PRESS CORPORATION PLC

PRESSing On

41st
ANNUAL
GENERAL
MEETING

2024
INTEGRATED ANNUAL REPORT

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ANNUAL REPORT

41st
ANNUAL
GENERAL
MEETING

Guided by our Pressing On! motto,

we are advancing a bold, future-focused growth agenda across the Group. Our strategic priorities include unlocking value through organic growth in existing assets, delivering impactful greenfield developments, and pursuing high-potential mergers and acquisitions that extend our reach beyond traditional markets and geographies.

Randson Mwadiwa

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KEY FINANCIAL HIGHLIGHTS

Pressing On to Higher Performance

so as to deliver meaningful value to our stakeholders and customers.

MK559.63 billion
Turnover up by **42%** (2023: MK394.42 billion)

MK64.67 billion
Attributable Earnings up by **60%** (2023: MK40.42 billion)

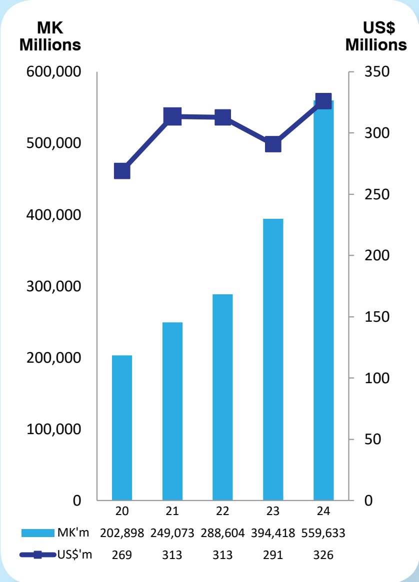
MK349.44 billion
Attributable Equity up by **32%** (2023: MK264.79 billion)

MK126.35 billion
Profit After Income Tax up by **68%** (2023: MK75.0 billion)

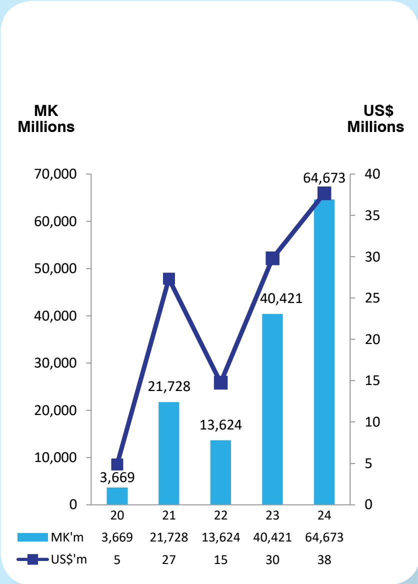
MK2.17 trillion
Total Assets up by **35%** (2023: MK1.61 trillion)

	Malawi Kwacha			US Dollars		
	2024	2023	Change %	2024	2023	Change %
Group Summary (in millions)						
Turnover	559,633	394,418	41.89	326.01	290.89	12.07
Attributable earnings	64,673	40,421	60.00	37.68	29.81	26.40
Attributable Shareholders' equity	349,437	264,787	31.97	199.69	157.30	26.95
Share performance						
Basic earnings per share	538.04	336.28	60.00	0.31	0.25	24.00
Cash retained from operations per share	3,954.57	1,371.62	188.31	2.26	0.81	179.01
Net asset value per share (shareholders' equity per share)	4,325	3,268	32.35	2.47	1.94	27.32
Dividend per share	48.28	38.49	25.44	0.03	0.02	50.00
Market price per share	2,499.79	2,507.00	(0.29)	1.43	1.49	(4.03)
Price earnings ratio	4.65	7.5	(37.68)	4.61	5.96	22.65)
Number of shares in issue (in millions)	120.00	120.00		0.00		
Volume of shares traded (in thousands)	1,411	3,657	(61)			
Value of shares trades (in MK miilions)	3,413	8,506	(60)	1.99	6.27	(68.26)
Financial statistics						
After tax return on equity	36.16	28.34	27.58	0.02	0.02	0.00
Gearing	5%	11%	49.43			

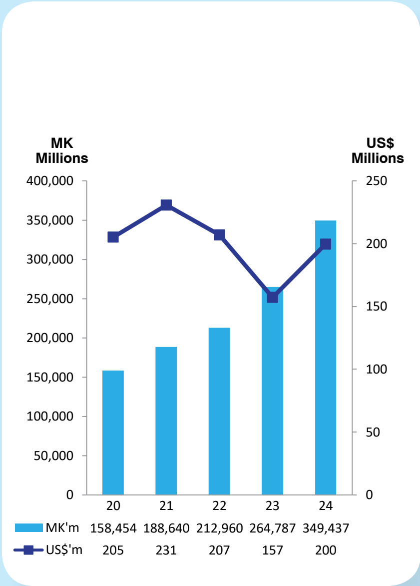
Turnover



Profit Attributable to Ordinary Shareholders



Ordinary Shareholder's Funds



The Group's resilient performance was derived from a strong performance in the financial services and energy segments, as well as notable turnarounds of the telecommunications segment and equity accounted investments, where performance significantly exceeded budgets and prior year outturns.

Exchange rate (MK/US$)	2020	2021	2022	2023	2024
Average monthly exchange rates	754.22	794.52	922.90	1,355.90	1,716.60
Year end exchange rates	771.73	817.30	1,028.50	1,683.30	1,749.90

Strategic Report

	2024 MK'm	2023 MK'm	2022 MK'm	2021 MK'm	2020 MK'm
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME					
Turnover and interest income	559,633	394,418	288,604	249,073	202,898
Profit before income tax and share of profit of equity-accounted investees	194,790	124,481	62,575	65,878	38,026
Share of profit of equity-accounted investees net of income tax	12,672	4,056	1,747	2,489	298
Profit before income tax	207,462	128,537	64,322	68,367	38,324
Income tax expense	(81,113)	(53,491)	(27,984)	(23,236)	(18,350)
Profit after income tax	126,349	75,046	36,338	45,131	19,974
Attributable to non-controlling interests	(61,676)	(34,625)	(22,714)	(23,403)	(16,305)
Attributable to equity holders of the parent	64,673	40,421	13,624	21,728	3,669
Dividend paid to ordinary shareholders	(5,803)	(4,626)	(4,209)	(3,728)	(3,127)
Retained profit	58,870	35,795	9,415	18,000	542
Basic earnings per share (MK) 538.04	336.28	113.34	180.77	30.52	
Dividend per share (MK)	48.28	38.49	35.02	31.01	26.01
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION					
Right of use assets, Property, plant and equipment	242,266	197,048	180,831	163,335	151,531
Investment properties	22,565	17,986	15,028	12,636	11,166
Investment in equity accounted investees	96,890	73,041	53,666	55,438	47,887
Other non-current assets	767,253	516,902	417,507	363,963	281,882
Net current liabilities	(569,497)	(355,000)	(277,797)	(248,815)	(193,186)
Total employment of capital	559,477	449,977	389,235	346,557	299,280
Ordinary shareholders' funds	349,437	264,787	212,960	188,640	158,454
Non-controlling interest	169,570	127,367	119,018	107,186	85,687
Lease liabilities, Loans and borrowings	29,273	46,292	50,443	44,557	49,831
Contract liabilities	1,230	902	742	392	297
Deferred tax liabilities	9,967	10,629	6,072	5,782	5,011
Total capital employed	559,477	449,977	389,235	346,557	299,280
CONSOLIDATED STATEMENTS OF CASH FLOWS					
OPERATING ACTIVITIES					
Cash generated from operations	363,200	99,773	180,658	178,592	101,784
Interest received and paid, tax paid	111,348	64,821	60,877	41,602	(25,814)
Cashflows from operating activities	474,548	164,594	241,535	220,194	75,970
INVESTING ACTIVITIES					
Dividend received	5,873	3,212	3,467	3,402	2,841
Capital expenditure	(61,884)	(35,723)	(34,173)	(37,794)	(29,320)
Disposal/(acquisition) of subsidiaries, associate net of cash	872	-	(89)	17,199	(100)
Purchase of investments	(223,180)	(66,974)	(34,245)	(126,195)	-
Payments for right of use assets	(11,717)	(1,253)	(4,797)	(1,103)	-
Proceeds from sale of property, plant and equipment and investment properties	2,656	674	995	217	557
Cashflows (used in) investing activities	(287,380)	(100,064)	(68,842)	(144,274)	(26,022)
FINANCING ACTIVITIES					
Dividends paid to non-controlling shareholders	(25,729)	(23,932)	(13,507)	(10,291)	(7,615)
Dividends paid to shareholders of the company	(5,803)	(4,626)	(4,209)	(3,728)	(3,127)
Acquisition of shares in a subsidiary	-	-	(3,229)	-	-
(Decrease)/increase in borrowings and lease liability	(15,118)	(14,486)	(1,559)	9,955	(7,988)
Cashflows used in financing activities	(46,650)	(43,044)	(22,504)	(4,064)	(18,730)
NET INCREASE IN CASH & CASH EQUIVALENTS	140,518	21,486	150,189	71,856	31,218

CHAIRMAN'S REPORT

THE GENERAL OPERATING ENVIRONMENT

Our external environment proved to be very challenging in FY2024, marked by significant macroeconomic and geopolitical uncertainties across global and regional markets which had a profound impact on supply and demand for goods and services. Domestically, Malawi continued to navigate economic headwinds, including inflationary pressures, currency misalignment, constrained foreign exchange liquidity and disruptions from climatic challenges. These factors adversely impacted consumer spending and business confidence.

Malawi's economic performance was highly fragile with low economic growth and high inflation, underscoring the economic vulnerability. Gross Domestic Product (GDP) is estimated to have grown by 1.8% in 2024, against a 2.6% population growth rate, marking a third straight year of declining GDP per capita. The El Niño-induced drought in early 2024 adversely affected agricultural output, which is estimated to have contracted by 2.0% in 2024.

Inflation began to moderate towards the end of 2024 but remained elevated, primarily driven by rising food and utility prices. Inflation exceeded 30% for much of 2024 but began to ease in September, and by November it had fallen to 27%. However, month-on-month price increases continued, with drought-related spikes in food prices and escalating utility costs boosting inflation in the process.

Considering the inflationary pressure, the Monetary Authorities continued to pursue a contractionary monetary policy position and resolved to raise the policy rate by 200 basis points to 26% at the onset of the year.

Turnover Growth
MK559.6 billion
42%↑

Group After Tax Profit
MK126.3 billion
68%↑

GROUP PERFORMANCE

Given the very unpredictable and challenging operating environment, it is important that we remain focused on helping our clients to advance their strategic objectives and solve their most consequential problems through the various products and services that the Group offers. Across the Group portfolio, we continued to provide value for all our clients and customers in all sectors through agility, innovation and resilience. It is evident that the strategy is bearing fruits as our clients and customers continue to rely on us for various services and products.

Looking back at our journey over the twelve months, the path has not been without its challenges, but I am proud of the progress we have made. We have met and exceeded almost all the performance targets that we set for ourselves. By investing in our businesses and taking a long-term view, we have put ourselves on the path to generating better returns both in the short-term cycle and in the long term.

Despite the economic doldrums, our performance reflected resilience during tough times, as the group delivered growth of 42% in turnover to MK559.6 billion. In the face of the current challenging environment, we innovated and kept costs under control to achieve a group profit after tax of MK126.3 billion. This was 68% more than what was achieved in the prior year.

There was also significant progress in project implementation in various subsidiaries. We have achieved notable milestones in effluent management projects by installing Zero Liquid Discharge equipment which will see both PressCane and ETHCO manage effluent better and manufacture organic fertilizer in the process. The successful completion of the effluent management plants sets our Group to be a clear leader in investments in technologies aimed at managing ethanol manufacturing businesses sustainably in Central and East Africa. In line with our set targets for the first year of our strategy implementation, we have set up a new subsidiary, Press Energy Lmited (PEL), which is implementing the Nkhoma Solar project. I am pleased that this follows our successful conclusion of a Power Purchase Agreement with ESCOM which was signed on 17th December 2024. PEL is currently wholly owned by PCL.

DIVESTURES

Significant progress has been made on exiting MTL as part of our wider strategy of realigning our investments in the telecommunication segment.

We have achieved notable milestones in effluent management projects by installing Zero Liquid Discharge equipment which will see both PressCane and ETHCO manage effluent better and manufacture organic fertilizer in the process.

PROSPECTS FOR 2025

We recognize that the current environment is marked by complexity from inflationary pressures, tighter monetary policy, geopolitical fragmentation, shifting supply chains, and rapid technological transformation. But with disruption comes opportunity. Our diverse and growing portfolio is uniquely positioned to serve as a stabilizing force in these uncertain times and a dynamic engine of innovation and growth.

Specifically for Malawi, the economy stands at an inflection point especially considering that it is an elections year. While the market anticipates short-term disruptions which will likely rattle markets, the long-term trends driving innovation, value creation, and capital formation remain intact and will, in many cases, be accelerating.

When extreme uncertainty defines an era, it is vital to monitor macroeconomic and socio-political shifts, and proactively manage their impact on the portfolio companies and its diverse stakeholders. In this context, our impeccable understanding of how capital is being deployed and where long-term value is being created has never been more essential. The transformation of the investment landscape in Malawi is well underway, and PCL is at the center of it.

STRATEGIC DIRECTION

The year 2024 was our first year of of the 2024-2028 strategy execution, where we made important progress on our strategy and put the Group in a stronger position going forward. I am pleased to report that, in 2024, we saw the benefits of our continued investment in the portfolio and our people, which helped us serve our clients with excellence and deliver strong results for shareholders. The Group has revived its leadership program poised to develop a talent pool to future-proof the business.

We will strengthen the capital base of Press Energy Limited (PEL), to position it as a key growth driver in the energy transition.

Guided by our Pressing On! motto, we are advancing a bold, future-focused growth agenda across the Group. Our strategic priorities include unlocking value through organic growth in existing assets, delivering impactful greenfield developments, and pursuing high-potential mergers and acquisitions that extend our reach beyond traditional markets and geographies.

As part of this journey, we have strengthened the capital base of Press Energy Limited (PEL), positioning it as a key growth driver in the energy transition. In line with our ambition to diversify the portfolio geographically and across sectors, we successfully acquired a 10% equity stake in Liberia Merchant Capital Limited (LMC), a licensed financial services institution regulated by the Central Bank of Liberia. Additionally, we have entered into a revenue-sharing agreement with Africa Fortesa Corporation (AFC) of Senegal, which focuses on oil and gas exploration and drilling activities. These strategic moves reflect our commitment to resilience, innovation, and long-term value creation across the Group.

CHAMPIONING GOOD BUSINESS: THE ROLE OF THE BOARD

At Press Corporation Plc (PCL), we are guided by a clear sense of social purpose and an unwavering commitment to ethical and effective leadership. The Board of Directors holds ultimate responsibility for overseeing business practices and remains steadfast in fostering a culture of integrity, transparency, and accountability across the Group.

We work hard to deliver relevant products and services to millions of customers every day, while upholding our role as a responsible corporate citizen. Our approach to sustainability is grounded in Environmental, Social, and Governance (ESG) considerations, which are integrated into our investment decisions, operations, and stakeholder engagement.

In an era marked by a decline in ethical and moral leadership globally, we remain committed to high standards of governance. We continuously strive to enhance our policies, manage risks, optimize opportunities, and align sustainability goals with our long-term business strategy—ensuring both societal impact and acceptable commercial returns.

Our Code of Conduct and corporate policies are designed to be clear and enforceable, supporting our efforts to improve the social, economic, and environmental conditions of the communities in which we operate.

The Board will continue to strengthen oversight, promote ethical leadership, and advance practices that contribute to the long-term resilience and success of the Group

APPRECIATION

As we begin PCL's new financial year, there is no doubt that challenges await us, but they will be overcome through the strength of a cohesive team under the capable leadership of the dynamic executive team and their diligent care and commitment to make PCL a formidable and indisputable force for good.

In conclusion, I would like to express my appreciation to my fellow directors, many of whom have been on the Board with me for several years. Secondly, I want to thank the executive leadership team for keeping the ship steady amid a complex external environment. Finally, I want to thank all the employees and partners of PCL for ensuring that we continue to create enduring value for all our stakeholders.

RANDSON MWADIWA
CHAIRMAN

CHAIRMAN'S REPORT

GROUP OPERATIONS

The operating environment in 2024 was characterized by heightened uncertainty, driven by the deterioration of key macroeconomic fundamentals. The Conglomerate's investments, in line with broader business trends, were adversely affected by elevated inflation, rising interest rates, foreign exchange shortages, intermittent fuel shortages and El Niño. These challenges painted a cloudy outlook at the outset of the year. Meanwhile, prospects for domestic economic recovery remain subdued, with persistent headwinds continuing to challenge growth.

The year 2024 marked the inaugural year of the implementation of the Group's "Press On 3328" Strategic Plan for the 2024–2028 period, which focuses on trebling our Group profits and implementing three major projects by 2028. During the year, we advanced the rebalancing and diversification of our Group portfolio. This initiative entailed the rightsizing of existing assets alongside the origination and acquisition of new investments, with the objective of reducing the Group's exposure to underperforming assets.

Our solid and resilient financial performance in 2024 is the direct result of our concerted efforts and commitment to our set strategy of delivering value to our stakeholders and customers. At MK559.63 billion, turnover for the year was 42% above the same period prior year turnover of MK394.42 billion. On the other hand, at MK126.35 billion, profit after tax for year was 68% above the same period prior year profit after tax of MK75.05 billion. The growth in profitability was

Strategic Report

The year 2024 marked the inaugural year of the implementation of the Group's "Press On 3328" Strategic Plan for the 2024–2028 period

Our Focus

Implementing **three** major projects by 2028

Trebbling our Group profits by 2028

primarily driven by a 42% increase in turnover, complemented by the continued implementation of cost containment measures. This improvement, alongside a 212% increase in the share of profit from equity-accounted investments, significantly contributed to the overall improvement in performance. This performance was achieved despite the supply challenges arising from the unavailability of foreign exchange reflecting the disciplined execution of our strategic plan. It is worth noting that, in the absence of prevailing economic challenges, the Group's performance could have been even stronger.

The Group's resilient performance was derived from a strong performance in the financial services and energy segments, as well as notable turnarounds of the telecommunications segment and equity accounted investments, where performance significantly exceeded budgets and prior year outturns.

As we are "Pressing On" with the Group's diversification strategy, a new entity, Press Energy Limited (PEL), was established during the year. In December 2024, PEL successfully executed a 50 megawatts Power Purchase Agreement (PPA) with the Electricity Supply Corporation of Malawi (ESCOM). Commissioning of the plant installations is anticipated in the course of 2025. Concurrently, in line with our continued commitment to the Group's diversification strategy, PCL acquired a 10% equity stake in Liberia Merchant Capital Limited (LMC), a licensed financial services institution regulated by the Central Bank of Liberia. Furthermore, PCL entered into a revenue-sharing agreement with Africa Fortesa Corporation (AFC) of Senegal, which focuses on oil and gas exploration and drilling activities. This partnership aims to gain valuable insights from regional ventures, with a long-term objective of replicating and adapting similar ventures within Malawi when an opportunity arises.

Looking ahead, the Group will remain focused on the continued implementation of the new Strategic Plan. This plan positions us to expand and diversify our revenue streams through targeted investments in new projects, both at the Corporate Office level and within our existing subsidiaries.

We will intensify efforts to grow and optimize our portfolio while enhancing overall Group profitability, with the overarching objective of delivering sustained value to our stakeholders. Furthermore, the Group will continue to proactively pursue opportunities for regional diversification, either directly or through our operating companies, in a bid to strengthen our presence and resilience across key markets.

Below is a synopsis of the Group's segmented performance:

The Financial Services Segment (National Bank of Malawi plc)

NBM posted a strong performance, largely derived from robust revenue growth, prudent liability management, operational efficiency and effective risk management. At MK337.1 billion, the Banks's turnover was 47% above that for same period prior year of MK229.2 billion reflecting strong operational performance across key income streams. On the other hand, at MK101.7 billion, profit after tax was 41% above same period prior year profit after tax of

At **MK559.63** billion, turnover for the year was 42% above the same period prior year rturnover of MK394.42 billion

As we are "Pressing On" with the Group's diversification strategy, a new entity, Press Energy Limited (PEL), was established during the year. In December 2024, **PEL successfully executed a 50 megawatts Power Purchase Agreement (PPA) with the Electricity Supply Corporation of Malawi (ESCOM)**

Strategic Report

MK71.9 billion. These results were primarily driven by sustained growth in customer deposits, which in turn supported the expansion of the loan book and investments in fixed income securities. At MK474.9 billion, gross finance lease, loans and advances were 16% above prior year gross loans and advances of MK411.1 billion. At MK1.3 trillion, deposits were 38% above prior year deposits of MK949.1 billion. Additionally, there was notable growth in other income, largely attributable to higher fees and commissions from foreign exchange and digital transactions.

While the Bank delivered strong performance overall, it is important to note that even more exceptional results could have been achieved were it not for the adverse effects of the challenging operating environment. Net impairment losses increased by 19%, rising from MK12.66 billion in 2023 to MK15.08 billion in 2024 reflecting the challenging operating environment, both in Malawi and Tanzania. Additionally, the Bank's profitability was further constrained by a net loss of MK3.94 billion reported by its foreign investment, Akiba Commercial Bank plc (Akiba) in Tanzania. This was primarily attributed to a weak revenue performance, staff rationalization costs and a rise in net impairment charges. Turnaround strategies are currently being implemented at Akiba to address these challenges and reverse the persistent negative performance trend.

National Bank of Malawi plc

Profit After Tax

MK101.7 billion

41%↑

During the 2024 financial year, the Bank acquired a controlling interest in United General Insurance Company Limited (UGI) by increasing its shareholding from 47% to 57%. Consequently, UGI was reclassified as a subsidiary and has since contributed MK2.17 billion in profit to the Group's overall performance.

The Telecommunications Segment (Telekom Networks Malawi plc and Malawi Telecommunications Limited)

The segment recorded a significant turnaround, returning to profitability after three years of underperformance. Both TNM and MTL reported profits during the year. The segment posted a profit of MK11.09 billion, a notable improvement from a loss of MK9.99 billion in the previous year. At MK168.82 billion, segment revenue increased by 34% from MK125.92 billion reported in the prior year.

At TNM, the turnaround in performance was attributed to enhanced distribution efforts, which led to an increase in the entity's customer market share. During the period, TNM invested MK33.44 billion in capital expenditure (2023: MK14.69 billion), directed towards the enhancement of distribution systems, network infrastructure and license upgrades. Looking ahead, TNM will continue to focus on the re-design of its distribution model and further optimization of its network. These measures are expected to enhance the Group's resilience and operational efficiency in the coming year.

For the first time in over a decade, the Malawi Telecommunications Limited (MTL) recorded a profit. This achievement was driven by a strengthened customer value proposition, which resulted in a notable increase in the customer base. In addition, the continued implementation of cost containment measures significantly reduced operating expenses, thereby improving overall business efficiency. The ongoing efforts to divest the company were at an advanced stage by year-end.

Malawi Telecommunications Limited

For the first time in over a decade, the Malawi **Telecommunications Limited (MTL) recorded a profit.**

The Energy Segment (PressCane Limited and Ethanol Company Limited)

In the energy segment, the ethanol companies (EthCo and PressCane) registered a 32% increase in profit after tax to MK15.29 billion on the prior year base of MK11.56 billion. At MK58.96 billion, revenue for the period increased by 27% from the prior year revenue of K43.12 billion.

EthCo delivered exceptional results, registering significant growth in turnover and operating profit. At MK9.10 billion, profit after tax for the period was 61% above the prior year reported profit after tax of MK5.67 billion, largely from the strategic optimization of product mix. At MK30.21 billion, revenue for the period was 64% above the prior year revenue of MK18.38 billion.

Ethco

Profit After Tax

MK9.10 billion

61%↑

On the other hand, PressCane reported a profit after tax of MK6.19 billion which was 5% above the prior year profit after tax of MK5.89 billion. At MK28.75 billion, revenue for the period was 16% above the prior year reported revenue of MK24.75 billion. This growth was also primarily driven by optimization of the product sales mix. It is worth noting that the performance could have been even stronger had it not been for production-related challenges encountered during the year.

The two companies are still operating below their installed capacity due to challenges in feedstock and effluent management. Both companies are on an expansion drive in terms of feedstock supply to work towards production at full capacity. The Zero Liquid Discharge (ZLD) and Carbon Dioxide (CO^2) plants at PressCane and EthCo's Effluent Treatment Plant (ETP) are progressing and are expected to be commissioned in 2025. This will result in, among other things, the production of organic fertilizers and bio-gas from effluent.

PressCane

Profit After Tax

MK6.19 billion

5%↑

All-Other Segment (PCL Company, The Foods Company Limited and Press Properties Limited)

The All-Other segment reported a profit of MK18.63 billion for the year ended 2024, remaining largely consistent with the performance recorded in the preceding year. The segment's profitability for the year was adversely affected by elevated provisions, while the prior year's profitability was enhanced by foreign exchange gains totaling MK4.7 billion.

The Foods Company Limited (TFCL) remained under re-organization during the period, with Management focused on preserving and optimizing the biological assets while concurrently preparing for a transaction process that could have resulted in a partnership with a strategic equity investor but did not materialize. TFCL has since commenced a gradual scale-up of its operations, leveraging insights gained from its research and development (R and D) cage model. This model has demonstrated significant improvement in performance, primarily through the utilization of internally produced floating feed.

Press Properties Limited

Profit After Tax

MK3.3 billion

39%↑

Press Properties Limited (PPL) reported a profit after tax at MK3.3 billion, which was 39% above the prior year profit after tax of MK2.3 billion. At MK4.6 billion, revenue achieved for the period was 31% above the prior year revenue of MK3.5 billion. As part of the company's revenue diversification efforts, income was supplemented not only by rental revenue but also through the Build-for-Sale initiative, which was successfully piloted during the year. The year 2025 will mark the commencement of the company's new strategic plan. In alignment with its revised strategic aspirations, the company will proceed with the construction of a new office park.

The Equity Accounted Investments Segment (Puma Energy Malawi Limited, Limbe Leaf Tobacco Company Limited, LifeCo Holdings Limited, Macsteel Malawi Limited and Open Connect Limited)

The segment recorded a 212% increase in its profit contribution to the Group, rising from MK4.06 billion in the prior year to MK12.67 billion in 2024. The notable improvement in performance was driven by increased sales volumes, enhanced operational efficiencies, ongoing expansion initiatives and improved profit margins. However, the performance of the investments in this segment was adversely affected by foreign exchange availability challenges.

PUMA Energy delivered exceptional results. At MK16.56 billion, profit after tax was 194% above the prior year profit after tax of MK5.62 billion. At MK398.63 billion, revenue for the period was 37% above the prior year revenue of MK291.88 billion. This achievement was the result of an aggressive investment strategy, rigorous cost management and enhanced operational efficiencies. Looking ahead, the primary drivers of the company's growth include the expansion of its retail network within the central region of the country, as well as the implementation of a revitalization program across existing sites.

Limbe Leaf Tobacco Company Limited reported a profit after tax of MK12.68 billion, which was 256% above the prior year profit after tax of K3.56 billion. At MK273.36 billion, revenue for the period was 72% above the prior year revenue of MK158.98 billion.

LifeCo Holdings demonstrated a strong growth momentum in all key metrics, reporting a group profit after tax that was 182% higher than the prior year results. This exceptional performance underscores the company's rapid progress given its status as a relatively new entrant in the industry. The Group successfully increased its market share to 6%, despite having been in operation for only four years. This is an impressive achievement in an industry where comparable growth has historically taken significantly longer to attain. This remarkable progress reflects the Group's growing experience, strong financial performance and efficient claims turnaround time. LifeCo is well-positioned to sustain this momentum by continuing to deliver innovative insurance, asset management and pension solutions.

Macsteel Malawi reported a profit after tax of MK0.93 billion, which was 56% below the prior year profit after tax of MK2.31 billion respectively. At

PUMA Energy

Profit After Tax

MK16.65 billion

194%↑

Limbe Leaf Tobacco Company Limited

Profit After Tax

MK12.68 billion

256%↑

LifeCo Holdings

Group Profit After Tax was

182% higher than the prior year results

MK16.88 billion, revenue for the period was marginally below prior year revenue achieved of MK16.93 billion. The below prior year performance is attributed to lack of critical products due to foreign exchange shortages.

Open Connect Limited (OCL) continued reporting losses and facing liquidity challenges. The company's shareholders have subsequently resolved to sale the entire business.

Macsteel Malawi Limited

Profit After Tax

MK1.18 billion

49%↓

OUTLOOK

The Group acknowledges that the upcoming national elections scheduled for September 2025 may introduce elements of political uncertainty in the operating environment. As with any election period, there is potential for policy shifts, regulatory changes and temporary market disruptions. The Group continues to monitor the political landscape closely and is actively assessing any potential risks to business continuity. We remain confident in our ability to navigate such challenges through prudent risk management and strategic agility.

Looking ahead, we aim to strengthen our Environmental, Social and Governance (ESG) integration frameworks, engage with portfolio companies on sustainability performance, and align our strategies with global best practices and applicable regulatory expectations.

Projecting into 2025 and beyond, pressures evident in the macroeconomic fundamentals and geopolitical developments are likely to persist. However, Management is confident to deliver the planned results despite the adverse operating environment. In this respect, the Group and its subsidiaries will continue to focus on capital preservation, balance sheet protection, prudent cash flow management and cost rationalization. Our efforts in the power sector will further be intensified through the commissioning of PEL plant installations.

As we are "Pressing On", the Group remains firmly committed to executing its strategic objectives and is well-positioned to advance its identified growth initiatives.

CONCLUSION

I wish to thank the Board for the invaluable counsel, direction and guidance that it continues to provide to Management. The resilient performance that the Group has demonstrated despite the challenging operating environment had become possible due to the belief, confidence and trust that the Board has in the Management Team.

Let me also take this opportunity to sincerely thank members of staff for their dedication to duty, hard work and professional conduct. On behalf of the entire PCL Leadership Team, I also wish to express my sincere appreciation to all the directors in the various boards of Group Companies for the aforesaid resilient performance. Moving forward, we will continue to capitalize on growth opportunities and deliver value for our shareholders and valued customers, while scaling new heights to firmly re-entrench ourselves as Malawi's premier holding Company and a national pride.

RONALD MANGANI
CHIEF EXECUTIVE OFFICER

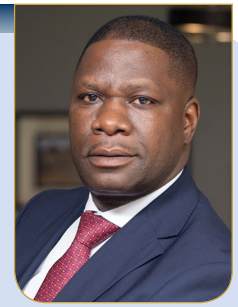
Strategic Report

BUSINESS REVIEW

Within our essence lies the drive to **PRESS On** across every sector we engage with. Our relentless dedication and strategic approach produce outcomes that benefit both our nation and local communities economically.

Turn the pages ahead to explore the businesses we are into.

NATIONAL BANK OF MALAWI PLC



Harold Jiya
Chief Executive Officer

National Bank of Malawi plc (NBM) was established in 1971 through the merger of Barclays Bank DCO (Dominion Colonial Overseas) and Standard Bank. The shareholders of the bank are Press Corporation Plc (51.5%), Old Mutual Group (21.3%) and the members of the public (27.2%). NBM and its subsidiaries are engaged in the business of commercial banking, small and medium scale (SME) development financing, stock broking, fund management, pension fund administration and short term non-life insurance business. In 2024, NBM increased its stake in United General Insurance (UGI), a short-term non-life insurance company, from 47% to 57%, thereby changing its status from an associate company to a subsidiary.

2024 NBM Group Performance Highlights

In 2024, the Group registered a profit after tax of K101.71 billion, representing a 41.3% increase from K71.96 billion reported in 2023. These results were largely driven by continued growth in customer deposits which in turn fueled growth of the loan book and fixed income securities. Consequently, net interest and similar income grew by 52%. In addition, there was growth in other income driven by fees and commissions on foreign exchange and digital transactions. Overall net revenue grew by 46%. Operating expenses increased by 52%, surpassing the annual average inflation for the year of 32.2% on account of consolidation of UGI's expenses, which became a subsidiary following the increase in the Group's shareholding during the year under review and non-recurrent staff rationalization expenses at our Tanzania subsidiary, Akiba. Net impairment losses continued to rise, reflecting the challenging operating environment, both in Malawi and Tanzania. Customer deposits increased by 38% year on year (2023: 20%), while the Bank's loan book grew by 16% (2023: 31%). Investment in fixed income securities grew by 65% (2023:10%). All the subsidiaries of the Bank posted profits during the year, except for Akiba Commercial Bank (ACB) in Tanzania. Nevertheless, effective strategies have been put in place to support business growth and turnaround of the Akiba's fortunes going forward.

> the Group registered a profit after tax of **K101.71 billion,** representing a **41.3%** increase from K71.96 billion reported in 2023

Strategic Direction

The Bank key strategic focus goal remains to be the leading digital bank in Malawi with over two million customers, operating in four countries and achieving a profit after tax of US$100 million 12% of which will be contributed by our subsidiaries by 31 December 2027.

To this end, the Bank is focusing on digital innovation in terms of new products to delight our customers and to enhance operational efficiency to maximize value for our stakeholders and to consolidate its leadership status in the market. In addition, the Bank has embarked on an aggressive customer acquisition strategy as it aims to achieve its stated target of 2 million customers by 31 December 2027. This will be achieved through, amongst other things, excellent customer service delivery, strategic partnerships and targeted acquisitions beyond the borders of Malawi as the Bank pursues its regional expansion strategy. The Bank is also focusing on enhancing its talent, culture and governance practices to ensure superior performance and effective risk management. Finally, the Bank will sweat its strategic assets including its subsidiaries to generate more shareholder value in pursuit of its objective that these contribute at least 12% of the Group's profitability.

Outlook for 2025

The economy is expected to grow by 3.2% in 2025 from an estimated 1.8% in 2024, fueled by adequate rainfall in some parts of the country, which coupled with increased public investment in agriculture, is expected to boost food production and earnings from export crops like tobacco, tea, sugar, etc. In addition, increased public investment in tourism, mining and manufacturing sectors as well as growth enabling sectors of energy and infrastructure is expected to boost economic activity.

This positive outlook, however, is clouded by prevailing high inflation, fiscal slippages arising from general elections related spending in 2025, La Niña-induced weather shocks, uncertainty over renewal of the IMF-supported ECF program, and a highly uncertain global economic and geopolitical environment.

The Bank envisages the operating environment to remain challenging due to the factors enumerated above. This notwithstanding, the Bank still expects to sustain its performance and growth trajectory by leveraging on technology, innovation and strategic partnerships to exploit opportunities in the market.

TELEKOM NETWORKS MALAWI PLC

TNM is the leading provider of voice, data and mobile money services to Malawian consumers and businesses, active across all sections of Malawi society. TNM aims to be the leading provider of digital services in Malawi and hence it is at the center of a connected Malawian society.

Michel A Hebert
Chief Executive Officer

Performance over 2024

The group registered 34% increase in revenue to MK161.14 billion (2023: MK121.01 billion) due to growth in mobile money revenue by 59% to MK29.49 billion (2023: MK18.54 billion) and data by 40% to MK58.98 billion (2023: MK42.08 billion). This is attributed to improved distribution efforts which resulted in the group increasing its customer market share.

EBITDA margin at 33% is an increase on prior year level of 28%. The increase in EBITDA was due to revenue growth and cost containment initiatives that the group continues to implement.

The group invested MK33.44 billion in capital expenditure during the period (2023: MK14.69) in distribution systems, network improvements and license upgrades catering for expansion, improvements and license upgrades catering for expansion, improvements and business growth needs.

Outlook

The macro-economic environment is expected to remain challenging, putting pressure on the group's profitability. Volatile exchange rates, foreign currency scarcity, ongoing looming hunger and pressure on inflation will result in an increase in the cost of our operations and a reduction in customer disposable income.

The group registered **33%** increase in revenue to **MK121.01 billion** (2023: MK118.10 billion)

Despite the economic situation, TNM has taken steps in, re-designing distribution and network optimization which should make the group more resilient this year

The group will continue developing and implementing initiatives to drive customer growth, grow revenues, deliver efficiencies in costs and improve the overall group financial performance.

Strategic Report

MALAWI TELECOMMUNICATIONS LIMITED

Malawi Telecommunications Ltd (MTL) was incorporated as a limited liability company on 30th May 2000 and offers a wide range of Information and Communications Technology (ICT) based solutions to corporate businesses, small and medium enterprises, and consumers. The range of products and services on offer includes fixed voice, data (connectivity & Internet), and co-siting/ co-location services.

MTL is owned by five shareholders, namely, Press Corporation Plc, the majority shareholder, at 52.7% shareholding; the Government of Malawi at 20%; Old Mutual Plc at 16.1%; Nico Holdings Plc at 9.0%; and Investment Alliance at 2.2%.

Dr Harry Gombachika
Chief Executive Officer

Telecommunication Industry Outlook

The telecommunications outlook for enterprise businesses in Malawi appears promising, driven by growth in fixed broadband, mobile broadband, and increasing demand for digital services. Enterprise businesses require reliable and fast internet connections, driving demand for fixed internet services and high-speed data connectivity. There is growing adoption of cloud-based telecommunications services, such as United Communications As a Service (UCaaS) and Contact Centre As a Service (CCaaS), offering flexible and cost-effective solutions for businesses. The government's Digital Malawi Program and the World Bank's Digital Inclusion Acceleration Program aim to expand broadband access, deploy public infrastructure, and develop digital applications. The advent of the AI era has opened up some endless opportunities and is transforming how businesses are interfacing with their customers, optimizing their network, improving network quality as well as predictive maintenance.

We at MTL, therefore, continue to set our focus on transforming our business into a digital transformation enabler. We shall challenge ourselves to more intimately understand what each customer needs through market segmentation and get insights via analytics and data science through deep dives to deliver innovative solutions to meet each unique need through customer engagements.

New Business Direction

In our previous business review, we shared that MTL would continue its business transformation strategy by migrating voice services from the legacy copper-based network into SIP services via a new soft-switch. In addition, the deployment of the new soft-switch has enabled MTL to introduce onto the market an innovative voice product through cloud PBX which offers corporate customers cost-efficient and flexible solutions for their voice communication. The feedback from our customers is that our voice service is of high quality, reliable, and affordable with more customers adopting our cloud PBX for digital voice services.

> In 2024 we registered a significant **growth in turnover by 30%** to **K11.5 billion** (2023: K8.9 billion)

We have extended our services, both data and voice, to the consumer market segment through the deployment of additional sites in Blantyre and Lilongwe and will introduce the services to Mzuzu, Zomba, Mangochi, and Salima in the coming year after experiencing delays in the effort. This development is expected to take advantage of the recapitalization process that commenced in 2019 which is expected to be finalized in the coming year. Additionally, we continue to forge strategic partnerships with other providers and equipment suppliers to offer 2G mobile services (Voice, Data, SMS) to the mass market.

2024 Performance Highlights And 2025 Outlook

In 2024 we registered a significant growth in turnover by 30% to K11.5 billion (2023: K8.9 billion) due to enhanced customer value proposition which increased our customer base and the continued cost containment measures instituted in the year resulted in a significant reduction in costs as the business operated more efficiently. Consequently, Profit before tax grew by 121% to K1.1 billion (2023: net loss of MK5.1 billion)

MTL will continue to strive to be a state-of-the-art technology company that provides ICT solutions and an integrated portfolio of technology solutions in Malawi. In this regard, our strategy will be to continue with the business development of the company driven by commercial, technology, and human capital roadmaps to ensure simplicity in its customers' journeys.

OPEN CONNECT LIMITED

Open Connect Limited (OCL) is a telecommunications service provider incorporated in 2016 to house and manage telecommunications infrastructure and provide carrier-neutral, open-access infrastructure services. OCL offers a range of services including network infrastructure as a service, network capacity, shared and dedicated internet, and data center hosting.

Emmanuel Nyasulu
Acting Chief Executive Officer

2024 Performance Highlights

Revenue generated in 2024 was MK3.0 billion, reflecting a 10% increase from MK3.1 billion in 2023. This growth was partly product price realignment and the introduction of a new retail business stream, dedicated internet services.

The Company core legacy services, dark fibre and capacity offerings remained the principal drivers of revenue, collectively contributing approximately 84% of total income. These services continue to provide stable and predictable cash flows, albeit under increased pricing pressure due to heightened competition.

During the year, OCL commissioned its state-of-the-art data centre facility. However, the full-scale commercialization of data centre services was delayed due to operational and readiness challenges.

Overall, the Company revenue performance in 2024 reflects strategic progress in diversifying income streams, improving pricing structures, and laying the groundwork for long-term sustainable growth through the expansion of its retail and digital infrastructure services.

> Revenue generated in 2024 was **MK3.0 billion**, reflecting a **10%** increase from MK3.1 billion in 2023

Outlook for 2025

The strategic outlook for 2025 is focused on scaling revenue from the dedicated internet service and strengthening financial sustainability through improved collections and cost discipline

ETHANOL COMPANY LIMITED

Established in 1982 in response to the global fuel crisis of the 1970s, Ethanol Company Limited (EthCo) has grown into a trailblazing player in the ethanol and allied products industry in Malawi. The company produces a diverse range of products, including Absolute Ethanol for fuel blending, Extra Neutral Alcohol for the beverage and pharmaceutical sectors, methylated spirits, gel chafing fuel, hand sanitiser, surface disinfectants, and contracted liquor house brands. EthCo's operations extend downstream through an associate company that purifies its raw carbon dioxide for the production of food-grade carbon dioxide—meeting stringent Coca-Cola specifications.

Lusubilo Chakaniza
Chief Executive Officer

EthCo is an ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Occupational Health and Safety) certified Company, having maintained an integrated management system since 2007. The system has evolved over time and currently includes risk and innovation management. This reflects the company's unwavering commitment to excellence, sustainability, empowerment and the wellbeing of its workforce.

