSOLIDATED			COMPANY		
	Audited	Audited		Audited	Audited	
Particulars	2023	2022 Restated	% Δ	2023	2022	% Δ
ASSETS	ZMW	ZMW		ZMW	ZMW	
Non-current assets	788,279,623	660,030,161	19	75,932,090	76,466,343	(1)
Current assets	590,345,560	484,181,678	22	28,546,566	25,141,191	14
<b>Total assets</b>	<b>1,378,625,183</b>	<b>1,144,211,839</b>	<b>20</b>	<b>104,478,656</b>	<b>101,607,534</b>	<b>3</b>
<b>FINANCED BY:</b>						
Equity attributable to the MFS Shareholders	(57,969,596)	556,624	10,514	(86,203,971)	(19,116,027)	351
Non-controlling Interest	(12,073,547)	(13,848,586)	13	-	-	
<b>Total Equity</b>	<b>(70,043,143)</b>	<b>(13,291,962)</b>	<b>(427)</b>	<b>(86,203,971)</b>	<b>(19,116,027)</b>	<b>351</b>
Non-current Liabilities	130,951,485	93,839,500	40	0	0	(100)
Current liabilities	1,317,716,841	1,063,664,301	24	190,682,627	120,723,561	58
<b>Total equity and liabilities</b>	<b>1,378,625,183</b>	<b>1,144,211,839</b>	<b>20</b>	<b>104,478,656</b>	<b>101,607,534</b>	<b>3</b>

CONDENSED CASHFLOW STATEMENT - 2023						
	CONSOLIDATED			COMPANY		
	Audited	Audited		Audited	Audited	
Particulars	2023	2022 Restated	% Δ	2023	2022	% Δ
Net cash inflow from operating activities	210,501,719	136,884,953	(54)	(34,875,961)	(13,002,403)	168
Net cash used in investing activities	(124,503,257)	(70,913,551)	76	34,717,853	13,473,490	(158)
Net cash flow on financing activities	(36,692,149)	(46,464,261)	21	-	(289,509)	(100)
Increase/(Decrease) in cash and cash equivalents	49,306,313	19,507,141	(153)	(158,108)	181,578	(187)
Effects of exchange rate fluctuations	(5,590,372)	(361,161)	1,448	-	-	
Cash and cash equivalents at 1 January	119,885,520	100,739,540	19	194,292	12,714	1,428
<b>Cash and cash equivalents at 31 December</b>	<b>163,601,461</b>	<b>119,885,520</b>	<b>36</b>	<b>36,184</b>	<b>194,292</b>	<b>(81)</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - 2023					
	01-Jan-23	Dividend paid	Comprehensive income	Other movements	31-Dec-23
Share capital	500,000	-	-	-	500,000
Share premium	13,659,580	-	-	-	13,659,580
Retained earnings	(63,303,923)	-	(104,751,370)	-	(168,055,293)
Other reserves	49,700,967		46,225,150	-	95,926,117
Non-controlling interests	(13,848,586)	-	1,775,039	-	(12,073,547)
<b>Total</b>	<b>(13,291,962)</b>	<b>-</b>	<b>(56,751,181)</b>	<b>-</b>	<b>(70,043,143)</b>

COMPANY STATEMENT OF CHANGES IN EQUITY - 2023					
	01-Jan-23	Dividend paid	Comprehensive income	Other movements	31-Dec-23
Share capital	500,000	-	-	-	500,000
Share premium	13,659,580	-	-	-	13,659,580
Retained earnings	(33,275,607)	-	(67,087,944)	-	(100,363,551)
<b>Total</b>	<b>(19,116,027)</b>	<b>-</b>	<b>(67,087,944)</b>	<b>-</b>	<b>(86,203,971)</b>

## GROUP STRUCTURE OF MADISON FINANCIAL SERVICES PLC(MFS)

The MFS Group consisted of the following subsidiary companies as of 31 December 2023.

Company name	%
Madison General Insurance Company Limited	100
Madison Life Insurance Company Limited	100
Madison Finance Company Limited	50
MGen Tanzania Insurance Company Limited	65
Madison Asset Management Company Limited	100

The company also has an interest in Madison Asset Management Company Limited (MAMCo), which has been under the possession of the Securities and Exchange Commission (SEC) since 2 March 2020.

The Company did not consolidate Madison Asset Management Company Limited (MAMCo) as per IFRS 10 because in the opinion of the Directors, the Company had lost control of this subsidiary through the supervisory possession of MAMCo by the Securities and Exchange Commission and the Pensions and Insurance Authority. Had Madison Asset Management Company Limited been consolidated, many elements in the accompanying consolidated financial statements would have been materially affected.

## SIGNIFICANT RESTRICTIONS ON THE GROUP COMPANIES

### *Madison General Insurance Company Limited (MGen)*

During the year ended 2020, the Pensions and Insurance Authority (PIA) conducted a targeted inspection on the Company. The inspection highlighted a solvency gap in the company and in order to return back to solvency, the following regulatory and supervisory restrictions on MGen were made in line with section 65 (a) of the Insurance Act:

- The Company would cease with immediate effect to pay management fees to the Parent Company;
- No dividend would be paid to the shareholders until further notice;
- The company would with immediate effect suspend payment of bonuses and salary increments to members of staff until further notice; and
- Any related party payments exceeding K50,000 would have to be approved by the PIA.