EthCo also prioritises sustainable production practices and transparency. For the past six years, the company has publicly reported on its environmental, social, and governance (ESG) efforts through an integrated sustainability report, thereby building trust with its stakeholders and positioning itself among global best-practice companies.

2024 perfomance highlights

In 2024, the company delivered exceptional growth, achieving a 65% increase in revenue, reaching MK30.2 billion (FY2023: MK18.4 billion). The EBITDA increased by 64% to MK13.4 billion and profit after tax surged by 61%, rising to MK9.1 billion (FY2023: MK5.7 billion). This outstanding performance was accomplished despite the severe foreign exchange and fuel shortages, as well as climate-related disruptions that affected the country's operating environment.

The company's success in FY 2024 is attributed to the strategic optimization of product mix and the effective leveraging of front-line innovation through the Value Improvement and Innovation Program thereby providing the business with a robust competitive edge. While the number of ideas generated per employee decreased to 3 (FY2023: 4.5), the improved quality of these ideas translated into increased plant capacity utilization and enhanced operational efficiencies. The highlight for the season was an idea that led to the improvement of daily throughputs by 13% above nominal capacity for a greater part of the year.

Strategic direction

Looking ahead, the Company is in the second year of a comprehensive 5-year strategy aimed at sustainably quadrupling output. This ambitious plan reflects our commitment to meeting the growing demand for ethanol and allied products as well as to play a pivotal role in shaping the future of the fuel industry and consequently contributing to the nation's energy security. In FY2024, the Company focused on finalising the Effluent Treatment Plant and Cogeneration Boiler projects (whose progress at the end of the year was at 90% and 72% respectively), and identified about 4,000 hectares of land for the execution of its horizontal expansion projects.

The company delivered exceptional growth, achieving a **65%** increase in revenue, reaching **MK30.2 billion** (FY2023: MK18.4 billion)

Outlook for 2025

Despite continuing foreign exchange shortages and climate related factors, the company remains well-positioned to navigate uncertainties, capitalise on emerging opportunities, and continue delivering value to its stakeholders in the year ahead.

The Company will maintain its unwavering focus on sustainability, employee empowerment, productivity enhancement, demand growth strategy and cost optimisation to sustain its growth trajectory and consolidate its competitive position.

PRESSCANE LIMITED

Established in 2004, PressCane Limited is a subsidiary of Press Corporation Plc (50.5%) and Cane Products Limited (49.5%). The company is Malawi's beacon of renewable energy manufacturing, known for its consistent commitment to quality, environmental protection, and workplace safety—validated through ISO 9001 (Quality), ISO 14001 (Environment), and ISO 45001 (Occupational Health and Safety) certifications. Strategically located along the west bank of the Shire River in Chikwawa District, the facility remains the largest ethanol producer in Malawi, with a daily production capacity of 60,000 litres of fuel ethanol and 30,000 litres of potable alcohol.

Bryson Mkhomaanthu
Chief Executive Officer

2024 Performance

Despite a drop in Ethanol production volume to 12.7 million litres (2023: 16.2 million litres), PressCane Limited sustained strong financial performance in 2024, registering profit after tax of K6.19 billion (2023: K5.89 billion). Achieved revenue of K28.7 billion represented a 16% increase from the previous year, and this growth was primarily driven by optimised product sales mix.

Key milestones aligned with the company's 2021–2025 Strategic Plan include:

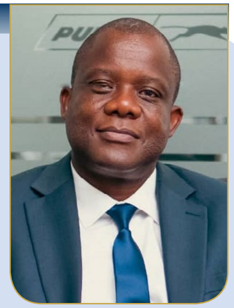
- Continued progress on the Zero **Liquid Discharge (ZLD)** plant project, which will become operational in 2025. This will enable the company to generate electricity from biogas and produce bio-fertilizer from vinasse, reinforcing its environmental sustainability focus.
- Investment in a **state-of-the-art syrup mill** to process sugarcane from smallholder farmers, demonstrating PressCane's commitment to improve plant capacity utilization from 68% to 90% producing 27 million litres by 2027, while advancing inclusive development and ESG objectives.
- Declaration of a **K1.86 billion dividend**, reflecting healthy cash generation and continued returns to shareholders.
- Over **K7 billion in capital investment** was undertaken in 2024, underscoring the company's long-term growth strategy.
- Shareholders' equity increased by 34% to K21.2 billion (2023: K15.8 billion), signaling continued financial resilience and strategic execution.

PressCane continues to champion Malawi's green energy transition through innovative ethanol production, waste-to-energy solutions, and inclusive value chain development

The company registered profit after tax of **K6.19 billion** (2023: K5.89 billion)

Strategic Report

PUMA ENERGY MALAWI LIMITED



Zwelithini Mlotshwa
Managing Director

Puma Energy Malawi Limited is the leading distributor of petroleum products in Malawi. It is jointly owned by Puma Energy through Puma Malawi Holdings and Press Corporation Plc since 2012.

Puma Malawi has a 25% stake in Petroleum Importers Limited (JV) – an entity responsible for the sourcing and importation of 50% of the country's ground fuel volumes.

Puma Energy's business spans four segments in the oil industry namely:

- Retail, where it operates 83 strategically positioned service stations throughout the country.
- Commercial segment where it supplies various industrial customers and resellers;
- Aviation Segment where it operates at Kamuzu and Chileka International Airports; and
- Lubricants segment where it supplies lubricating oils through appointed distributors and self-supply to retail stations.

2024 Performance Highlights

In spite of the macro-economic challenges which adversely affected the country's economic activities and the fuel sector, the business performance in 2024 registered an EBITDA growth of 191% year on year. This feat was achieved through an aggressive investment strategy, disciplined cost management and operational efficiencies.

The following are some of the key highlights for the company in the year:

- Registered 21% volumes growth in its lubricants business year-on-year, upon a strategic change in the line of business.
- Registered 34% volumes growth in the aviation sector, in spite of the shortages in foreign exchange.
- Invested in additional 9 retail service stations (RSS), growing the retail network reach in the country.

Market Position

In 2024 the total demand for ground fuels, including petrol and diesel in Malawi was 576 million liters, a slight increase of 0.8% from 571 million liters in 2023. Puma Energy's contribution was 153 million liters, accounting for a 25% market share. Additionally, Puma Energy holds a unique position as the sole supplier of aviation rules in Malawi.

Outlook for 2025

Puma Energy Malawi remains optimistic about its strategic direction and anticipates steady progress in 2025, despite the continued unpredictability of macroeconomic shocks. Malawi's GDP is projected to grow by approximately 4.3%, supported by improved agricultural performance and gradual recovery in key industries, including energy and infrastructure. The company expects volumes to grow in alignment with national economic trends.

The primary growth drivers for the company include the expansion of its retail network in the central region of the country and the implementation of a revitalization program across existing sites. These initiatives are expected to generate increased returns from both the forecourt operations and non-fuel offerings, including shops and

restaurants, while also enhancing the customer experience and brand presence.

Strategic Direction

The external economic landscape continues to present uncertainties that impact our business operations. Key challenges, such as limited access to foreign currency and rising inflation rates, remain significant risks. However, despite these headwinds, Puma Energy Malawi remains resolute in executing its strategic vision, which is focused on long-term growth and resilience. Our strategy includes:

- Expanding our retail network through high-yield return sites specially in the central region, strategically broadening our presence across Malawi to serve a wider customer base.
- Accelerating the digitization and automation of our entire retail network and ancillary businesses to drive operational efficiency, improve customer service, and stay ahead of industry trends.
- Fast-tracking our forecourt and convenience store revitalization program, designed to elevate the customer experience and enhance satisfaction at every touchpoint.

This strategy underscores our unwavering commitment to growth and operational excellence, even in the face of economic uncertainties. We are confident that these initiatives will position Puma Energy Malawi for continued success and leadership in the industry.

MACSTEEL (MALAWI) LIMITED

Pangani Matandika
Managing Director

Macsteel (Malawi) Limited is the largest leading quality manufacturer and distributor of steel, wire and roofing products to the construction industry in Malawi. The Company is a Joint Venture between Press Corporation Plc and Macsteel Service Centres in South Africa.

Performance Highlights

The company maintained its turnover at 2023 levels despite the economic challenges of the country but with reduced level of profitability. The drop in profitability was as a result of high cost of imports owing to the depreciation of the kwacha and general increase in cost of products and services in Malawi. But despite the challenging environment that the company is operating in, the business still remains profitable with even a more stronger balance sheet than prior year. The board and management are committed to preserving the shareholder value and 2024 performance is a testament to that drive.

> The company maintained its turnover at 2023 levels despite the economic challenges

Strategic Direction

In 2025, the company will embark on a sustainability drive to ensure volume growth. There are plans to embark on exports of fluid control products so as to generate the much-needed forex which will be used to import other products into the country.

Outlook

The year 2025 will be another challenging year with the country going into general elections, withdraw of USAID and Millenium challenge account (MCCA) projects. The company was participating in a number of projects that were being sponsored by USAID and MCCA but the board and management are already working on plans to supplement the lost business such diversifying into the region. The company will put in safeguards to ensure the business continues to grow and increase shareholder value.

PRESS PROPERTIES LIMITED

Press Properties Limited (PPL), established in 1969, is a wholly owned subsidiary of Press Corporation Plc (PCL). The Company develops, owns and manages its own properties for profit purposes. In addition to managing its own portfolio, PPL also manages third party properties as a service offering. The Company's core business areas include property development, property management, property valuation and the provision of real estate transaction and advisory services.

Andrew Santhe
General Manager

2024 Performance Highlights

PPL performance for the year was affected by the challenging operating environment brought about by deteriorating macroeconomic fundamentals. The Company experienced a significant escalation in the cost of key construction inputs, including cement, steel and other building materials. Furthermore, the continued erosion of disposable incomes negatively impacted rental income prospects, thereby limiting the company's ability to fully implement planned annual rental increases, among other strategic targets.

The Company's consolidated revenue grew to MK1.52 billion in 2024 from MK 0.91 billion in 2023, thus a growth of 69.5%. Apart from the annual rental escalations, revenue growth was also enhanced by proceeds from the sale of properties which included revenue from the Build-for-Sale initiative which the Company piloted in the year. Other revenue streams like property management fees and property valuation fees remained low thereby requiring Management focus to tap into these opportunities.

> The Company's consolidated revenue grew to **MK1.52 billion** in 2024 from MK 0.91 billion in 2023

Strategic Direction

In 2024, the Company finalized the development of its 5 Year Strategic Plan for the 2025 to 2029 period. This has been encapsulated into a motto; "Mission 3:14:29", which stands for three flagship projects delivering a fourteen-fold growth in EBITDA by the year 2029.

The projects include office parks in Blantyre and Lilongwe, as well as a shopping mall to be constructed in Lilongwe. The projects will capitalize on the relatively high yielding commercial segment, covering both office and retail spaces. The Company will also strategic investment prospects within the construction industry as part of its diversification efforts.

Outlook for 2025

The year 2025 will mark the commencement of the implementation of PPL's Mission 3:14:29 Strategic Plan for the 2025–2029 period. This plan is anchored on three flagship projects and is strategically designed to achieve a fourteen-fold increase in EBITDA by the year 2029.

As part of its revenue diversification strategy, the Company has undertaken initiatives to increase income from property management fees, property transactions, and advisory service fees. While the property valuation line of business continues to face challenges, the Company remains committed to fostering its growth both within and beyond the PCL Group. Additionally, the build-for-sale initiative will be ramped up to further enhance revenue generation from real estate development activities. Management will also intensify marketing initiatives aimed at enhancing brand visibility.

BUSINESS REVIEW

THE FOODS COMPANY LIMITED

The Foods Company Limited (TFCL), trading under the brand name Maldeco, is a wholly owned subsidiary of Press Corporation Plc (PCL), located in Mangochi, along the shores of Lake Malawi. The Company traces its origins back to the 1950's when it was initially established as a trawling operation on the southern end of the lake. In response to the progressive decline in fish stocks, a phenomenon observed in many natural water bodies globally, TFCL embarked on a strategic diversification initiative in the early 2000s. This was marked by the introduction of aquaculture as an alternative means of fish production.

Stephen Luwanda
Acting General Manager

2024 Performance Highlights

During the reporting period, the Company remained under reorganization. Management concentrated on preserving and optimizing its biological assets while concurrently preparing for a potential transaction that could have resulted in a strategic equity partnership but did not materialize. The scaled-down operational approach enabled cost containment in line with the Company's streamlined structure. As a result, the Company achieved a year-on-year reduction in losses amounting to MK1 billion.

In 2024, the company intensified its research and development (R and D) on the efficacy of locally made feed. The fish production in the R and D cages significantly increased to 13.6 tons in 2024, up from 1.0 ton in 2023. This notable improvement is attributed to the adoption of internally produced floating feed, replacing previously imported floating fish feed. The performance of the locally manufactured feed continues to yield impressive results, as evidenced by harvest data showing that fish are attaining table size growth within the expected industry standards.

Furthermore, the Company invested MK1 billion in initiatives aimed solely at maintaining its bloodstock. Currently, the Company maintains a total of 82,000 bloodstock, which gives it a good footing for implementing a new business plan within the shortest possible time.

During the year, the Company also diversified its revenue streams by introducing fingerling sales. In 2024, TFCL sold one million fingerlings, with demand for this product experiencing substantial growth.

> the Company achieved a year-on-year reduction in losses amounting to MK1 billion.

Outlook for 2025 and Strategic Direction

TFCL is set to initiate a phased scale-up of its operations, drawing on insights and learnings derived from its research and development (R&D) cage model. This model has exhibited marked improvements in performance, largely attributable to the use of internally produced floating feed.

The Company aims to achieve a production target of 50 tons in 2025. Concurrently, a comprehensive business plan will be developed during the year to guide the strategic direction and operational execution. Additionally, management will intensify its focus on the production and sale of fingerlings, recognizing it as a key component of the Company's revenue diversification strategy.

Strategic Report

LIMBE LEAF TOBACCO COMPANY LIMITED

Ezra Evans
Managing Director

Limbe Leaf Tobacco Company was incorporated in 1962 and currently has a shareholding structure consisting of Press Corporation Plc (42%) and Continental Tobacco SA (58%). The ultimate holding company is Universal Corporation. The company procures and processes three varieties of tobacco leaf (burley, dark fire-cured and flue-cured virginia) and exports the respective packed products to various destinations around the world. The company procures tobacco leaf primarily through a direct contracting model with farmers across Malawi.

Through this model, the company has and continues to forge strong partnerships with farmers as well as the communities where tobacco is grown to ensure that the crop, the environment, and the business, is sustainable.

> Earnings Before Interest and Tax increased by K15.3 billion to **K26.8 billion**, up from K11.5 billion in the previous year.

2024 Performance Highlights

National production across all crop types increased by approximately 11% from 2023 to 2024 driven by positive farmer uptake. The company purchased 32.6 million kilograms of all tobacco types during the year representing 24.4% of the total national tobacco crop in Malawi. 9,594 farmers were contracted in 2024 and 98% of the final purchased tobacco volume was from these contracted farmers. Factory processing volumes were 12% lower than the previous year due to the impact of reduced third party processing volumes. Earnings Before Interest and Tax (EBIT) increased by K15.3 billion to K26.8 billion, up from K11.5 billion in the previous year. This increase has been driven by increased shipment volumes due to strong tail winds as a result of global supply and demand dynamics, the impact of the devaluation and a decrease in provisions relating to farmer advances following improved recoveries.

The company's environmental, social and governance framework remains a significant area of focus; over the course of the year the company, in conjunction with its customers, constructed 210 sustainable permanent brick burley barns, roofed 460 live burley barns, constructed 321 farm worker houses and upgraded 115 unprotected open water wells across key growing areas.

2025 Outlook

The Tobacco Commission has estimated an increase in national production for all tobacco types to approximately 174.4 million kilograms in 2025, representing a 30% production increase, favorable weather conditions permitting. Sales of the 2025 crop have begun in earnest, with the entry of one new merchant. A highly competitive marketing season is expected due to a significant increase in global tobacco production across all tobacco types.

LIFECO HOLDINGS LIMITED

Osman Karim
Chief Executive Officer

LifeCo Holdings Limited is a company in which Press Corporation plc owns 49.5% whilst 25.25% is held by Fidelity Limited and 25.25% is held by Equity Investments Limited. It is a holding company of three subsidiaries namely LifeCo Life, LifeCo Pension and LifeCo Asset.

2024 Performance Highlights

Overall, the Group continued its growth trajectory despite a challenging economic environment in financial year 2024. The group was able to grow its Market share to 6% in 4 years of operations. Profit Before Tax grew by 181% over 2023, from K297million to K835 million. This is remarkable growth in an industry where other players took much longer to achieve similar growth.

This is a testament of growing corporate trust and confidence of LifeCo's brand driven by delivery of our customer value proposition and recognition of our shareholder financial strength.

LifeCo Life

LifeCo Life Limited continues to provide life insurance solutions that address uncertainties associated with early mortality and longevity. In 2024, the number of converted life schemes increased by 57%, rising from 72 in 2023 to 113. This growth generated an annual premium income of K1 billion, up from K792 million in the previous year.

The annuity portfolio also experienced significant growth, with assets increasing by 45% to K5.4 billion from K3.7 billion. The number of annuitants grew from 255 to 311, resulting in an annual payout increase from K372 million to K624 million.

Our diverse client base includes organizations from the financial sector, non-governmental organizations, statutory corporations, and private sector companies.

LifeCo Pension

The LifeCo Pension Administration services continued to grow by attracting growth of Asset under Management under the LifeCo Unrestricted Pension Fund to K10.5bn from K4.9b in 2023.

Asset Transfers received from other Administrators grew to K3bn in the year with more than K5.2bn expected to be transferred in 2025. These are assets from schemes that have preferred LifeCo Pensions in the year.

We have experienced a growing understanding of the non-guaranteed scheme model due to its simplistic design, transparency in investment return allocation and regular accountability of fund accounts. This model does not retain any investment return but rather allocates the entire amount earned to the member's account

Our quick claims turnaround times, regular communication with members has allowed us to achieve such performance.

LifeCo Asset Management

The company managed Asset under Management of over K33bn from K15bn in 2023 – growth of 120%. The company continued to become a trusted Investment Manager for Corporate and Individual clients while also managing assets from the LifeCo Life and LifeCo Pension Companies.

LifeCo Asset generated very competitive returns that are appreciated by clients.

Outlook for 2025 and Strategic Direction

The Group will continue to offer insurance and pension solutions to the market enhancing product choices, innovating service delivery processes and being alert to investment opportunities so that we grow the wealth of our clients, provide security for life's uncertainties and remove old age dependency.

With growing experience, a solid financial track record, and quick claims turn- around time, LifeCo will continue to excite the market and enhance opportunities for increasing business conversions.

The growth of National economy increases opportunity for financial empowerment and LifeCo is prepared to seek opportunities to widen the reach for LifeCo financial solutions.

The Group will support market efforts to raise financial literacy awareness, comply with emerging financial legislation and our services will remain empathetic and life-changing.

SUSTAINABILITY REPORT

The report has been prepared with reference to the Global Reporting Initiative (GRI) Standards and reflects the Group's material ESG issues, as determined through a structured double materiality assessment.

MISSION, VISION & CORE VALUES

MISSION STATEMENT

To create significant viable businesses and contribute to the socio-economic development of Malawi and the region

VISION

To be Malawi's premier holding company

CORE VALUES

We have adopted the acronym **PRISE** for our core values in the conduct of our business:

People Centred
We treat our employees and all our partners with dignity, fairness and respect, fostering an environment where people can contribute, innovate and excel.

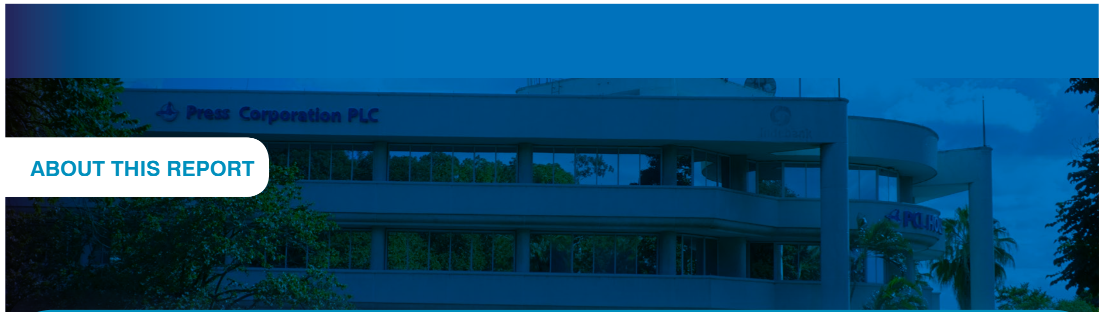
Responsibility
We believe in Ubuntu philosophy that states "I am because we are". We therefore commit to share our success with communities and sustain the environment we operate in.

Integrity
We commit to conduct our business in a transparent and ethical manner and pledge to be accountable to all our stakeholders.

Stakeholder Value
We strive to surpass the expectations of our stakeholders both internally and externally. We are therefore committed to enable our stakeholders excel by: creating long-term sustainable businesses and relationships; being responsive and relevant; and delivering value consistently.

Excellence
We pursue excellence through efficiency, effectiveness and outstanding quality.

Sustainability Report



ABOUT THIS REPORT

Press Corporation plc operates at the intersection of Malawi's economic development and sustainable transformation. As a diversified holding company with interests across financial services, energy, manufacturing, telecommunications, and real estate, we recognize our responsibility to balance growth with environmental stewardship and social progress.

2024 marked a pivotal year in our sustainability journey, with measurable advancements in renewable energy adoption, resource efficiency, and community impact. This report presents our performance through the lens of our material topics, demonstrating how sustainability creates value for both our business and stakeholders.

The report has been prepared with reference to the Global Reporting Initiative (GRI) Standards and reflects the Group's material ESG issues, as determined through a structured double materiality assessment. This report is not externally assured.

Table 1: Report Overview

Aspect	Description
Reporting Period	1 January – 31 December 2024
Standards Applied	GRI Standards (Referenced)
Frequency	Annual
External Assurance	Not applied to sustainability disclosures

MATERIALITY AND ESG FOCUS

A "double materiality" approach was adopted to identify the key sustainability impacts relevant for disclosure. This approach considered not only how sustainability issues affect Press Corporation Plc (PCL), but also how PCL's operations impact society and the environment. The assessment process involved a thorough desktop review of internal documents and relevant Global Reporting Initiative (GRI) standards, benchmarking against industry peers to identify priority areas, and conducting interviews with both internal and external stakeholders. These consultations provided insights into PCL's business growth strategy, community investments, financial reporting processes, and other key functional areas. To ensure rigor and alignment with global best practices, we engaged Deloitte consultants, leveraging their expertise in ESG and sustainability reporting to guide the identification of PCL's material topics.

The nine material topics identified now guide the Group's sustainability strategy and stakeholder communications.

MATERIALITY AND ESG FOCUS (CONTINUED)

Figure 1: PCL's 2024 Material Topics

1. Market Growth
2. Governance, Risk and Compliance
3. Operating Environment
4. Strategic Partnerships
5. Operational Excellence
6. Technology & Innovation
7. Climate & Sustainability
8. People & Culture
9. Community Investment and Inclusivity

These topics provide a framework for ESG risk management, investment planning, and stakeholder reporting.

OUR SUSTAINABILITY AMBITION

PCL's long-term commitment to sustainability is structured around four central pillars. These guide decision-making, investment strategies, and operational improvements.

Figure 2: Sustainability Pillars & 2030 Goals

Building **Resilient Communities** that are socio-economic empowered and uplifted to reach their maximum potential.	**Responsible Investments** to ensure we consider ESG in all our investment decisions and to invest in sustainable businesses.	**Human Capital and Culture** is an integral part of our business as we aim to build motivation and improve employee wellbeing.	Instilling **Sustainable Business Practices** within our operations to ensure we minimize our environmental impact and operate sustainably.
Strengthening and empowering Malawians with the aim to build resilient communities.	***Taking ESG factors into consideration when making investment decisions.***	***Building a productive and motivated workforce***	***Reducing the environmental footprint of PCL's operations and value chain.***

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors has the ultimate responsibility of setting the direction of the Group through the provision of oversight over the execution of strategic objectives and key policies by Management in compliance with applicable legislation, regulations and governance codes for Malawi.

Press Corporation plc adopts good corporate governance practices. The Board is responsible for implementing and overseeing an effective governance structure for the Company. The Board discharges its responsibilities in the best interests of the Company, whilst having appropriate regard to the interests of the shareholders and other stakeholders.

The Board meets a minimum of four times in a year. During the year under review, the Board held four regular meetings in April, May, September and November 2024. It held three special meetings in February and April 2024.

As at 31 December 2024 the Board consisted of six non-executive directors and one executive director. Executive Directors are appointed by the Board from members of Executive Management. The Chairman is a non-executive director and has a casting vote. The names of the executive and non-executive directors in office as at 31 December 2024 and at the date of this report are set out on Pages 37 to 39.

Press Trust and Old Mutual nominate five of the non-executive directors and one director is nominated by the Board. These non-executive directors are subsequently appointed by the Shareholders at an annual general meeting. These appointments are in accordance with the Company's Articles of Association. As at 31 December 2024 Press Trust and Old Mutual owned 47.58% and 16.52%, respectively of the shares in the Company.

The Board is accountable to shareholders, but it proceeds mindful of the interests of the Group's staff, customers, suppliers and the communities in which the Group pursues its interests. In the performance of its functions, the Board is guided by, and has due regard to, the following governance instruments:

i. Companies Act, 2013
ii. The Malawi Code of Corporate Governance
iii. Listings Requirements of the Malawi Stock Exchange
iv. King Reports as updated from time to time

The Board undertakes an annual self-evaluation exercise for its Directors, to assess board processes, roles, competences and effectiveness in its decision making processes.

Board Meetings – Meeting Attendance

Member	7 Feb	22 Feb	19 April	26 April	24 May	6 Sept	22 Nov	
Mr R P Mwadiwa	✓	✓	✓	✓	✓	✓	✓	100%
Mr D Mawindo	✓	✓	✓	✓	✓	✓	✓	100%
Mr G Ngalamila	✓	✓	✓	✓	✓	✓	✓	100%
Mr J Nsomba	✓	✓	✓	✓	✓	✓	✓	100%
Mr S Malata	A	✓	A	✓	✓	A	✓	57%
Mrs B Mahuka	✓	✓	✓	✓	✓	✓	✓	100%
Dr R Mangani	✓	✓	✓	✓	✓	✓	✓	100%

Key
✓– Present A – Apology N/A – Not applicable

BOARD COMMITTEES

APPOINTMENTS AND REMUNERATION COMMITTEE

The Committee comprises three non-executive directors. The Committee is currently chaired by Mr S Malata. Members of Executive Management also attend the Committee's meetings on invitation.

CORPORATE GOVERNANCE (CONTINUED)

The principal function of the Committee is to ensure that the Group's human capital is effectively and efficiently managed. The Committee is responsible for appointments of members of executive management, reviewing remuneration policies and structures, performance management and succession planning. The Committee is also responsible for reviewing composition of board committees.

During the year under review the Committee met four times; in April, May, August and November 2024.

Appointments and Remuneration Committee Meetings – Meeting Attendance

Member	12 April	20 May	19 Aug	14 Nov	
Mr S Malata	✓	✓	✓	✓	100%
Mr D Mawindo	✓	✓	✓	✓	100%
Mrs B Mahuka	✓	✓	✓	✓	100%

Key
✓– Present A – Apology N/A – Not applicable

FINANCE AND AUDIT COMMITTEE

The Committee's principal function is to provide oversight on all finance activities carried out by PCL. The Committee's major responsibilities include reviewing the principles, policies, and practices adopted in the preparation of the Company's accounts and ensuring that the interim and annual financial statements, as well as any other formal announcements relating to the financial performance, comply with all applicable statutory and regulatory requirements. In addition, the Committee is responsible for overseeing the integration of Environmental, Social and Governance (ESG) considerations into financial planning and reporting processes, ensuring transparency and alignment with sustainability objectives and stakeholder expectations. It also reviews the work of PCL's external and internal auditors to ensure the adequacy and effectiveness of financial, operating, compliance, ESG, and risk management controls. The Committee in the year under review comprised of three non-executive directors. Members of Executive Management, the Internal Audit Manager and external auditors attend the meetings by invitation. The Committee is currently chaired by Mrs Betty Mahuka. The Company's External and Internal Auditors have unrestricted access to the Committee Chairperson.

During the year under review, the Committee met six times: in January, April, May, August and November 2024.

Member	9 Jan	17 April	21 May	20 Aug	29 Aug	15 Nov	
Mrs B Mahuka	✓	✓	✓	✓	✓	✓	100%
Mr G Ngalamila	✓	✓	✓	✓	✓	✓	100%
Mr J Nsomba	✓	✓	✓	✓	✓	✓	100%

Key
✓ – Present A – Apology N/A – Not applicable

INVESTMENT COMMITTEE

The Committee is responsible for overall oversight on all investment activities. It ensures that Management has put in place, and carries out appropriate strategies, policies and processes in respect of investment activities proposed or undertaken by PCL. The Committee comprises four non-executive directors. It is currently chaired by Mr. Dye Mawindo. Members of Executive Management also attend the Committee meetings on invitation.
During the year under review, the Committee met five times: in February, April, May, August and November 2024.

CORPORATE GOVERNANCE (CONTINUED)

Member		19 Feb	15 April	20 May	19 Aug	14 Nov	
Mr D Mawindo		✓	✓	✓	✓	✓	100%
Mr G Ngalamila		✓	✓	✓	✓	✓	100%
Mr J Nsomba		✓	✓	✓	✓	✓	100%
Mr S Malata		✓	✓	✓	✓	✓	100%

Key

✓ – Present A – Apology N/A – Not applicable

INTERNAL AUDIT

The effectiveness of the Group's systems of internal controls is monitored continually through reviews and reports from the Internal Audit Manager who reports directly to the Committee. The principal role of Internal Audit Department is to assist the Board in particular, and Management in general, to accomplish the Company's objectives by bringing in a systematic and disciplined approach to evaluate and improve the effectiveness of governance processes, risk management and systems of internal controls.

The Company's external auditors review and test appropriate aspects of internal financial control systems during the course of their normal statutory audits of financial statements of the Company and its subsidiaries.

A formal "Schedule of Authority" is in place that specifically reserves certain matters for the board decisions.

INTEGRITY

Directors' interests in contracts

All directors are required to complete a Declaration of Interest Form which is updated annually. No Director had any material interest directly or indirectly in any contract reviewed or approved by the Board in the year under review.

Trading in company securities

Trading in the Company's securities on the Malawi Stock Exchange continues to be governed by a Share Trading Policy, a mechanism to guard against insider trading by all employees and directors.

Code of ethics

PCL and its subsidiaries are committed to a policy of fair dealing and integrity in the conduct of their businesses. This commitment is based on the fundamental belief that business should be conducted honestly, fairly and legally. The Board formally adopted a comprehensive code of ethics that is applied in the Company in the conduct of its affairs. This code provides a detailed guideline governing the all-important relationships between the various stakeholders and the communities in which the Group operates.

CORPORATE GOVERNANCE (CONTINUED)

PROFILES OF DIRECTORS

Mr Randson Mwadiwa (68)
MPA, MAIA, BAPA, Cert. (FEEIIP), Cert. (FMDFP)
Chairman
Appointed to the Board on 01/9/2020

Mr Mwadiwa was born on 4th July 1956 in Harare, Zimbabwe. He is an accomplished public administrator, with particular interest and expertise in public finance management as well as public sector reforms. He has had a distinguished and enviable public service record spanning over a period of 40 years, during which he rose to serve as Principal Secretary in various ministries including Ministries of Finance; Trade and Industry; Energy and Natural Resources; Agriculture and Food Security as well as Transport and Public Works.

In this role, he had close interaction at high level with private sector players and was instrumental in ensuring an effective interface between public and private sector interests.

Mr Mwadiwa has previously served, and continues to serve, on several boards in the private as well as public sectors.

Mr Stewart Malata (63)
MSc, B.Com (Acc.)
Director
Appointed to the Board on 18/07/2019

Mr. Malata is CEO of Roads Fund Administration since 2014. Previously, he was working as CEO at MDC Limited. He has held a number of other Executive Leadership positions as Chief Executive Officer at Admarc Investment Holdings and Director in the Ministry of Finance, Economic Planning and Development.

He holds a Master of Sciences Degree in Accounting and Finance from the University of Stirling, Scotland and a Bachelor of Commerce (Accountancy) Degree from the University of Malawi, the Polytechnic campus obtained in 1985.

He sits on various boards including Seed Co. Malawi Ltd, Ufulu Finance Ltd and Malawi Catering Services Ltd.

Dye B. Mawindo, Director (67)
MBA, LLB (Hons)
Director
Appointed to the Board on 01/9/2020

A general management expert, Dye Mawindo started off his career in the legal profession before he moved on to the public sector when he joined the Malawi Development Corporation and rose to the position of Deputy General Manager/ General Manager (Designate). Eight years later, he took up the position of Comptroller of Statutory Corporations and in this position, he was responsible for overseeing the performance of the parastatal sector in Malawi. He was thereafter appointed first Executive Director of the Privatisation Commission when it was set up in 1996. He served in this position until 2001. Before being appointed Malawi's Director of Public Procurement in 2012, he served in the capacity of Governance Adviser to the Vice President of the Republic of Malawi. In 2016, Dye Mawindo was appointed CEO of MCA Malawi during which he successfully implemented the first US$350.7 million five-year US Government sponsored compact that ended in 2018. Currently, he is leading a team that is managing Malawi's second compact (US$350 million) in a similar capacity.

CORPORATE GOVERNANCE (CONTINUED)

PROFILES OF DIRECTORS

Mrs Betty Mahuka (62)
Msc. F&A, BCOM, DIBS, CGMA, CA (MW)
Director
Appointed to the Board on 01/09/2020

Mrs Betty Mahuka is an experienced professional Accountant and Administrator with over 20 years' experience at Senior Management level in both Executive and Non-Executive leadership positions. She has worked as Consultant Chief Operations Officer (COO) for the Malawi Liverpool Welcome Trust, General Manager for FDH Money Bureau, Director of Finance for Electricity Supply Corporation of Malawi Limited (ESCOM) and as Head of Finance for the Malawi Environmental Endowment Trust (MEET). Mrs Mahuka has served as Board member of several organizations in Statutory Corporations and other public and private organizations operating in various sectors of the economy, including environmental, hospitality, engineering, financial and insurance sectors.

Mrs Mahuka holds a Master of Science degree in Finance and Accounting from the University of Stirling in the United Kingdom, a Bachelor of Commerce Degree from the University of Malawi and a Diploma in Business Studies. She is a Chartered Global Management Accountant (CGMA) from the Chartered Institute of Management Accountants (CIMA), United Kingdom and a Chartered Accountant (CA) Malawi. She is also a Lead Fellow- Leadership for Sustainable Environment.

Mrs Mahuka has a mindset for continuous learning and therefore attends short courses and conferences to ensure she is up to date with current economic and governance issues.

Mr Gibson S Ngalamila (45)
ACIS, ACG, FCCA, B.Acc, CA
Director
Appointed to the Board on 24/11/2017

Mr Ngalamila has served as Executive Secretary of Press Trust for 7 years now. He joined Press Trust in September 2003. Prior to his current position, he served the Trust in various capacities in the Operations Department. By virtue of his position at Press Trust, Mr Ngalamila has over the years served as a non-executive director on the boards of a number of companies and organisations. Currently, he chairs the boards of Mwaiwathu Private Hospital Limited and Continental Holdings Limited. He is a non-executive director on the board of Press Agriculture Limited. In his own right, he was appointed as a non-executive director on the board of Malawi Agricultural and Industrial Investment Corporation (MAIIC) and a Trustee of the Girls Education Trust, a UNICEF-funded public organisation supporting the education of girls in Malawi.

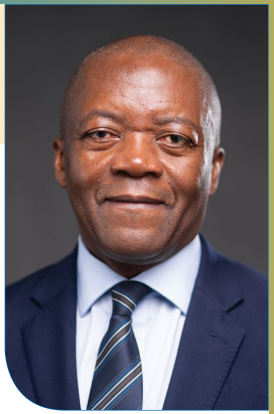
Mr Ngalamila is a chartered company secretary and governance expert as well as a duly registered Chartered Accountant.

SUSTAINABILITY REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

PROFILES OF DIRECTORS

Mr Jim Nsomba (64)
B. Com. FCCA, CA (M)
Director
Appointed to the Board on 24/08/2018



Mr. Nsomba is Chief Financial Officer for Gala Agriculture Limited. Prior to joining Gala Agriculture Limited he served as Group Chief Financial Officer at Old Mutual Malawi Limited up to November 2022 and was Regional Manager for Africa Finance Transformation at Standard Bank Africa Region Head Office from 2005 to 2017.

Mr. Nsomba is a seasoned finance specialist and has worked extensively in the banking industry, having served as Head of Finance at Standard Bank Malawi from 1996 to 2005 before moving to Standard Bank in South Africa. He also served as Head of Finance at National Bank of Malawi from 1994 to 1996. He began his professional career at Manica Group of Companies, where he served in several positions in Malawi and South Africa from 1987 to 1994. Mr Nsomba has served on various boards in both the public and private sectors. He currently serves as a director on the board of National Bank of Malawi plc.

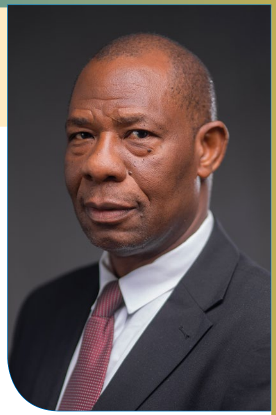
Dr Ronald Mangani (57)
PhD, MSc, BSocSc
Executive Director

Ronald studied economics, finance and investment at the Universities of Malawi, York and Cape Town, and held visiting scholar positions at the International Monetary Fund Institute and the University of Oxford. He started his career as Assistant Finance Officer at the Malawi Institute of Education, before joining the University of Malawi (UNIMA). Until his appointment as Chief Executive Officer of Press Corporation Plc in 2023, he was an Associate Professor of Economics at the University of Malawi (UNIMA), Chairman of Old Mutual Malawi Limited, and Director of First Capital Bank Malawi. He was Secretary to the Treasury of the Government of Malawi between 2014 and 2017. Previously, he also served as an independent director on the boards of the Reserve Bank of Malawi, the Malawi Stock Exchange, MDC Limited, and the Malawi Institute of Management, among others. He also sat on the Monetary Policy Committee of the Reserve Bank of Malawi. He is a founding member of the Economics Association of Malawi. He is also a network member of both the African Economic Research Consortium of Kenya, and the Trade Policy Training Centre in Africa hosted by the Tanzania-based Eastern and Southern African Management Institute.

CORPORATE GOVERNANCE (CONTINUED)

PROFILES OF MANAGEMENT

Dr Ronald Mangani (57)
PhD, MSc, BSocSc
Chief Executive Officer



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Dr Lyton Chithambo (46)
Ph.D. (Finance), M.Sc. Finance & Risk, FCCA, FHEA, CPA (M), B.Com.
Chief Operating Officer

Dr Chithambo holds the following qualifications: Doctor of Philosophy, Finance, a Master's Degree in Finance and Risk, and Bachelor of Accountancy. He is also a Fellow of both ACCA and the Higher Education Academy of UK. He is an alumnus of both the prestigious INSEAD Business School Advanced Management program and the Oxford's Said Business School Bank Governance program. He has over 20 years of dedicated, broad Malawi financial market knowledge and extensive hands-on Malawi experience in high level financial and risk analysis, business and strategy development and management, project analysis and management and diverse aspects of operations management. His expertise in turnaround strategies was also confirmed by his certification by Harvard Business School corporate revitalization strategies program completion. He also has substantial and impactful peer review research publications in Finance, Accounting and Risk. Prior to rejoining the corporate world, Dr Chithambo lectured in finance, accounting, investment management and risk in the United Kingdom for three years. Prior to this, he had spent almost ten years at the Reserve Bank of Malawi helping champion reforms in the financial sector supervision division. He currently sits on various boards of the subsidiaries of Press Corporation Plc.

Moureen Mbeye (43)
EMBA, FCCA, CA (M), B. Com
Chief Finance & Administration Executive and Company Secretary

Ms. Moureen Mbeye holds a Master's degree in Executive Business Administration (EMBA), is a Fellow of the Association of Chartered Certified Accountants (FCCA), a Certified Public Accountant, and holds a Bachelor's degree in Accountancy.

She is a seasoned and results-driven finance professional with over 20 years of diverse experience in leading financial operations and organizational management, with a strong focus on driving sustainable growth and achieving strategic objectives. Her expertise spans strategic planning and execution, financial planning and performance monitoring, internal controls, and mergers and acquisitions. In addition to her executive role, she serves as a Director on the boards of several PCL Group companies.

Ms. Mbeye has been part of the Press Corporation Plc (PCL) Group for 17 years, serving at both subsidiary and Corporate Office levels. She currently holds the position of Chief Finance and Administration Executive / Company Secretary.

ENVIRONMENTAL PERFORMANCE

Effluent Management

Effluent and wastewater discharge in our manufacturing processes is managed in alignment with local regulatory frameworks, including the Water Resources Act and Environmental Management Act, as well as applicable industry best practices. Effluent—commonly referred to as vinasse—is currently contained in licensed evaporation ponds, where it dries through natural evaporation.

Historically, these ponds were dried in sequence, and the resulting sludge was distributed to nearby farmers for use as organic fertilizer. However, due to evolving climatic conditions and increased capacity utilisation at our production sites, sequential drying is no longer feasible. While no effluent overflow or spillage incidents were recorded in 2024, the current conditions pose an ongoing risk of overflow, environmental pollution, and reputational harm.

To address this, our long-term effluent management strategy focuses on the completion of Effluent Treatment Plants (ETPs) and Boiler projects currently under development. Scheduled for commissioning in FY2025, these facilities will enable further treatment of vinasse into potassium-rich organic fertiliser, thereby closing the circular economy loop in our ethanol value chains.

Water Management

Water is a vital resource across our industrial operations, particularly within our ethanol production facilities. In line with our sustainability ambitions, we have prioritized water stewardship by investing in efficiency improvements and circular technologies.

In our ethanol plant in Chikwawa, we successfully reduced water consumption by 18% in 2024, dropping from 222,131 cubic meters in 2023 to 181,660 cubic meters. Meanwhile, our Dwangawa plant by 37% over a three-year period, reducing the water usage ratio for our factory from 41 litres per litre of ethanol in 2021 to 26 litres in 2024. These achievements reflect a strong commitment to process innovation and water-use optimization.

To future-proof our water strategy, we have invested MK22 billion in Zero Liquid Discharge (ZLD) systems that aim to recycle all process water within the facilities—ensuring that our water footprint continues to shrink in the years ahead.

We have invested MK22 billion in Zero Liquid Discharge (ZLD) systems that aim to recycle all process water within the facilities

ENVIRONMENTAL PERFORMANCE (CONTINUED)

Table: Water Usage Efficiency in Key Facilities

Site	2023 Usage	2024 Usage	% Change
Chikwawa Plant	222,131(m^3)	181,660 (m^3)	-18%
Dwanagwa Plant	41 L/L ethanol	26 L/L ethanol	-37%

Energy Use and Self-Sufficiency

Our ethanol production facilities have substantial energy demands, which in 2024 were primarily met through the national electricity grid (approximately 90%), with the remaining 10% supplied by standby generators. This energy mix, however, presents operational risks. Unreliable grid power can affect production consistency and quality, while fuel supply challenges across the country pose a threat to the effectiveness of our backup generation systems.

In response, we are investing in cogeneration boilers currently under construction, designed to run on biogas. Once operational, these systems will enable partial on-site energy generation, thereby reducing our reliance on the national grid and improving overall energy resilience and sustainability.

Carbon Management

The PCL Group has not yet commenced comprehensive data collection on greenhouse gas emissions and, as such, is currently unable to provide an accurate account of its carbon footprint. However, ethanol production operations are known to contribute significantly to emissions, particularly from fermentation processes and the use of coal-fired boilers to produce steam for distillation.

To mitigate this impact, several initiatives are being implemented to reduce the carbon footprint associated with ethanol production:

Carbon Capture:
Investment in carbon dioxide recovery plants enables the capture of CO² released during fermentation. The captured gas is processed for use in other industries, supporting a circular economy approach.

Biogas Integration:
Boilers are being integrated with Effluent Treatment Plants (ETPs) to allow the use of biogas as a supplementary energy source, thereby reducing reliance on coal.

Carbon Offset Projects:
The Group supports carbon offset initiatives such as sustainable sugarcane cultivation, including projects on dedicated farms, which contribute to carbon sequestration and improved land use practices.

Green Financing

Our financial services sector has integrated climate risk into its lending policies. In 2024, 232 green loans were disbursed, supporting environmentally sustainable ventures in agriculture, education, manufacturing, and energy. This shift toward green finance helps align the Group's capital deployment with climate objectives.

Table: Green Loan Distribution by Sector (2024)

Sector	Loans Disbursed
Wholesale and Retail	145
Community & Personal Services	23
Agriculture	18
Manufacturing	17
Education	4
Financial Institutions	5
Other (Construction, Energy, etc.)	20

ENVIRONMENTAL PERFORMANCE (CONTINUED)

Renewable Energy Initiatives

USD55 million investment in a 50MW solar power plant

The PCL Group's most significant contribution to advancing the green revolution in Malawi is its USD55 million investment in a 50MW solar power plant to be located in Nkhoma, Lilongwe. A Power Purchase Agreement (PPA) was signed with the Electricity Supply Commission of Malawi (ESCOM) in 2024. Once commissioned, the plant will supply clean, renewable energy directly into the national grid, underscoring the Group's long-term commitment to sustainability and national development.

Beyond large-scale energy generation, the Group is also implementing distributed solar energy solutions across various operational sites to reduce its carbon footprint, ease pressure on the national grid, and mitigate the impact of power outages. As of 2024, approximately one-third of selected telecommunications sites had been solarized. These efforts have resulted in measurable cost savings on fuel and electricity, along with enhanced energy reliability.

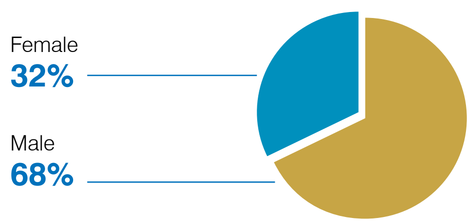
In 2025, the Group plans to expand these solar initiatives to additional locations, reinforcing its commitment to sustainable energy transition and operational resilience.

SOCIAL PERFORMANCE

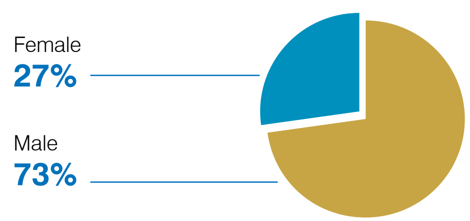
Employee Welfare and Inclusion

Our human capital strategy is centered around employee welfare, diversity, and equity. We ensure competitive compensation, professional development, and a safe working environment. As of 2024, we employed 3,948 staff across the Group, with 32% being women. At Board level, 27% of directors are female—an improvement we aim to continue.

2024 Employee Composition



2024 Board Composition



SOCIAL PERFORMANCE (CONTINUED)

Health and Safety

The PCL Group is committed to providing a safe and secure working environment for all employees, contractors, and visitors across its operations. We recognise that some of our industrial operations, such as ethanol production, carry inherently high health and safety risks due to their technical complexity. These risks have been further elevated in recent years due to ongoing construction activities at multiple production sites.

The Group maintains a minimal risk appetite for health and safety risks and has zero tolerance for fatalities. To ensure operations remain within this threshold, we have adopted a robust and comprehensive integrated risk management framework. This framework is aligned with the principles of ISO 45001:2018 (Occupational Health and Safety Management System) and complies with the national Occupational Safety, Health and Welfare Act (1997).

Health and safety is embedded in our culture and operational practices. We strive not only to comply with industry standards but to exceed them—setting a benchmark for safety excellence in Malawi's industrial sector. Regular training programs, including first aid, firefighting, and incident management, are delivered across the Group. These initiatives are supported by formal Occupational Health and Safety policies, ensuring that safety awareness and preparedness are continuously reinforced.

In 2024, we recorded 5 minor injuries across the Group, down from 11 in 2023. This improvement reflects heightened awareness and proactive safety measures.

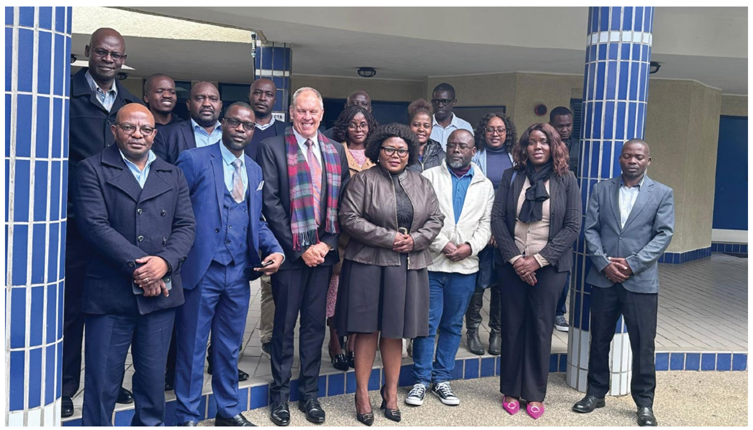
Table: Health and Safety Incidents by Sector

Sector	2024 Incidents	2023 Incidents
Food Manufacturing	1	3
Ethanol Facility (North)	2	7
Ethanol Facility (South)	2	1
Total	5	11

Capacity Building and Leadership Development

The PCL Group is deeply committed to developing its employees to ensure the organisation has the internal capacity to meet both current and future challenges. A key focus is on building a strong pipeline for succession planning. To support this, the Group uses Individual Balanced Scorecards to guide skills development and actively promotes Continuous Professional Development (CPD) across various disciplines, including accounting. Employees in specialised sectors such as energy and telecommunications also receive targeted technical training to enhance their expertise.

In June 2024, the Group enrolled 15 managers in a one-year Leadership Development Programme with Redpoint Global. This strategic investment underscores our commitment to cultivating future leaders and strengthening succession across the organisation.



SUSTAINABILITY REPORT (CONTINUED)

SOCIAL PERFORMANCE (CONTINUED)

Community Engagement and Social Investment

Our community initiatives are targeted to address critical needs in education, youth empowerment, clean water access, and rural livelihoods. In 2024, the Group invested over MK700 million in community development initiatives.

MK270 million
Scholarships and best student awards

MK20 million
Infrastructure improvements at public universities

MK140 million
Sustainable water and electricity systems in underserved areas

MK130 million
Early childhood development infrastructure

MK90 million
Agricultural productivity and farmer resilience programs

MK76 million
School renovations and educational materials

These interventions supported students in impactful ways, improved basic infrastructure in over five rural schools, and enhanced access to essential services for vulnerable communities.

Sustainability Report

SOCIAL PERFORMANCE (CONTINUED)

Looking Ahead

We are committed to deepening our ESG integration and building on the momentum achieved in 2024. Key priorities for 2025 include:

- Enhancing ESG governance structures
- Scaling up renewable energy projects
- Enhancing ESG data collection and analytics
- Expanding green finance offerings
- Strengthening stakeholder engagement and sustainability transparency

Our ambition and values

Laying the foundation

To embed ESG into the everyday operations, at both Group and subsidiary levels, we need to build the operationals foundations, set clear accountabilities and ensure we have the data to meet our commitments in 2025-26 and beyond

2025 - 26

Get our House in order

Establish the ESG operating model, embedding into day-to-day operations, decision-making, and overall Group functions and subsidiaries.

Deliver ESG North Star Strategy

Roll out and scale initiatives across the Group and its subsidiaries to translate the ESG ambition into actionable plans that guide decision making, drive performance and create shared value.

2027+

Become the market leader

Set blueprint for sustainable innovation, transparent reporting and delivering inclusive value to business and society, leveraging our roles as an economic enabler and shock absorber.

This will be achieved through the following enablers:

Collaboration with key partnerships that would provide the expertise, scale and resources to turn our sustainability commitments into measurable outcomes.

Resource mobilization to scale our impact as we drive change toward more reasonable, inclusive and sustainable growth.

Catalyzing innovation to achieve our sustainability commitments and to enhance our processes and people's skill sets.

We appreciate the support of our shareholders, employees, and communities in driving our sustainability agenda forward.

Statement of use	Press Corporation PLC has reported the information cited in this GRI content index for the period 1st January 2024 to 31st December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 50
	2-2 Entities included in the organization's sustainability reporting	Page 17 - page 29
	2-3 Reporting period, frequency and contact point	Page 32, page 48
	2-5 External assurance	Page 32
	2-6 Activities, value chain and other business relationships	Page 50
	2-9 Governance structure and composition	Page 34 to page 36
	2-10 Nomination and selection of the highest governance body	Page 34
	2-11 Chair of the highest governance body	Page 37
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 35
	2-13 Delegation of responsibility for managing impacts	Page 35
	2-14 Role of the highest governance body in sustainability reporting	Page 35
	2-15 Conflicts of interest	Page 36
	2-17 Collective knowledge of the highest governance body	Page 37 to page 39
	2-18 Evaluation of the performance of the highest governance body	Page 34
	2-19 Remuneration policies	Page 51, page 185
	2-20 Process to determine remuneration	Page 34 - 35
	2-22 Statement on sustainable development strategy	Page 9, page 46
	2-27 Compliance with laws and regulations	Page 81
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 32
	3-2 List of material topics	Page 33
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 66
	201-2 Financial implications and other risks and opportunities due to climate change	Page 110, page 143
	201-3 Defined benefit plan obligations and other retirement plans	Page 81, page 180
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page 8
GRI 302: Energy 2016	302-4 Reduction of energy consumption	Page 42
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 41, page 42
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Page 42

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 44
	403-2 Hazard identification, risk assessment, and incident investigation	Page 44
	403-5 Worker training on occupational health and safety	Page 44
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 44
	403-9 Work-related injuries	Page 44
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Page 44
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 43
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 45
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 41

Contact

Chief Finance and Administration Executive

Email: mmbeye@presscorp.com

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2024

DIRECTORS' REPORT

31 December 2024

The Directors have pleasure in presenting their report together with the audited consolidated and separate financial statements of Press Corporation plc for the year ended 31 December 2024.

1. INCORPORATION AND REGISTERED OFFICE

Press Corporation plc is a Company incorporated in Malawi under the Companies Act, 2013. It was listed on the Malawi Stock Exchange in September 1998.

The address of its registered office is:
3rd Floor
PCL House
Kaohsiung Road
P.O. Box 1227
BLANTYRE

2. PRINCIPAL ACTIVITIES OF THE GROUP

Press Corporation plc is a diversified Group with significant interests in the Malawi economy. Its subsidiary companies operate in financial services; telecommunications; energy; retail and real estate. Press Corporation plc has two joint venture companies in the energy and consumer goods sectors. It also has three associates in the telecommunications; agro-industrial and life insurance.

3. FINANCIAL PERFORMANCE

The results and state of affairs of the Group and the Company are set out in the accompanying consolidated and separate financial statements which comprise of the consolidated and separate statements of: financial position; comprehensive income; changes in equity and cash flows and related notes to the consolidated and separate financial statements.

4. SHARE CAPITAL AND SHAREHOLDING

The authorised share capital of the Group is K25 million (2023: K25 million) divided into 2,500,000,000 Ordinary Shares of K0.01 each. The issued and fully paid capital is K1.2 million (2023: K1.2 million) divided into 120,255,713 (2023: 120,255,713) fully paid Ordinary Shares of K0.01 each.

The shareholding structure at year end was as follows:-

	2024	2023
	%	%
Press Trust	47.58	47.58
Old Mutual Life Assurance Company Limited	16.52	16.36
Others	35.90	36.06
	100.00	100.00

5. DIVIDENDS

The net profit attributable to owners of the Company for the year of K64.7 billion (2023: K40.4 billion) has been added to retained earnings. Interim dividend paid for 2024 was K1 353 million (2023: K1 082 million) representing K11.25 per share (2023: K9.00). This amounted to MK11.25 per ordinary share (2023: MK9.00). A final dividend for the year ended 31 December 2024 will be considered before the date of the next Annual General Meeting.

6. DIRECTORATE AND COMPANY SECRETARY

The names of the Company's directors and secretary are listed below:-

Mr. R Mwadiwa	Chairman	Throughout the year	Non-executive
Mr. J Nsomba	Director	Throughout the year	Non-executive
Mr. G Ngalamila	Director	Throughout the year	Non-executive
Mr. S Malata	Director	Throughout the year	Independent non-executive
Mr. D Mawindo	Director	Throughout the year	Non-executive
Mrs. B Mahuka	Director	Throughout the year	Non-executive
Dr. R. Mangani	Director/Chief Executive Officer	Throughout the year	Executive
Ms. M Mbeye	Company Secretary	Throughout the year	Executive

7. DIRECTORS' REMUNERATION

The directors' fees and remuneration for the Group and its subsidiaries was as follows:

Entity	Non-executive Directors fees and expenses K' million	Executive Directors remuneration K' million	Total K' million
For the year ended 31 December 2024			
Press Corporation plc	379	301	680
Telekom Networks Malawi plc	278	-	278
National Bank of Malawi plc	1 032	994	2 026
The Foods Company Limited	9	-	9
Malawi Telecommunications Limited	31	133	164
Presscane Limited	189	-	189
Press Properties Limited	81	-	81
Ethanol Company Limited	163	174	337
	2 162	1 602	3 764
For the year ended 31 December 2023			
Press Corporation plc	274	156	430
Telekom Networks Malawi plc	235	-	235
National Bank of Malawi plc	656	948	1,604
The Foods Company Limited	15	-	15
Malawi Telecommunications Limited	33	64	97
Presscane Limited	256	-	256
Press Properties Limited	44	-	44
Ethanol Company Limited	82	-	82
	1 595	1 168	2 763

8. DIRECTORS' TENURE POLICY

In accordance with the Articles of Association, non-executive Directors are appointed by the shareholders with at least 10% shareholding; namely Press Trust and Old Mutual plc with the exception of one independent Director (Mr. S. Malata) who is nominated by the Board of Directors and confirmed by the Annual General Meeting.

At the annual general meeting of the company in every year, one-third of the non-executive directors shall retire from office. The directors to retire in every year shall be those who have been longest in office since their last election or have been appointed by the directors since the last annual general meeting. A retiring director is eligible for re-election. Notwithstanding this, non-executive Directors appointed by the major shareholders may be recalled by the particular appointing major shareholder.

Executive Directors are appointed by the Board and their tenure is as per the terms of their contract of employment.

On termination of the contract, a three months' notice in writing must be given in case of Executive Directors whereas Non-executive Director's termination of their appointment is effective immediately when the notice of termination of their appointment is delivered to the Company Secretary. There is no predetermined compensation on termination of the appointment of Non-executive Directors.

9. DIRECTORS' INTERESTS

The interests of the Directors in office in the shares of the Group and its subsidiaries as at 31 December 2024 is as follows;

		Number of shares held (ordinary shares)	
Director	**Company**	**2024**	**2023**
Mr. J Nsomba	National Bank of Malawi plc	758	758
Mr. S Malata	Telekom Networks Malawi plc	827 426	779 125
Mr. S Malata	National Bank of Malawi plc	33 050	10 533
Mr. S Malata	Press Corporation plc	250	-
Mr. R Mwadiwa	Telekom Networks Malawi plc	18 800	18 800
Mr. R Mwadiwa	Press Corporation plc	2 000	2 000
Mr. R Mwadiwa	National Bank of Malawi plc	1 225	1 225
Mr. G Ngalamila	National Bank of Malawi plc	18 428	2 000
Mr. G Ngalamila	Press Corporation plc	791	791
Mr. D Mawindo	Press Corporation plc	500	500

None of the Directors had, during the year ended 31 December 2024 (2023: nil), an interest in any material contract relating to the business of the Company or of any of its subsidiary undertakings.

10. DONATIONS

As part of its corporate social responsibility, the Group and its subsidiaries made charitable donations of K648 million (2023: K689 million) as shown below;

	2024 K' million	2023 K' million
Malawi Telecommunications Limited	-	6
Telekom Networks Malawi plc	32	44
National Bank of Malawi plc	458	478
Ethanol Company Limited	80	41
Presscane Company Limited	33	78
Press Properties Limited	1	3
Press Corporation plc	44	39
	648	689

11. AUDITORS

These consolidated and separate financial statements were audited by Ernst & Young, Chartered Accountants, P O Box 530, Blantyre. Resolutions concerning the appointment of auditors of the Group for the year ending 31 December 2025 and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

12. AUDITORS REMUNERATION

The agreed fees payable by the Group and its subsidiaries to their auditors for financial audit and non-financial audit services are as follows:

Entity	Financial audit K' million	Half year results review K' million	Agreed upon procedures K' million	Tip-offs Anonymous K' million	IT system review K' million	Total K' million
For the year ended 31 December 2024						
Press Corporation plc	185	-	-	-	-	185
Telekom Networks Malawi plc	261	32	-	13	-	306
National Bank of Malawi plc	463	31	40	-	-	534
The Foods Company Limited	37	7	-	-	-	44
Malawi Telecommunications Limited	105	9	-	3	-	117
Presscane Limited	42	10	-	-	-	52
Press Properties Limited	37	7	-	-	-	44
Ethanol Company Limited	48	12	2	-	-	62
	1 178	108	42	16	-	1 344

12. AUDITORS REMUNERATION (CONTINUED)

Entity	Financial audit K' million	Half year results review K' million	Agreed upon procedures K' million	Tip-offs Anonymous K' million	IT system review K' million	Total K' million
For the year ended 31 December 2023						
Press Corporation plc	226	50	-	3	-	279
Telekom Networks Malawi plc	292	32	-	12	18	353
National Bank of Malawi plc	554	-	-	-	-	554
The Foods Company Limited	29	7	-	-	-	35
Malawi Telecommunications Limited	80	8	-	3	-	91
Presscane Limited	54	10	-	3	-	67
Press Properties Limited	22	6	-	-	-	28
Ethanol Company Limited	27	8	-	2	-	37
	1 284	121	-	23	18	1 446

The Directors are satisfied that the provision of non-audit services did not compromise the auditor independence.

13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Directors have made an assessment of the impact of climate change on the group's and company's assets, financial performance and the ability to continue as a going concern. The Directors are of the opinion that risks associated with climate change do not pose any significant negative impact on the group's assets, financial performance and its going concern. The group will continue monitoring and assessing the impact of climate change and make necessary adjustments to ensure it remains a going concern.

The Directors are cognisant of the requirement from Malawi Stock Exchange that listed companies thereon adopt Environmental, Social and Governance (ESG) reporting framework as per GRI Sustainability Reporting Standards issued by the Global Sustainability Standards Board (GSSB) effective 31 December 2024.

The directors are aware of the standards and the group is establishing policies and processes to ensure compliance with the MSE requirements when the standards become effective.

Press Corporation plc is committed to operating in an ethical and sustainable manner through its subsidiaries, joint ventures and associates. Due to the multifaceted nature of the business as a conglomerate, the Group sustainability practices aim to address the unique challenges and opportunities that each business unit faces whilst aligning with the overarching corporate values.

The Group is committed to reducing waste, emissions, and water usage through strategic investments and innovations that increase efficiencies in manufacturing processes. Strategic investments currently being deployed will enable our ethanol plants to recycle and reuse wastewater generated with the aim of significantly reducing the company's water footprint. This initiative will not only improve water conservation to Shire River in Chikwawa but also reduce the risk of environmental damage from spillage of wastewater into the nearby farmlands.

The Group's commitment to sustainability has been showcased in two major projects that were initiated during the year. The "Press for Nature" initiative which kicked off in Chikwawa is a Group reforestation initiative which aims to plant and nurture 20,000 trees. PCL's investment in the 50-megawatt solar project located in Nkhoma, Lilongwe, which will provide clean, renewable energy into the national grid is a testament to the Group's commitment to sustainability and its role in contributing to the well-being and development of Malawi.

In keeping with the people centred value, the Group places priority in maintaining a very safe working environment. To this end, various health and safety initiatives are deployed across the Group and these have significantly reduced accidents and near misses. In addition to this, the Group places emphasis on skills development which is core to driving sustainable shareholder value. The Group has invested in developing its people through various programs such as Leadership Development Programs and assisting employees to pursue higher education. Externally, the Group focuses on Creating Shared Value (CSV), which focuses on rural development, environment, health and safety, and education, thereby enabling cleaner, healthier and empowered communities.

To live by our value of integrity, which commits the Group to conducting its business in transparent and ethical manner, and

Financial Statements

13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

to ensure that there is accountability to all stakeholders, PCL ensures that all business units operate with solid governance practices. Emphasis is placed on risk management and compliance to ensure that the Group adheres to all regulatory and governance requirements.

To ensure that our commitment to sustainability issues across the Group are deliberate, coordinated and consistent, PCL is finalizing the development of its ESG framework and policy. The Framework and policy will allow business units in the Group to tailor ESG initiatives to their specific contexts, whilst maintaining a unified corporate vision. In preparing these ESG disclosures, the Group has made reference to the Global Reporting Initiative (GRI) Standards and the Malawi Stock Exchange Listing Requirements which require listed companies to disclose sustainability issues by applying the GRI Standards.

The directors are aware of the standards and the group is establishing policies and processes to ensure compliance with MSE requirements when the standards become effective

ESG highlights

Below are some of the PCL Group ESG highlights for the year ending 31st December 2024.

13.1 Environment

13.1.1 Renewable energy
- Investment in a 50MW solar plant in Nkhoma, Lilongwe. Total investment estimated at $55.1 million.
- 45 ATMs out of 135 ATMs are running on solar power.
- 1 service centre solarized.

13.1.2 Carbon emissions
- Implementation of carbon offset initiatives through sustainable sugarcane farming in Chikwawa. PressCane's
- Investment into biogas generation to reduce the reliance on coal.
- Investment into a carbon dioxide plant to capture emissions from ethanol fermentation processes.

13.1.3 Water resource management
- Investment into water recycling systems to reduce total water demand and wastewater discharge.

13.1.4 Green lending
- New green products created – Energy Financing Product.
- New partnerships to promote green initiatives.

13.1.5 Tree planting
- Rolled out a Group-wide initiative to plant and nurture 20,000 trees over a 2-year period.

13.2 Social

13.2.1 Enhancing health and safety
- Implementation of robust integrated risk management systems built upon principles of ISO 45001:2018 (Occupational Health and Safety Management System) in the Ethanol businesses.

13.2.2 Community engagement and support
- Allocation of 1% of prior year profits to CSV initiatives by our ethanol business in Dwangwa in four focus areas namely; Education, Health and Safety, Rural Development and Environment.
- 164 contractors employed and MK76 million spent as part of the CSV initiatives.

13.2.3 Leadership development
- Managers at different levels across the Group enrolled into a Leadership Development Program.

14. CORPORATE GOVERNANCE

The Group continues to embrace and abide by the main principles of modern corporate governance as contained in the Malawi Code II (Code of Best Practice for Corporate Governance in Malawi). In this regard, the Group has at Board level, a Board Audit and Finance Committee, Investment Committee and a Board Appointments and Remuneration Committee. The Committees comprise of Non-Executive Directors.

15. OVERVIEW OF SUBSIDIARIES

The Group carried out its activities through its main subsidiaries namely; National Bank of Malawi plc, Malawi Telecommunications Limited, Telekom Networks Malawi plc, Ethanol Company Limited, Presscane Limited, Press Properties Limited and The Foods Company Limited.

The Company's shareholding in the subsidiaries, their principal activities and financial performance is disclosed in note 13 of the consolidated and separate financial statements.

15.1 Subsidiaries' corporate governance

The subsidiaries have their own Boards of Directors having the rights and obligations to manage such companies in the best interest of the companies. The Company has its representatives on the boards of subsidiary companies and monitors the performance of the companies regularly.

Information about subsidiaries' Board of Directors and their interest in shares, if any, in the respective subsidiary is shown below;

15.2 Subsidiaries' Board of Directors

During the year ended 31 December 2024, none of the subsidiary company directors had an interest in any material contract relating to the businesses of the subsidiaries.

Subsidiary	Directors	Tenure	Directors Interest in shares of the subsidiary
National Bank of Malawi Plc	Mr. J Lipunga	All year – Chairperson	None
	Mr. J Mhura	All year	None
	Mr. J Nsomba	All year	758 (2023:758)
	Dr L Chithambo	All year	None
	Ms. M Mbeye	All year	1,000 (2023:1,000)
	Mr. C Mzengereza	All year	None
	Mr. R Banda	All year	None
	Mrs. D Ngwira	Up to 30 July 2024	None
	Mrs. B Nyirenda	All year	None
	Mr M Nkhoma	All year	None
	Dr. B. Malunga	Up to 31 August 2024	None
	Mr M Kawawa	Up to 30 June 2024	None (2023: 128,255)
	Mr. H Jiya	All year	89,648 (2023: 48,813)
	Mrs. Zunzo Mitole	All year – Company Secretary	None
Malawi Telecommunications Limited	Dr L Chithambo	All year	None of the Directors had interest in shares of Malawi Telecommunications Limited
	Mr. M Katsala	All year	
	Ms. M Mbeye	All year	
	Mr. T Manda	All year	
	Mr. D Milandu	All year	
	Ms. C Khaki	All year	
	Secretary to the Treasury	All year	
	Principal Secretary for Information	All year	
	Dr. H Gombachika	All year	
	Mrs. C Trigu	All year – Company Secretary	

15. OVERVIEW OF SUBSIDIARIES (CONTINUED)

15.2 Subsidiaries' Board of Directors (Continued)

Subsidiary	Directors	Tenure	Directors Interest in shares of the subsidiary
Telekom Networks Malawi Plc	Mr. T Sauti-Phiri	All year – Chairperson	None
	Mr. L Katandula	All year	1,370,000 (2023: 1,370,000)
	Dr L. Chithambo	All year	10,000 (2022: 10,000)
	Mrs. M Nyambose	All year	None
	Mr. K. Phiri	All year	None
	Mr. G Chungu	All year	None
	Mr. T Jack	All year	None
	Dr. R Mangani	All year	None
	Mrs. Nitta Chikaipa	Company Secretary (Up to January 2024)	None
	Chisomo Governor	Company Secretary (From February 2024)	None
Ethanol Company Limited	Dr D Lanjesi	Chairperson up to March 2024 (Resigned)	None of the Directors had interest in shares of Ethanol Company Limited
	Dr L Chithambo	All year- Chairperson (April to June 2024)	
	Mr. B Jere	All year	
	Mr. W Mabulekesi	All year	
	Mr. F Honde	All year - Chairperson (from July 2024)	
	Mr. J Ngolombe	All year	
	Ms. M Mbeye	All year	
	Mrs. L Chakaniza	All year	
	Dr B. Malunga	From September 2024	
	Mr. T Chavura	All year – Company Secretary (Up to June 2024)	
	Mr. C. Mbewe	Company secretary (from July 2024)	
Presscane Limited	Mr. P Guta	All year – Chairperson	None of the Directors had interest in shares of Presscane Limited except for Mr. R R Patel and Mr. R Patel who had 49.9% indirect interest in shares of the company through their other business interest – Cane Products Products Limited
	Dr L Chithambo	All year	
	Ms. C Khaki	All year	
	Mr. K Tembo	All year	
	Mr. RR Patel	All year	
	Mr. R Patel	All year	
	Mr. J Koreia-Mpatsa	All year	
	Mrs. C Chihana	All year – Company Secretary	
Press Properties Limited	Mr. C. Mkandawire	All year – Chairperson	None of the Directors had interest in shares of Press Properties Limited
	Mr. M. Zeleza	All year	
	Mr. S. Bisani	All year	
	Mrs. M. Mulaga	All year	
	Mr. R. Matemba	All year	
	Mr. G. Kunje	All year	
	Ms. C. Khaki	All year – Company Secretary	
The Foods Company Limited	Dr C. Guta	All year – Chairperson	None of the Directors had interest in shares of The Foods Company Limited
	Prof. J Kang'ombe	All year	
	Ms. M Mbeye	All year	
	Mrs. B Chilima	All year	
	Dr S Chimatiro	All year	
	Ms. R. Kamoto	All year	
	Ms. C. Khaki	All year – Company Secretary	

Chairman
Mr. R Mwadiwa

Chief Executive Officer
Dr. R Mangani

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Press Corporation plc and its subsidiaries, comprising the consolidated and separate statements of financial position at 31 December 2024, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated ad separate financial statements, which include a summary of material 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 Act also requires the Directors to ensure that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act,2013.

In preparing the consolidated and separate financial statements, the Directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- 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 Group and the Company will continue in business.

The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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' responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated and separate financial statements.

The auditor is responsible for reporting on whether the consolidated and separate financial statements show a true and fair view in accordance with the applicable financial reporting framework.

Approval of the consolidated and separate financial statements

The consolidated and separate financial statements, as indicated above, were approved by the board of Directors on **25 April 2025** and are signed on its behalf by

....
Chairman
Mr. R Mwadiwa

....
Chief Executive Officer
Dr. R Mangani

Shape the future
with confidence

Chartered Accountants (Malawi)
Apex House
Kidney Crescent
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRESS CORPORATION PLC

Opinion

We have audited the consolidated and separate financial statements of Press Corporation plc and its subsidiaries ("the Group"), set out on pages 64 to 189 which comprise the consolidated and separate statements of financial position as at 31 December 2024, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board(IASB), *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 consolidated and separate Financial Statements* section of the report. We are independent of the Group and Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. The matter noted below was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. For the key audit matters noted below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report, including in relation to the key audit matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies to the audit of the consolidated and separate financial statements.

Key Audit Matters (Continued)

Level	Key audit Matter
Separate financial statements	**Valuation of unquoted equity investments** The disclosures associated with unquoted equity investments in subsidiaries, associates and joint ventures are set out in the financial statements in the following notes: • Note 3.2 - Basis of accounting- Investments in subsidiaries, joint ventures and associates are measured at fair value in the company financial statements. • Note 3.22(iii) Financial assets designated at fair value through OCI (equity instruments) • Note 3.5-Investments in associates and Joint Ventures • 4.1.5 - Critical judgements in applying accounting policies: Valuations of unlisted companies, land and buildings and investment properties • Note 13 - Investments in subsidiaries • Note 14 - Investments in joint ventures • Note 15- Investments in associates

Key Audit Matter

Valuation of unquoted equity investments	How the matter was addressed in the audit
We identified the audit of valuation of unquoted equity investments as a key audit matter considering the following: The Company's total amount of unquoted equity investments in subsidiaries, joint ventures and associates of MK180.2 billion as at 31 December 2024 representing 16 % of total assets and the associated net fair value gain of MK38.4 billion are material to the separate financial statements. The unquoted equity investments are carried at their estimated fair values in accordance with International Private Equity and Venture Capital Association ("IPEV") valuation guidelines and IFRS 13 *"Fair Value Measurement"* There is a high degree of estimation uncertainty, significant judgements and assumptions applied in estimating the unquoted equity investments. 1. **Valuation methodology** The company used various methodologies namely Discounted Cash Flow (DCF),Price-to- Earnings Multiple, Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA),Price to book and Adjusted Net Asset Value (NAV) as disclosed in notes 13,14 and 15 to value the unquoted investments. Choosing the appropriate method to value the unquoted investment requires significant judgement. 2. **Assumptions and inputs** The valuations of unlisted investments in subsidiaries, associates and joint ventures are complex and require the application of significant judgments and assumptions by experts such as cost of capital used in the determination of future discounted cash flows, growth rates, market multiples, control premiums and marketability discounts used in the determination of values using the market approach valuations methods.	• We reviewed the terms of references or the engagement agreement between the company and valuation experts to ensure that the scope of their work is aligned with the requirements of IFRS 13. • We assessed whether the management expert has the qualification, professional competence and objectivity as required by the auditing standards and section 131 of the Companies Act,2013. • We obtained valuation reports prepared by management external valuation experts and reviewed the accuracy and completeness of the information used by valuation experts by agreeing to the supporting documentation. • We tested the design and implementation of the relevant controls related to the valuation of unlisted investments including management's determination and approval of assumptions and methodologies used in model-based calculations as well as management's review of valuations provided by the experts. • We engaged SaT team, EY internal valuation specialists to assess the appropriateness of the valuation techniques used to value the unlisted equity investments, evaluated the assumptions used in the valuation such as reasonableness of discount rates used for Discounted Cash Flow (DCF) and adjustment of the observable multiples used for size, risk, geography and diversification discount, control premium, minority and lack of marketability discounts relating to the Enterprise value to EBITDA ratio, Price Earnings and Price to book approaches. • We reviewed financial statements disclosures in relation to valuation of unlisted equity investments that are appropriate and adequate in line with the requirements of IFRS 13.

Key Audit Matters (Continued)

Level	Key audit matter
Consolidated Financial Statements	**Expected credit losses** The disclosures associated with Credit Risk are set out in the consolidated and separate financial statements in the following notes: • Note 3.22.3 – Impairment of financial assets. • Note 3.24.3(v) – *Measurement and recognition of Expected Credit Losses for loans and advances* • Note 5.4 - Credit risk • Note 16 - *Loans and advances*
Valuation of expected credit losses on loans and advances	**How the matter was addressed in the audit**
We identified the audit of expected credit losses (ECL) as a key audit matter considering the following: The Group's loan and advances at MK440.2 billion representing 20 % of total assets and the associated impairment provisions for expected credit losses of MK13.5 billion are material to the consolidated financial statements. The high degree of estimation uncertainty, significant judgements and assumptions applied in estimating the ECL on loans and advances to customers. High volume of data extracted from the system to the end user computing tool. This increases the risk around accuracy and completeness of data used to create assumptions and operate the ECL model. The Significant portion of ECL is calculated on a modelled basis. The development and execution of the model requires significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD) model parameters. Significant increases in credit risk (SICR) are assessed based on the current risk of default of an account relative to its risk of default at origination. This assessment incorporates judgement and estimation by management, including impact of external factors. In particular we have focussed on the following areas of significant judgement: Determination of expected credit losses require consideration of multiple forward-looking macro-economic factors, including consideration of observable relationships between these factors and Non-Performing Loans (NPL) in the past projected into the future. The key factors considered by the bank include inflation, Gross Domestic Product (GDP), interest rates, fuel prices, and historical correlations between these inputs against the NPL rate. Calculation of expected losses utilizes models that utilize collateral reports from valuers, legal experts and credit specialists. Extensive disclosures are required in the financial statements in order to allow users of the financial statements to understand the additional level of judgement applied by management, this included additional disclosure with regards to management adjustments and sensitivity analyses. Due to the extensive nature of these disclosures which are non- routine and very specific to the environmental conditions, this required significant audit effort to assess the reasonability and compliance with International Financial Reporting Standards (IFRS). There are prudential requirements to be complied with in determination of expected credit losses for compliance reporting. Management has to consider these requirements and customize their models accordingly, including treatment of differences between the two reporting frameworks.	**Our response to the key audit matter included performing the following audit procedures:** • We obtained an understanding of the Group's policies and procedures, including controls in place around determination of expected credit losses. We confirmed our understanding of the design and the operating effectiveness of the key controls over the processes of credit assessment, loan classification and loan impairment assessment including the oversight role of those charged with governance in the determination, accounting and reporting of expected credit losses. • We carried out procedures to ensure the data being used in the models is complete, accurate, and that assumptions used are reasonable and supportable. • Our internal specialists reviewed the models used to process data and the alignment of these models to the 'methodology' and recalibrations approved for use by the Group. • We assessed the input assumptions applied within the PD, EAD and LGD models (including forward looking information) for compliance with the requirements of IFRS 9 – *Financial Instruments* ("IFRS 9"). In addition, our procedures included assessing the appropriateness of the models through reperformance and validation procedures. • We obtained an understanding of the relevant internal controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures, key system reconciliations and collateral management. • Evaluated the appropriateness of the Significant Increase in Credit Risk (SICR) criteria used by assessing reasonableness of qualitative staging decisions such as the borrower's financial performance and accuracy of quantitative staging criteria based on days past due. We assessed the appropriateness of the macro-economic forecasts and scenario weightings by benchmarking these against external evidence and economic data. Our internal specialists reviewed the correlation between probabilities of default and external macro-economic factors using historical data and results thereof, including reviewing the appropriateness of the statistical methodologies used to project these relationships in the future. For collateral held, we inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral. The collateral valuation techniques applied by management were benchmarked to the market practice and values compared to market achievable disposal values on the market.