As at the financial year ended 2023, MGen's Assets and Liabilities stood at K331 million and K321 million respectively.

### *Madison Finance Company Limited (MFinance)*

During the year ended 2020, the Bank of Zambia (BoZ) conducted a review of the Company and highlighted a solvency deficiency in the Company in accordance with the Banking and Financial Services Act 2017(BFSA). The ratio of liquid assets to total deposits and short-term liabilities was at 7.3%, which was below the minimum requirement of 15%. In view of the findings, some notable significant restrictions which were made on the Company were as follows:

- The Company would with immediate effect suspend payment of bonuses or increments in salary, emoluments and other benefits to directors and senior officers in accordance with Section 66(1)(c) of the BFSA.
- The Company would have to obtain prior written approval of the BoZ for all payments to Shareholders, Directors and the Chief Executive Officer.
- The Company would have to obtain the prior written approval of the BoZ for all payments above K50,000.

As at the financial year ended 2023, the Assets and liabilities of MFinance stood at K247million and K214million respectively.

As at the end of the year 2023, the Capital Adequacy Ratio for Madison Finance Company Limited stood at 14.4%.

Madison Asset Management Company Limited (MAMCo) has remained under the Possession of the Securities and Exchange Commission since 2 March 2020.

At the Extraordinary General Meeting held on 4<sup>th</sup> May 2023, the shareholders of the Company approved the transfer of identified assets under Madison Asset Management Company Limited (MAMCo) and its' subsidiaries into a Collective Investment Scheme (CIS) to be held in Trust for the benefit of the Fixed Income Fund (FIF) Creditors as complete and final settlement of all liabilities owed to the Fixed Income Fund Creditors.

Arising from the above, MAMCo and the Interim Managers are working on modalities to effect the transfer of the identified assets into the CIS and to resolve all other liabilities in MAMCo.

## **QUALIFIED AUDIT OPINION**

The financial statements for the year ended 31<sup>st</sup> December 2022 are qualified based on the following:

- The Company did not consolidate Madison Asset Management Company Limited (MAMCo) as per IFRS 10 because in the opinion of the Directors, the Company had lost control of this subsidiary through the Curatorship of MAMCo by the Securities and Exchange Commission and the Pensions and Insurance Authority. Had Madison Asset Management Company Limited been consolidated, many elements in the accompanying consolidated financial statements would have been materially affected. The effects on the consolidated financial statements of the failure to consolidate had not been determined.
- The Company is carrying a tax recoverable balance of K10.2 million as at the year-end. We are yet to be provided with an analysis of the details of K0.72 million prior period overprovision and the Company's statements from the Zambia Revenue Authority to enable us to determine whether this balance is recoverable.
- We have not received confirmation of balances from Shore cap and Kibo Fund included in the financial statements at K17.2million

## **FINANCIAL PERFORMANCE**

The Group recorded growth in revenue of 20% in the year at the back of growth in all income lines except for the interest and similar income line.

Despite the Growth in revenue, the Group recorded a loss after tax of K100.4 million compared to a profit of K6.2 million in 2022. The loss was mainly attributed to the high finance costs, which were 454% more than it was in year 2022, mainly on account of exchange losses on USD-denominated obligations as a result of the depreciation of the local currency. As a result of the loss, the Group's Earnings Per Share reduced to minus K2.07 from K0.04 recorded in 2022.

As a result of the slowdown in performance, the Group's Earnings Per Share decreased significantly from the previous year.

The Group's assets increased by 20% and while the Group's liabilities increased by 24%.

The balance on the financial guarantee to Atlas Mara due from MGen was being settled in monthly instalments of US\$40,000.00 each, following the Court Ruling of 18<sup>th</sup> May 2022 on an application to settle the judgment debt in instalments. The said Ruling was appealed by and the Court of Appeal rendered its decision on 18<sup>th</sup> December 2023 in which the monthly instalment was revised upwards to US\$100,000.00 per month. As at the date of publishing, the Company was up to date with the payment of the instalments.

## **OUTLOOK**

The MFS Group has continued with the implementation of its strategic plan to improve performance to enhance value creation for its customers, shareholders and all other stakeholders. The Group will continue to innovate and constantly seek to improve its customer experience and recapture its strategic position as a strong and stable brand.

The Company missed the regulatory filing deadlines for the 2024 audited financial statements. The delay in completing the 2024 financial statements was mainly as a result of the delay in completing the audits for the 2023 year for one of its subsidiaries, Mlife in its adoption of International Financial Reporting Standard 17(IFRS17)- Insurance Contracts.

The challenges of first-time adoption of IFRS 17 affected the entire insurance sector in Zambia and the region. MFS, being predominantly an insurance business, has been significantly affected.

With the completion of the 2023 financial statements, the Board of Directors and Management are optimistic that the audited financial statements for the year ended 2024 will be finalised and published before the end of September 2024. This will enable the Company to regain compliance with the timely publication of its financial statements.

## **By Order of the Board**

**Francis Mwale**  
**Company Secretary**

Lusaka Securities Exchange Sponsoring Broker										
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