Key Audit Matters (Continued)

Level	Key audit matter
Consolidated Financial Statements	Valuation of insurance contract liabilities at National Bank of Malawi plc level through its subsidiary United General Insurance Company Limited. The disclosures associated with valuation of insurance contract liabilities are set out in the consolidated financial statements in the following notes: • Note 35.4 - Insurance contract liabilities and assets
Valuation of insurance contract liabilities	**How the matter was addressed in the audit**
At 31 December 2024, insurance contract liabilities amounted to MK9.5 billion and represent a significant portion of total liabilities The liability of incurred claims and liability for remaining coverage for the insurance liabilities were determined using Premium Allocation Approach. (PAA) There is a high degree of complexity involved in estimating elements such as present values of expected future cash flows (PVFCF), appropriate discount rates and the compensation required for non-financial risk and eligibility of Premium Allocation approach. These elements are estimated with the help of complex statistical and actuarial models which require input from specialists, using assumptions about the future which are often based on a mixture of past data and expert judgement. There is a range of possible methodologies for developing estimates which comply with the principles of IFRS 17. The selection and application of an appropriate methodology requires the exercise of significant professional judgement. The actuarial assumptions and methodologies that involve management's judgements about future events, both internal and external to the Group, for which small changes in the assumptions used could result in a material impact to the valuation of insurance contract assets and liabilities. The actuarial valuations are based on complex models and methodologies for which inadequate assumptions and or inaccurate input data may be used. Accordingly, given the complexity, significant judgement and estimation uncertainty involved, we have identified insurance contract liabilities as a key audit matter which includes PVFCF and risk adjustments for the remaining coverage and eligibility of Premium Allocation approach	**Our response to the key audit matter included performing the following audit procedures** We obtained an understanding of the insurance contract liabilities valuation process with the focus on understanding the Group's IFRS 17 approaches for classification of insurance contracts for the purpose of measuring insurance contract liabilities. We obtained an understanding of the insurance contract liabilities valuation process with the focus on understanding the Group's IFRS 17 approaches for classification of insurance contracts for the purpose of measuring insurance contract liabilities. • We evaluated the process, the design and implementation of controls in place to determine valuation of insurance contract liabilities. • We assessed the competence, capabilities and objectivity of the management appointed actuary. • We tested the completeness and accuracy of data inputs into the actuarial models by tracing a sample of data inputs back to the information sourced by management. • We reviewed reasonableness of the inputs into the valuation of insurance contract liabilities, including evaluating the nature, timing and completeness of changes recorded, and assessing whether individual changes were errors or refinements of estimates. • We involved our internal specialist to evaluate the appropriateness methodology used, significant assumptions such as risk adjustment for non-financial risk, PAA eligibility assessment, discount rates, and expenses within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied. • We independently reperformed the calculation to assess the mathematical accuracy of the insurance contract liabilities on selected classes of business, particularly focusing on largest and most reserves.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report and the directors statement of responsibilities for the year ended 31 December 2024. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board(IASB) , 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Company's and the Group'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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Other matter

The consolidated and separate financial statements of Press Corporation plc for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 8 May 2024.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and Company's internal control.
- Evaluate the appropriateness of Material accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group's and 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 consolidated and separate 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 Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRESS CORPORATION PLC (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its business activities to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Chartered Accountants (Malawi)
Macdonald Kamoto-Partner
Registered Practicing Accountant

30 April 2025

Financial Statements

As at 31 December 2024

In millions of Malawi Kwacha

		Group		Company	
Assets	**Notes**	**2024**	**2023**	**2024**	**2023**
Non-current assets					
Property, plant and equipment	7	215 531	179 662	2 920	2 798
Right-of-use assets	8.1	26 735	17 386	-	-
Biological assets	9.1	185	182	-	-
Goodwill	10	5 545	4 547	-	-
Intangible assets	11	31 661	20 560	176	196
Investment properties	12	22 565	17 986	627	570
Investments in subsidiaries	13.2	-	-	1 020 125	652 627
Investments in joint ventures	14.2	23 728	20 449	27 396	21 165
Investments in associates	15.2	73 162	52 592	74 784	52 651
Loans and advances to customers	16	291 315	267 233	-	-
Finance lease receivables	17	32 043	23 604	-	-
Contract assets	35	542	711	-	-
Long term receivable – other	18	8	26	-	-
Investments in government securities and equity	19	395 448	190 671	9 420	7 497
Deferred tax assets	20	10 506	9 368	945	634
Total non-current assets		1 128 974	804 977	1 136 393	738 138
Current assets					
Inventories	21	8 232	4 298	18	10
Biological assets	9.1	585	389	-	-
Loans and advances to customers	16	134 303	105 850	-	-
Finance lease receivables	17	2 163	1 754	-	-
Investments in government securities and equity	19	276 553	246 786	-	-
Amounts due from related parties	22	-	-	1 668	3 409
Trade and other receivables	23	84 166	53 706	691	1 413
Contract assets	35	604	840	-	-
Other insurance receivables	35.4	109	-	-	-
Re-insurance contract assets	35.4	2 605	-	-	-
Income tax recoverable	25	4 408	3 506	1 111	930
Cash and cash equivalents	26	496 591	361 459	16 114	12 382
		1 010 319	778 588	19 602	18 144
Assets classified as held for sale	24	26 210	21 522	6 061	8 941
Total current assets		1 036 529	800 110	25 663	27 085
Total assets		2 165 503	1 605 087	1 162 056	765 223
Equity and liabilities					
Equity					
Issued capital	27	1	1	1	1
Share premium		2 097	2 097	2 097	2 097
Other reserves	28	111 833	79 885	1 080 742	688 303
Retained earnings		235 506	182 804	64 972	54 852
Total equity attributable to equity holders of the parent		349 437	264 787	1 147 812	745 253
Non-controlling interests		169 570	127 367	-	-
Total equity		519 007	392 154	1 147 812	745 253
Non-current liabilities					
Loans and borrowings	29.1	22 535	41 705	2 418	5 245
Lease liabilities	8.2	6 738	4 587	-	-
Contract liabilities	32	1 230	902	-	-
Deferred tax liabilities	20	9 967	10 629	-	-
Total non-current liabilities		40 470	57 823	2 418	5 245

As at 31 December 2024

In millions of Malawi Kwacha

		Group		Company	
	Notes	**2024**	**2023**	**2024**	**2023**
Current liabilities					
Bank overdraft	26	8 889	11 716	-	8 020
Loans and borrowings	29.1	26 148	21 695	2 836	5 094
Lease liabilities	8	2 361	821	-	-
Provisions	30	16 133	6 704	7 559	-
Income tax payable	31	36 522	22 164	2	297
Trade and other payables	32	165 240	113 963	1 353	1 261
Contract liabilities	32	8 405	6 192		-
Insurance contract liabilities	35.4	9 488	-	-	-
Reinsurance contract liabilities	35.4	203	-	-	-
Amounts due to related parties	33	-	-	76	53
Customer deposits	34	1 305 316	949 090	-	-
		1 578 705	1 132 345	11 826	14,725
Liabilities directly associated with assets classified as held for sale	24	27 321	22 765	-	-
Total current liabilities		1 606 026	1 155 110	11 826	14 725
Total liabilities		1 646 496	1 212 933	14 244	19 970
Total equity and liabilities		2 165 503	1 605 087	1 162 056	765 223

The financial statements of the Group and Company were approved for issue by the Board of Directors on **25 April 2025** and were signed on its behalf by:

....

Chairman

Mr. R Mwadiwa

....

Chief Executive Officer

Dr. R Mangani

The notes on pages 71 to 189 are an integral part of these consolidated and separate financial statements.

For the year ended 31 December 2024
In millions of Malawi Kwacha

	Notes	Group 2024	Group 2023	Company 2024	Company 2023
Revenue	35	314 306	237 597	34 208	28 693
Interest revenue	35	234 699	156 821	-	-
Insurance revenue	35	10 628	-	-	-
Direct trading expenses	36	(157 658)	(106 284)	-	-
Gross profit		401 975	288 134	34 208	28 693
Other operating income	37	19 971	17 978	247	228
Insurance service expenses	40	(7 504)	-	-	-
Distribution expenses	38	(7 252)	(5 178)	-	-
Impairment losses on financial assets	39	(13 515)	(8 422)	(138)	(139)
Administrative expenses	40	(180 961)	(144 712)	(12 717)	(3 437)
Operating profit before finance income and finance costs		212 714	147 800	21 600	25 345
Finance income	41	3 520	7 032	1 969	5 557
Finance costs	41	(21 562)	(31 970)	(4 592)	(5 056)
Net finance (costs)/income		(18 042)	(24 938)	(2 623)	501
Share of results of equity-accounted investees	42	12 672	4 056	-	-
Impairment and reversal on equity accounted investments	42	118	1 619	-	-
Profit before income tax		207 462	128 537	18 977	25 846
Income tax expense	43	(81 113)	(53 491)	(3 054)	(2 180)
Profit for the year		126 349	75 046	15 923	23 666
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Gain on property revaluation	28	9 172	8 543	199	187
Share of other comprehensive income of equity accounted investments	42	18 038	12 941	-	-
Fair value gain on investments in equity instruments designated as at fair value through other comprehensive income (FVTOCI)	13,14 & 15	2 908	4 057	392 240	184 198
Income tax relating to items that may not be reclassified subsequently to profit or loss	20	(3 670)	(14 077)	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences on translation of foreign operations		3 206	1 725	-	-
Other comprehensive income for the year (net of tax)		29 654	13 189	392 439	184 385
Total comprehensive income for the year		156 003	88 235	408 362	208 051
Profit attributable to:					
Equity holders of the parent		64 673	40 421	15 923	23 666
Non-controlling interests		61 676	34 625	-	-
Profit for the year		126 349	75 046	15 923	23 666
Total comprehensive income attributable to:					
Equity holders of the parent		90 192	55 896	408 362	208 051
Non-controlling interests		65 811	32 339	-	-
Total comprehensive income for the year		156 003	88 235	408 362	208 051
Earnings per share					
Basic and diluted earnings per share (K)	44	538.04	336.28		

For the year ended 31 December 2024
In millions of Malawi Kwacha

Group	Issued capital	Share premium	Other reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total Equity
2024							
Balance at 1 January 2024	1	2 097	79 885	182 804	264 787	127 367	392 154
Profit for the year	-	-	-	64 673	64 673	61 676	126 349
Other comprehensive income	-	-	25 038	-	25 038	4 616	29 654
Total comprehensive income for the year	-	-	25 038	64 673	89 711	66 292	156 003
Depreciation transfer - land and buildings (note 28)	-	-	447	-	447	420	867
Excess depreciation eliminated on revaluation (note 28)	-	-	6 463	(6 168)	295	(295)	-
Non-controlling interests arising on business combinations	-	-	-	-	-	1 515	1 515
Dividends to equity holders	-	-	-	(5 803)	(5 803)	(25 729)	(31 532)
Balance at 31 December 2024	1	2 097	111 833	235 506	349 437	169 570	519 007
2023							
Balance at 1 January 2023	1	2 097	63 672	147 190	212 960	119 018	331 978
Profit for the year	-	-	-	40 421	40 421	34 625	75 046
Other comprehensive income	-	-	15 668	(193)	15 475	(2 286)	13 189
Total comprehensive income for the year	-	-	15 668	40 228	55 896	32 339	88 235
Depreciation transfer - land and buildings (note 28)	-	-	(173)	173	-	89	89
Excess depreciation eliminated on revaluation	-	-	718	(161)	557	(147)	410
Dividends to equity holders	-	-	-	(4 626)	(4 626)	(23 932)	(28 558)
Balance at 31 December 2023	1	2 097	79 885	182 804	264 787	127 367	392 154

For the year ended 31 December 2024 (CONTINUED)

In millions of Malawi Kwacha

	Issued capital	Share premium	Other reserves	Retained earnings	Total Equity
Company					
2024					
Balance at 1 January 2024	1	2 097	688 303	54 852	745 253
Profit for the year	-	-	-	15 923	15 923
Other comprehensive income (note 28)	-	-	392 439	-	392 439
Total comprehensive income for the year	-	-	392 439	15 923	403 362
Dividends to equity holders	-	-	-	(5 803)	(5 803)
Balance at 31 December 2024	1	2 097	1 080 742	64 972	1 147 812
2023					
Balance at 1 January 2023	1	2 097	503 918	35 812	541 828
Profit for the year	-	-	-	23 666	23 666
Other comprehensive income (note 28)	-	-	184 385	-	184 385
Total comprehensive income for the year	-	-	184 385	23 666	208 051
Dividends to equity holders	-	-	-	(4 626)	(4 626)
Balance at 31 December 2023	1	2 097	688 303	54 852	745 253

For the year ended 31 December 2024

In millions of Malawi Kwacha

	Notes	Group 2024	Group 2023	Company 2024	Company 2023
Profit before income tax		207 462	128 537	18 977	25 846
Adjustments for:					
Depreciation, amortisation, and impairment	40	31 621	31 297	218	176
Impairment reversal of equity investments	42	(118)	(1 619)	-	-
Interest revenue and similar income	35	(234 699)	(156 821)	-	-
Interest expense and similar charges	36	36 851	26 683	-	-
Finance costs	41	21 562	31 970	3 857	5 056
Finance income	41	(3 520)	(7 032)	(1 235)	(5 557)
Share of results from equity accounted investments	42	(12 672)	(4 056)	-	-
Profit on sale of investment property and property, plant and equipment	7&12	(264)	(172)	(1)	-
Loss on disposal of investments		(173)	-	-	-
Fair value adjustments losses, unrealised foreign exchange losses and write-offs		(11 566)	(8 963)	(58)	(64)
Investment dividends		(748)	(460)	(33 651)	(28 136)
Increase/(decrease) in provisions	30	9 429	(1 657)	7 559	-
Operating cash flows before working capital movements		43 165	37 707	(4 334)	(2 679)
Working capital changes:					
Working capital relating to assets and liabilities held for sale	24	(1 615)	1 062	-	-
(Increase)/decrease in inventories	21	(3 934)	1 305	(8)	(3)
Increase in loans and advances to customers	16	(52 535)	(86 738)	-	-
Increase in finance lease receivables	17	(8 848)	(6 103)	-	-
(Increase)/decrease in trade and other receivables	23	(32 769)	(18 518)	722	(35)
Decrease/(increase) in amount dues from related parties	22	-	-	1 741	(2 208)
Increase in trade and other payables	32	63 510	17 528	92	245
Increase in amounts due to related parties		-	-	23	19
Increase in customer deposits	34	356 226	153 530	-	-
Cash generated from/(used in) operations		363 200	99 773	(1 764)	(4 661)
Interest paid		(56 123)	(57 236)	(3 857)	(5 056)
Interest received		238 217	166 437	867	603
Income taxes paid	25, 31	(70 746)	(44 380)	(3 841)	(2 748)
Net cash generated from/(used in) operating activities		474 548	164 594	(8 595)	(11 862)
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(46 125)	(29 627)	(122)	(1 200)
Purchase of intangible assets	11	(15 720)	(6 074)	-	(2)
Purchase of investment property	12	(39)	(22)	-	-
Gross receipts from investments in government securities		172 618	169 354	-	467
Gross payments of investments in government securities		(507 199)	(218 171)	-	-
Purchase of equity investments held for long term appreciation and trading	19.4	(458)	(17 505)	-	-
Proceeds from disposal of equity investments		545	-	-	-
Proceeds/ (purchase) of investments in short term deposits		111 314	(652)	-	-
Proceeds from sale of investment property and property, plant and equipment		2 656	674	2	-
Payments for right of use assets	8.2	(11 717)	(1 253)	-	-
Investment in subsidiaries	13	-	-	(2 664)	(6 135)
Dividend received		5 873	3 212	33 651	28 136
Net cash flow from business combination with United General Insurance Company		872	-	-	-
Net cash (used in)/ generated from investing activities		(287 380)	(100 064)	30 867	21 266

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For the year ended 31 December 2024
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	Notes	Group 2024	Group 2023	Company 2024	Company 2023
Cash flows used in financing activities					
Proceeds from borrowings		8 925	28 612	-	-
Repayments of borrowings		(23 674)	(37 958)	(5 085)	(4 405)
Repayment of principal element of leasing liability	8.2	(2 929)	(4 838)	-	-
Changes in bank overdraft with financing component		2 560	(302)	-	-
Dividend paid to non-controlling interest		(25 729)	(23 932)	-	-
Dividend paid		(5 803)	(4 626)	(5 803)	(4 626)
Net cash used in financing activities		(46 650)	(43 044)	(10 888)	(9 031)
Net increase in cash and cash equivalents		140 518	21 486	11 384	373
Cash and cash equivalents at beginning of the year*		356 072	334 579	4 362	(698)
Effect on foreign exchange rate changes		1	7	368	4 687
Cash and cash equivalents at end of the year	26	496 591	356 072	16 114	4 362

For the year ended 31 December 2024
In millions of Malawi Kwacha

1. GENERAL INFORMATION

1.1 Reporting entity

Press Corporation Plc ('the Company') is a company incorporated in Malawi under the Companies Act, 2013. It was listed on the Malawi Stock Exchange in September 1998.

The Company and its subsidiaries operate in financial services; non-life insurance sector; telecommunications; energy; retail and real estate. The Company has two joint venture companies in the energy and consumer goods sectors. It also has four associates in the telecommunications: agro-industrial and life insurance sector.

The consolidated financial statements as at, and for the year ended, 31 December 2024 comprise the company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates and joint ventures.

The address of its registered office and principal place of business are disclosed in the directors' report together with the principal activities of the Group.

The consolidated and separate financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 25 April 2025.

1.2 Going concern

The directors have, at the time of approving the Consolidated and Separate Financial Statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Companies in the Group declare dividends only when they satisfy the solvency requirements of the Companies Act which requires that dividends can only be declared when companies have adequate resources to meet expenditures in the normal course of business. Dividend distributions are governed by agreed dividend policies which take into consideration the investments and operational requirements of the entities. Where necessary companies in the Group arrange for facilities of varying durations with financial institutions to augment their cashflow requirements. Thus, they continue to adopt the going concern basis of accounting in preparing the Consolidated and Separate Financial Statements.

1.3 Functional and presentation currency

These consolidated and separate financial statements are presented in Malawi Kwacha, which is the functional currency of the principal subsidiaries within the Group. Except as indicated, all financial information presented in Malawi Kwacha has been rounded to the nearest million.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

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

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2024. The amendments had no impact on the Group's financial statements.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are 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 Group are set out below. The Group does not plan to adopt these standards early. New and amended standards and interpretations that are issued but not yet effective will not have a material impact on the Bank's consolidated financial statements.

Lack of Exchangeability (Amendments to IAS 21)
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendments to the SASB standards to enhance their international applicability
The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7) Amended to the requirements related to:
- Settling financial liabilities using an electronic payment system; and
- Assessing contractual cashflow characteristics of financial assets, including those with environmental, social and governance (ECG)-linked feature

Amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:
- Clarifying the application of the 'own-use' requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted but will need to be disclosed

IFRS 18 'Presentation and Disclosure in Financial Statements'
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures
IFRS 19 enables simplification of reporting systems and processes for companies, reducing the costs of preparing eligible subsidiaries' financial statements, while maintaining the usefulness of those financial statements for their users. Subsidiaries applying IFRS Accounting Standards for their own financial statements provide disclosures that are disproportionate to the information needs of their users. Subsidiaries applying the IFRS for SMEs Accounting Standards in preparing their own financial records because the requirements in these Standards differ from those in IFRS Accounting Standards.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

IFRS 19 'Subsidiaries without Public Accountability: Disclosures (Continued)
IFRS 19 will resolve these challenges by:
- Enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements; and
- Reducing the disclosure requirements – IFRS 19 permits reduced disclosures better suited to the needs of the users of subsidiaries' financial statements.

The IASB expects that IFRS 19 would:
- Reduce costs for preparers.
- Improve their application of IFRS Accounting Standards within the Group; and
- Maintain the usefulness of financial statements for the users of an eligible subsidiary's financial statements.

A subsidiary is eligible to apply IFRS 19 if:
a) The subsidiary is not public accountable (broadly speaking, it is not listed on a stock exchange and is not a financial institution); and
b) The subsidiary's intermediate or ultimate parent produces consolidated financial statements that are available for public use and that comply with IFRS Accounting Standards

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

3. MATERIAL ACCOUNTING POLICIES

3.1 Statement of compliance
The consolidated and separate 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 the requirements of the Companies Act, 2013.

3.2 Basis of preparation
The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB), *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 consolidated and separate financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- Financial instruments at fair value through profit or loss are measured at fair value.
- Financial instruments at fair value through other comprehensive income are measured at fair value.
- Biological assets are measured at fair value less costs to sell.
- Investment property is measured at fair value.
- Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.
- Investments in subsidiaries, joint ventures and associates are measured at fair value in the company financial statements.
- Land and buildings are measured at fair value.

The methods used to measure fair values are discussed further in note 5.7. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements and have been applied consistently by Group entities.

3.3 Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities that are controlled by the Company and its subsidiaries. Under IFRS 10, *Consolidated Financial Statements*, control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Basis of consolidation (Continued)

When the Company has less than a majority of the voting rights of an investee, it has power when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income and financial position from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In the separate financial statements the equity investments are measured at fair value through other comprehensive income. These are valued on a regular basis by external valuers.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group has directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred except for instances where equity instruments are issued.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income taxes and IAS 19 Employee benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share based payment at the acquisition date; and

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Business combinations (Continued)

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assts. The choice of measurement basis is made on a transaction by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arisings from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss when such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described at note 3.6 below.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Investments in associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

In the Company's separate financial statements, investments in associates and joint ventures are carried at fair value through other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IFRS 9 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.7 Revenue recognition

The Group's revenue arises mainly from provision of mobile telecommunication services, mobile money services, sale of goods – retail and other, interest income and fees and commission. The Company's main revenue is dividend income.

3.7.1 Provision of mobile telecommunication services

The Group generates revenue from providing mobile telecommunication services such as network services (comprising prepaid, data, international incoming, messaging, enterprise business services, postpaid and roaming), mobile money (mpamba) services, as well as from the sale of various devices. These products and services are either sold separately or in bundled packages. The typical length of a contract for post-paid bundled package is 24 months.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties such as taxes. The group recognises revenue when it transfers control of a product or as services are rendered to a customer.

Bundled packages

For bundled packages, the group accounts for individual products and services separately if they are distinct - i.e., if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the group sells mobile devices and network services separately.

Mobile telecommunications services

These comprise of prepaid, data, international incoming, messaging, enterprise business services, postpaid and roaming, mobile money services and from the sale of various devices.

Enterprise business services relate to speed based internet services and virtual private network (VPN) solutions which allows customers to access the network and are sold to companies and non-governmental organisations. The services are sold based on fixed bandwidth.

Mobile telecommunications services are considered to represent a single performance obligation as all are provided over the Telekom Networks Malawi plc network and transmitted as data representing a digital signal on the network.

The transmission of data consume network bandwidth and therefore, irrespective of the nature of the communication, the subscriber ultimately receives access to the network and the right to consume network bandwidth. Network services are, therefore, viewed as a single performance obligation represented by capacity on the Telekom Networks Malawi plc network.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue recognition (Continued)

3.7.1 Provision of mobile telecommunication services (Continued)

Mobile telecommunications services (Continued)

Revenue from telecommunication services is recognized over time when the customer has received access to the network and has used the service. This faithfully depicts the transfer of the service to the customer as it is the actual point at which the customer enjoys the service.

Devices

The group sells a range of devices. The group recognises revenue when customers obtain control of devices, normally being when the customers take possession of the devices. For devices sold separately, customers pay in full at the point of sale. For devices sold in bundled packages, customers usually pay monthly in equal instalments over a period of 24 months. Contract assets are recognised when customers take possession of devices.

The Group assesses the contract handsets which are bundled with postpaid and prepaid contracts that run over a period of 24 months to determine if they contain a significant financing component. The Group does not charge a premium for selling these handsets in bundled 24 months contracts hence the price at which they are sold on contract is the same as the cash selling price. The Group has elected to apply the practical expedient that allows the Group not to adjust the transaction price for the significant financing component for contracts where the time difference between customer payment and transfer of goods or services is expected to be one year or less. In the event that there are contracts containing significant financing component, the Group reduces the device revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment. However, there were no individual contracts containing significant financing component in the year ended 31 December 2024.

Mobile money transaction fees

Mpamba is a mobile money transaction service allowing customers to deposit, transfer and withdraw money or pay for goods and services and using a mobile phone. Registration is free and available at any Mpamba agent.

Revenue from this service is earned largely from transfer and withdrawal transactions performed by customers. A graduated tariff depending on the funds being transacted is applied on all transactions which are cumulatively reported as Mpamba transaction fees. Revenue is recognised when a customer performs successful Mpamba transaction.

3.7.2 Sale of goods

The Group operates a chain of retail stores selling groceries and perishables. For sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price for the retail stores is due immediately when the customer purchases the goods.

Sale of goods to non-retail customers, revenue is recognised when a Group entity transfers control of the goods to the customer, being at the point in time when the customer takes undisputed delivery of the goods. A 30 days credit period is granted in respect of other goods sold.

3.7.3 Interest revenue

Interest income for all interest-bearing financial instruments except for those classified as held for trading or designated at fair value through profit and loss are recognised as interest income in the statement of comprehensive income using the effective interest rate method. Non trading interest income earned on bank deposits for group companies other than the bank is disclosed within finance income in the statement of comprehensive income and is recognised by applying the effective interest rate.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In millions of Malawi Kwacha

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue recognition (Continued)

3.7.4 Fees and commissions

Fees and commission income that are integral to the effective interest rate on a financial asset are included in the effective interest rate; specifically:

- Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan once it is withdrawn.
- Loan syndication fees are recognised as revenue when the syndication has been completed and the bank retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants.
- Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognised on completion of the underlying transaction.
- Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time apportion basis.
- Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. The same principle is applied to wealth management, financial planning and custody services that are continuously provided over an extended period of time.
- Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

Other fees and commission are generally recognised on an accrual basis when the services have been provided.

3.7.5 Dividend income

Dividends are recognised in the statement of comprehensive income when the Group's right to receive payment is established.

3.7.6 Rental income

Rental income from investment property is recognized in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income to be received. Rental income from properties whose main business is not renting properties is recognised as other income. The Group's policy for recognition of revenue from operating leases is described in note 3.10 below.

The Group receives short-term rental advances from its customers. The Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised lease to the customer and when the customer pays for that good or service will be one year or less.

3.7.7 Premium on foreign exchange deals

Premium on spot foreign exchange deals are recognised as income when the deal is completed.

3.8 Other income

Other income is generally recognised on the date all risks and rewards associated with the sale are transferred to the purchaser. Income on other services is recognised upon the performance of the contractual obligation. Profit from the sale of equity financial instruments is recognised when control is transferred to the purchaser. Details of composition of other income is included on note 39.

3.9 Leases

3.9.1 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee at the lease commencement date, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (Continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments);
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses (in accordance with IAS 36), if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss.

3.9.2 The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.10 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Foreign currencies (Continued)

prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3.11 Employee benefits

3.11.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group contributes to a number of defined contribution pension schemes on behalf of its employees, the assets of which are kept separate from the Group. Contributions to the Fund are based on a percentage of the payroll and are recognised as an expense in the profit or loss when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Once the contributions have been paid, the Group has no further payment obligations.

3.11.2 Termination benefits

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

3.11.3 Short-term benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, sick leave and non-monetary benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated and separate statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Income taxes that arise from dividend income are recognised at the same time as the dividend income is recognised.

3.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Taxation (Continued)

3.12.2 Deferred tax (Continued)

and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has recognised any deferred taxes on changes in fair value of the investment properties as the Group is subject to any income taxes on the fair value changes of the investment properties on disposal.

3.12.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.13 Property, plant and equipment

3.13.1 Recognition and measurement

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by independent valuers with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. The group policy requires that the revaluation be carried out within a period of not more than three year and it is also done when there are significant changes. The basis of valuation used is current market value.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of those assets.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Property, plant and equipment (Continued)

3.13.1 Recognition and measurement (Continued)

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Motor vehicles, plant, furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.13.2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3.13.3 Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

3.13.4 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any gain arising on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in profit and loss.

3.14 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.15 Intangible assets

3.15.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life (five years – current and comparative years) and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Intangible assets (Continued)

3.15.2 Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally- generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.15.3 Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.15.4 Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.15.5 De-recognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

3.16 Impairment of tangible and intangible assets other than goodwill and financial assets
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Impairment of tangible and intangible assets other than goodwill and financial assets (Continued)

amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.17 Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of items transferred from biological assets is their fair value less costs to sell at the date of transfer.

3.18 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

3.18.4 Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.18.5 Restructuring
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. Future operating losses are not provided for.

3.18.6 Contingent liabilities acquired in a business combination
Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15 Revenue.

3.19 Discontinued operations
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest if the Group and which:

- represents a separate major line of business or geographical area of operations;
- is a part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operations had been discontinued from the start of the comparative year.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Share capital and dividends

i) Ordinary shares
Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 – Income taxes.

ii) Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the directors.

iii) Dividend per share
The calculation of dividend per share is based on the ordinary dividends recognised during the period divided by the number of ordinary shareholders on the register of shareholders on the date of payment.

iv) Earnings per share
The calculation of basic earnings per share is based on the profit or loss attributable to ordinary shareholders for the year and the weighted average number of shares in issue throughout the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees. Where new equity shares have been issued by way of capitalisation 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.

v) Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Group's and company's statement of financial position when the Group / Company becomes a party to the contractual provisions of the instrument.

3.22 Financial assets

3.22.1 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets, are classified into the following categories:
- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVTOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group applies the following business models:-
(i) Holding financial instruments for trading to maximize income and reduce losses,
(ii) Holding financial instruments to maturity. Thus the Group receives only principal and interest from the financial instruments, and
(iii) Holding financial instruments for liquidity management.

Debt and loan instruments that are held by the Group whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost. For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.1 Classification and initial measurement of financial assets (Continued)

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g., if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with the basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to the basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The Group recognises loss allowances for expected credit losses on the financial instruments that are not measured at FVTPL but are carried at amortised cost: No impairment loss is recognised on equity investments. IFRS 9 eliminates impairment assessment requirements for investments in equity instruments as they are only measured at FVPL or FVTOCI without recycling of fair value changes to profit and loss.

3.22.2 Subsequent measurement of financial assets

Subsequently, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

(i) <u>Financial assets at amortised cost (debt instruments)</u>
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.2 Subsequent measurement of financial assets (Continued)
Amortised cost and effective interest method (Continued)
that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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

For debt instruments at fair value through OCI, interest income calculated using the effective interest method, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(iii) Financial assets designated at fair value through OCI (equity instruments)

On initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

A financial asset is held for trading if:
- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking.

Gains and losses arising from changes in fair value of these financial assets are recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

(iv) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:
- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL.
- In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.2 Subsequent measurement of financial assets (Continued)
(iv) Financial assets at fair value through profit or loss (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Foreign exchange gains and losses are recognised as follows:
- on financial assets at FVTPL and at amortised cost, are recognised in profit or loss
- on equity instruments at FVTOCI are recognised in other comprehensive income.
- on debt instruments held at FVTOCI are recognised in profit or loss, with the foreign currency element not based on the amortised cost being recognised in other comprehensive income

3.22.3 Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, loans and advances and contract assets, as well as on financial guarantee contracts. 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 Group recognises lifetime ECL for its financial instruments unless there has been no significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL 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 ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Both Lifetime ECL and 12-month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The collective assessment is based on the Group's customer classification per industrial sectors as disclosed in note 6.4.5.

Expected credit losses on trade receivables, finance lease receivables and contract assets are determined using the simplified approach. Under this approach expected credit losses are estimated using a provision matrix based on the Group'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.

(i) Significant increase in credit risk (SICR)
The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.3 Impairment of financial assets (Continued)

(i) Significant increase in credit risk (SICR) (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk where the borrower has a strong capacity to meet their contractual cashflow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. It also considers assets in the investment grade category to be low credit risk assets.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;
(b) A breach of contract, such as a default or past due event;
(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

` The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses for loans and advances

The measurement of expected credit losses for loans and advances is based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.3 Impairment of financial assets (Continued)

(v) Measurement and recognition of expected credit losses for loans and advances (Continued)

the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

- PD – The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The 12–month and lifetime PDs of a financial instrument represent the probability of a default occurring over the next 12 months and over its expected lifetime respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

  Internal risk rating grades are inputs to the IFRS 9 PD models and historic default rates are used to generate the PD term structure covering the lifetime of financial assets.

- EAD – The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. As 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 default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

  The Group's modelling approach for EAD reflects current contractual terms of principal and interest payments, contractual maturity date and expected utilisation of undrawn limits on revolving facilities and irrevocable off–balance sheet commitments.

- LGD – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. LGD estimates are based on historical loss data.

  When estimating the ECL, the Group considers the stages in which an asset is and also whether there has been a SICR. Each of the stages and the specific conditions of the assets is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure. The stages considered are as described below;

- Stage 1: Stage 1 financial instruments are those whose credit risk is low or has improved hence reclassified from Stage 2. Reclassifications from Stage 2 are however subject to 'cooling off' period of 3 months. The Group calculates 12-months ECL for this stage based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR;

- Stage 2: When financial instruments have shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECL. The calculation is done as explained under stage 1 above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR. Stage 2 financial instruments also include those whose credit risk has improved hence has been reclassified from Stage 3. Reclassifications from stage 3 are however subject to a 'cooling off" period of 3 months;

- Stage 3: financial instruments under this stage are considered credit impaired. The Group records an allowance for the Lifetime ECLs.

- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

  For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

Loan commitments and letters of credit: When estimating Life time ECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.3 Impairment of financial assets (Continued)

(v) Measurement and recognition of expected credit losses for loans and advances (Continued)

based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For overdrafts, revolving facilities that include both a loan and an undrawn commitment and loans commitments, ECLs are calculated and presented together with the loans and advances.

For financial guarantee contract, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The ECLs related to financial guarantee contracts are recognised together with loans and advances.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Forward-looking information

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group uses multiple scenarios to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

Macroeconomic model

The Group elected to develop a macro-economic model to predict the overall Group Non-Performing Loans (NPL) rate and determined the correlation of the NPL rate to the overall provisions. The macro-economic model is used to predict the NPL rate, after which a forward-looking scalar is derived and applied to existing NPL ratio to estimate the forward-looking NPL ratio. The predicated relationships between the key macro-economic indicators, the NPL rates and the overall provisions on the portfolio of financial assets was based on analysing historical data over the past five years.

Sensitivity Analysis

The purpose of sensitivity analysis is to provide management with an outlook on possible macro-economic scenarios. The scenarios that were created in the analysis include both stressed and favourable scenarios. The extreme case sensitivity analysis was created by taking and the maximum and the minimum values as observed in history.

Sensitivity analysis as at 31 December 2024

The following considerations were made during the scenarios set-up:

- Scenarios are dependent on the prime rate, given its importance in the economy
- Baseline scenario is calculated as having a constant prime rate, the current one.
- Two favourable and two stressed scenarios have been calculated in the sensitivity analysis

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For the year ended 31 December 2024
In millions of Malawi Kwacha

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.3 Impairment of financial assets (Continued)

(vi) Forward-looking information (Continued)

Sensitivity analysis as at 31 December 2024 (Continued)

The table below presents an overview of the prime rates used to derive the scenarios. Green and orange colours show the prime rate changes selected for the sensitivity analysis.

The Economic Scenarios were derived based on historical information					
Upturn Economic Scenario			Downturn Economic Scenario		
Scenario	Value of Prime	Change in Prime (decrease in current Prime)	Scenario	Value of Prime	Change in Prime (increase prime)
Best economic outlook of Prime in History	8	(18)	Worst economic outlook in History	75.33	49.33
Best economic outlook of Prime in last 20 years	12	(14)	Worst economic outlook in last 20 years	27.00	1.00
Best economic outlook of Prime in last 10 years	12	(14)	Worst economic outlook in last 10 years	27.00	1.00
Best economic outlook of Prime in last 5 years	12	(14)	Worst economic outlook in last 5 years	26.00	-
Best economic outlook of Prime in last 2 years	18	(8)	Worst economic outlook in last 2 years	26.00	-

The table below displays the expected results of the positive correlation which the Bank Rate has with the PD estimates. In a favourable economic scenario, customers are expected to default less and perform better and therefore the bank will expect to see a decline in the impairment number. In a stressed economic scenario, customers are expected to default and roll quicker into worse arrears buckets and will perform worse and therefore the bank will expect to see an increase in the respective impairment number.

	Impact on provisions as at 31 December 2024		
	Estimates	**Favourable Scenarios**	
Macro-economic scenarios Impact	Change in Prime Rate ECL Provision (K'm) **Absolute Change**	-14.0% 4.51% 17,428 (1,952)	-8% 4.82% 18,632 (748)
	Estimates	**Stress Scenarios**	
Macro-economic scenarios Impact	Change in Prime Rate ECL Provision (K'm) **Absolute Change**	1.00% 5.04% 19,478 98	49.33% 6.65% 25,691 6,311
	Estimates	**NO FLI OVERLAY**	**NO FLI OVERLAY**
Macro-economic scenarios Impact	Change in Prime Rate ECL Provision (K'm)	None 5.01% 19,380	None 3.31% 12,780

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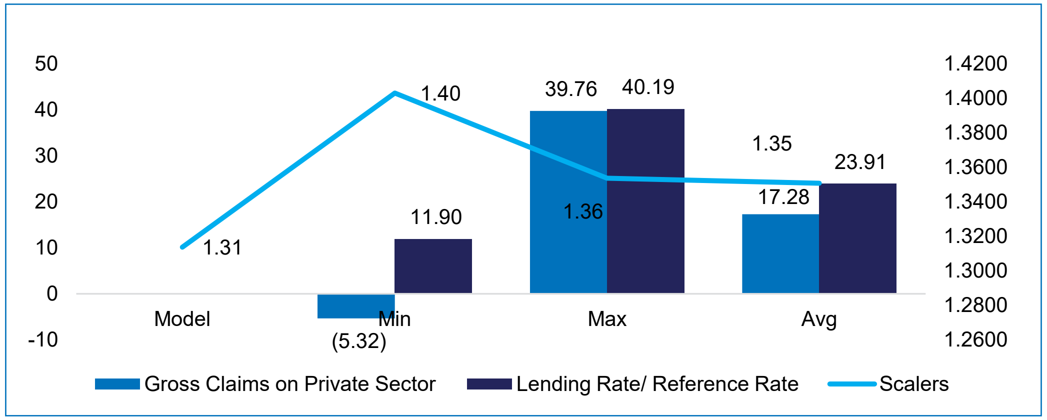
3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.3 Impairment of financial assets (Continued)
(vi) Forward-looking information (Continued)

Sensitivity analysis as at 31 December 2023

Scaler sensitivity analysis
Scaler sensitivity is an analysis that was derived from a preceding sensitivity analysis, scaled up to incorporate changes that have been factored in the current sensitivity analysis. This type of sensitivity analysis determines how different values of an independent variable affect a particular dependent variable under a given set of assumptions. Several macroeconomic factors were assessed for their impact on the Expected Credit Losses. Each different macro-economic scenario was derived from the history going back to January 2014 that were sourced from the Reserve Bank of Malawi. Two Macro-Economic factor made it to the final model and the table, and the graph below show the scaler sensitivity analysis and the potential impact should those variables take extreme values as once observed in the 10-year history. This therefore resulted in the change in sensitivity analysis output.



	ECL Changes Based on Extreme cases			
	Model (K'm)	Minimum (K'm)	Maximum (K'm)	Average (K'm)
Exposure	334 631	334 631	334 631	334 631
Coverage ratio with scaler	3.23	3.32	3.27	3.27
ECL Value	10 797	11 120	10 955	10 945
ECL Extreme Case Changes		323	158	148

3.22.4 Reclassifications of financial assets
If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

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For the year ended 31 December 2024
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.5 Modification of financial assets
A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer solely payments of Principal and Interest (SPPI), change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then; and
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

3.22.6 De-recognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received, and receivable is recognised in profit or loss. In addition, on derecognition

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Financial assets (Continued)

3.22.5 Modification of financial assets (Continued)
of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

On de-recognition due to modifications, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

3.23 Financial liabilities and equity

3.23.1 Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.23.2 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.23.3 Financial liabilities

(i) Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

(ii) Subsequent measurement

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together;
- And has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Financial liabilities and equity (Continued)

3.23.3 Financial liabilities (Continued)
(ii) Subsequent measurement (Continued)
Financial liabilities at FVTPL (Continued)

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (note 38) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

The group applies IFRS 9 to financial guarantee contracts are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

The group determined that the FV of the financial guarantees (liability) is equal to the carrying amount.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the profit or loss for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Financial liabilities and equity (Continued)

3.23.3 Financial liabilities (Continued)

(iii) De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.24 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 assets and settle the liability simultaneously.

3.25 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3.26 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits, or deposits due to customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method. Securities lent to counterparties are also retained in the financial statements.

3.27 Insurance and reinsurance contracts classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Group issues non-life insurance to individuals and businesses. Non-life insurance products offered include property, marine, and personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Group does not issue any contracts with direct participating features.

3.28 Insurance and reinsurance contracts classification

3.28.1 Separating components from insurance and reinsurance contracts

The Group assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive -either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening.

The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contacts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss. IFRS 17.10 IFRS 17.B32.

3.28.2 Level of aggregation

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.28 Insurance and reinsurance contracts classification (Continued)

3.28.2 Level of aggregation

onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Group has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Group applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

3.28.2.1 Insurance and reinsurance contracts accounting treatment

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract. IFRS17.18.

3.28.3 Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

3.28.4 Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.28 Insurance and reinsurance contracts classification (Continued)

3.28.4 Contract boundary (Continued)
premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks or.
- Both of the following criteria are satisfied:
- The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

3.28.5 Insurance contracts- initial measurement
The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary.
- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- The extent of future cash flows related to any derivatives embedded in the contracts;
- The length of the coverage period of the group of contracts for a group of contracts that is not onerous at in initial recognition, the Group measures the liability for remaining coverage as;
- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed;
- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

For marine and personal accident insurance, the liability for remaining coverage is discounted to reflect the time value of money and the effect of financial risk. For all other business, there is no allowance for time value of money as the premiums are received within one year of the coverage period. Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract.

Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

3.28.6 Reinsurance contracts held-initial measurement
The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In millions of Malawi Kwacha

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.28 Insurance and reinsurance contracts classification (Continued)

3.28.6 Reinsurance contracts held-initial measurement (Continued)
Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying. group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3.28.7 Insurance contracts-subsequent measurement
The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period minus insurance acquisition cash flows, with the exception of property insurance product line for which the Group chooses to expense insurance acquisition cash flows as they occur (please see Note 3.1.3);
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus, any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the services provided in the period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Disclosure showing the reconciliation from the opening to the closing balance of liabilities for liability for remaining coverage as shown below:

	K'm
Opening balance as at 1 January 2024	2,085
Change in insurance contract revenue	262
Change in amortised deferred acquisition cost	7
Closing balance as at 31 December 2024	**2,354**

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised. Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

3.28.8 Reinsurance contracts held -subsequent measurement
The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Group has established a loss-recovery component, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.28.9 Insurance acquisition cash flows
Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. With the exception of the property insurance product line, for which the Group chooses to expense insurance

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.28 Insurance and reinsurance contracts classification (Continued)

3.28.9 Insurance acquisition cash flows (Continued)
acquisition cash flows as they occur, the Group uses a systematic and rational method to allocate:

(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
i) to that group; and
ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
(b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts. The time bands when the Group expects to derecognise the above asset for insurance acquisition cash flows.

At the end of each reporting period, the Group revises amount of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used. After any re-allocation, the Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

3.28.10 Insurance service contract

3.28.10.1 Classification and measurement
IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA are as follows:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.28 Insurance and reinsurance contracts classification (Continued)

3.28.10 Insurance service contract (Continued)

3.28.10.2 Measurement of insurance acquisition cashflows
The Group expenses its insurance acquisition cash flows for its property insurance product line immediately upon payment and capitalises insurance acquisition cash flows for all other product lines. For product lines where insurance acquisition cash flows are not immediately expensed, the Group allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

The Group's classification and measurement of insurance and reinsurance contracts is explained in Note 3.20.5.

3.28.10.3 Presentation and disclosure
For presentation in the statement of financial position, the Group aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:
- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of insurance and reinsurance contracts issued that are liabilities;
- Portfolios of reinsurance contracts held that are assets; and
- Portfolios of reinsurance contracts held that are liabilities The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

IFRS 17 requires separate presentation of:
- Insurance revenue;
- Insurance service expenses;
- Insurance finance income or expenses; and
- Income or expenses from reinsurance contracts held.

The Group provides disaggregated qualitative and quantitative information about:
- Amounts recognised in its financial statements from insurance contracts;
- Significant judgements, and changes in those judgements, when applying the standard;

The Group has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

3.28.11 Insurance revenue
The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.28 Insurance and reinsurance contracts classification (Continued)

3.28.11 Insurance revenue (Continued)
significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

The table below is the disclosure of insurance revenue by product Insurance contract revenue by product:

As at 31 December 2024	K'm
Agriculture	960
Engineering	273
Fire	1,759
Liability	654
Marine	18
Miscellaneous	571
Motor	5,857
Personal Accident	502
Transport	34
Total	**10,628**

3.28.11.1 Loss components
The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 3.28.2 indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 3.28.5.3. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

3.28.11.2 Loss-recovery components
As described in Note 3.28.5.2 above, where the Group recognizes a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.28.11.3 Insurance finance income and expense
Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk. IFRS 17.87; and
- The Group does not disaggregate all business lines for finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVPL.

3.28.11.4 Net income or expense from reinsurance contracts held
The Group presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

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4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company 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 accounting policies

The following are the critical judgements, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1.1 Significant increase in credit risk
As explained in note 3, Expected Credit Losses (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group considers qualitative and quantitative reasonable and supportable forward-looking information – refer to note 3.22.3.

4.1.2 Establishing groups of assets with similar credit risk characteristics
When ECLs are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

4.1.3 Models and assumptions used
The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk – refer to note 3.22.1 and fair value valuation models – refer to note 5.7.2 and 12.1.

4.1.4 Control over Telekom Networks Malawi plc (TNM)
The directors of the Company assessed whether the Group has control over TNM based on whether the Group has the practical ability to direct the relevant activities of TNM unilaterally. In making their judgement, the directors considered the Group's right to appoint a majority of directors on the board which gives them the power to direct the affairs of the company. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of TNM plc and therefore the Group has control over TNM.

4.1.5 Valuations of unlisted companies, land and buildings and investment properties
The group determines the fair values of equity investments for unlisted companies categorised as subsidiaries, associates and joint ventures. The group also determines the fair value of investment property and land and buildings. Valuations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Critical judgements are made with regards to unobservable inputs in the market. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities and related fair values are disclosed in note 5.7.2 and 9.2.

4.1.6 Classification of assets as held for sale
The Group classified MTL as a disposal group held for sale. The determination used by the Group to determine the classification as held for sale is dependent on the assessment by the Group as to whether it meets the classification as the per the requirements of IFRS 5. The Group is committed to dispose MTL and buyer has been identified who has expressed interest to acquire MTL. There is no indication that the transaction will not be approved by the regulator (MACRA). Based on the Group's assessment, the sale is expected to be completed within the next twelve months. Refer to note 24 for assets classified as held for sale.

Financial Statements

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgements in applying accounting policies (Continued)

4.1.7 Insurance and reinsurance contracts
The Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Fair value measurements and valuation processes
Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data (level 1 inputs) to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs into the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities and related fair values are disclosed in note 5.7.2 and 9.2.

4.2.2 Loss allowance for trade and other receivables
The Group uses a provision matrix to calculate ECLs for trade receivables, finance lease receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type). The provision matrix is initially based on the Group's historical observed default rates adjusted with forward-looking information and factors that are specific to the debtors.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4.2.3 Loss allowance for loans and advances
The Group applies three-stage approach to measuring ECL on loans and advances. In doing so, the Group applies significant estimates in the following areas;

(i) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario. When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other – refer 3.22.3.

(ii) Incorporating collateral and applying haircuts to market values of securities
Group includes collateral in calculation of LGD for an exposure. The Group applies different haircuts on various types of collateral depending on the asset's liquidity and price volatility. The collateral values are based on open market valuations. According to the Group's policy collateral is revalued every five years. However, the Group inspects the assets offered as collateral every year. Customers are required to carry out professional desk-top valuations every 3 years.

(iii) Probability of Default (PD)
PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(iv) Loss Given Default (LGD)
LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

(v) Determination of life of revolving credit facilities
The Group measures ECL considering the risk of default over the maximum contractual period. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

4.2.3 Loss allowance for loans and advances (Continued)
commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

4.2.4 Liability for remaining coverage

(i) Insurance acquisition cash flows
For personal accident insurance, marine insurance and liability reinsurance products, where groups are not eligible to recognise an expense immediately, insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised. IFRS I7.59(a).

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to the statement of profit or loss and other comprehensive income on incurring the expense, offset by an increase in profit released over the coverage period.

(ii) Onerous groups
For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(iii) Time value of money
For all insurance product lines, the Group adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition. IFRS 17.56.

4.2.5 Liability for incurred claims
The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bomheutter-Ferguson methods. The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs.

These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

4.2.6 Liability for remaining coverage
In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved. IFRS I 7.11 7(a).

4.2.7 Discount rates
Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates. IFRS 1 7. 11 7.

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS

5.1 Classes and categories of financial instruments

The table below sets out the Group's and Company's classification of each class of financial assets and liabilities:

	Notes	Amortised cost	Fair value through P&L	Fair value through OCI	Total carrying amount
Group					
At 31 December 2024					
Financial assets					
Cash and cash equivalents	26	496 591	-	-	496 591
Trade and other receivables	18,23	72 525	-	-	72 525
Contract assets	35	1 146	-	-	1 146
Other insurance receivables	35	109	-	-	109
Investments in government securities and equity	19	640 991	18 761	12 249	672 001
Finance lease receivables	17	34 629	-	-	34 629
Loans and advances to customers	16	440 272	-	-	440 272
		1 686 263	18 761	12 249	1 717 273
Financial liabilities					
Bank overdraft	26	8 889	-	-	8 889
Loans and borrowings	29	48 683	-	-	48 683
Trade and other payables	32	165 240	-	-	165 240
Contract liabilities	35	9 635	-	-	9 635
Customer deposits	34	1 305 316	-	-	1 305 316
		1 537 763	-	-	1 537 763
At 31 December 2023					
Financial assets					
Cash and cash equivalents	26	361 459	-	-	361 459
Trade and other receivables	18,23	47 001	-	-	47 001
Contract assets	35	1 551	-	-	1 551
Investments in government securities and equity	19	418 882	9 803	8 772	437 457
Finance lease receivables	17	26 277	-	-	26 277
Loans and advances to customers	16	384 826	-	-	384 826
		1 239 996	9 803	8 772	1 258 571
Financial liabilities					
Bank overdraft	26	11 716	-	-	11 716
Loans and borrowings	29	63 400	-	-	63 400
Trade and other payables	32	113 963	-	-	113 963
Contract liabilities	35	7 094	-	-	7 094
Customer deposits	34	949 090	-	-	949 090
		1 145 263	-	-	1 145 263

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.1 Classes and categories of financial instruments (Continued)

	Notes	Amortised cost	Fair value through P&L	Fair value through OCI	Total carrying amount
Company					
At 31 December 2024					
Financial assets					
Cash and cash equivalents	26	16 114	-	-	16 114
Amounts due from related parties	22	1 668	-	-	1 668
Trade and other receivables	18,23	691	-	-	691
Investments in government securities and equity	19	-	-	9 420	9 420
		18 473	-	9 420	27 893
Financial liabilities					
Bank overdraft	26	-	-	-	-
Loans and borrowings	29	5 254	-	-	5 254
Trade and other payables	32	1 353	-	-	1 353
Amounts due to related parties	33	76	-	-	76
		6 683	-	-	6 683
At 31 December 2023					
Financial assets					
Cash and cash equivalents	26	12 382	-	-	12 382
Trade and other receivables – Group	22	3 409	-	-	3 409
Trade and other receivables	18,23	1 413	-	-	1 413
Investments in government securities and equity	19	-	-	7 497	7 497
Asset held for sale	24	-	-	8 941	8 941
Investments in associates	15	-	-	52 651	52 651
Investments in joint ventures	14	-	-	21 165	21 165
Investments in subsidiaries	13	-	-	652 627	652 627
		17 204	-	742 881	760 085
Financial liabilities					
Bank overdraft	26	8 020	-	-	8 020
Loans and borrowings	29	10 339	-	-	10 339
Trade and other payables	32	1 261	-	-	1 261
Amounts due to related parties	33	53	-	-	53
		19 673	-	-	19 673

5.2 Financial risk management

The Group has exposure to the following risks from its transactions in financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (Currency risk, interest rate risk and price risk);

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for identification, measurement, monitoring and controlling risk, and the Group's management of capital.

5.3 Risk management framework

The Group's approach to risk management is based on a well-established governance process and relies both on individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances stringent corporate oversight with independent risk management structures within the business units.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board approves the risk appetite and risk tolerance limits appropriate to the Group's strategy and requires that management maintains an appropriate system of internal controls to ensure that these risks are managed within the agreed parameters. The Board delegates risk related responsibilities to the Finance and Audit Committee which is responsible for developing and monitoring Group risk management policies.

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Risk management framework (Continued)

The Finance and Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Finance and Audit Committee is assisted in these functions by the Internal Audit Department which undertakes both regular and ad-hoc reviews of risk management controls, the results of which are reported back to the Committee.

The Internal Audit Department provides a holistic oversight of the risks affecting the Group and the control measures that should be put in place to mitigate the risks and thereby reduce the potential losses.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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, products and services offered. The Group strives to maintain a disciplined and constructive control environment, in which all employees understand their roles and obligations.

5.3.1 Current and emerging risks
The Group identifies Current and Emerging risks, determines the appropriate response, and monitors the effectiveness of the implemented response. The following are the existing Current and Emerging risks to the Group's strategic ambitions and the mitigations that have been undertaken: -

- Economic and Business Environment Risk – In 2025, inflationary pressures could be exacerbated by global supply chain disruptions, commodity price fluctuations (especially oil, food, and fertilizers), and local economic conditions. High inflation can erode real returns on savings and increase non-performing loans, particularly for individuals and businesses that rely on imports or have fixed incomes. Food prices are unlikely to decline as previously anticipated due to lower agricultural output caused by El Niño weather conditions and delays in the supply of agricultural inputs.

  Furthermore, the Malawi Kwacha has historically been subject to significant volatility. A sharp depreciation could increase the cost of imported goods and services, leading to higher inflation and pressure on borrowers with foreign currency-denominated debt. Additionally, persistent foreign exchange (forex) liquidity shortages and fuel supply disruptions are constraining the importation of raw materials and production inputs, thereby negatively impacting industrial and service sector activities.

- Technology and Cyber security risk: As the group digitalizes its services and increase online and mobile banking channels, they become more susceptible to cyberattacks. This includes risks of data breaches, fraud, and disruption of banking services. The rise of phishing, ransomware, and other cybercrime tactics presents a growing threat to the financial sector. Additionally, the rise of fintech, blockchain, and cryptocurrencies could disrupt traditional banking models. The group will need to keep pace with technological advancements to remain competitive and secure.

- Political and Governance Risks- As Malawi is entering the campaign period, with presidential and legislative elections scheduled for September 2025, the incumbent President is likely to concentrate on implementing conciliatory policies to garner support from the Malawian population, aiming to bolster his prospects for re-election. Malawi is expected to maintain a general high sense of security but grapple with political instability stemming from a deeply divided political landscape. The political dynamics leading up to the elections suggest a complex landscape with potential implications for governance and policy implementation. Changes in government, policies, or leadership could bring about shifts in regulatory frameworks, taxation, and economic priorities. Political instability, corruption, or sudden changes in policy (such as nationalization or expropriation of assets) could introduce unforeseen risks to the banking sector.

- Compromised governance practices, either within the group itself or within the broader financial system, could lead to reputational damage, regulatory penalties, or financial losses. The Group will maintain its high standards of corporate governance and risk management as they become more critical in the current environment.

- Climate change – Malawi is prone to extreme weather events like flooding and drought, which could disrupt agriculture, impact food security, and increase loan defaults in sectors tied to these activities. With growing global attention on climate change, Malawi might adopt stricter regulations related to environmental sustainability. The Group could face increased regulatory scrutiny, particularly in relation to green financing and carbon disclosures.

- Investment in new territory – The Group holds an investment in Akiba Commercial Bank plc of Tanzania. since January 2021 through its subsidiary, National Bank of Malawi. The Group is therefore exposed to the risks associated with the investment in Tanzania. The Group has put in place measures to identify, manage and mitigate itself against the impact of such risks on its investment in Akiba. For year ended 31 December 2024 Akiba has made a loss after tax of K3,944m (2023: K989m) which was mainly due significant increases in provisions for loans and tax and one-off restructuring costs. However, the performance is expected to turn around in 2025.

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.4 Credit risk (Continued)

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financial assets including trade and other receivables, cash and cash equivalents, investment securities, loans and advances, finance lease receivable and contract assets.

The Group manages its risk by evaluating, measuring and controlling risk exposures through the day-to- day activities of the Group. The Group has an Internal Audit department that is responsible for providing an independent oversight of the risks and provides the assurance.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

5.4.1 Exposure of credit risk
The table below shows the maximum exposure to credit risk by class of financial instrument without taking into account any collateral or other credit enhancements. Financial instruments include financial instruments defined and recognized under IFRS 9 Financial instruments: recognition and measurement as well as other financial instruments not recognised. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Group		Company	
	2024	**2023**	**2024**	**2023**
Gross maximum exposure				
Trade and other receivables	72 525	47 001	691	1 413
Contract assets	1 146	1 551	-	-
Other insurance receivables	109	-	-	-
Amounts due from related parties	-	-	1 668	3 409
Investments in government securities and equity	672 001	437 457	9 420	7 497
Loans and advances to customers	440 272	384 826	-	-
Finance lease receivables	34 629	26 277	-	-
Cash and cash equivalents	496 591	361 459	16 114	12 382
Total recognised financial instruments	1 717 273	1 258 571	27 893	24 701
Guarantees and performance bonds	3 925	8 864	3 925	8 864
Letters of credit	62 303	24 152	-	-
Total unrecognised financial instruments	66 228	33 016	3 925	8 864
Total credit exposure	1 783 501	1 291 587	31 818	33 565

Gross maximum exposure above comprises gross amounts before factoring in expected credit losses. Prepayments have been excluded in the trade and other receivables and contract assets balance. Trade and other receivables also include long term receivable of K8 million (2023: K26 million).

In respect of certain financial assets, the Group has legally enforceable rights to offset them with financial liabilities. However, in normal circumstances, there would be no intention of settling net, or of realising the financial assets and settling the financial liabilities simultaneously. Consequently, the financial assets are not offset against the respective financial liabilities for financial reporting purposes. As at the end of the year, the Group had financial liabilities in the form of cash deposits amounting to K19 830 million (2023: K18 847 million) held as security for some loans and advances which in the event of default will be offset against such loans and advances.

5.4.2 Trade and other receivables and contract assets
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, geographically there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements and in some cases bank references. Sales limits are established for each customer, which represents the maximum open amount without requiring approval from the credit control department; these limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment or cash basis.

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.4 Credit risk (Continued)

5.4.2 Trade and other receivables and contract assets (Continued)
Most of the Group's customers have been transacting with the Group for many years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, industry, aging profile, maturity and existence of previous financial difficulties.

The average credit period on sales of goods and services is 30 days except for international incoming receivables whose credit period is 60 days. No interest is charged on the trade and other receivables settled beyond these periods.

The Group does not require collateral in respect of credit sales.

There is no significant concentration of credit risk, with exposure spread over a number of counter parties and customers and they are unrelated.

Impairment of Trade receivables and contracts assets
The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

	2024 trade receivables – days past due						Total
	Not past due	<30 days	31-60 days	61-90 days	91-120 days	>120 days	
Expected credit loss rate – ranges	0.0% to 1.5%	0.7% to 1.9%	1.2% to 2.6%	2.0% to 3.5%	5.2% to 5.4%		
Estimated total gross carrying amount at default	3 432	2 276	393	199	117	787	**7 203**
Lifetime ECL	19	11	8	6	8	39	**90**

	2023 trade receivables – days past due						Total
	Not past due	<30 days	31-60 days	61-90 days	91-120 days	>120 days	
Expected credit loss rate – ranges	0.2% to 1.0%	0.7% to 3.2%	0.1% to 4.3%	0.3% to 5.3%	0.7% to 6.6%	1.5% to 38.7%	
Estimated total gross carrying amount at default	4 631	2 273	395	235	119	787	**8 440**
Lifetime ECL	11	12	4	4	3	50	**2 694**

Movement in the allowance for credit loss
The movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 and the ECL on other receivables (please refer to note 23 for a summary of other receivables) have been measured on the general model taking into account forward-looking information and expected future cash flows as a Lifetime ECL was as follows:

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.4 Credit risk (Continued)

	Trade receivables and contract assets Lifetime ECL - not credit impaired		Other receivables Lifetime ECL	Total
	Collectively assessed	Individually assessed		
2024				
As of 1 January 2024	84	-	2,610	2,694
Written off	(296)	-	(810)	(1,106)
Increase during the year	930	-	637	1,567
Recoveries during the year	-	-	(771)	(771)
Balance at end of the year	718	-	1 666	2 384
2023				
As of 1 January 2023	60	598	2 021	2 679
Written off	(568)	(598)	-	(1 166)
Increase during the year	592	-	589	1 181
Balance at end of the year	84	-	2 610	2 694

5.4.3 Cash and cash equivalents
The Group held cash and cash equivalents comprising of cash and bank balances net of bank overdrafts amounting to K496,591 million as at 31 December 2024 (2023: K356 072 million). The cash and cash equivalents are held with banks and financial institutions counterparties which have high credit ratings.

The Group's banking business deposits its cash with the Reserve Bank of Malawi and other highly reputable banks in and outside Malawi.

5.4.4 Investments
The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a good credit rating and ventures into profitable businesses. Given these high credit ratings and a track record of profitable business management, the Group does not expect any counterparty to fail to meet its obligations.

5.4.5 Loans and advances and lease receivables
Loans and advances and lease receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group's banking business does not intend to sell immediately or in the near term.

When the Group's banking business is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.

When the Group's banking business purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

The risk that counterparties to trading instruments might default on their obligations is monitored on an on-going basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and the volatility of the fair value of trading instruments.

To manage the level of credit risk, the Group deals with counterparties of sound credit standing, enters into master netting agreements wherever possible, and when appropriate, obtains collateral. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default.

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.4 Credit risk (Continued)

5.4.5 Loans and advances and lease receivables (Continued)

Maximum exposure to credit risk for Loans and advances by sector

The Group monitors loans and advances concentration of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	2024		2023	
		%		%
Agriculture	66 625	15%	56 486	15%
Finance and insurance	6 936	2%	8 138	2%
Manufacturing	30 968	7%	39 403	10%
Personal accounts	128 097	29%	99 957	26%
Real estate	7 899	2%	6 352	2%
Transport and communication	18 177	4%	15 968	4%
Wholesale and retail	83 765	19%	84 096	22%
Mining and quarrying	17 174	4%	12 106	3%
Restaurants and hotels	51 918	12%	40 116	10%
Community and social services	20 396	5%	16 425	4%
Construction	8 318	2%	5 779	2%
	440 272	100%	384 826	100%

The Group's exposure as at 31 December 2024 was at K440,272 million (2023: K384,826 million) with Non-Performing Loans (NPL) standing at 16.33% (2023: 11.92%).

NPL are loans that are overdue by over 90 days and falls under stage 3.

Extent of utilization of granted limit

The Group closed 2024 with utilised overdrafts of K81,988m (2023: K76,148m) against limits of K108,435m (2023: K90,355m) representing 75.61% (2023: 84.28%) of the total limits.

Forbearances (both requested and granted)

There are significant forbearances in the reporting period. Refer to note 17 for the impact of the forbearances (restructured and modified facilities).

Changes in business, financial and economic conditions

The Economic and Business risk remained high in 2025 because of weather-related shocks, oil price volatilities, commodity price volatilities among several factors. The Group remained resilient to these shocks, and it continues to monitor closely the lending portfolios.

Credit quality analysis of loans and advances

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Group's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.4 Credit risk (Continued)

5.4.5 Loans and advances and lease receivables (Continued)

Credit quality analysis of loans and advances (Continued)

- For retail exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review, changes in the financial sector the customer operates etc.

Apart from the macroeconomic factors above, the qualitative factors are considered when estimating the PD. These factors include general customer behaviour and changes in the customer business sector.

Credit rating information supplied by external rating agencies

The Group uses the credit reference Bureau to obtain credit history of all the loan applications it gets before approving the loans. This enhances the credit risk management in that loans are only given out to customers who have the capability to pay.

The table below shows the credit quality of the loans and advances, based on the Group's credit rating system.

	Group	
	2024	2023
Grade 9: individually impaired	48 021	39 710
Grade 8: sub-standard	30 827	10 172
Grade 7: Watch list	17 391	9 758
Grade 4-6 Fair risk	237 703	81 659
Grade 1-3 Low risk	106 330	243 527
Impairment provision	(14 654)	(11 743)
Total carrying amount	425 618	373 083

The Group applies three-stage approach to measuring expected credit losses (ECL) on loans and advances carried at amortised cost and debt instruments classified as FVTOCI as explained under note 3.24. The table below shows expected credit losses per risk grade and related ECL stage.

	Gross Amount	Loss allowance	ECL stage
2024			
Grade 9: individually impaired	48 021	2 441	3
Grade 8: sub-standard	30 827	8 353	3
Grade 7: Watch list	17 391	290	2
Grade 4-6 Fair risk	237 703	2 776	1
Grade 1-3 Low risk	106 330	794	1
Total gross carrying amount	440,272	14 654	
2023			
Grade 9: individually impaired	39 710	4 628	3
Grade 8: sub-standard	10 172	2 305	3
Grade 7: Watch list	9 758	320	2
Grade 4-6 Fair risk	81 659	3 025	1
Grade 1-3 Low risk	243 527	1 465	1
Total gross carrying amount	384 826	11 743	

Individually impaired and substandard - Grade 8 and 9

Substandard and impaired loans and advances are loans and advances for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan /advances agreement(s). These loans are graded 8 and 9 in the Group's internal credit risk grading system and are categorised under stage 3 when calculating the ECL.

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.4 Credit risk (Continued)

5.4.5 Loans and advances and lease receivables (Continued)

Credit quality analysis of loans and advances (Continued)

Watch list – Grade 7

These are loans and advances where contractual interest or principal payments are past due, but the Group believes that individual impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group. These are graded 7 in the Group's internal credit risk grading system and are categorised under stage 2 when calculating the ECL.

Low and fair risk – Grade 1 to 6

These are performing loans that the Group expects to fully recover the estimated future cash flows. These are graded 1 to 6 in the Group's internal credit risk grading system and are categorised under stage 1 when calculating the ECL.

Write-off policy

The Group writes off a loan balance (and any related allowances for impairment losses) when it has determined that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

During the period under review, the Group wrote off K15.0 billion (2023: K6.0 billion) out of which K11.6 billion (2023: K5.7 billion) has been charged to the statement of comprehensive income and K3.2 billion (2023: K0.3 billion) has been written off against provisions. The amounts written off are subject to enforcement activity by the Group to recover.

Collateral held as security against loans and advances

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, cash, equities, registered securities over assets, guarantees and other forms of collateral. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are only updated when performing the annual review except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities lending activity.

There were no significant changes in the Group's collateral policies and there were also no significant changes in the quality and values of the collateral during the period under review.

An estimate of the fair value of collateral and other security enhancements held against loans and advances is shown below:

Group	**2024**	**2023**
Against individually impaired		
Motor vehicles	2 857	5 339
Commercial property	25 237	23 009
Residential property	12 584	17 099
Business chattels and stocks	12 600	147
Cash	713	1 093
Total	53 991	46 687
Against the rest of the loan book		
Motor vehicles	40,185	33 574
Commercial property	184,742	139 853
Residential property	114,625	141 832
Cash	19,830	18 847
Treasury bills	1,679	4 422
Business chattels and stocks	4,327	3 481
Government guarantees	-	12 600
Total	366 334	354 609
Grand total	420 325	401 296

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.4 Credit risk (Continued)

5.4.5 Loans and advances and lease receivables (Continued)

Credit quality analysis of loans and advances (Continued)

The Group repossess collateral held when the customer misses three repayment instalments.

Collateral repossessed

It is the Group's policy to dispose of repossessed collateral in an orderly fashion. The proceeds are used to reduce or repay the outstanding loan balance.

5.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

5.5.1 Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The responsibility for the day-to-day management of these risks lies with management.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, by matching the maturity profiles of financial assets and liabilities.

The Group's banking business has a Liquidity and Funds Management Policy that provides guidance in the management of liquidity.

The daily management of liquidity of the Group's banking business is entrusted with the Treasury and Financial Institutions Division (TFID). TFID receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. TFID then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group's banking business. The liquidity requirements of business units are funded through deposits from customers. Any short-term fluctuations are funded through treasury activities such as inter-bank facilities, repurchase agreements and others. TFID monitors compliance of all operating units of the Group's banking business with local regulatory limits on a daily basis.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Asset and Liability Committee (ALCO). Daily reports cover the liquidity position of both the Group and operating units. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

5.5.2 Measurement of liquidity risk – Group's banking business

The key measure used by the Group's banking business for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment securities for which there is an active and liquid market less any deposits from banks, other borrowings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the Group's banking business compliance with the liquidity limit established by the Reserve Bank of Malawi. Details of the reported Group's banking business ratio of net liquid assets to deposits from customers at the year-end date and during the reporting period were as follows:

	2024	**2023**
At 31 December	38%	51%
Average for the period	42%	49%
Maximum for the period	46%	52%
Minimum for the period	37%	46%

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.5 Liquidity risk (Continued)

5.5.1 Liquidity risk table

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows:-

	Less than 1 month	1-3 months	3-12 months	2-5 years	Over 5 years	Total	Carrying amount
Group							
At 31 December 2024							
Bank overdraft	9 112	-	-	-	-	9 112	8 889
Loans and borrowings	-	4 549	25 106	28 110	5 266	63 031	48 683
Customer deposits	693 069	194 339	33 162	7 923	-	928 492	1 305 316
Trade and other payables	14 624	153 475	-	-	-	168 099	167 741
Contracts liabilities	-	9 635	-	-	-	9 635	9 635
Total financial liabilities	716 805	361 998	58 268	36 033	5 266	1 178 369	1 540 264
At 31 December 2023							
Bank overdraft	11 963	-	-	-	-	11 963	11 716
Loans and borrowings	-	4 514	19 562	52 263	-	76 339	63 400
Customer deposits	774 866	148 234	31 790	3 693	-	958 583	949 090
Trade and other payables	14 277	99 981	-	-	-	114 258	113 963
Contract liabilities	-	7 094	-	-	-	7 094	7 094
Total financial liabilities	801 106	259 823	51 352	55 956	-	1 168 237	1 145 263
Company							
At 31 December 2024							
Bank overdraft	-	-	-	-	-	-	-
Loans and borrowings	-	-	3 264	3 147	-	6 411	5 254
Amounts due to related parties	76	-	-	-	-	76	76
Trade and other payables	3 853	-	-	-	-	3 853	3 853
Total financial liabilities	3 929	-	3 264	3 147	-	10 340	9 183
At 31 December 2023							
Bank overdraft	8 189	-	-	-	-	8 189	8 020
Loans and borrowings	-	-	5 739	6 573	-	12 312	10 339
Amounts due to related parties	53	-	-	-	-	53	53
Trade and other payables	1 261	-	-	-	-	1 261	1 261
Total financial liabilities	9 503	-	5 739	6 573	-	21 815	19 673

5.6 Market risk

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

The Group monitors this risk on a continuing basis. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

5.6.1 Currency risk

The Group undertakes transactions denominated in foreign currencies consequently, exposure to exchange rate fluctuations arise.

The Group is exposed to currency risk mainly on commercial transactions and borrowings that are denominated in a currency other than the functional currencies of Group entities, primarily U.S. Dollars (USD), Great British Pound (GBP), Euro and South African Rand (ZAR) and in foreign exchange deals in the financial services sector.

Management of currency risk

To manage foreign currency risk arising from future commercial transactions and recognized assets and liabilities, some of the Group's goods and services pricing is pegged to the United States dollar. Management monitors the exchange rate exposure on a daily basis.

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.1 Currency risk (Continued)

The Group also mitigates currency risk by utilising borrowing facilities from local banks and minimizing foreign supplier credit.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Currency risk exposure

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows;

	Liabilities		Assets	
	2024	2023	2024	2023
Group				
United States Dollars (USD)	172 799	188 272	213 737	218 187
British Pound (GBP)	11 141	9 478	2 746	9 960
EURO	11 406	31 682	12 067	16 964
South African Rand (ZAR)	894	2 145	3 241	1 956
Tanzania shillings	99 503	111 322	81 393	123 822
Other currencies	10 848	-	49 143	1
Company				
United States Dollars (USD)	-	-	13 248	12 371

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 25% (2025: 25%) increase and decrease in the Malawi Kwacha against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 25% (2023: 25%) change in foreign currency rates. A positive number below indicates an increase in profit before tax where the Malawi Kwacha strengthens 25% (2023: 25%) against the relevant currency. For a 25% (2022: 25%) weakening of the Malawi Kwacha against the relevant currency, there would be a comparable impact on the profit before tax, and the balances below would be negative.

	Group		Company	
	2024	2023	2024	2023
United States Dollars (USD)	10 235	7 479	3 312	3 093
British Pound (GBP)	2 099	121	-	-
EURO	165	3 680	-	-
South African Rand (ZAR)	587	47	-	-
Tanzania shillings	4 528	3 125	-	-

5.6.2 Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates.

Management of interest rate risk

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating interest rates on borrowings.

The Group's banking business principal risk to which non-trading portfolio are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The Asset and Liability Committee is the monitoring body for compliance with these limits and is assisted by Treasury and Financial Institutions Division in its day-to-day monitoring activities.

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.2 Interest rate risk (Continued)

Exposure to interest rate risk on financial assets and financial liabilities

The Group does not bear any interest rate risk on off balance sheet items. A summary of the Group's interest sensitivity gap position on non-trading portfolio is as follows:

Group	Less than 1 month	1-3 months	3-12 months	Over 1year	Non-interest sensitive	Total
At 31 December 2024						
Financial assets						
Investments in government securities and equity	-	-	257 792	383 199	31 010	670 602
Cash and cash equivalents	174 676	321 915	-	-	-	496 591
Loans and advances to customers	46 827	36 541	65 589	291 315	-	440 272
Finance lease receivables	-	300	1 834	32 495	-	34 629
Trade and other receivables	-	-	-	8	72 517	72 525
Other insurance receivables	-	-	-	-	109	109
Contract assets	-	-	-	-	1 146	1 146
Total financial assets	221 503	358 756	325 215	707 017	104 782	1 717 273
Financial liabilities						
Bank overdraft	8 889	-	-	-	-	8 889
Loans and borrowings	-	4 331	21 817	22 535	-	48 683
Customer deposits	687 718	191 361	31 683	7 246	387 308	1 305 316
Trade and other payables	14 266	-	-	-	150 975	165 241
Contracts liabilities	-	-	-	-	9 635	9 635
Total financial liabilities	710 873	195 692	53 500	29 781	547 918	1 537 764
Interest sensitivity gap	(489 370)	163 064	271 715	677 236	(443 136)	179 509
At 31 December 2023						
Financial assets						
Investments in joint ventures and associates	-	-	-	-	73 041	73 041
Other investments	-	-	236 983	181 899	17 634	436 516
Investment in KAMA Cooperative	-	-	-	-	941	941
Cash and cash equivalents	136 197	225 262	-	-	-	361 459
Loans and advances to customers	21 769	23 677	72 147	267 233	-	384 826
Finance lease receivables	-	240	1 331	23 787	-	26 277
Trade and other receivables	-	-	-	26	46 975	47 001
Contract assets	-	-	-	-	1 551	1 551
Total financial assets	157 966	249 179	310 461	473 864	140 142	1 331 612
Financial liabilities						
Bank overdraft	11 716	-	-	-	-	11 716
Loans and borrowings	-	4 331	17 364	41 705	-	63 400
Customer deposits	769 183	146 075	30 440	3 392	-	949 090
Trade and other payables	13 982	-	-	-	99 981	113 963
Contract liabilities	-	-	-	-	7 094	7 094
Total financial liabilities	794 881	150 406	47 804	45 097	107 075	1 145 263
Interest sensitivity gap	(636 915)	98 773	272 460	428 267	23 764	186 349

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.2 Interest rate risk (Continued)

Company	Less than 1 month	1-3 months	3-12 months	Over 1year	Non-interest sensitive	Total
At 31 December 2024						
Financial assets						
Other investments	-	-	-	-	9 420	9 420
Cash and cash equivalents	15 090	41	-	-	-	15 131
Amounts due from related parties	-	-	-	-	1 668	1 668
Trade and other receivables	-	-	-	-	691	691
Total financial assets	15 090	41	-	-	11 779	26 910
Financial liabilities						
Bank overdraft	-	-	-	-	-	-
Loans and borrowings	-	-	2 836	2 418	-	5 254
Amounts due to related parties	-	-	-	-	76	76
Trade and other payables	-	-	-	-	1 353	1 353
Total financial liabilities	-	-	2 836	2 418	1 429	6 683
Interest sensitivity gap	15 090	41	(2 836)	(2 418)	10 350	20 227
At 31 December 2023						
Financial assets						
Investments in subsidiaries joint ventures and associates	-	-	-	-	726 443	726 443
Assets held for sale	-	-	-	-	8 941	8 941
Other investments	-	-	-	-	7 497	7 497
Cash and cash equivalents	12 243	15	-	-	-	12 258
Amounts due from related parties	-	-	-	-	3 409	3 409
Trade and other receivables	-	-	-	-	1 413	1 413
Total financial assets	12 243	15	-	-	747 703	759 961
Financial liabilities						
Bank overdraft	8 020	-	-	-	-	8 020
Loans and borrowings	-	-	5 094	5 245	-	10 339
Amounts due to related parties	-	-	-	-	53	53
Trade and other payables	-	-	-	-	1 261	1 261
Total financial liabilities	8 020	-	5 094	5 245	1 314	19 673
Interest sensitivity gap	4 223	15	(5 094)	(5 245)	746 389	740 288

Financial Statements

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.2 Interest rate risk (Continued)

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates on the financial assets and liabilities at the reporting date. The interest rate sensitivity is also calculated based on a 10% (2023: 10%) movement on the interest rates. If the interest rates had gone up or down by 10% (2023: 10%) the Group's profit for the year ended 31 December 2024 would decrease/increase by K13 (2023: K16 billion) and for the Company by K2 billion (2023: K305 million).

5.6.3 Other market price risk

The Group is exposed to equity price risks arising from equity investments listed on the Malawi Stock Exchange. The Group's equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Exposure to equity price risk
As at 31 December 2024, the Group had the following financial assets that exposed it to equity price risk.

	Group		Company	
	2024	**2023**	**2024**	**2023**
Financial asset				
Investment in subsidiaries	-	-	1 020 125	652 627
Other investment – equity	29 611	17 634	9 420	7 497
	29 611	17 634	1 029 545	660 124

Equity price sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

At 31 December 2024, if the equity price had weakened/strengthened by 10% (2023: 10%) with all other variables held constant, the Group's performance for the year would have been higher/lower as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
Financial asset				
Investment in subsidiaries	-	-	102 013	65,26
Other investment – equity	2 961	1 764	942	750
	2 961	1 764	102 955	66 012

The analysis is performed on the same basis for 2024 and 2023 and assumes that all other variables remain the same.

5.6.4 Insurance risk management

(i) Risk management objectives and mitigating insurance risk

The primary insurance activity carried out by the Group assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, accident, financial or other perils that may arise from an insurable event. As such the Group also has exposure to market risk through its insurance and investment activities.

The Group manages its insurance risk through underwriting limits; approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.4 Insurance risk management (Continued)

(i) Risk management objectives and mitigating insurance risk (Continued)

risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

(ii) Underwriting strategy

The underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over several years and, as such, it is believed that this reduces the variability of the outcome. Most general insurance contracts are annual in nature and the underwriters have the right to refuse renewal or to re-price and change the conditions risks on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Only extensive expertise, well maintained data resources, and selective underwriting based on this information can produce risk adequate prices and conditions. Through selective underwriting, client focused claims handling and good reserving methods, the Group endeavours to minimise risks.

(iii) Reinsurance strategy

The Group obtains reinsurance cover to reduce risks from single events or accumulation of risks that could have a significant impact on the current year earnings or the Group's capital. This cover is placed on the local and international reinsurance market. The Group uses a number of modelling tools to monitor aggregation and to stimulate catastrophe losses in order to measure the effectiveness of the reinsurance programme and the net exposure of the Group.

The core components of the reinsurance programme comprise:

- A fire surplus treaty which covers business written. The cover ranges from material damage and loss of profits following fire, lightning, explosion, riot and strike.
- An excess of loss cover for fire, motor and accident business.
- A motor, accident and liabilities excess of loss which covers motor, own damage covering property damage, public liability, personal accident, fidelity guarantees.
- A bonds and guarantees quota share treaty covering performance, maintenance, supply and customs bonds.

(iv) Reinsurance risk

The Group cedes insurance risk to limit exposure to underwriting losses under various agreements. These reinsurance agreements spread the risk and minimise the effect of losses. The amount each risk retained depends on the Group's evaluation of the specific risk, subject in certain circumstances to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded proportion of the claim in the event that the claim is paid. However, the Group remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

(v) Insurance and financial risk

Claims development

The estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by IFRS 17, in setting claims provisions, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.4 Insurance risk management (Continued)

(v) Insurance and financial risk (continued)

Gross claims development

The Group has disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

DEVELOPMENT YEAR

Loss year	0	1	2	3	4	5	6	7	Total
2016	1 065 321	1 660 976	378 010	103 479	55 118	28 897	15 975	17 826	**3 325 602**
2017	997 564	1 532 217	309 945	130 764	64 966	38 380	15 577	20 966	**3 110 379**
2018	1 049 458	1 849 295	459 401	179 620	54 253	31 404	33 556	5 621	**3 662 608**
2019	1 158 984	1 837 915	449 130	291 372	84 262	396 427	22 882	-	**4 240 972**
2020	1 359 415	1 540 027	417 118	213 063	147 569	19 016	-	-	**3 696 208**
2021	1 227 583	1 636 212	319 580	266 450	9 527	-	-	-	**3 459 352**
2022	1 615 505	885 169	915 535	21 589	-	-	-	-	**3 437 798**
2023	1 190 694	2 061 210	48 335	-	-	-	-	-	**3 300 239**
2024	3 844 068	-	-	-	-	-	-	-	**3 844 068**
Cumulative claims paid	**(3 496 271)**	**(3 455 228)**	**(3 867 507)**	**(3 970 198)**	**(3 433 079)**	**(3 517 313)**	**(4 752 664)**	**(4 989 153)**	**(31 481 413)**
Gross cumulative net liabilities	**121 730**	**(1 394 018)**	**(3 819 169)**	**(3 948 609)**	**(3 423 552)**	**(3 498 297)**	**(4 729 782)**	**(4 983 532)**	**(25 675 229)**
Gross cumulative claims-prior accident years	-	-	-	-	-	-	-	-	**6 047 283**
Effect of discounting	-	-	-	-	-	-	-	-	**168 407**
Effect of the risk adjustment for non-financial risk	-	-	-	-	-	-	-	-	**407 958**
Gross LIC for the contract originated	-	-	-	-	-	-	-	-	**6 619 705**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.4 Insurance risk management (Continued)

(v) Insurance and financial risk (continued)

Net incurred Claims

DEVELOPMENT YEAR

Loss year	0	1	2	3	4	5	6	7	Total
2016	826 933	1 332 179	304 390	102 941	72 565	33 987	20 744	7 045	2 700 784
2017	737 017	1 197 815	335 856	123 189	55 981	45 100	21 102	14 174	2 530 234
2018	899 461	1 300 955	333 493	172 468	65 251	45 692	34 967	-	2 852 287
2019	1 054 081	1 383 558	396 729	263 456	54 666	217 002	-	-	3 369 492
2020	1 088 211	1 176 213	404 379	89 044	73 179	-	-	-	2 831 026
2021	1 045 850	1 329 230	204 961	199 974	-	-	-	-	2 780 015
2022	927 633	789 515	475 952	-	-	-	-	-	2 193 100
2023	911 270	1 689 316	-	-	-	-	-	-	2 600 586
2024	2 372 305	-	-	-	-	-	-	-	2 372 305
Cumulative claims paid	**(2 719 961)**	**(2 741 829)**	**(2 972 418)**	**(2 758 297)**	**(2 804 368)**	**(2 677 332)**	**(3 846 215)**	**(3 456 488)**	**(23 976 908)**
Net cumulative net liabilities	**(347 356)**	**(1 052 213)**	**(2 496 466)**	**(2 558 323)**	**(2 731 189)**	**(2 460 330)**	**(3 808 248)**	**(3 442 314)**	**(6 324 836)**
Net cumulative claims: prior accident years	-	-	-	-	-	-	-	-	4 871 197
Effect of discounting	-	-	-	-	-	-	-	-	11 529
Effect of the risk adjustment for non-financial risk	-	-	-	-	-	-	-	-	305 826
Net LIC for the contract originated									**4 982 640**

Financial Statements

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.4 Insurance risk management (Continued)

(v) Insurance and financial risk (continued)

(i) Concentration of Insurance risks and policies mitigating the concentrations
Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration risk by geographical segment and class of business.

The Group principally issues the following types of non-life insurance contracts: Agriculture, Engineering, fire, liability, marine, miscellaneous, motor, personal accident and transport reinsurance. IFRS 17.124 For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group. This exposure is consistent with the market and the Group's re insurance policy limits the losses if any on class of business.

The following tables show the concentration of 2024 net reinsurance contracts by type of contracts

Reinsurance contracts

	Reinsurance premium Paid	Earned Commission income	Net	Reinsurance claim recoveries	Reinsurance Credit losses
Agriculture	(815,946)	163,189	(652,757)	179,250	(42,678)
Engineering	(198,476)	49,088	(149,388)	(233,218)	(12,129)
Fire	(1,250,797)	328,654	(922,143)	996,844	(78,197)
Liability	(158,844)	32,840	(126,004)	71,678	(29,094)
Marine	4,083	(1,793)	2,290	6,095	(821)
Miscellaneous	(245,280)	57,449	(187,831)	98,312	(25,401)
Motor	(668,696)	59,413	(609,283)	517,542	(260,362)
Personal	(150,930)	46,878	(104,052)	124,272	(22,301)
Transport	(13,988.)	4,542	(9,446)	(24,696)	(1,490)
Total	**(3,498,874)**	**740,260**	**(2,758,614)**	**1,736,079**	**(472,473)**

The following tables show the concentration of net insurance contract liabilities by type of contracts

Net insurance liabilities

2024	Insurance Liabilities	Reinsurance assets	Net
Agriculture	1,870	(69,152)	(67,282)
Engineering	177,506	(82,551)	94,955
Fire	1,087,389	(1,056,319)	31,070
Liability	1,032,679	(237,441)	795,238
Marine	37,658	(17,728)	19,930
Miscellaneous	362,906	(134,430)	228,476
Motor	5,898,129	(814,544)	5,083,585
Personal Accident	353,903	(147,836)	206,067
Transport	82,714	(45,373)	37,341
Total	9,034,754	(2,605,374)	6,429,380
Insurance acquisition liability	453,610	-	453,610
Premium deficiency reserve	-	-	-
Total	**9,488,364**	**(2,605,374)**	**6,882,990**

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5 FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Market risk (Continued)

5.6.4 Insurance risk management (Continued)

(v) Insurance and financial risk (continued)

Below is the table showing the level of net exposure per class of business with Fire being the highest at 74%. The Group had average net exposure risk of 11%.

	Gross written Premium	2024 Sum Insured K'm	Concentration K'm
Fire	1,759	2,782,214	74%
Motor	5,857	284,016	8%
Accident	502	56,680	2%
Engineering	273	464,579	12%
Marine	18	8,313	0%
Liability	654	104,198	3%
Miscellaneous	571	43,216	1%
Transport	34	5,948	0%
Agriculture	960	176	0%
Total	**10,628**	**3,749,340**	**100%**

5.7 Fair values measurements

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

5.7.2 Fair value hierarchy
The table below shows an analysis of financial instruments carried 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. The different levels have been defined as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
At 31 December 2024					
Other investments – equity	19	29 611	-	-	29 611
Investment in KAMA Cooperative	19.4	-	-	1 399	1 399
		29 611	-	1 399	31 010
At 31 December 2023					
Other investments – equity	19	17 634	-	-	17 634
Investment in KAMA Cooperative	19.4	-	-	941	941
		17 634	-	941	18 575
Company					
At 31 December 2024					
Other investments – equity	19	9 420	-	-	9 420
Assets held for sale	24	-	-	6 061	6 061
Investments in associates	15	-	-	74 784	74 784
Investments in joint ventures	14	-	-	27 396	27 396
Investments in subsidiaries	13	942 146	-	77 979	1 020 125
		951 146	-	186 220	1 137 786
At 31 December 2023					
Other investments – equity	19	7 497	-	-	7 497
Assets held for sale	24	-	-	8 941	8 941
Investments in associates	15	-	-	52 651	52 651
Investments in joint ventures	14	-	-	21 165	21 165
Investments in subsidiaries	13	587 315	-	65 312	652 627
		594 812	-	148 069	742 881

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.7 Fair values measurements (Continued)

5.7.3 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Group

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	2024	2023		
Equity investments	29 611	17 634	Level 1	Stock market prices
Investment in KAMA Cooperative	1 399	941	Level 3	Net asset values approach

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.7 Fair values measurements (Continued)

5.7.3 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

A reconciliation showing opening balance, gains/losses recognized during the year, transfers as well as closing balance is disclosed under related notes 13,14 and 15.

Company

Asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2024	2023				
Investment in Sunbird Malawi Limited, National Bank of Malawi plc and Telekom Networks Malawi plc	951 566	594 812	Level 1	Stock market share prices.	N/A	N/A
Investment in Puma Malawi Limited	24 380	16 898	Level 3	*The Enterprise value to EBITDA ("EV/EBITDA") ratio:* The approach measures value of a company by looking at how company's Cashflow compares to the assets being used to generate the cash flow. An adjustment was made for cash, long term loans and tax to accommodate third parties with interest in the company This method involves; • Identifying companies in similar industries to the subject company, in the open market and determining the appropriate multiples. • Applying discounts/ premiums to the quoted multiples to compensate for differences between the reasonably similar companies and the subject being valued.	• The observable multiple was adjusted for size, risk, geography and diversification discount by 15%. • Lack of marketability discounts of 8%-10%. • Minority discount of 4%.	• The higher the discount applied on the multiple the lower the fair value • The higher the marketability discount applied the lower the fair value. • The higher the minority discount applied the lower is the fair value.

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In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.7 Fair values measurements (Continued)

5.7.3 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Company

Asset	Fair value as at 2024	Fair value as at 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
PressCane Limited	20 925	19 640	Level 3	*Price to Earnings (3-year normalized earnings) (PE)* The method measures value of a company based on its current share price relative to its earnings per share (EPS)This method involves; • identifying companies in similar industries to the subject company, in the open market and determining the appropriate multiples. • applying discounts/ premiums to the quoted multiples to compensate for differences between the reasonably similar companies and the subject being valued.	• The observable multiple was adjusted for size, risk, geography and diversification discount by 10%. • Control premium and lack of marketability discounts of 13%-14% and 8%-10% were applied respectively.	• The higher the discount applied on the multiple the lower the fair value • The higher the control premium the higher is the fair value.
Press Properties Limited	20 543	18 861	Level 3	*5-year average Price to Book (P/B)* The approach measures value of a company based on its market price relative to its net assets. This method involves; Identifying companies in similar industries to the subject company, in the open market and determining the appropriate multiples. Applying discounts/premiums to the quoted multiples to compensate for differences between the reasonably similar companies and the subject being valued	• The observable multiple was adjusted for size, risk, geography and diversification discount by 8%-10% • A control premium of 15%-20% and marketability discounts of 5%-7% were applied this year.	• The higher the discount applied on the multiple the lower the fair value. • The higher the control premium the higher is the fair value.

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.7 Fair values measurements (Continued)

5.7.3 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Company

Asset	Fair value as at 2024	Fair value as at 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment in Ethanol Company Limited	31 845	20 517	Level 3	*The Price Earnings Approach(3 years normalized earnings)* The approach measures value of a company based on its current share price relative to its earnings per share (EPS). This method involves; • Identifying companies in similar industries to the subject company, in the open market and determining the appropriate multiples. • Applying discounts/ premiums to the quoted multiples to compensate for differences between the reasonably similar companies and the subject being valued.	• The observable multiple was adjusted for size, risk, geography and diversification discount by 10%. • Control premium of 13%-14% was applied. Marketability discount of 8%-10% was applied.	• The higher the discount applied on the multiple the lower the fair value. • The higher the control premium the higher is the fair value.
Investment in Limbe Leaf Tobacco Company Limited	70 334	47 179	Level 3	*The Enterprise value to EBITDA ("EV/EBITDA") ratio* The approach measures value based on the current pricing statistics for companies (where publicly available information is present), which can be considered reasonably similar to those being analysed. This method involves; • identifying companies in similar industries to the subject company, in the open market and determining the appropriate multiples. • applying discounts/ premiums to the quoted multiples to compensate for differences between the reasonably similar companies and the subject being valued.	• The observable multiple was adjusted for size, risk, geography and diversification discount by 11% -12%. • Minority and lack of marketability discounts of 11.2% and 12%-13% were applied respectively.	• The higher the discount applied on the multiple the lower the fair value. • The higher the minority discount applied the lower the fair value. • The higher the marketability discount applied the lower the fair value.

In millions of Malawi Kwacha

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.7 Fair values measurements (Continued)

5.7.3 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Company

Asset	Fair value as at 2024	Fair value as at 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment in LifeCo Holdings Limited.	2 988	2,826	Level 3	*Discounted Cashflow Approach:* The method is based on anticipated future cash flows of the business for a given period. This method is more reliable as it considers the growth potential of the business. Discounts were applied to the net asset value.	• Minority and lack of marketability discounts of 40% was applied to the implied equity value.	• The higher the marketability discount applied the lower the fair value.
Open Connect Limited	1 462	2 575	Level 3	*Price to Book Approach:* The approach measures value of a company based on its market price relative to its net assets. This method involves; 1. Identifying companies in similar industries to the subject company, in the open market and determining the appropriate multiples. 2. Applying discounts/premiums to the quoted multiples to compensate for differences between the reasonably similar companies and the subject being valued.	• The observable multiple was adjusted for size, risk, geography, and diversification discount by 35%. • Minority discount of 15% and marketability discounts of 10%-15% were applied.	• The higher the minority discount applied the lower the fair value. • The higher the marketability discount applied the lower the fair value.
Macsteel (Malawi) Limited	3 016	4 267	Level 3	*The Price Earnings (PE) Approach* This methodology measures value of a company based on its current share price relative to its earnings per share (EPS). This method involves: • Identifying companies in similar industries to the subject company, in the open market and determining the appropriate multiples. • Applying discounts/premiums to the quoted multiples to compensate for differences between the reasonably similar companies and subject being valued.	• The observable multiple was adjusted for size, risk, geography and diversification discount by 15%. • Minority discount of 2%-5%. • Lack of marketability discounts of 8%-10%.	• The higher the discount applied on the multiple the lower the fair value. • The higher the minority discount applied the lower the fair value. • The higher the marketability discount applied the lower the fair value.
The Foods Company Limited	4 666	6 294	Level 3	*Market prices* The business was valued based on the purchase offers received from the market participants to purchase the business.	• Lack of marketability discounts of 50%.	• The higher the marketability discount applied the lower the fair value.

5 FINANCIAL INSTRUMENTS (CONTINUED)

5.8 Fair values measurements

The sensitivity analyses below have been determined based on the exposure to equity value risks at the end of the reporting period.

At 31 December 2024, if the fair value had weakened/strengthened by 10% (2023: 10%) with all other variables held constant, the Company's fair value for the year would have been higher/lower as follows:

	Company			
	Fair Value	Equity Risk	Fair Value	Equity Risk
	2024		2023	
Unlisted equity investments:				
Puma Malawi Limited	24 380	2 438	16 898	1 690
Presscane Limited	20 925	2 093	19 640	1 964
Press Properties Limited	20 543	2 054	18 861	1 886
Ethanol Company Limited	31 845	3 185	20 517	2 052
Limbe Leaf Tobacco Company Limited	70 334	7 033	47 179	4 718
Investment in LifeCo Holdings Limited	2 988	299	2 897	290
Open Connect Limited	1 462	146	2 575	258
Macsteel (Malawi) Limited	3 016	302	4 267	427
The Foods Company Limited	4 666	467	6 294	629
Total	180 159	18 016	139 128	13 914

The analysis is performed on the same basis for 2024 and 2023 and assumes that all other variables remain the same.

6. OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment property and intangible assets other than goodwill.

6.1 Basis for segmentation

The Group has four reportable segments which are based on the type of business among its subsidiary, associated companies and joint ventures. These segments are: Financial Services, Telecommunication, Energy, and All Other Reportable Segments. The segments offer different products and services and are managed separately because they require different technology and marketing strategies.

In millions of Malawi Kwacha

6. OPERATING SEGMENTS (CONTINUED)

6.1 Basis for segmentation (Continued)

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Financial Services segment	Provides retail, corporate and investment banking as well as stockbroking, insurance and pension administration services.
Telecommunications segment	Provides a wide range of Information and Communications Technology (ICT) based products and services.
Energy segment	Ethanol manufacturers.
All other segments	Property investment and development, Holding company, Manufacturer and distributor of fish products.

6.2 Geographical segment presentation

The operations of the Group are in Malawi and Tanzania. However geographical segment presentation has not been made since the Tanzania business segment is insignificant to the total business of the Group.

6.3 Information about major customers

The Group revenues are earned from a range of customers, none of which constitute ten percent or more of the total Group's revenues.

6.4 Information about reportable segments

Information regarding the results of each reportable segment is set out below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit after income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

6. OPERATING SEGMENTS (CONTINUED)

6.4 Information about reportable segments (Continued)

	Financial Services	Tele-Communi-cation	Energy	All other egments	Total
2024					
Revenue					
External revenues	335 295	163 347	58 957	25 513	248 032
Inter-segment revenue	1 817	5 477	-	1 992	3 177
Segment revenue	337 112	168 824	58 957	(5 499)	(23 381)
Segment operating profit	169 421	31 434	21 664	25 513	248 032
Segment interest income	-	415	770	1 992	3 177
Segment interest expense	(2 274)	(15 478)	(130)	(5 499)	(23 381)
Segment income tax expenses	(65 437)	(5 282)	(7 015)	(3 379)	(81 113)
Segment profit for the year	101 710	11 089	15 289	18 627	146 715
Depreciation and amortisation	10 228	19 469	1 267	639	31 603
Segment assets	1 730 204	242 788	60 727	1 200 971	3 230 300
Segment liabilities	1 459 531	189 800	16 785	13 903	1 680 019
Capital additions	25 610	47 134	12 342	173	85 259
2023					
Revenue					
External revenues	227 908	122 070	43 123	1 317	394 418
Inter-segment revenue	1 282	3 852	-	557	5 691
Segment revenue	229 190	125 922	43 123	1 874	400 109
Segment operating profit	121 105	13,184	15 014	26 660	175 963
Segment interest income	-	306	1 718	5 562	7 586
Segment interest expense	(976)	(25 961)	(4)	(6 424)	(33 365)
Segment income tax expenses	48 170)	2 478	(5 166)	(2 633)	(53 491)
Segment profit/(loss) for the year	71 959	(9 993)	11 562	23 165	96 693
Depreciation and amortisation	7 155	23 076	792	446	31 469
Segment assets	1 271 996	189 396	44 095	793 375	2 298 862
Segment liabilities	1 064 221	147 982	11 757	18 852	1 242 812
Capital additions	13 784	29 394	5 809	1 352	50 339

In millions of Malawi Kwacha

6. OPERATING SEGMENTS (CONTINUED)

6.5 Reconciliations of information on reportable segments to IFRS measures

	2024	2023
Revenues		
Total revenues for reportable segments	567 485	400 109
Elimination of inter-segment revenue	(7 852)	(5 691)
Consolidated revenue	559 633	394 418
Depreciation and amortisation		
Total depreciation and amortisation for reportable segments	31 603	31 469
Discontinued operation depreciation	-	-
Elimination of inter-segment depreciation	(187)	(185)
Consolidated depreciation and amortisation	31 416	31 284
Profit		
Total profit for reportable segments	146 715	96 693
Elimination of dividend income from Group companies	(33 329)	(27 999)
Share of profit of equity accounted investees	12 672	4 056
Impairment reversal of equity accounted investees	118	1 619
Impairment reversal of goodwill impairment	-	677
Loss on derecognition of a disposed of subsidiary	-	-
Profit from increase in controlling interest from associates	173	-
Consolidated profit	126 349	75 046
Assets		
Total assets for reportable segments	3 234 690	2 298 862
Eliminated on increase in controlling interest	(1 854)	-
Inter-segment eliminations	(33 523)	(29 879)
Elimination of fair value relating to equity accounted investees	(9 723)	(13 565)
Impairment of equity accounted investees	118	1 619
Reversal of goodwill	-	677
Goodwill arising on increase in controlling interest	310	-
Elimination of investment in subsidiaries	(1 024 515)	(652 627)
Consolidated total assets	2 165 503	1 605 087
Liabilities		
Total assets for reportable segments	1 680 019	1 242 812
Inter-segment eliminations	(33 523)	(29,879)
Consolidated total liabilities	1 646 496	1 212 933

7. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Furniture and equipment	Plant and machinery	Motor vehicles	Cane roots*	Capital work in progress	Total
Cost or valuation							
Balance at 1 January 2024	70 037	9 855	169 445	10 345	59	28 966	288 707
Additions	941	997	12 866	4 490	-	26 830	46 124
Disposals	(137)	(59)	(436)	(2 201)	-	-	(2 833)
Transfers between classes	1 486	373	13 075	-	-	(14 934)	-
Reclassified from intangibles (note 11)	-	-	-	-	-	251	251
Acquisitions through business combinations	181	161	506	656	-	-	1 504
Write-off	(511)	(31)	(388)	-	-	-	(930)
Revaluation increase	8 986	-	-	-	-	-	8 986
Balance at 31 December 2024	80 983	11 296	195 068	13 290	59	41 113	341 809
Balance at 1 January 2023	60 662	9 534	154 773	8 247		21 601	254 817
Additions	1 299	968	11 424	3 463	30	12 443	29 627
Disposals	(17)	(700)	(1 564)	(1 365)	(20)	-	(3 666)
Transfers between classes	69	64	4 933	-	-	(5 066)	-
Reclassified to intangibles (note 11)	-	-	-	-	-	(12)	(12)
Reclassified from biological assets (note 10)	-	-	-	-	49	-	49
Write-off	-	(11)	(121)	-	-	-	(132)
Revaluation increase	8 024	-	-	-	-	-	8 024
Balance at 31 December 2023	70 037	9 855	169 445	10 345	59	28 966	288 707
Accumulated depreciation and impairment							
Balance at 1 January 2024	7 854	6 261	90 697	4 211	21	-	109 044
Depreciation expense	1 956	1 898	15 086	1 699	7	-	20 646
Acquisitions through business combinations	-	65	348	251	-	-	664
Transfers between classes							-
Eliminated on revaluation	(186)	-	-	-	-	-	(186)
Write-off	(348)	(29)	(365)	-	-	-	(742)
Eliminated on disposal of assets	(1 003)	(58)	(402)	(1 685)	-	-	(3 148)
Balance at 31 December 2024	8 273	8 137	105 364	4 476	28	-	126 278
Balance at 1 January 2023	7 854	6 261	90 697	4 211	21	-	109 044
Depreciation expense	1 956	1 898	15 086	1 699	7	-	20 646
Reclassified from biological assets (note 10)*	-	65	348	251	-	-	664
Transfers between classes							-
Eliminated on revaluation	(1 052)	-	-	-	-	-	(1 052)
Write-off	(348)	(29)	(365)	-	-	-	(742)
Eliminated on disposal of assets	(137)	(58)	(402)	(1 685)	-	-	(2 282)
Balance at 31 December 2023	8 273	8 137	105 364	4 476	28	-	126 278
Carrying amounts							
At 31 December 2024	72 710	3 159	89 704	8 814	31	41 113	215 531
At 31 December 2023	62 183	3 594	78 748	6 134	38	28 965	179 662

*In the year 2022 growing cane included Cane Roots with a cost of MK49m and accumulated depreciation of MK28m and net book value of MK21m which were reclassified to Property, plant and equipment, as required by IAS 16. In the current year cane roots are part of property, plant and equipment.

In millions of Malawi Kwacha

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Land and building	Furniture and equipment	Motor vehicle	Total
Cost or valuation				
Balance at 1 January 2024	2 163	688	689	3 540
Additions	14	110		124
Revaluation increase	199			199
Disposals	-	(4)	-	(4)
Balance at 31 December 2024	2 376	794	689	3 859
Balance at 1 January 2023	1 179	630	352	2 161
Additions	797	66	337	1 200
Revaluation increase	187	-	-	187
Disposals	-	(8)	-	(8)
Balance at 31 December 2023	2 163	688	689	3 540
Accumulated depreciation				
Balance at 1 January 2024	-	558	184	742
Depreciation expense	-	46	152	198
Eliminated on disposal of assets	-	(1)	-	(1)
Balance at 31 December 2024	-	603	336	939
Balance at 1 January 2023	-	538	52	590
Depreciation expense	-	28	132	160
Eliminated on disposal of assets	-	(8)	-	(8)
Balance at 31 December 2023	-	558	184	742
Carrying amounts				
At 31 December 2024	2 376	191	353	2 920
At 31 December 2023	2 163	130	505	2 798

Registers of land and buildings giving details required under the Companies Act 2013 are maintained at the respective registered offices of each company within the Group and are open for inspection by members or their duly authorised agents.

7.1 Useful lives

The following estimated useful lives for the current and comparative periods are used in the calculation of depreciation:

Buildings	40 - 50 years
Plant and machinery	8- 15 years
Furniture and equipment	2- 6 years
Motor vehicles	3- 5 years
Cane roots	6- 7 years

7.2 Fair value measurement of the Group's land and buildings

The Group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses. The fair value measurements of the Group's land and buildings were performed by qualified valuers as detailed below. There has been no change in the valuation technique this year.

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7.2 Fair value measurement of the Group's land and buildings (Continued)

Land and buildings relating to Malawi Telecommunications Limited were revalued as at 31 December 2023 by Mabvuto Phula (MSc International Real Estate, UK, MSIM) Registered Property Valuation Surveyor of CMC Property Consultants and Valuers. Valuations were carried out on the basis of open market value. Directors consider that the carrying amounts are not materially different from the fair values as determined in the last valuation. No valuation of land and building was carried out in the current year ended 31 December 2024.

Land and buildings for the Bank were fair valued as at 31 December 2024 by Bernard Mughogho, (Est. Mgt) MSIM of Knight Frank, and Francis R. Chaloza, MSc, B Soc, MSIM of Park Hill Associates, qualified independent valuers on a current market value basis. Out of the K9,335m (2023: K7,095m) the Group's gross revaluation surplus, K153m (2023: K130m) was credited to the statement of comprehensive income to reverse decreases in fair values previously charged to the statement of comprehensive income and the balance of K9 172m (2023: K8 543m) was credited to the revaluation reserve through the statement of other comprehensive income (refer note 35). Land and buildings for the Bank as at 31 December 2023 were fair valued by Desmond N Namangale, MSc. IPM, B.Sc. Land (Est.) Mgt. MSIM of Knight Frank, qualified independent valuer on a current market value basis

No valuation of land and building was carried out in the current year ended 31 December 2024. However, a prior year correction of an error on revaluation was made in 2024 of MK66m and depreciation reversal of MK81m.Revaluation of freehold land and buildings relating to the Foods Company Limited as at 31 December 2023 were performed by Mabvuto Phula, MSIM, MRAC Valuation Surveyor of CMC Property Consultants and Valuers. Valuations were carried out based on the market comparable approach that reflects recent transaction prices for similar properties in similar geographical locations. A gross revaluation surplus of MK254m in 2023was credited to the revaluation reserve through the statement of other comprehensive income and MK180m depreciation was eliminated on revaluation.

No valuation of land and building was carried out in the current year ended 31 December 2024. However, a prior year correction on revaluation was made in 2024 of MK193m. Leasehold properties, civil works, relating to Ethanol Company Limited were re-valued on 31 December 2024 by Mr Nickson S.C. Mwanyali, BSc (Est. Man), Dip (Bus Mngt), MSIM Valuation Surveyor of Knight Frank Malawi Limited on an open market value. A gross revaluation surplus of MK341m was credited to the revaluation reserve through the statement of other comprehensive income in 2023 and MK174m depreciation was eliminated on revaluation in 2023.

No valuation of land and building was carried out in the current year ended 31 December 2024. However, a prior year correction on revaluation was made in 2024 of MK343m and depreciation reversal of MK105m.Land and buildings relating to Telekom Networks Malawi plc were fair valued as at 31 December 2024 by Rhemont Ngwira BSc (Hons) Property Mangt; Dip (Real Estate); Elliot K. Jambo MSc: Real Estate; MBA; BA; MSIM of MPICO plc. Valuations were carried out based on the basis of open market value. A gross revaluation surplus of MK489m was credited to the revaluation reserve through the statement of other comprehensive income and MK64m depreciation was reversed on revaluation in 2023.

Land and buildings relating to Press Corporation plc were fair valued as at 31 December 2024 by L.A. Nkosi, Msc (RE); Bsc (UEM): BA (Hons); Cert.Prop. Val; MSIM Valuation Surveyor of Prudential Real Estate and Consultancy Services. Valuations were carried out based on sales comparison and investment approach that reflects recent transaction prices for similar properties in similar geographical locations. A gross revaluation surplus of MK199m (2023: MK187 m) was credited to the revaluation reserve through the statement of other comprehensive income.

Details of the Group's information about the properties fair value hierarchy are as follows:

	Fair value as at		Fair value hierarchy
	31/12/2024	31/12/2023	
Land and buildings	72 710	62 183	Level 2

There were no transfers between Level 1 and Level 2 and Level 3. The fair value of the lands and buildings was determined using transaction prices of similar properties.

Had the Group's and Company's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows;

	2024	2023
Group's land and buildings	11 241	17 392
Company's land and buildings	1 570	1 357

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In millions of Malawi Kwacha

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7.3 Assets pledged as security

The Group's assets with a carrying amount of approximately K107 billion (2023: K82 billion) have been pledged to secure borrowings. The Group is not allowed to sell these assets to another entity without prior approval of the lenders. The carrying amount of the related borrowings amount to K12.65 billion (2023: K18.00 billion) – see note 27 and 30 below.

8. LEASES (GROUP AS A LESSEE)

The Group and the company have lease contracts for various items of plant, machinery, vehicles, land and buildings used in its operations. Leases of plant and machinery generally have lease terms between 3 and 5 years, land and buildings between 2 and 13 years (largely with options for renewal) while motor vehicles have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has options to purchase certain leased assets at the end of the lease term.

8.1 Right of use assets

Group	**Land and buildings**	**Plant and machinery**	**Total**
Cost			
Balance at 1 January 2024	11 606	17 484	29 090
Additions	8 069	7 995	16,063
Disposals	(7 448)	-	(7 448)
Effects of changes in foreign currency	1	-	1
Balance at 31 December 2024	12 228	25 479	37 706
Balance at 1 January 2023	13 379	16 162	29 541
Additions	412	1 322	1 734
Disposals	(2 185)	-	(2 185)
Balance at 31 December 2023	11 606	17 484	29 090
Depreciation			
Balance at 1 January 2024	7 069	4 635	11 704
Charge for the year	3 890	1 106	4 996
Disposals	(5 729)	-	(5 729)
Balance at 31 December 2024	5 230	5 741	10 971
Balance at 1 January 2023	6 625	2 454	9 079
Charge for the year	2 610	2 181	4 791
Disposals	(2 166)	-	(2 166)
Balance at 31 December 2023	7 069	4 635	11 704
Carrying amounts			
At 31 December 2024	6 997	19 738	26 735
At 31 December 2023	4 537	12 849	17 386

The company did not have right of use assets recognised in its statement of financial position for the year ended 31 December 2024 (2023: nil).

8. LEASES (GROUP AS A LESSEE) (CONTINUED)

8.1 Right of use assets (Continued)

	Group	
	2024	**2023**
Non-Current	6 738	4 587
Current	2 361	821
At 31 December	9 099	5 408

Movement in lease liabilities during the year was as follows:

As at 1 January	5 408	8 789
Addition	4 346	481
Interest on lease	2 787	2 433
Interest paid	(513)	(1 457)
Principal repayment	(2 929)	(4 838)
At 31 December	9 099	5 408

Maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Group	
	2024	**2023**
2023	-	1 312
2024	3 085	1 097
2025	2 841	1 108
2026	2 508	1 116
2027	1 590	1 127
2028	1 580	1 138
2029	1 685	1 150
2030	1 827	1 150
2031 onwards	139	-
Total	15 255	8 048

8.3 Amounts recognised in the statement of profit or loss

Depreciation expense on right-of-use assets	4 996	4 791
Interest expense on lease liabilities	2 787	2 433
Expense relating to short-term leases	106	96

The Group and the company had total payments relating to lease liability amounting to K2.9 billion and nil (2023: K6.3 billion and nil million) respectively.

The company did not have lease liabilities recognised in its statement of financial position for the year ended 31 December 2024 (2023: nil).

In millions of Malawi Kwacha

9 BIOLOGICAL ASSETS

9.1 Reconciliation of carrying amount of biological assets

	Fish stock	Growing Cane	Total
Group			
2024			
Balance at 1 January	195	376	571
Increase due to acquisition	-	-	-
Increase due to birth	95	-	95
Decrease due to sales	(65)	-	(65)
Decrease due to death	(5)	-	(5)
Increase in fair value	43	131	174
Balance at 31 December	263	507	770
Non-current biological assets	185	-	185
Current biological assets	78	507	585
Balance at 31 December	263	507	770
2023			
Balance at 1 January	245	266	511
Increase due to acquisition	47	-	47
Increase due to birth	16	-	16
Decrease due to sales	(107)	-	(107)
Decrease due to death	(6)	-	(6)
Increase in fair value	-	131	131
Reclassified to PPE (note 7)*	-	(21)	(21)
Balance at 31 December	195	376	571
Non-current biological assets	182	-	182
Current biological assets	13	376	389
Balance at 31 December	195	376	571

*Prior year growing cane included Cane Roots with a cost of MK49m and accumulated depreciation of MK28m and net book value of MK21m which, under IAS 16: Property, plant and equipment, are required to be classified as PPE. The opening balances have hence been reclassified to PPE as reflected under note 7.

As at 31 December 2024, fish stock comprised of 4.5 tons of fish (2023: nil tons) and 2.6 tons of fingerlings (2023: nil tons). During 2024, the Group sold 13.7 tons of fish (2023: 1.8 tons).

One of the Group's subsidiaries, Presscane Limited invested in Chisanja Limited which is involved in the growing of sugar cane in order to address its current feed stock challenges by growing its own sugarcane from which juice would be extracted to produce ethanol. As at 31 December 2024, the cane growth was estimated at 20% (2023: 40%) with a harvest area of 89 hectares (2023: 89 hectares) and estimated harvest tonnage of 80 (2023: 90 tonnage).

9.2 Measurement of fair values

The valuation of fish, fingerlings and brood stock is based on the selling value of the projected weight of fish to be harvested on maturity less any estimated costs to be incurred in growing the fish to table size and in selling and distributing the fish after harvest. The valuation takes into account mortality of the fish which is based on past experience and actual mortality experienced during the period to harvest.

In determining the fair value of the fish, the following procedures are used:

- The Group estimates the weight of the fish that is in cages or ponds through sampling. This estimate is used to determine the projected harvest, which takes into account a factor of mortality.
- The projected harvest is valued using selling price based on fish categories.
- The cost to harvest is estimated and this includes cost of feed, both starter and grower and all direct costs to be incurred to produce the fish.

9 BIOLOGICAL ASSETS (CONTINUED)

9.2 Measurement of fair values (Continued)

- The value of the fish is then the difference between the value of the projected harvest and the costs to be incurred to harvest.
- Fingerlings are valued at the current selling price of each fingerling achieved during the year.

Assumptions

- Average weight per fish – Average harvest weight achieved during the year is used as basis for calculating biomass.
- Mortality is assumed at 25% (2023: 25%) for cages and 30% (2023: 30%) for fingerlings based on experience and history. The Group no longer stocks fish in ponds; and
- Average selling price – Current selling price based on fish categories as per harvest records.

The fair value measurements of both fish and fingerlings have been categorized as Level 3 fair values;

	Fair value as at		Fair value hierarchy
	31/12/2024	31/12/2023	
Fish stocks	263	195	Level 3

The fair value of the growing cane is determined using inputs that are unobservable. Using the best information available in the circumstances growing cane falls into the level 3 fair value category. The key assumptions in the valuation of growing cane includes expected area to harvest the following season of 89 hectares (2023: 89 hectares), estimated yield of 80 tons (2023: 90 tons), estimated sucrose content of 10% (2023: 13%) and cane growth percentage of 20% (2023: 40%) at 31 December 2024.

	Fair value as at		Fair value hierarchy
	31/12/2024	31/12/2023	
Growing cane	507	376	Level 3

9.3 Financial risk management strategies related to agricultural activities

The Group is exposed to the following risks relating to its biological assets:-

Regulatory and environmental risks
The Group is subject to laws and regulations relating to fish breeding and protection of the environment. The Group has established environmental policies and procedures aimed at compliance with environmental laws relating to effluent disposal, certification of hatchery activities and environmental impact assessments of new fish breeding projects.

In respect of growing cane, the Group complies with the rules and regulations of the South African Sugar Research Institute which we are registered as a member.

Supply, demand and commodity risks
The Group is exposed to risks arising from fluctuations in the prices of fish and fish products which are based on general supply of fish in the country. The bigger the general supply of fish in the country the lower the fish prices. The Group manages this risk by aligning its harvest volumes with the market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

Similarly, the Group is exposed to risks arising from fluctuations in the prices of sugar. Sugar is valued at the estimated sucrose content, valued at the estimated sucrose price for the following season as obtained from the foreign and domestic markets.

Climate, weather, diseases and other risks
The Group's fish stocks are exposed to the risk of damage from climatic changes (including annual upwelling of water, temperature variations including stratification of water and low dissolved oxygen levels), diseases, theft of brood stock and breeding fish and predation from birds, otters and others. The Group has extensive processes in place aimed at monitoring and mitigating the risks, including monitoring and prevention of diseases, theft and bird predation prevention, monitoring of water temperatures and dissolved oxygen.

In millions of Malawi Kwacha

9 BIOLOGICAL ASSETS (CONTINUED)

9.3 Financial risk management strategies related to agricultural activities (Continued)

The Group uses water from Shire River for Irrigation. In the event of heavy siltation, such that the Group is unable to pump adequate water for irrigation, the yield of growing cane is likely to be affected which in turn would affect the valuation of the biological asset.

10 GOODWILL

	2024	2023
At the beginning and end of the year	4 547	4 547
Acquired on business combination (note 13)	998	-
At the end of the year	5 545	4 547

10.1 Impairment testing for cash generating units containing goodwill

Goodwill has been allocated for impairment testing purposes to the following cash-generating units;

TNM Enterprise Business Services Unit	588	588
United General Insurance Company Limited	998	-
Corporate banking division	3 959	3 959
	5 545	4 547

TNM Enterprise Business services unit
The group determined the recoverable amount of the cash generating unit (Enterprise Business Services Unit) to be MK35.0 billion (2023: MK33.1 billion) based on the value in use model. The value in use was based on discounted future cash flows (using the group's approved budgeted figures for 2025 and projections covering a 4-year period from 2025) discounted at a pre-tax discount rate of 26.1% (2023: 23.53%).

All forecasts used in the determination of value in use are extracted from the 2025 budget approved by the Board of Directors.

Cashflow projections during the budget period were based on the same expected gross margins and price inflation through the budget period and average annual growth rate of 15% has been applied. The cash flows beyond that five-year period have been extrapolated using an average of 10% per annum growth rate, which is the projected long-term average growth rate for cash generating unit. The directors believe that any reasonably possible change in the key assumption on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The carrying amount of the CGUs was MK0.8 billion (2024: MK0.8 billion). As such, in accordance with IAS 36 Impairment of Assets, the group determined that the goodwill was not impaired as at 31 December 2024.

Corporate Banking Division (CBD)
National Bank of Malawi plc (NBM) acquired Indebank Limited on 31 October 2015. The total purchase consideration was K6,616m and the goodwill arising on acquisition of K3,959m was recorded as at 31 December 2016. In 2018, the Group converted the Ex-Indebank to NBM Development Bank Limited to undertake long term financing business. The Bank commenced operations in May 2019.

The goodwill balance was allocated to Corporate Banking Division (CBD) as a cash-generating unit.

During the year the Bank finalized the acquisition of additional shares in United General Insurance Limited (UGI) increasing its shareholding to 57% from 47% and hence gaining control of the investee. At 57% shareholding the total purchase consideration for UGI shares was K2,626bn and the goodwill on acquisition date was K998m.

Annual test for impairment Corporate Banking Division
The Group determined the recoverable amount of the Cash Generating Unit (CBD) to be K79,909m (2023: K35,252m) based on the value in use model. The value in use was based on discounted future cash flows (using NBM's approved budgeted figures for 2025 and projections covering a 4-year period from 2026) discounted at a weighted average cost of capital of 32.22% (2023: 49.09%)

All forecasts used in the determination of value in use are extracted directly from the Bank's 2025 budget that was presented to the Board of Directors and approved by them.

10 GOODWILL (CONTINUED)

10.1 Impairment testing for cash generating units containing goodwill (Continued)

Cashflow projections during the budget period were based on the same expected gross margins and price inflation through the budget period. The cash flows beyond that five-year period have been extrapolated using an average of 10% per annum growth rate, which is the projected long-term average growth rate for Corporate Banking Business. The directors believe that any reasonably possible change in the key assumption on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The carrying amount of the CGUs was K5,247m (2023: K6,828m). As such, in accordance *with IAS 36 Impairment of Assets*, the goodwill was not impaired as at 31 December 2024.

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Annual test for impairment United General Insurance Company Limited
In accordance with IAS 36 Impairment of Assets, the Group assessed goodwill for impairment as at 31 December 2024 and determined that the goodwill was not impaired.

11 INTANGIBLE ASSETS

Group	Computer software	Work in Progress	Patents and trade marks	Total
Cost				
2023				
Balance at 1 January 2024	40 691	5 216	1 648	47 555
Transfer to PPE (note 7)	(251)	-	-	(251)
Transfer between classes	3 937	(3 937)	-	-
Write-off*	(1 076)	-	(1 648)	(2 724)
Acquisitions through business combinations	421	-	-	421
Additions	354	8 362	-	-
Balance at 31 December 2024	44 077	9 641	7 004	60 722
2023				
Balance at 1 January 2023	38 080	2 296	1 648	42 024
Transfer from PPE (note 7)	12	-	-	12
Transfer between classes	797	(797)	-	-
Write-off*	(546)	(9)	-	(555)
Additions	2 348	3 726	-	6 074
Balance at 31 December 2023	40 691	5 216	1 648	47 555
Accumulated amortisation				
2023				
Balance at 1 January 2024	25 444	-	1 552	26 996
Write-off	(763)		(1 648)	(2 411)
Amortisation expense	4 088	-	388	4 476
Balance at 31 December 2024	28 769	-	292	29 061
2023				
Balance at 1 January 2023	20 828	-	1 387	22 215
Write-off	(481)	-	-	(481)
Amortisation expense	5 097	-	165	5 262
Balance at 31 December 2023	25 444	-	1 552	26 996
Carrying amounts				
At 31 December 2024	15 308	9 641	6 712	31 661
At 31 December 2023	15 248	5 216	96	20 560

* Write off in the current year mainly relates to a disposal of a PTS licence in the telecommunications sector (MK1 648m) and other software used in the banking sector (MK751m). The write off in the prior year relates to Risk manual automation (K10m), Know Your Client (K65m) software in the banking business which were acquired in 2015 and Vertical Greenery System (K471m) in the telecommunication which has been replaced by Policy and Charging Rules Function (PCRF).

11 INTANGIBLE ASSETS (CONTINUED)

Company

	Computer software	
	2024	**2023**
Cost		
Balance at 1 January	365	363
Additions during the year	-	2
Balance at 31 December	365	365
Accumulated amortisation		
Balance at 1 January	169	153
Amortisation charge for the year	20	16
Balance at 31 December	189	169
Carrying amounts	176	196

Intangibles relating to the company are all externally generated and they comprise of costs relating to the SAP ERP and SAP Business Planning and Consolidation software.

11.1 Useful lives

The following estimated useful lives for the current and comparative periods are used in the calculation of depreciation:

Computer software	5 – 15 years
Patents and trademarks	10 years

12 INVESTMENT PROPERTIES

	Freehold land and buildings	Leasehold land and buildings	Undeveloped freehold land	Undeveloped leasehold land	Total
Group					
Balance at 1 January 2024	9 905	7 463	617	1	17 986
Additions during the year	2	37	-	-	39
Acquisitions through business combinations	1 040	-	-	-	1 040
Disposals	(41)	-	(16)	-	(57)
Gain on property revaluation	1 693	1 474	390	-	3 557
Balance at 31 December 2024	12 599	8 974	991	1	22 565
Balance at 1 January 2023	8 514	5 985	528	1	15 028
Additions during the year	22	-	-	-	22
Gain on property revaluation	1 369	1 478	89	-	2 936
Balance at 31 December 2023	9 905	7 463	617	1	17 986

Company

	Freehold land and buildings	
	2024	**2023**
Valuation		
Balance at 1 January	570	505
Gain on property revaluation	57	65
Balance at 31 December	627	570

A register of investment properties giving details required under the Companies Act, 2013 is maintained at the registered offices of the company and is available for inspection by members or their duly authorised agents.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
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12 INVESTMENT PROPERTIES (CONTINUED)

12.1 Valuation techniques and Fair value hierarchy

Investment properties for the company were professionally and independently revalued by L.A. Nkosi, Msc (RE); Bsc (UEM): BA (Hons); Cert.Prop. Val; MSIM Valuation Surveyor of Prudential Real Estate and Consultancy Services as at 31 December 2024 (also for 2023) and Precious Chisi Bsc (Edu) Cert (P/Mgmt) MSC (Real Estates) a chartered valuation surveyor with Perfect Property Solution at 31 December 2024 (2023: by Mavuto Phula Bsc (Edu) Cert (P/Mgmt) MSC (Real Estates) a chartered valuation surveyor with CMC Property Consultants & Valuerson for Press Properties Limited on an open market value basis and the resultant gains/losses are recognised in the profit and loss.

There has been no change to the valuation technique during the year. The fair value measurement for investment properties has been categorised as a level 2 fair value based on the inputs to the valuation techniques used.

Details of the Group's information about the investment properties fair value hierarchy as at 31 December 2024 are as follows:

	Fair value as at		Fair value hierarchy
	31/12/2024	**31/12/2023**	
Investment properties	22 565	17 986	Level 2

There were no transfers between Level 1 and Level 2 and Level 3. .

12.2 Operating lease arrangements

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease term of one year but with yearly extension option. All operating lease contracts include a clause to enable upward revision of the rental charge in accordance with the prevailing market conditions in the event that the lessee exercises its option to renew. There are no other variable lease payments that depend on an index or rate. The lessee does not have an option to purchase the property at the expiry of the lease period.

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. For example, by ensuring all contracts include clauses requiring the lessee to maintain the related property to the standard it was before handing over the property to the Group at the expiry of the lease term. The Group also collects a security deposit equivalent to one month rental which is used in circumstances where the lessee fails to maintain the property to the desired level.

Rental income recognised by the Group during the year is K1 120 million (2023: K821 million). Direct operating expenses which generated rental during period were K95 million (2023: K151 million).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2024 are as follows:

	2024	**2023**
2024	-	903
2025	303	-
	303	903

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In millions of Malawi Kwacha

13 INVESTMENTS IN SUBSIDIARIES

13.1 Details of the Group's subsidiaries

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2024	2023
Financial Services segment			%	%
National Bank of Malawi plc (NBM)	Financial Services	NBM Building, Blantyre	51.49	51.49
Telecommunications segment				
Malawi Telecommunications Limited (MTL) – held for sale	Information and Communication	Lunjika House, Blantyre	52.70	52.70
Telekom Networks Malawi plc (TNM)	Information and Communication	Livingstone towers, Blantyre	43.72	43.72
Energy segment				
Ethanol Company Limited	Ethanol manufacturer	Matiki industrial complex, Dwangwa	66.0	66.0
Presscane Limited	Ethanol manufacturer	Mwitha Village, Chikwawa	50.1	50.1
The all other segments				
Press Properties Limited	Property investment and development	PCL House, Blantyre	100.0	100.0
The Foods Company Limited	Manufacturer and distributor of fish products	Mithechi Village, Mangochi	100.0	100.0
Malawi Pharmacies Limited	Investment property	PCL House, Blantyre	100.0	100.0

Telekom Networks Malawi plc is listed on the Malawi Stock Exchange. Although the Group has only 43.72% ownership in the company, the Directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Telekom Networks Malawi plc on the basis that the Group's right to appoint a majority of directors on the board which gives them the power to direct the affairs of the company.

13.2 Reconciliation of carrying amount

	Company	
	2024	2023
Balance at 1 January	652 627	483 103
Capitalisation*	2 664	6 135
Increase in fair value	369 224	163 389
Balance at 31 December	1 024 515	652 627

*Press Corporation plc made equity injection in one of its subsidiaries (The Foods Company Limited) in order to boost working capital. The Foods Company Limited was capitalised with MK2.7 billion (2023:MK6.1 billion).

13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

13.3 Analysis of carrying amount

The carrying amount of subsidiaries shown above is analysed as follows:

	2024		2023	
	Fair value (PCL Share)	Dividend received	Fair value (PCL Share)	Dividend received
National Bank of Malawi plc	832 445	25 746	505 226	18 524
Press Properties Limited	20 543	41	18 861	-
Malawi Pharmacies Ltd	-	-	-	-
The Foods Company Limited	4 666	-	6 294	-
Ethanol Company Limited	31 845	1 996	20 517	712
Presscane Limited	20 925	401	19 640	6 012
Telekom Networks Malawi plc	109 701	-	82 089	-
	1 020 125	28 184	652 627	25 248

Telekom Networks Malawi plc and National Bank of Malawi plc are listed on the Malawi Stock Exchange and are quoted at market values and were valued at stock market prices.

Unquoted investments in subsidiaries were valued by E. Chokani, a registered valuer of Bridgepath Capital on behalf of the directors for the year ended 31 December 2024 and 31 December 2023. The valuation methods used for the unlisted investments were as follows;

Unlisted investment	Valuation method
Ethanol Company Limited	PE multiple
Presscane Limited	PE multiple
Press Properties Limited	Price to Book
The Foods Company Limited	Market Price
Malawi Telecommunications Limited	Transaction price

13.4 Acquisition of a subsidiary

During the year ended 31 December 2024, of the Group's subsidiary, National Bank of Malawi plc increased its shareholding in United General Insurance (UGI) Company Limited from 47% to 57% following a recapitalization exercise on the investee. NBM gained control over UGI and consideration to materialise the acquisition was made in cash. Below are the details of the acquisition:

Entity	Principal activity	Effective date of acquisition	Interest acquired	Consideration transferred K' m
United General Insurance Company Limited	General Insurance	1 January 2024	57%	3 005

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13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

13.4 Acquisition of a subsidiary (Continued)

13.4.1 Fair value of assets acquired, and liabilities recognised as at the date of acquisition

Assets	**K'm**
Property, plant and equipment	1 259
Investment properties	1 040
Deferred tax asset	2 152
Staff investments loans	150
Investment in unquoted shares	497
Investment in listed companies	1 398
Insurance contracts assets	1 195
Other receivables	217
Reinsurance contracts assets	2 442
Related party receivables	117
Income tax recoverable	229
Investment in bonds	1 082
Money market investments	2 420
Cash and bank balances	255
Total assets	**14 453**
Liabilities	**K'm**
Insurance contracts liabilities	9 716
Reinsurance contracts liabilities	387
Other payables	615
Related party payables	213
Total Liabilities	**10 931**
Net Assets fair value	**3 522**

13.4.2 Goodwill arising on acquisition

	K'm
Consideration transferred	1 804
Fair Value of Previous Equity Interests	1 201
Non-controlling interest	1 515
Less: Fair value of identifiable net assets acquired	(3 522)
Goodwill	998

13.4.3 Non-Controlling Interest (NCI) fair value

The non-controlling interest of 43% recognized at the acquisition date was by reference to the net asset fair value of the NCI amounting to K1,515m.

13.4.4 Impact of acquisition on the results of the Group

Included in the profit for the year is a profit of K2,168m attributable to the additional business generated by United General Insurance Limited. Income for the year includes K5,680m in respect of United General Insurance Company Limited.

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For the year ended 31 December 2024
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13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

13.5 Summarised financial information in respect of Group's subsidiaries that have material non-controlling interest

Summarised below is financial information of subsidiaries with material non-controlling interest before elimination of intercompany transactions:

	NBM		TNM		Ethanol		PressCane	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Non-current assets	809 030	549 865	133 071	110 421	18 421	12 846	25 786	19 555
Current assets	921 175	722 131	82 491	56 563	11 128	6 618	5 392	5 076
Non-current liabilities	17 497	17 017	27 450	28 808	495	321	4 483	1 755
Current liabilities	1 442 033	1 047 205	133 686	94 266	6 342	2 667	5 465	7 013
Equity attributable to owners of the Company	139 370	106 983	23 795	19 197	14 990	10 874	10 636	7 947
Non-controlling interests	131 305	100 791	30 631	24 713	7 722	5 602	10 594	7 916
Revenue	337 112	229 189	161 137	121 005	30 212	18 378	28 745	24 745
Profit/(loss) for the year	101 710	71 959	10 030	(4 734)	9 101	5 668	6 188	5 893
Other comprehensive income	22 273	(1 379)	486	489	136	360	-	(13)
Total comprehensive income/(loss)	123 983	70 580	10 516	(4 245)	9 237	6 028	6 188	5 880
Non-controlling interest share	48.51%	48.51%	56.28%	56.28%	34.00%	34.00%	49.90%	49.90%
Profit/(loss) attributable to owners of the Company	52 370	37 052	4 385	(2 070)	6 007	3 741	3 100	2 952
Profit/(loss) attributable to non-controlling interests	49 340	34 907	5 645	(2 664)	3 094	1 927	3 088	2 941
Other comprehensive income attributable to owners of the Company	11 468	(710)	212	214	90	238	-	(7)
Other comprehensive income attributable to non-controlling interests	10 805	(669)	274	275	46	122	-	(6)
Total comprehensive income attributable to owners of the Company	63 839	36 342	4 598	(1 856)	6 096	3 978	3 100	2 946
Total comprehensive income attributable to non-controlling interests	60 144	34 238	5 918	(2 389)	3 141	2 050	3 088	2 934
Dividends paid to non-controlling interests	24 255	17 450		-	1 020	363	409	6 008
Net cash inflow from operating activities	494 339	140 586	59 996	29 920	10 735	4 596	6 423	7 825
Net cash outflow from investing activities	(350 909)	(56 716)	(32 795)	(14 640)	(4 813)	(2 501)	(7 041)	(6 723)
Net cash outflow from financing activities	(54 368)	(37 844)	(12 157)	(5 884)	(3 000)	(1 069)	(2 305)	-
Net cash inflow/(outflow)	89 062	46 026	15 044	9 396	2 922	1 026	(2 923)	(3 712)

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In millions of Malawi Kwacha

14. INVESTMENTS IN JOINT VENTURES

14.1 Details of the Group's joint ventures

Details of the Group's joint ventures at the end of the reporting period is as follows:

Name of joint venture	Principal Activity	Principal place of operation	Proportion of ownership interest and voting power held by the Group 2024	2023
Puma Energy Malawi Limited	Distribution of petroleum products	Standard bank building, Blantyre	50.0	50.0
Macsteel (Malawi) Limited	Manufacture and sale of steel products	Raynor Avenue, Limbe, Blantyre	50.0	50.0

Two companies, Puma Energy Malawi Limited and Macsteel (Malawi) Limited are 50% owned by Press Corporation plc and 50% owned by technical partners and they are not publicly listed. These have been equity accounted for in the Group accounts and carried at fair value in the separate financial statements of the Company. This is in compliance with IAS 28 *Investments in Associates and Joint Ventures.*

14.2 Reconciliation of carrying amount

	Group 2024	Group 2023	Company 2024	Company 2023
At the beginning of the year	20 449	15 487	21 165	16 016
Increase in fair value recognised in other comprehensive income	-	-	6 231	5 149
Impairment (loss)/reversal	(999)	1 219	-	-
Group's share of profits	8 772	3 798	-	-
Group's share of other comprehensive income	(442)	875	-	-
Dividend received	(4 052)	(930)	-	-
At end of the year	23 728	20 449	27 396	21 165

14.3 Analysis of carrying amount

The carrying amount of joint ventures shown above is analysed as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Puma Energy Malawi Limited	20 712	16 898	24 380	16 898
Macsteel (Malawi) Limited	3 016	3 551	3 016	4 267
Total	23 728	20 449	27 396	21 165

Investments in joint ventures were equity accounted in the consolidated financial statements and were fair valued in the separate financial statements using EV/EBITDA and The Price Earnings (PE) Approach in respect of Puma Energy Malawi Limited and Macsteel (Malawi) Limited respectively.

Investments in joint ventures were valued by E. Chokani, a registered valuer of Bridgepath Capital on behalf of the directors for the years ended 31 December 2024 and 31 December 2023.

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14. INVESTMENTS IN JOINT VENTURES (CONTINUED)

14.4 Summarised financial information of joint ventures

Summarised financial information in respect of the Group's joint ventures in its own financial statements and reconciliation of the summarised financial information to the carrying amount of the Group' interest in joint ventures recognised in the consolidated financial statements:

	Puma 2024	Puma 2023	Macsteel 2024	Macsteel 2023
Non-current assets	57 843	45 347	5 971	4 545
Current assets	45 032	41 066	18 271	16 084
Non-current liabilities	(9 358)	(4 197)	(1 059)	(649)
Current liabilities	(52 094)	(47 952)	(14 328)	(12 667)
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	27 393	14 594	4 948	(808)
Revenue	398 626	291 881	16 882	16 931
Profit for the year	16 555	5 624	1 175	2 311
Other comprehensive income for the year	(2 469)	875	816	-
Total comprehensive income for the year	14 087	6 499	1 991	2 311
Dividends received from the joint ventures during the year	3 876	1 740	-	-
The above profit for the year includes the following:				
Depreciation and amortisation	4 109	3 268	207	157
Interest income	1 391	1 837	21	2
Interest expenses	-	-	788	453
Foreign exchange loss	5	5 371	(668)	(1 594)
Income tax expenses	7 220	2 510	426	(657)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	Puma 2024	Puma 2023	Macsteel 2024	Macsteel 2023
Net assets of the joint venture	41 423	34 263	8 855	7 313
Proportion of the Group's ownership interest in the joint venture	50%	50%	50%	50%
Impairment loss	-	(234)	(1 412)	-
Carrying amount of the Group's interest in the joint venture	20 712	16 328	3 016	3 657

15 INVESTMENT IN ASSOCIATES

15.1 Details of the Group's associates

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal Activity	Principal place of operation	Proportion of ownership interest and voting power held by the Group 2024	2023
Limbe Leaf Tobacco Company Limited	Tobacco processors and merchants	Alimaunde industrial area, Lilongwe	41.99	41.99
Open Connect Limited	Wholesale data connectivity services	Old Air Malawi Complex, Blantyre	22.01	22.01
LifeCo Holdings Limited	Life insurance, pension and asset management	Hannover House, Blantyre	49.50	49.50

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In millions of Malawi Kwacha

15 INVESTMENT IN ASSOCIATES

15.2 Reconciliation of carrying amount

	Group		Company	
	2024	**2023**	**2024**	**2023**
At the beginning of the year	52 592	38 179	52 651	37 411
Share of profits	3 900	258	-	-
Group's share of other comprehensive income	18 480	12 066	-	-
Addition	-	3 511	-	2 859
Dividend received	(1 073)	(1 822)	-	-
Impairment reversal	1 117	400	-	-
Disposal	(1 854)	-	-	-
Increase in fair value recognised in other comprehensive income	-	-	22 133	12 381
At end of the year	73 162	52 592	74 784	52 651

15.3 Analysis of carrying amount

The carrying amount of associates shown above is analysed as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
Open Connect Limited (OCL)	1 462	2 575	1 462	2 575
Limbe Leaf Tobacco Company Limited (LLTC)	70 334	47 179	70 334	47 179
United General Insurance Company Limited (UGI)	-	1 854	-	-
LifeCo Holdings Limited (LifeCo)	1 366	984	2 988	2 897
Total	73 162	52 592	74,784	52 651

Investment in associates were equity accounted in the consolidated financial statements and were fair valued using Adjusted NAV for OCL and LifeCo Holdings and EV/revenue multiples for LLTC in the separate financial statements.

Investments in associates OCL and LLTC were valued by E. Chokani, a registered valuer of Bridgepath Capital and in associate LifeCo were valued by I. Kayira, a registered valuer of Audit Consult, on behalf of the directors for the years ended 31 December 2024 and 31 December 2023.

15.4 Summarised financial information of associates

Summarised below is the financial information of the associates in their own financial statements and reconciliation of the summarised financial information to the carrying amount of the Group' interest in associates recognised in the consolidated financial statements:

	LLTC		LifeCo		OCL	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Non-current assets	105 471	69 071	7 297	4 928	31 774	33 449
Current assets	134 317	109 057	17 208	6 833	3 701	3 502
Non-current liabilities	(5 157)	(3 455)	(7 500)	(4 005)	(19 972)	(16 115)
Current liabilities	(66 393)	(59 941)	(14 244)	(5 769)	(7 642)	(5 963)
Revenue for the year	273 359	158 978	3 934	3 268	3 536	3 029
Profit for the year	12 682	3 559	769	273	(7 010)	(4 498)
Other comprehensive income for the year	2 036	-	-	-	-	-
Total comprehensive income for the year	44 011	3 559	769	273	(7 010)	(4 498)
Dividends received from associates during the year	1 073	1 822	-	-	-	-

15 INVESTMENT IN ASSOCIATES (COMTINUED)

15.4 Summarised financial information of associates (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

	LLTC		LifeCo		OCL	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Net assets of the associate	168 238	114 731	2 761	1 986	7 861	14 873
Group's ownership interest in the associate	41.99%	41.99%	49.50%	49.50%	22.01%	22.01%
Group's interest	70 643	48 175	1 366	984	1 730	3 274
Goodwill impairment	-	-	-	-	2 811	2 811
Impairment	(309)	(996)	-	-	(3 079)	(3 510)
Carrying amount of the Group's interest in Associate	70 334	47 179	1,366	984	1 462	2 575

16 LOANS AND ADVANCES TO CUSTOMERS

	Group	
	2024	**2023**
Gross loans and advances to customers at amortised cost	440 272	384 826
Allowance for impairment losses	(14 654)	(11 743)
Loans and advances, net	425 618	373 083
Gross loans and advances are due to mature as follows:		
- Within three months	83 368	45 446
- Between three months and one year	65 589	72 147
- After one year	291 315	267 233
	440 272	384 826
Loans, net are split into:		
Long term loans	291 315	267 233
Short term loans	134 303	105 850
	425 618	373 083
Analysis of recoveries		
Expected credit losses	-	-
Debts previously written off	4 287	3 955
Transferred to profit or loss	4 287	3 955
Analysis of gross loans by currency		
Malawi Kwacha denominated	249 505	219 896
Tanzania shillings denominated	81 393	73 038
United States dollar denominated	109 374	91 892
	440 272	384 826

Movement of allowance for impairment losses

	Stage 1	**Stage 2**	**Stage 3**	**Total**
2024				
At 1 January 2024	5 467	339	5 937	11 743
Transfer to stage 1	356	(82)	(274)	-
Transfer to stage 2	(155)	259	(104)	-
Transfer to stage 3	(289)	(530)	819	-
Changes in loss allowance for off balance sheet items	29	-	1	30
New financial assets originated	82	536	632	1 250
Financial assets that have been de-recognised	(199)	(1)	(75)	(275)
ECL charged to income statement	623	(2)	4 495	5 116
Write-off	-	-	(3 210)	(3 210)
Closing Balance 2024	5 914	519	8 221	14 654

In millions of Malawi Kwacha

16 LOANS AND ADVANCES TO CUSTOMERS (COMTINUED)

Movement of allowance for impairment losses (Continued)

	Stage 1	Stage 2	Stage 3	Total
2023				
At 1 January 2023	4 157	596	3 001	7 754
Transfer to stage 1	38	(16)	(22)	-
Transfer to stage 2	(135)	137	(2)	-
Transfer to stage 3	(102)	(210)	312	-
Changes in loss allowance for off balance sheet items	(4)	(9)	(122)	(135)
New financial assets originated	798	8	195	1 001
Financial assets that have been de-recognised	(768)	(247)	(870)	(1 885)
ECL charged to income statement	1 483	80	3 763	5 326
Write-off	-	-	(318)	(318)
Closing Balance 2023	5 467	339	5 937	11 743

The Malawi Kwacha average lending rate for the Bank's loans and advances as at 31 December 2024 was 32.1% (202: 33.50%) per annum, the US Dollar denominated loans carried an average interest rate of 8.15% (2023: 7.49%) per annum and the Tanzanian shilling denominated loans were at an average interest rate of 26.68% (2023: 19.07%).

Restructured loans and modifications

During the year, loans with a total carrying amounting of K3 876m (2023: K1,474m) were restructured (modified). Their total fair value after restructuring was K3 821m (2023: K1 519m) resulting into a net fair value loss of K55m (2023: net gain of K45m) which was recognised in the statement of comprehensive income.

The Group has also recognised a net gain of K114m (2023: 57m) relating to amortization of the gains and losses on loans that were modified in 2018, 2019, 2020, 2021, 2022, 2023 and 2024.

17 FINANCE LEASE RECEIVABLES

	Group	
	2024	2023
Current finance lease receivable	2 163	1 754
Non-current finance lease receivable	32 043	23 604
	34 206	25 358

The finance leases mainly relate to motor vehicle leases. The residual value of the leases in all cases is guaranteed by the lessee and is fully secured. The lease income included in the statement of income did not include any contingent rents. The average term of the leases is 3 years (The maximum is 5 years and the minimum 1 year). The average effective interest rate for the reporting period ended 31 December 2024 was 32.42% (2023: 28.72%).

17.1 Amounts receivable under finance leases

	Minimum lease	payments
	2024	2023
Not later than one year	2 411	2 223
Later than one year and not later than five years	52 225	35 604
	54 636	37 827
Less; unearned finance income	(20 007)	(11 550)
Present value of minimum lease payments receivable	34 629	26 277
Allowance for uncollectible lease payments	(423)	(919)
	34 206	25 358

17 FINANCE LEASE RECEIVABLES (CONTINUED)

17.1 Amounts receivable under finance leases (Continued)

The net investment in finance leases matures as follows:

	Group	
	2024	2023
Within three months	300	240
Between three months and one year	1 834	1 331
After one year and not later than five years	32 072	23 787
	34 206	25 358

17.2 Movement in allowance for uncollectible lease payments

	Group	
	2024	2023
At the beginning of the year	919	755
Net remeasurement of loss allowance	(496)	164
	423	919

18 LONG TERM RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
Mibawa Limited	8	26	-	-
	8	26	-	-
Movement during the year was as follows:				
Balance at 1 January	26	3 103	-	3 059
Interest capitalised	-	208	-	207
Effects of movements in foreign exchange	-	60	-	60
Capitalisation to equity	-	(2 859)	-	(2 859)
Loans repaid	(18)	(486)	-	(467)
Balance at 31 December	8	26	-	-

In 2019 the Group's subsidiary Press Properties Limited (PPL), entered into a long-term lease agreement with Mibawa Limited and Peoples Trading Centre (PTC) in respect of property situated at Plot Number LC 360 Limbe. The agreement was that PPL will pay 6 years rentals in advance to Mibawa Limited amounting to K129 million. PPL in turn, sub-leased the property to PTC over the same period of six years. After closure of PTC, the property was sub-leased to Ekhaya Foods, another super chain store.

19 INVESTMENT IN GOVERNMENT SECURITIES AND EQUITY

19.1 Maturity of other investments

Total other investments are due to mature as follows:

	Group		Company	
	2024	2023	2024	2023
Non-current investments				
Non – maturing investments -Note 19.4	12 249	9 272	9 420	7 497
Between one year and five years	383 199	181 399	-	-
	395 448	190 671	9 420	7 497
Current investments				
Between three months and one year	276 553	246 786	-	-
Within three months classified as cash and cash equivalents	181 617	117 823	-	-
Total other investments	853 618	555 280	9 420	7 497
Comprises of the following:				
Government of Malawi Treasury Bills and Notes	618 407	399 047	-	-
Investment in corporate bonds	2 913	1 970	-	-
Government securities – Akiba	18 881	17 631	-	-
Other investments	790	234	-	-
Equity investments	31 010	18 575	9 420	7 497
Total investments in government securities and equity	672 001	437 457	9 420	7 497
Classified as cash and equivalent money market deposits	181 617	117 823	-	-
Total investments	853 618	555 280	9 420	7 497

In millions of Malawi Kwacha

19 INVESTMENT IN GOVERNMENT SECURITIES AND EQUITY (CONTINUED)

19.1 Maturity of other investments (Continued)

	Average interest rate		Group	
	2024	2023	2024	2023
Government of Malawi Treasury Bills	25.89%	17.85%	139 118	120 103
Government of Malawi Treasury Notes	28.63%	22.50%	479 346	207 817
Government securities – bonds	11.62%	11.62%	18 881	18 051
Expected credit loss			(57)	(31)
			637 288	345 940
The bills and notes are due to mature as follows:				
- Within three months			56 962	74 433
- Between three months and one year			173 203	114 130
- Over one year			407 123	157 377
			637 288	345 940

Government of Malawi treasury bills and treasury notes are denominated in Malawi Kwacha. Government bonds are in Tanzanian Shilling. All the securities are held to maturity. The Group assessed the Government securities for impairment. No impairment has been recognised in the financial statements.

19.3 Money market deposits

	Average interest rate		Group	
	2024	2023	2024	2023
Money market investments with Reserve Bank of Malawi and other banks	24.3%	19.00%	181 618	117 827
Expected credit loss			(1)	(4)
			181 617	117 823

Money market investments with Reserve Bank of Malawi, Bank of Tanzania and other banks are held to maturity and have a maturity of one month (2023: one month).

19.4 Equity investments

	Group		Company	
	2024	2023	2024	2023
Held for capital appreciation				
Sunbird Tourism plc	9 420	7 497	9 420	7 497
National switch Limited	1 430	334	-	-
Investment in KAMA Cooperative	1 399	941	-	-
	12 249	8 772	9 420	7 497
Held for trading				
Illovo Sugar (Malawi) plc	1 584	1 276	-	-
NICO Holdings plc	7 185	2 548	-	-
Malawi Property Investment Company plc	185	362	-	-
National Investment Trust plc	1 760	1 640	-	-
NBS Bank Plc	3 568	1 149	-	-
Standard Bank of Malawi plc	759	395	-	-
FDH Bank of Malawi plc	963	350	-	-
Sunbird Tourism plc	1 475	1 077	-	-
Telekom Networks plc	625	420	-	-
FMB Capital Holdings plc	555	199	-	-
Airtel Malawi plc	90	387	-	-
Old Mutual Plc	3	-	-	-
Blantyre Hotels Plc	9	-	-	-
	18 761	9 803	-	-
Total equity investments	31 010	18 575	9 420	7 497

Equity investments held for long term capital appreciation are accounted at fair value through other comprehensive income whereas those held for trading are accounted at fair value through profit and loss.

20 DEFERRED TAX ASSETS/(LIABILITIES)

	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
Group						
Property, plant and equipment		6 376	6 528	(16 332)	(9 298)	(9 956)
(2 770)						
Investment properties	-	-	(1 948)	(1 762)	(1 948)	(1 762)
Provisions	108	-	351	765	459	765
Un-realised exchange differences	(1 883)	2	(11)	(146)	(1 894)	(144)
Tax value of loss carried forward	5 905	2 838	7 973	(188)	13 378	2 650
Tax assets/(liabilities)	10 506	9 368	(9 967)	(10 629)	539	(1 261)

Deferred tax balances within each subsidiary are presented on net basis. However, Malawi does not have a group tax registration as such there is no legal right to offset liability from one subsidiary and asset from another.

20.1 Movement in net deferred tax asset/(liabilities)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Acquired on business combination	Closing balance
Group					
2024					
Property, plant and equipment	(2 770)	(3 381)	(3 670)	(135)	(9 956)
Investment properties	(1 762)	(186)	-	-	(1 948)
Provisions	765	(306)	-	-	459
Un-realised exchange differences	(144)	(1 750)	-	-	(1 894)
Tax value or loss carried forward	2 650	8 941	-	-	13 378
Total net asset/(liabilities)	(1 261)	3 318	(3 670)	(135)	(1 261)
Company					
2023					
Tax value or loss carried forward	634	311	-	-	945
Total net asset	634	311	-	-	945

20.2 Deferred tax assets/(liabilities)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Group				
2023				
Property, plant and equipment	5 294	6 013	(14 077)	(2 770)
Investment properties	(1 235)	(527)	-	(1 762)
Provisions	2 951	(2 186)	-	765
Un-realised exchange differences	(34)	(110)	-	(144)
Tax value or loss carried forward	2 122	528	-	2 650
Total net asset	9 098	3 718	(14 077)	(1 261)
Company				
2023				
Tax value or loss carried forward	-	634	-	634
Total net asset/(liabilities)	-	634	-	634

In millions of Malawi Kwacha

20 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

20.3 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the concerned company can utilise the benefits there from.

	Group		Company	
	2024	2023	2024	2023
Tax losses	65 166	66 561	49 790	53 797
Provisions	127	146	19	15
Investment in subsidiaries and associates	-	-	85 354	117 195
Property, plant and equipment	4 254	4 036	1 655	2 128
Unrealised exchange losses	21	36	-	-
	69 568	70 779	136 818	173 135
Un-recognised deferred tax asset @30%	20 870	21 234	41 045	51 941

Tax losses shown above expire after 6 years according to the tax laws in Malawi aged as below:

Tax year				
2023/24	2 613	-	-	
2022/23	3 535	3 535	-	-
2021/22	23 667	23 667	21 252	21 252
2020/21	19 267	19 267	17 265	17 265
2019/20	7 057	7 057	5 549	5 549
2018/19	7 332	7 332	5 723	5 723
2017/18	-	5 702	-	4 007
Total	63 471	66 560	49 790	53 796

These deferred tax assets relate to Press Corporation plc (the Company), Press Properties Limited, and The Foods Company Limited. In 2023, a new tax law in relation to dividend expenses was gazetted which upon a thorough assessment, the company estimates to have future taxable profits from which tax losses may be off-set. Deferred tax asset MK2 650 million (2023:MK2 122) and MK945 (2023: MK634 million) for the group and the company respectively has been recognised in the current year arising from tax losses tax losses carried forward.

21. INVENTORIES

	Group		Company	
	2024	2023	2024	2023
Finished goods	3 810	2 753	-	-
Raw materials and consumables	4 077	1 501	18	10
Work in progress	337	6	-	-
Goods in transit	8	38	-	-
	8 232	4 298	18	10

In 2024, inventories of K24 billion (2023: K19 billion) were recognised as an expense during the year and included in 'direct trading expenses'. During the year, inventories of nil (2023: K0.01 billion) were written off in profit and loss due to stock shrinkages, damages and expiry.

22. AMOUNTS DUE FROM RELATED PARTIES

	Company	
	2024	2023
Amounts due from related party companies		
Press Properties Limited	502	358
Malawi Telecommunications Limited	315	329
Telecom Networks Malawi plc	8	7
Ethanol Company Limited	4	-
Presscane Limited	50	2 031
National Bank of Malawi	11	4
The Foods Company Limited	1 311	1 074
Other	1	1
	2 202	3 804
Loss allowance	(534)	(395)
Trade and other receivables	1 668	3 409

The amounts due from related party companies are denominated in Malawi Kwacha, are payable within 30 days and are interest free.

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
Trade receivables	20 547	15 919	21	19
Prepayments	11 649	6 731		-
Letters of credit	7 401	914		-
Employee benefit subsidy	3 206	2 179		-
Investment for employees	-	512		-
Malawi government settlements	26 073	15 492		-
Special clearance voucher account	1 237	-		-
Forex control	-	1 231		-
Office account**	8 018	1 180		-
Other receivables*	8 419	12 242	670	1 394
	86 550	56 400	691	1 413
Loss allowance	(2 384)	(2 694)	-	-
Trade and other receivables	84 166	53 706	691	1 413

*Other receivables consist of several individually insignificant balances in respect of banking business suspense accounts, staff receivables and non-trade receivables among others. Significant balances include; Commission receivable on government salaries K347m (2023: K104m), Local Banks Suspense K635 (2023: K333m), EFT Suspense K737 (2023: nil), credit card Suspense K116 (2023: nil) and operating lease receivable K258 (2023: K275).

**Office account relates customers salaries pool and cash transfer in the banking sector that had not been cleared as at the cut-off date.

The average credit period on sales of goods and services is 30 days except for international incoming receivables in relation to telephony companies whose credit period is 60 days. No interest is charged on the trade and other receivables settled beyond these periods.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Employee benefit subsidy
A day one gain/loss is recognised on below market rate loans provided to employees and is expensed as an employee benefit expense over the term of the loan as the employees render their services to the group.

Credit and market risks, and credit losses
Information about the Group's exposure to credit and market risks, and credit losses for trade and other receivables is included in notes 5.4 and 5.6.

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24. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In 2021 the Group decided to dispose of its stake in one of its subsidiaries namely called Malawi Telecommunications Limited (MTL).

MTL disposal process is still in progress. MTL disposal was negatively impacted by delayed transaction approval by the telecommunications regulatory body. PCL remains committed to its plan to dispose of MTL. Management has identified a buyer and discussions to acquire the business are at an advanced stage. Management is of the view that that based on the status of the transactions and other commitments by the buyer, the sale is more likely to occur within the twelve months period. Upon completion of the transaction, the Groups share in MTL is expected to be disposed in whole and all related assets and liabilities of the disposal group transferred to the buyer. Accordingly, the assets and liabilities of MTL has been classified as held for sale in the consolidated statement of financial position. The proceeds of disposal are expected to exceed the carrying amount of the related acquired net assets and accordingly no impairment losses have been recognised on the classification of this operation as held for sale. At company level, the investment was carried at fair value and no impairment was recognised.

MTL is a subsidiary of the Group with 52.7% shareholding. The principal activity of the company is the provision of a wide range of Information and Communications Technology (ICT) based products and services. Following a strategic review, the Group decided to exit the company so that it can concentrate on other investment operating in the same telecommunication sector. The disposal is expected to be completed in the year 2025.

The summary of assets held for sale is as follows:

	Group		Company	
	2024	2023	2024	2023
Land and buildings	3	5	-	-
Assets relating to disposal group-(MTL)*	26 207	21 517	6 061	8 941
	26 210	21 522	6 061	8 941

*Assets relating to disposal group relate to assets classified as held for sale under MTL as a subsidiary. The related liabilities associated with the assets classified as held for sale are disclosed under note 24.1 on the next page.

Reconciliation of carrying amount of assets held for sale

	Group		Company	
	2024	2023	2024	2023
At the beginning of the period	21 522	18 479	8 941	9 548
Disposed during the period	(2)	-	-	-
Increase on assets held for sale	4 690	3,043	-	-
Surplus on revaluation	-	-	(2 880)	(607)
	26 210	21 522	6 061	8 941

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24. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

24.1 Classes of assets and liabilities of operations classified as held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale and reported in the disposal group disclosed under note 25 above are as follows:

	2024 MTL	2023 MTL
Property, plant and equipment and right of use	15 946	16 617
Intangibles	4 647	277
Non-maturing investments - long term	551	535
Inventories	367	363
Trade and other receivables	4 771	3 710
Bank and cash	(75)	14
Tax receivable (note 25)	-	1
Total assets classified as held for sale	26 207	21 517
Borrowings	10 537	3 589
Lease liabilities	1 330	2 147
Trade and other payables	15 159	16 245
Provisions	295	343
Bank overdraft	-	441
Total liabilities associated with assets classified as held for sale	27 321	22 765
Net liabilities of disposal group	(1 114)	(1 248)

25. INCOME TAX RECOVERABLE

	Group		Company	
	2024	2023	2024	2023
Opening balance	3 506	3 134	930	794
Tax received	868	636	181	136
Acquired on business combination	229	-	-	-
Tax transfer to tax payable	(195)	(264)	-	-
Total income tax recoverable	4 408	3 506	1 111	930

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
Balances held at Central Banks	108 789	24 640	-	-
Bank balances	40 939	26 266	983	124
Placement with other banks	101 662	136 197	-	-
Call deposits	6 641	3 851	15 131	12 258
Cash on hand	56 943	52 682	-	-
Cash and cash equivalents	314 974	243 636	16 114	12 382
Other money market deposits	181 617	117 823	-	-
	496 591	361 459	16 114	
Bank overdrafts without financing component*	-	(5 387)	-	(8 020)
Cash and cash equivalents as shown in the statement of cash flows	496 591	356 072	16 114	4 362
Bank overdraft				
Bank overdrafts without financing component*	-	(5 387)	-	(8 020)
Bank overdrafts with financing component*	(8 889)	(6 329)	-	-
Total bank overdrafts as shown in statement of financial position	(8 889)	(11 716)	-	(8 020)

*Balances of bank overdrafts of K8.9 billion (2023: K6.3 billion) which have been concluded as part of financing to the group other than being part of cash management have been excluded from the group's cash and cash equivalents.

Balances held at central banks which are denominated in Malawi Kwacha, United States Dollars and Tanzanian shilling are non-interest bearing and are regulated as disclosed in Note 5.

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26. CASH AND CASH EQUIVALENTS (CONTINUED)

Placements with other banks are held to maturity and with a maturity of one month (2023: one month) after the year end and are denominated in the following currencies:

	Average interest rates		Group	
	2024	2023	2024	2023
US Dollars	5.01%	5.01%	82 786	107 574
GBP	1.75%	1.75%	12 053	9 927
Euro	2.82%	3.80%	2 676	16 766
ZAR	7.52%	8.10%	3 220	1 929
Other currencies	-	-	927	1
Totals			101 662	136 197

Overdraft facilities

Some Group bank overdrafts form an integral part of the Group's cash management and are repayable on demand. Other bank overdrafts are considered as short-term borrowings and are classified as bank overdrafts with a financing component as shown under split on note 27 above. As at 31 December 2024, the available overdraft facilities were as follows;

	Group		Company	
	2024	2023	2024	2023
First Capital Bank plc	3 000	3 000	-	-
Eco bank Malawi Limited	3 000	3 000	3 000	3 000
CDH Investment Bank Limited	-	200	-	-
Standard Bank plc	4 500	4 500	-	-
National Bank of Malawi plc	-	-	1 400	3 400
NBS Bank plc	3 400	3 400	3 400	3 400
	13 900	14 100	7 800	9 800

The overdraft facilities of the Group are secured as follows;
(i) Nil billion (2023: K0.2 billion) was secured by Press Corporation plc guarantee;
(ii) K3 billion by a debenture charge (2023: K3 billion) over Group's assets and;
(iii) K10.9 billion (2023: K10.9 billion) is unsecured.

The Company's Bank overdraft facilities are due for renewal on 31st December of each year and are unsecured except for National Bank of Malawi plc facility which is secured by Cash held in in FCDA Investment account.

27. SHARE CAPITAL

	Group and Company	
	2024	2023
Authorised ordinary share capital		
- Number (millions)	2 500	2 500
- Nominal value per share (K)	0.01	0.01
- Nominal value (K million)	25	25
Issued and fully paid		
- Number (millions)	1	1
- Nominal value (K million)	1	1

The Group has one class of ordinary shares which carry no right to fixed income.

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28. OTHER RESERVES – EXCLUDING NON-CONTROLLING INTERESTS

Group	Revaluation reserve	Translation reserve	Other	Total
2024				
Balance at beginning of the year	36 933	39 207	3 745	79 885
Revaluation of property	4 820	-	-	4 820
Revaluation of financial asset measured at FCTOCI	2 427	-	-	2 427
Excess depreciation eliminated on revaluation	6 463	-	-	6 463
Depreciation Transfer land and buildings	446	-	-	446
Share of other comprehensive income of equity accounted investment	(442)	18 480	-	18 038
Translation differences	-	1 651	-	1 651
Income tax on other comprehensive income	(1 898)	-	-	(1 898)
Balance at 31 December 2024	48 749	59 338	3 745	111 832
2023				
Balance at beginning of the year	33 652	26 275	3 745	63 672
Revaluation of property	4 383			4 383
Revaluation of financial asset measured at FCTOCI	3 960	-	-	3 960
Release of revaluation surplus on disposal of revalued property	761	-	-	761
Excess depreciation eliminated on revaluation	718	-	-	718
Depreciation Transfer land and buildings	(173)	-	-	(173)
Transfer – regulatory reserves	-	-	-	
Share of other comprehensive income of equity accounted investment	897	12 044	-	12 941
Translation differences	-	888	-	888
Income tax on other comprehensive income	(7 265)	-	-	(7 265)
Balance at 31 December 2023	36 933	39 207	3 745	79 885

Company	Revaluation reserve	Translation Reserve	Total
2024			
Balance at beginning of the year	688 192	111	688 303
Fair value gain on investments	392 240	-	392 240
Revaluation of property	199	-	199
Balance at 31 December 2024	1 080 742	111	1 080 742
2023			
Balance at beginning of the year	503 807	111	503 918
Fair value gain on investments	184 198	-	184 198
Revaluation of property	187	-	187
Balance at 31 December 2023	688 192	111	688 303

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28. OTHER RESERVES – EXCLUDING NON-CONTROLLING INTERESTS (CONTINUED)

Revaluation reserve
For Group, the revaluation reserve arises on revaluation of property whereas for Company only, the revaluation reserve relates to revaluation of property and investments in subsidiaries, associates and joint ventures and comprises the cumulative increase in the fair value at the date of valuation. These reserves are not distributable to shareholders until the relevant revalued assets have been disposed of or, in the instance of revalued property, when consumed through use.

Translation reserves
Exchange differences relating to translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit and loss on disposal of the foreign operation.

Regulatory reserve
Regulatory reserve represents the surplus of Expected Credit Losses (ECL) computed in accordance with Bank of Tanzania regulations over ECL for loans and advances computed in accordance with IFRS Accounting standards.

Other reserves
The other reserves for the Group comprise capital redemption reserve.

29. LOANS AND BORROWINGS

29.1 Loans and borrowings summary

	Secured	Unsecured	Total
Group			
2024			
More than 5 years	-	4,046	4,046
Due between 1 and 5 years	8 702	9 787	18 489
	8 702	13 833	22 535
Due within 1 year or less	19 100	7 048	26 148
	27 802	20 881	48 683
2023			
More than 5 years	-	-	-
Due between 1 and 5 years	24 906	16 799	41 705
Due within 1 year or less	3 479	18 216	21 695
	28 385	35 015	63 400
Company			
2024			
Due between 1 and 5 years	2 418	-	2 418
Due within 1 year or less	2 836	-	2 836
	5 254	-	5 254
2023			
Due between 1 and 5 years	5 245	-	5 245
Due within 1 year or less	5 094	-	5 094
	10 339	-	10 339

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29. LOANS AND BORROWINGS (CONTINUED)

29.1 Loans and borrowings summary

Group 2024	At 01/01/24	Draw-downs	Repay-ments	Exchange fluctu-ations	Interest charged	Interest paid	At 31/12/24
Local borrowings							
Commercial Debt-Old Mutual	14 500	-	(1 850)	-	3 702	(3 702)	12 650
Commercial Debt-Nico Asset Managers	-	-	-	-	-	-	-
Malawi Government	210	-	-	-	-	-	210
Reserve Bank of Malawi Debt	7 860	3 000	-	318	-	(59)	11 119
PTC takeover debt -Corporate bond	3 281	-	(1 878)	-	864	(864)	1 403
PTC takeover debt - FCB Loan	2 000	-	(800)	-	513	(513)	1 200
PTC takeover debt - CDH Loan	-	-	-	-	-	-	-
Press Corp Corporate Bond	1 630	-	(1 630)	-	405	(405)	-
NBS Loan	3 428	-	(550)	-	897	(1 124)	2 651
Standard Bank revolving credit facility	23 234	5 770	(11 566)	-	4 574	(4 574)	17 438
Syndicated loan - NBM Capital Markets Ltd	1 150	-	(367)	-	322	(322)	783
EDF loan	1 730	-	(557)	-	465	(465)	1 173
CDH loan	-	155	(99)	-	19	(19)	56
Total local borrowings	59 023	8 925	(19 297)	318	11 761	(12 047)	48 683
Foreign borrowings							
European Investment Bank	4 377	-	(4 377)	-	58	(58)	-
Total foreign borrowings	4 377	-	(4 377)	-	58	(58)	-
Total borrowings	63 400	8 925	(23 674)	318	11 819	(12 105)	48 683
Company							
PTC takeover debt - Corporate Bond	3 281	-	-	(1 878)	-	864	(864)
PTC takeover debt - FCB Loan	2 000	-	-	(800)	-	513	(513)
PTC takeover debt - CDH Loan	-	-	-	-	-	-	-
Press Corp Corporate Bond	1 630	-	-	(1 630)	-	405	(405)
NBS Loan	3 428	-	-	(550)	-	897	(1 124)
	10 339	-	-	(4 858)	-	2 679	(2 906)

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29. LOANS AND BORROWINGS (CONTINUED)

29.2 Movement in borrowings

Group 2023	At 01/01/23	Draw-downs	Repay-ments	Exchange fluctu-ations	Interest charged	Interest paid	At 31/12/23
Local borrowings							
Commercial Debt-Old Mutual	17 000	-	(2 500)	-	-	-	14 500
Commercial Debt-Nico Asset Managers	-	-	-	-	-	-	-
Malawi Government	210	-	-	-	-	-	210
Reserve Bank of Malawi Debt	3 002	5 004	(357)	-	211	-	7 860
PTC takeover debt -Corporate bond	5 156	-	(1 875)	-	1 260	(1 260)	3 281
PTC takeover debt - FCB Loan	2 800	-	(800)	-	626	(626)	2 000
PTC takeover debt - CDH Loan	328	-	(328)	-	21	(21)	-
Press Corp Corporate Bond	3 260	-	(1 630)	-	798	(798)	1 630
NBS Loan	3 200	-	-	-	835	(607)	3 428
Standard Bank revolving credit facility	22 568	15 659	(14 993)	-	-	-	23 234
Syndicated loan - NBM Capital Markets Ltd	4 516	-	(3 366)	-	907	(907)	1 150
EDF loan	2 162	19	(445)	-	535	(541)	1 730
Total local borrowings	64 202	20 682	(26 294)	-	5 193	(4 760)	59 023
Foreign borrowings							
European Investment Bank	7 896	7 930	(11 664)	195	20	-	4 377
Total foreign borrowings	7 896	7 930	(11 664)	195	20	-	4 377
Total borrowings	72 098	28 612	(37 958)	195	5 213	(4 760)	63 400
Company							
PTC takeover debt - Corporate Bond	5 156	-	(1 875)	-	1 260	(1 260)	3 281
PTC takeover debt - FCB Loan	2 800	-	(800)	-	626	(626)	2 000
PTC takeover debt - CDH Loan	328	-	(328)	-	21	(21)	-
Press Corp Corporate Bond	3 260	-	(1 630)	-	798	(798)	1 630
NBS Loan	3 200	-	-	-	835	(607)	3 428
	14 744	-	(4 633)	-	3 540	(3 312)	10 339

29. LOANS AND BORROWINGS (CONTINUED)

29.3 Terms and debt repayment schedules

Lender's name	Currency	Interest rate	Repayment terms	Security	Agreed date redemption commences	Agreed date redemption finishes	Due in 1 year	Due within 2-5 years	Over 5 years	Purpose of facility
Group – 2024										
Commercial Debt-Old Mutual	MWK	364 TB rate +1.75%	5 Years - Optional bullet payments of MK1billion tranches after 3rd year	Debenture on TNM Assets	2020	2025	12 650	-	-	Capital expenditure
Malawi Government	MWK	0%	To be mutually agreed	Unsecured	2023	2024	210	-	-	Project development
Reserve Bank of Malawi Debt	MWK	3%	Quarterly	Unsecured	2024	2033	3 819	3 254	4 046	Facilitate micro-lending
PTC takeover -Corporate bond	MWK	91 TB rate +5%	Quarterly	TNM Shares	2021	2025	1 403	-	-	Facility guaranteed
PTC takeover - FCB Loan	MWK	Reference rate +4.6%	Semi-annually	TNM Shares	2021	2026	800	400	-	Facility guaranteed
NBS Loan	MWK	Reference rate + 4.8%	Quarterly	TNM Shares	2024	2027	633	2 018	-	Share acquisition
Standard Bank revolving credit facility	MWK	Reference rate +1%	To be mutually agreed	Unsecured	2022	2027	5 450	11 988	-	Capital expenditure
CDH Medium Term-Loan	MWK	Reference rate +5.5%	Monthly	Unsecured	2024	2025	56	-	-	Debt restructuring
Commercial bond	MWK	91 TB rate +5%	Quarterly	TNM Shares	2022	2028	367	417	-	Capital expenditure
EDF loan	MWK	RBM rate +3.5%	Monthly	NBM shares	2022	2028	760	412	-	Capital expenditure
Total							26 148	18 489	4 046	
Company – 2024										
PTC takeover -Corporate bond	MWK	91 TB rate +5%	Quarterly	TNM Shares	2021	2025	1 403	-	-	Facility guaranteed
PTC takeover - FCB Loan	MWK	Reference rate +4.6%	Semi-annually	TNM Shares	2021	2026	800	400	-	Facility guaranteed
NBS Loan	MWK	Reference rate +4.8%	Quarterly	TNM Shares	2024	2027	633	2 018	-	Share acquisition
Total							2 836	2 418	-	

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29. LOANS AND BORROWINGS (CONTINUED)

29.3 Terms and debt repayment schedules (Continued)

Lender's name	Currency	Interest rate	Repayment terms	Security	Agreed date redemption commences	Agreed date redemption finishes	Due within Due in 1 year	2 -5 years	Over 5 years
Group – 2023									
Commercial Debt-Old Mutual	Malawi Kwacha	364 TB rate + 1.75%	5 Years - Optional after bullet payments of MK1billion tranches 3rd year	Debenture on TNM Assets	2020	2025	-	14,500	-
Malawi Government	Malawi Kwacha	0%	To be mutually agreed	Unsecured	2023	2024	210	-	-
Reserve Bank of Malawi Debt	Malawi Kwacha	3%	Quarterly	Unsecured	2024	2033	2 064	3 428	2 369
European Investment Bank	United States dollars	3.4%	Semi-annually	Unsecured	2016	2024	4 377	-	-
PTC takeover -Corporate bond	Malawi Kwacha	91 TB rate +5%	Quarterly	TNM Shares	2021	2025	1 875	1 406	-
PTC takeover - FCB Loan	Malawi Kwacha	Reference rate +4.6%	Semi-annually	TNM Shares	2021	2026	800	1 200	-
Press Corp Corporate Bond	Malawi Kwacha	364 TB rate +3%	Annually	TNM Shares	2021	2024	1 630	-	-
NBS Loan	Malawi Kwacha	Reference rate +4.8%	Quarterly	TNM Shares	2024	2027	789	2 639	-
Standard Bank revolving credit facility	Malawi Kwacha	Reference rate +1.%	To be mutually agreed	Unsecured	2022	2027	9 038	14 196	-
Commercial bond	Malawi Kwacha	91 TB rate +5%	Quarterly	TNM Shares	2022	2028	367	783	-
EDF loan	Malawi Kwacha	RBM rate +3.5%	Monthly	NBM shares	2022	2028	546	1 185	-
Total							21 695	39 337	2 369
Company – 2023									
PTC takeover -Corporate bond	Malawi Kwacha	91 TB rate +5%	Quarterly	TNM Shares	2021	2025	1 875	1 406	-
PTC takeover - FCB Loan	Malawi Kwacha	Reference rate +4.6%	Semi-annually	TNM Shares	2021	2026	800	1 200	-
NBS Loan	Malawi Kwacha	Reference rate +4.8%	Quarterly	TNM Shares	2024	2027	789	2 639	-
Press Corp Corporate Bond	Malawi Kwacha	364 TB rate +3%	Annually	TNM Shares	2021	2024	1 630	-	-
							5 094	5 245	-
Press Corp Corporate Bond	Malawi Kwacha	364 TB rate +3%	Annually	TNM Shares	2021	2024	1 630	1 630	-
							4 633	10 111	-

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30 PROVISIONS

	Legal claims	Group bonus	Other	Total
Group				
2024				
Balance at the beginning of the year	-	6 441	263	6 704
Provision made during the year	7 559	7 549	1	15 109
Provision used during the year	-	(5 654)	(26)	(5 680)
Balance at the end of the year	7 559	8 336	238	16 133
2023				
Balance at the beginning of the year	-	6 449	1 912	8 361
Provision made during the year	-	6 013	39	6 052
Provision used during the year	-	(6 021)	(1 688)	(7 709)
Balance at the end of the year	-	6 441	263	6 704

All provisions are due within 1 year or less.

	Legal claims	Bonus	Other	Total
Company				
2024	-	-	-	-
Balance at the beginning of the year	7 559	-	-	7 559
Provision made during the year	-	-	-	-
Balance at the end of the year	7 559	-	-	7 559

Legal Claims

The provision for legal claims represents estimated amounts which may be required to settle legal and other related claims made against the Group in the ordinary course of business. The provision is based on legal advice from the Group's attorneys on the outcome of claims which the Group is facing.

Group bonus

The provision for Group bonus represents incentive pay to eligible employees. The estimate has been made on the basis of rules governing Group's performance incentive policies and may vary as a result of final operating results of the Group.

Other Provisions

Other provisions include legal claims provision, employees related accrued benefits and Levy provision. The provision for legal claims represents estimated amounts which may be required to settle legal and other related claims made against the Group in the ordinary course of business. The provision is based on legal advice from the Group's attorneys on the outcome of claims which the Group is facing. Employees' benefits provided amount was derived from expected liability based on existing legal and company conditions of service. Levy provision was based on existing legal framework governing respective levies.

31 INCOME TAX PAYABLE

	Group		Company	
	2024	203	2024	2023
Opening balance	22 164	8 962	297	95
Current charge	84 431	57 210	3 365	2 814
Tax refunded	(195)	(264)	-	-
Cash paid	(69 878)	(43 744)	(3 660)	(2 612)
Total income tax payables	36 522	22 164	2	297

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32 TRADE AND OTHER PAYABLES

	Group		Company	
	2024	**203**	**2024**	**2023**
Trade payables	108 830	63 399	72	95
Liabilities to other banks	14 266	13 982	-	-
Taxes and levies	11 415	8 838	110	161
Accruals	5 193	5 276	776	805
Staff payables	641	2 920	121	25
MasterCard and Visa accounts	3 314	920	-	-
Forex control	557	-	-	-
Other payables*	21 007	18 611	274	175
Trade and other payables	165 241	113 963	1 353	1 261
Contract liabilities – non current (note 35.2)	1 230	902	-	-
Contract liabilities – current (note 35.2)	8 405	6 192	-	-

*Other payables consist of Natswitch settlements K2 014m (2023: K1 521m), Aforbes Bancassurance settlements K121m (2023: K602m), Office accounts K2 684m (2023: K8 185m), and Puma smartcards K5 953m (2024: K3 098m), creditors control K5 331m (2023: K1 631m) and several individually insignificant accounts. Office account relates banking sectors suspense accounts where customers made payments, but the transaction had not yet been cleared through the bank as at the cut-off date.

The average credit period on purchases of certain goods is 30 days. No interest is charged on the trade payables that are overdue. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Accruals are in respect of various expenses incurred but whose invoices had not yet been received.

33 AMOUNTS DUE TO RELATED PARTIES

	Company	
	2024	**2023**
Press Properties Limited	76	44
Malawi Telecommunications Limited	-	9
	76	53

Other trade and other payables to Group companies are interest free and are payable on demand.

34 CUSTOMER DEPOSITS

	Average interest rates		Group	
	2024	**2023**	**2024**	**2023**
Analysed by account type:				
Current accounts	0.00%	0.00%	380 510	262 531
Deposit accounts	0.50%	7.50%	241 363	162 762
Savings accounts	7.10%	7.10%	305 667	198 639
Foreign currency accounts*	7.33%	0.50%	194,315	198 935
Client funds	20.41%	19.00%	183 461	126 223
			1 305 316	949 090
Analysed by interest risk type:				
Interest bearing deposits			924 148	686 559
Non-interest bearing deposits			381 168	262 531
			1 305 316	949 090
Total liabilities to customers are payable as follows:				
Within three months			1 266 387	921 994
Between three months and one year			38 929	27 096
			1 305 316	949 090

34 CUSTOMER DEPOSITS (CONTINUED)

	Group	
	2024	**2023**
Analysis of deposits by sector		
Personal accounts	550 471	365 199
Manufacturing	45 236	57 466
Agriculture	38 940	22 798
Wholesale and retail	204 622	156 565
Finance and insurance	81 229	89 685
Construction	30 591	24 898
Electricity, gas, water and energy	22 667	21 207
Transport, storage and communications	53 828	32 345
Restaurants and hotel	11 290	7 525
Mining and qualifying	57 617	32 261
Real Estate	8 271	6 084
Client funds	183 461	126 223
Others	17 093	6 834
	1 305 316	949 090

All interest-bearing accounts, excluding deposit accounts are at floating rates that are adjusted at the Group's banking business discretion.

*The foreign currency denominated account balances as at 31 December were as follows:-

US Dollar denominated	171 467	172 015
GBP denominated	11 406	9 477
Euro denominated	11 141	16 593
ZAR denominated	301	850
	194 315	198 935

35 REVENUE

35.1 Disaggregated revenue information

Revenue from contracts with customers is disaggregated by major products and service lines. Set out below is the disaggregation of the Group's revenue from contracts with customers and a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 6)

Segments	**Financial services**	**Telecommu-nications**	**Energy**	**All other segments**	**Total Group**
Group					
2024					
Sale of goods	-	1 654	58 957	914	61 525
Telecommunication Services	-	132 310	-	-	132 310
Fees and commission	60 112	29 383	-	-	89 495
Rental income	-	-	-	1 120	1 120
Gain foreign exchange deals	29 856	-	-	-	29 856
Revenue	89 968	163 347	58 957	2 034	314 306
Insurance revenue	10 628	-	-	-	10 628
Interest revenue	234 699	-	-	-	234 699
	245 327	-	-	-	245 327
	335 295	163 347	58 957	2 034	559 633
2023					
Sale of goods	-	2 511	43 123	496	46 130
Telecommunication Services	-	100 905	-	-	100 905
Fees and commission	45 554	18 654	-	-	64 208
Rental income	-	-	-	821	821
Gain foreign exchange deals	25 533	-	-	-	25 533
Revenue	71 087	122 070	43 123	1 317	237 597
Interest revenue	156 821	-	-	-	156 821
	227 908	122 070	43 123	1 317	394 418

In millions of Malawi Kwacha

35 REVENUE (CONTINUED)

35.1 Disaggregated revenue information (Continued)

Segments	Financial services	Telecommu-nications	Energy	All other segments	Total Group
Company					
2024					
Management fees	-	-	-	557	557
Dividend income	-	-	-	33 651	33 651
	-	-	-	34 208	34 208
2023					
Management fees	-	-	-	557	557
Dividend income	-	-	-	28 136	28 136
	-	-	-	28 693	28 693

35.2 Contract balances

	Group		Company	
	2024	**2023**	**2024**	**2023**
Trade receivables (note 23 net of ECL)	20 547	13 225	21	19
Contract assets – non current (note 23)	542	711	-	-
Contract assets – current (note 23)	604	840	-	-
Contract liabilities – non current (note 32)	1 230	902	-	-
Contract liabilities – current (note 32)	8 405	6 192	-	-
Insurance contract assets (note 35.4)	109	-	-	-
Re-Insurance contract assets (note 35.4)	2 605	-	-	-
Insurance contracts liabilities (note 35.4)	9 488	-	-	-
Reinsurance contracts liabilities (note 35.4)	203	-	-	-

Trade receivables arise as a result of goods and services delivered to contract customers whose consideration is not yet received by the Group. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

35.3 Contract balances

Contract assets primarily relate to up-front unbilled revenue recorded for the sale of telecommunication devices. Contract assets are assessed for impairment in terms of IFRS 9: Financial Instruments.

Contract liabilities relate to the value of unused prepaid airtime sold to customers as at year end, sales of properties where government consent has not yet been obtained, fees and commission that relate to banking facilities that have a tenure of more than one year. Management expects that the contract liabilities will be recognised as revenue during the following reporting period:

	Group	
	2024	**2023**
2024	8 405	6 192
2025	111	111
2026	179	179
2027	413	413
2028	49	49
2029	40	40
2030	98	98
2031	12	12

35.4 Insurance and reinsurance contracts

The breakdown of the groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in asset position and those in a liability position is set in the table below:

Net Insurance Liabilities as at 31 December 2024

	Insurance Liabilities	Reinsurance Assets	Net
Agriculture	2	(69)	(67)
Engineering	177	(83)	94
Fire	1 087	(1 056)	31
Liability	1 033	(238)	795
Marine	38	(18)	20
Miscellaneous	363	(134)	229
Motor	5 898	(815)	5 083
Personal Accident	354	(147)	207
Transport	82	(45)	37
Total	**9 034**	**(2 605)**	**6 429**
Insurance acquisition liability	454	-	454
Premium deficiency reserve	-	-	-
Overall Total	**9 488**	**(2 605)**	**6 883**

Reinsurance contracts held as at 31 December 2024

	Assets	Liabilities	Net
Agriculture	(69)	-	(69)
Engineering	(83)	-	(83)
Fire	(1 056)	-	(1 056)
Liability	(238)	-	(238)
Marine	(18)	-	(18)
Miscellaneous	(134)	-	(134)
Motor	(815)	-	(815)
Personal Accident	(147)	-	(147)
Transport	(45)	-	(45)
Assets reinsurance held	-	203	203
Total	**(2 605)**	**203**	**(2 402)**

35.4.1 Reconciliation of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

Below is the analysis of the amounts presented on the statement of financial position for insurance contracts liabilities and assets, reinsurance assets and liabilities and all these categories are current portion of the balances.

The Group's products are in nine classes namely agriculture, engineering, fire, liability, marine, miscellaneous, motor, personal accident and transport but have been aggregated into five classes such as engineering, fire, liability, motor, and accident.

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35.4 Insurance and reinsurance contracts (Continued)

35.4.1 Reconciliation of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (Continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Premium allocation approach

Fire, motor, accident and liability

Insurance contracts issued (All inclusive)	LRC Excluding Loss	Liability for contracts acquisition	Premium deficiency reserve	LIC	Total
Insurance contract liabilities as at 01 January 2024	2 085	446	314	6 871	**9 716**
Insurance revenue measured under PAA	(10 628)	-	-	-	**(10 628)**
					-
Insurance service expenses					**-**
Incurred claims and other direct attributable expenses	-	-	-	6 477	**6 477**
Other expenses or income adjustment	-	-	-	(395)	**(395)**
Insurance acquisition cashflows amortization	1 199	-	-	-	**1 199**
Total insurance services expenses	**1 199**	**-**	**-**	**6 082**	**7 281**
					-
Total amounts recognised in statement of profit or loss and other comprehensive income	(9 429)	-	-	6 082	**(3 347)**
					-
Cash flows					**-**
Premiums received	10 890	-	-		**10 890**
Claims and other directly attributable	-	-	-	(4 821)	**(4 821)**
Expenses paid	-	-	-	(1 452)	**(1 452)**
Insurance acquisition cashflows	(1 191)	7	(314)	-	**(1 498)**
Total cashflows	9 699	7	(314)	(6 273)	3 119
					-
Insurance liabilities as at 31 December 2024	**2 355**	**453**	**-**	**6 680**	**9 488**

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35.4 Insurance and reinsurance contracts (Continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims insurance contract issues

Premium allocation approach

Fire, motor, accident and liability

Reinsurance contracts held	LRC Excluding Loss	Liability for contracts acquisition	Premium deficiency reserve	LIC under PV future cashflows	Risk adjustment	Total
Insurance contract liabilities as at 01 January 2024	**2 085**	**446**	**314**	**6 451**	**419**	**9 715**
Insurance revenue measured under PAA	(10 628)	-	-	-	-	**(10 628)**
						-
Insurance service expenses						**-**
Incurred claims and other direct attributable expenses	-	-	-	6 493	(15)	**6 478**
Other expenses or income adjustment	-	-	-	(395)	-	**(395)**
Insurance acquisition cashflows amortization	1 199	-	-	-	-	**1 199**
Total insurance services expenses	**1 199**	**-**	**-**	**6 098**	**(15)**	**7 282**
Total amounts recognised in statement of profit or loss and other comprehensive income	(9 429)	-	-	6 098	(15)	**(3 346)**
Cash flows						
Premiums received	10 890	-	-		-	**10 890**
Claims and other directly attributable	-	-	-	(4 821)	-	**(4 821)**
Expenses paid	-	-	-	(1 452)	-	**(1 452)**
Insurance acquisition cashflows	(1 191)	7	(314)	-	-	**(1 498)**
Total cashflows	9 699	7	(314)	(6 273)		3 119
						-
Insurance liabilities as at 31 December 2024	**2 355**	**453**	**-**	**6 276**	**-**	**9 488**

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35.4 Insurance and reinsurance contracts (Continued)

Fire, motor, accident, engineering and marine insurance contracts issued-Reinsurance contracts

Reconciliation of the remaining coverage and incurred claims components

Premium allocation approach

Reinsurance contracts held	Liability for remaining coverage: Exc total loss recovery component	Liability for remaining coverage: Reinsurance asset	Incurred claims for contact under present value of future cashflows	Remaining: Risk adjustment	Total
Insurance contract assets as at 1 January 2024	**235**	**739**	**1 379**	**90**	**2 443**
Net income (expenses) from Reinsurance contracts held	(3 499)	-	-	-	**(3 499)**
Other incurred directly attributable expenses	-	(473)	-	-	**(473)**
Incurred claims recoveries	-	-	1 726	10	**1 736**
Net income (expenses) from Reinsurance contracts held	**(3 499)**	**(473)**	**1 726**	**10**	**(2 236)**
Finance income from Reinsurance contracts held	740	-	-	-	**740**
Total amounts recognised in the statement of profit or loss and other comprehensive income	(2 759)	(473)	1 726	10	(1 496)
Cashflows					
Premium paid net of ceding	3 683	-	(1 533)	-	**2 150**
Claims recoveries	-	283	-	-	**283**
Commission and directly attributable expenses paid	(775)	-	-	-	**(775)**
Total cashflows	**2 908**	**283**	**(1 533)**	**-**	**1 658**
Reinsurance contract assets as at 31 December 2024	**384**	**549**	**1 572**	**100**	**2 605**

35.5 Other insurance receivables

	Group 2024
Insurance receivables	109
Expected credit losses	-
	109
Analysed as follows:	
Not past due	109
Past due (over 30 days) and not past due	-
Past due and impaired	-
	109

Included in the insurance contracts receivables are amounts due from insurance policy holders under brokers.

35.6 Insurance contracts receivables

A significant portion of the Group's insurance business is transacted through brokers. As at the statement of financial position date K98m was due from the policyholders who are managed by the brokers. In preparing these financial statements, the Directors have considered recoverability of these amounts and further considered their carrying amount to approximate fair value.

The Company's credit risk is primarily attributed to its insurance and re-insurance contracts.

The credit risk exposure is spread over many customers more specifically the brokers who transact over 70% of the Company business. The Directors consider that the carrying amount of insurance contracts approximate to their fair value.

36 DIRECT TRADING EXPENSES

	Group 2024	Group 2023	Company 2024	Company 2023
Cost of sales	25 767	18 736	-	-
Interest expense	36 851	26 683	-	-
Direct service costs	95 040	60 865	-	-
	157 658	106 284	-	-

37 OTHER OPERATING INCOME

	Group 2024	Group 2023	Company 2024	Company 2023
Net loss from trading in foreign currencies	(6)	(33)	-	-
Fair value adjustment of investment property	3 557	2 936	57	65
Gains and losses from fair value adjustment of biological assets	174	80	-	-
Net gain on financial instruments classified as held at FVTPL	7 301	5 346	-	-
Profit on disposal of property, plant and equipment	316	166	(1)	-
Profit on disposal of available for sale financial assets	173	-	-	-
(Loss)/profit on disposal of financial instruments classified as held through profit and loss	(56)	2 986	-	-
Modification gains on restructured loans	59	102	-	-
Sundry income*	8 453	6 395	191	163
	19 971	17 978	247	228

*Sundry income comprises income earned from non-core business activities of the Group and they include board members fees and rental income generated by Group companies that are not in property business, among others. Some of the items include; Swift Charges Recoveries at K1,755 (2023: K1,230), VISA Debit Card Recoveries at K1,381 (2023: K1,157m million), revenue from leadership center at K188 (2023: K126m) million and cheque book issue at K1,139 (2023: K561m million). To improve disclosure, net gain on financial instruments classified as held for trading has been renamed to Net gain on financial instruments classified as held at FVTPL.

38 DISTRIBUTION AND SELLING EXPENSES

	Group 2024	Group 2023	Company 2022	Company 2023
Marketing and publication	6 347	4 832	-	-
Selling expenses	37	46	-	-
Carriage outwards	772	202	-	-
Other	96	98	-	-
	7 252	5 178	-	-

In millions of Malawi Kwacha

39 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Group		Company	
	2024	**2023**	**2024**	**2023**
Net remeasurement of loss allowance				
- Loans and advances (note 16)	5 116	5 326	-	-
- Finance leases (note 17.2)	(496)	164	-	-
- trade receivables (note 5.4.2)	1 567	1 181	138	139
Recoveries from impaired loans and advances (note 16)	(4 287)			
		(3 955)	-	-
Written off	11 615	5 706	-	-
	13 515	8 422	138	139

40 ADMINISTRATIVE EXPENSES

		Group		Company	
		2024	**2023**	**2024**	**2023**
Auditors' remuneration	- current year fees	2 008	1 633	248	298
	- other professional services	-	-	-	-
Directors' emoluments	- fees & expenses	2 162	1 601	379	274
	- executive directors' remuneration	1 602	1 169	301	156
Personnel costs		77 157	61 997	1 935	1 410
Pension contribution costs		1 931	4 690	188	132
Legal and professional fees		12 148	4 997	7 812	90
Stationery and office expenses		5 569	3 800	175	134
Security services		5 896	4 402	96	70
Motor vehicle expenses		5 742	4 201	97	36
Repairs and maintenance		18 050	11 823	360	227
Depreciation, impairment and amortisation		31 621	31 297	217	176
Travel expenses		2 845	2 105	82	74
Communication		1 904	1 296	121	83
Stock write off impairment		-	106	-	-
Card expenses		9 094	5 287	-	-
SMS banking expenses		1 733	1 405	-	-
Other*		2 203	2 903	706	277
		180 961	144 712	12 717	3 437
Insurance contracts service expenses		7 504	-	-	-

* Other relates to several individually insignificant administrative expense balances such as corporate image, corporate subscription, entertainment, and sundry expenses.

Liability for defined contribution obligations

The principal Group pension scheme is the Press Corporation plc Group Pension and Life Assurance Scheme covering all categories of employees with 658 (2023: 832) members as at 31 December 2024. The Fund is a defined contribution fund and is independently self-administered by its Trustees. Under this arrangement employer's liability is limited to the pension contributions.

41 FINANCE INCOME AND COSTS

	Group		Company	
	2024	**2023**	**2024**	**2023**
Finance income				
Interest income on bank deposits	835	692	17	227
Net foreign exchange gain	1 141	5 235	1 102	4 747
Other	1 544	1 105	850	583
	3 520	7 032	1 969	5 557
Finance costs				
Bank overdrafts	(3 417)	(3 680)	(1 110)	(1 474)
Loans	(11 819)	(13 605)	(2 747)	(3 582)
Lease liability	(2 787)	(2 433)	-	-
Foreign exchange loss	(3 539)	(12 252)	(735)	-
	(21 562)	(31 970)	(4 592)	(5 056)
Net finance costs	(18 042)	(24 938)	(2 623)	501

42 SHARE OF RESULTS FROM EQUITY ACCOUNTED INVESTEES

	Group		Company	
	2024	**2023**	**2024**	**2023**
Share of profit, net of tax				
Limbe Leaf Tobacco Company Limited	5 060	483	-	-
Puma Energy (Malawi) Limited	8 302	2 741	-	-
Macsteel (Malawi) Limited	470	1 057	-	-
LifeCo Holdings Limited	383	160	-	-
United General Insurance Company Limited	-	409	-	-
Open Connect Limited	(1 543)	(794)	-	-
	12 672	4 056	-	-
Impairment and reversals of equity accounted investments				
Impairment reversal of equity investment	118	1 619	-	-
Share of other comprehensive income, net of tax				
Limbe Leaf Tobacco Company Limited	18 480	12 044	-	-
United General Insurance Company Limited	-	22	-	-
Puma Energy (Malawi) Limited	(849)	875	-	-
Macsteel (Malawi) Limited	408	-	-	-
	18 039	12 941	-	-

43 INCOME TAXES

	Group		Company	
	2024	**2023**	**2024**	**2023**
Current tax expense				
Current year at 30% (2023:30%) based on taxable profits	81 066	54 396	-	-
Final tax on dividend received from associates, subsidiaries and joint ventures (Note 35.1)	3 365	2 814	3 365	2 814
	84 431	57 210	3 365	2 814
Deferred tax expense				
In respect of the current year (Note 20)	(3 318)	(3 719)	(311)	(634)
Total Income tax expense recognised in the current year	81 113	53 491	3 054	2 180

The Group's tax expense on continuing operations excludes the Group's share of the tax expense of equity accounted investees of K5,943 million (2023: K2,256 million), which has been included in 'share of profit of equity-accounted investees, net of tax.

In millions of Malawi Kwacha

43 INCOME TAXES (CONTINUED)

43.4 Tax losses carried forward

The Group has estimated tax losses of K63.472 billion (2023: K66.561 billion). These include capital losses, which can be set off against future capital gains. Where relevant, these tax losses have been set off against deferred tax liabilities, which would arise on the disposal of revalued assets at carrying value. Tax losses are subject to agreement by the Malawi Revenue Authority and are available for utilisation against future taxable income, including capital gains, only in the same company. Under the Malawi Taxation Act it is not possible to transfer tax losses from one subsidiary to another or obtain Group relief.

Tax losses can only be carried forward for six years. Refer to note 20.3 for aging analysis.

43.5 Reconciliation of effective tax rate

The tax on the Group's and Company's profit before tax differs from theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group and Company.

The income tax expense for the year can be reconciled to the accounting profit as follows;

		2024		2023
Group				
Profit before tax from continuing operations		207 462		128 537
Tax using the Group's domestic tax rate	30%	62 239	30%	38 561
Tax effect of:				
Share of profit of equity - accounted investees reported net of tax	(6%)	(12 672)	(3%)	(4 055)
Expenses not deductible for tax purposes*	9%	20 188	16%	20 206
Effects of final tax on dividends from associates and subsidiaries	(2%)	(3 365)	(2%)	(2 814)
Unrecognised taxable losses	(1%)	(1 147)	2%	2 391
Income not subject to tax**	1%	2 190	1%	1 363
Other permanent differences	7%	13 680	(2%)	(2 161)
Effective tax rate and income tax charge	39%	81 113	42%	53 491
Company				
Profit/(loss) before tax from continuing operations		18 977		25 846
Tax using the Group's domestic tax rate – 30%	30%	5 693	30%	7 754
Effects of final tax on dividends from associates and subsidiaries	(18%)	(3 365)	(11%)	(2 814)
Tax effect on expenses not deductible for tax purposes*	4%	726	(11%)	(2 760)
Effective tax rate and income tax charge	16%	3 054	8%	2 180

*Under the tax laws of Malawi, it is provided that some expenses/income are strictly disallowed. For the Group, items included in the tax reconciliation relating to expenses not deductible for tax purposes above include depreciation, taxes such as fringe benefit tax, tax penalties, unrealised exchange losses, provisions e.g. bonus provisions, tevet levy, subscriptions, and donations to unapproved organisations, etc. For the company, items included in the tax reconciliation relating to expenses not deductible for tax purposes above include depreciation, taxes such as fringe benefit tax, unrealised exchange losses, provisions e.g. tevet levy, subscriptions, and donations to unapproved organisations, etc.

**The tax laws of Malawi also exclude income from tax which has been recognised in the Statement of comprehensive income. The line items above include deferred income for telecommunication business, fair value gains on property and financial assets, unrealised exchange gains, profit on disposal of assets, etc.

44 BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

Calculation of basic earnings per share and diluted earnings per share is based on the profit attributable to ordinary shareholders of K6,732 million (2023: K40,421 million) and a weighted average number of ordinary shares outstanding during the year of 120.2 million (2023: 120.2 million).

	Group	
	2024	2023
Profit attributable to owners of the Company	69 732	40 421
Profit from continuing operations attributable to the ordinary equity holders of the parent Company		
Profit from continuing operations	131 408	75 046
Non-controlling interest	(61 676)	(34 625)
	69 732	40 421
Weighted average number of ordinary shares	120.2	120.2
Basic and diluted earnings per share (K)	538.04	336.28
Earnings per share from continuing operations (K)	538.04	336.28

45 CONTINGENT LIABILITIES

	Group		Company	
	2024	2023	2024	2023
Legal and other claims	11 299	3 660	-	-
Tax payable	4 844	4 363	-	-
Total contingent liabilities	20 068	8 023	-	-

(a) Legal and other claims represent legal and other claims made against the Group in the ordinary course of business, the outcome of which is uncertain. The amount disclosed represents an estimate of the cost to the Group in the event that legal proceedings find the Group to be in the wrong. In the opinion of the directors the claims are not expected to give rise to a significant cost to the Group. The Group is also a defendant of six legal cases whose losses could not be reliably quantified due to the nature and stages of the litigation claims. The outcomes of these cases are uncertain and subject of the court's determination.

(b) Tax payable relates to disputes that the Group's subsidiaries and the Group's associate have with the Malawi Revenue Authority.

46. CAPITAL COMMITMENTS

	Group		Company	
	2024	2023	2024	2023
Authorised and contracted for	44 726	19 651	-	-
Authorised but not yet contracted for	33 900	38 906	719	198
	78 626	58 557	719	198

These commitments are to be funded from internal resources and long-term loans.

47. RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

47.1 Trading transactions

During the year, the Group entered into the following trading transactions with related parties that are not members of the Group;

In millions of Malawi Kwacha

47. RELATED PARTIES (CONTINUED)

47.1 Trading transactions (Continued)

	Sales		Purchases	
	2024	2023	2024	2023
Joint ventures of the Group	7	3 400	413	506
Shareholder - Old Mutual Group	9	7	-	-
Associates of the Group	20	17	-	-
Press Trust	1	2	-	-
	37	3 426	413	506

	Interest income		Interest expense	
	2024	2023	2024	2023
Joint ventures of the Group	117	93	(36)	-
Associates of the Group	1 453	1 838	(19)	(12)
Directors	5	4	-	-
Employees – Key management personnel	1 694	1 792	(1 168)	(1 011)
	3 269	3 727	(1 223)	(1 023)

Sale of goods and services to related parties were made at the Group's usual list prices. Purchases were made at market price.

47.2 Receivables and payables

	Amounts owed by related parties		Amounts owed to related parties	
	2024	2023	2024	2023
Joint ventures of the Group	61	933	31	36
Associates of the Group	-	-	-	3 617
	61	933	31	3 653

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for doubtful debts in respect of the amounts owed by related parties.

47.3 Loans and deposits

	Loans		Deposits	
	2024	2023	2024	2023
Joint ventures of the Group	-	907	1 188	3 327
Shareholder - Old Mutual Group	169	-	4 873	26 873
Associates of the Group	11 007	8 838	346	583
Shareholder - Press Trust	-	-	10	52
Directors	149	304	122	187
Employees – Key management personnel	14 132	11 095	1 302	1 775
Related Pension Funds	-	-	781	-
	25 457	21 144	-	32 797

Loans are granted and deposits accepted on normal banking terms. Loans are secured.

There were no material related party transactions with the ultimate controlling entity of the Group, Press Trust, in the current or prior financial period.

47.4 Compensation of key management personnel

Directors of the Company and their immediate relatives control 0.04% (2023: 0.04%) of the voting shares of the Company.

Directors' emoluments are included in administrative expenses more fully disclosed in note 38.

47. RELATED PARTIES (CONTINUED)

47.4 Compensation of key management personnel (Continued)

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group		Company	
	2024	2023	2024	2023
Salaries and benefits for key management	10 956	8 825	-	677
Directors' remuneration	3 764	2 770	-	430
	14 720	11 595	-	1 107

48 DIVIDEND PER SHARE

	Group and Company	
	2024	2023
Final dividend	-	4 449
Interim dividend	1 353	1 082
	1 353	5 531
Number of ordinary shares in issue (million)	120.2	120.2
Dividend per share (K)	59.35	46.00

During the year, the Group declared and paid a total of K5,803 million representing final dividend for 2023 of K4,450 million and interim dividend for 2024 of K1,353 million. A final dividend for the year ended 31 December 2024 will be considered before the date of the next Annual General Meeting.(2023: K5,531million) representing K46 per share.

50. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the returns to stakeholders through optimisation of the debt and equity balance. The overall Group strategy that was developed in 2024 re-affirms this position. The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 27 and 28).

The banking business of the Group is subjected to the following capital requirements:

50.1 Regulatory capital

The Reserve Bank of Malawi sets and monitors capital requirements for the Group's banking business as a whole. Regulatory capital requirement is the minimum amount of capital required by the Reserve Bank of Malawi, which if not maintained will usually permit or require supervisory intervention. In implementing current capital requirements, The Reserve Bank of Malawi requires the Group's banking business to maintain a prescribed ratio of total capital to total risk-weighted assets. The minimum capital ratios under the implemented Basel II are as follows:

- A core capital (Tier 1) of not less than 11.5% of total risk-weighted on statement of financial position assets plus risk-weighted off-statement of financial position items; and
- A total capital (Tier 2) of not less than 15% of its total risk-weighted on statement of financial position assets plus risk-weighted off-statement of financial position items.
- Core capital (Tier 1) which consists of ordinary share capital, share premium, retained profits, 60% of after-tax profits in the current year (or less 100% of current year loss), less any unconsolidated investment in financial companies.
- Total capital (Tier 2), which consists of revaluation reserves and general provisions, when such general provisions have received prior approval of the Reserve Bank of Malawi plus tier 1 capital. Supplementary capital must not exceed core capital i.e., shall be limited to 100% of total core capital.

Banking operations are categorised as either trading book or banking book and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-statement of financial position exposures. The Board of Directors are responsible for establishing and maintaining at all times an adequate level of capital. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders'

Financial Statements

In millions of Malawi Kwacha

50. CAPITAL MANAGEMENT (CONTINUED)

50.1 Regulatory capital (Continued)

return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a lower gearing position.

The Group and individually regulated operations have complied with all externally imposed capital requirements throughout the period. The Group also complied with these requirements in prior years.

The Group's banking business regulatory capital position at 31 December was as follows:

	2024 K'm	2023 K'm
Tier 1 capital		
Ordinary share capital	467	467
Share premium	613	613
Retained earnings	198 374	164 918
Unconsolidated investment	(10 596)	(9 695)
Total regulatory (tier 1) capital	188 858	156 303
Supplementary capital		
Revaluation reserve	29 884	29 884
Deferred tax	-	-
Unconsolidated investment	(10 596)	(9 695)
Total regulatory (tier 2) capital	216 126	176 492
Risk-weighted assets		
Retail bank, corporate bank and treasury	943 640	732 701
Capital ratios		
Total regulatory capital expressed as a percentage of risk-weighted assets	23%	24%
Total tier 1 capital expressed as a percentage of risk-weighted assets	20%	21%

50.2 Sub-subsidiary (Akiba Commercial Bank) capital management

The Bank's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement of financial positions, are:

- To comply with the capital requirements set by the Bank of Tanzania (BoT)
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns; for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Bank of Tanzania (BoT) for supervisory purposes. The required information is filed with the BoT monthly.

The Bank of Tanzania required each bank of banking group to:

(a) Hold a minimum level of core capital of TZS15 billion;
(b) Maintain of ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets or above the required minimum of 12.5%; and
(c) Maintain total capital of not less than 14.5% of risk-weighted assets plus risk-weighted off-balance sheet items
(d) Maintain a capital conservation buffer of 2.5% of risk-weighted assets and off-balance sheet exposures. The capital conservation buffer is be made up of items that qualify as tier 1 capital

50. CAPITAL MANAGEMENT (CONTINUED)

50.2 Sub-subsidiary (Akiba Commercial Bank) capital management (Continued)

When a bank is holding capital conversation buffer of less than 2.5% of risk-weighted assets and off-balance sheet but is meeting minimum capital requirements the bank:

- Shall not distribute dividends to shareholders or bonuses to senior management and other staff members until the buffer is restored to at least 2.5%
- Shall submit a capital restoration plan to the Bank of Tanzania within a specified period by BoT including how the Bank is going to raise capital to meet its minimum requirement including capital conservation buffer with a specified period; and
- If BoT does not approve the capital restoration plan, it may direct the bank to raise additional capital within a specified time to restore its capital conservation buffer.

The Bank's regulatory capital is divided into two tiers:
Tier 1 capital: means permanent shareholders' equity in the form of issued and fully paid ordinary shares, and perpetual non-cumulative preference shares, capital grants and disclosed reserves less year to date losses, goodwill organization, pre-operating expenses, prepaid expenses, deferred charges, leasehold rights and any other intangible assets.

Tier 2 capital: means general provisions which are held against future, presently unidentified losses and are truly available to meet losses which subsequently materialize, subordinated debts, commutative redeemable preferred stocks and any other form of capital as may be determined and announced from time to time by the Bank.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral guarantees.

A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarizes the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2024 and year ended 31 December 2023. In 2024, the Bank is not compliant to minimum core capital requirements and capital adequacy ratios. In 2023 the Bank was compliant to minimum core capital required by regulator of TZS 15 billion and capital adequacy ratios of 12.5% and 14.5% for tier 1 and Tier 2 respectively

	2024 TZS'm	2023 TZS'm
Tier 1		
Share capital	27 797	27 797
Share premium	2 432	2 432
Preference shares	11 623	11 623
Retained earnings	(30 980)	(19 215)
Deferred charges	(3 195)	(6 387)
Prepaid expenses	(1 255)	(1 191)
Total qualifying Tier 1 capital	6 422	15 059
Tier 2		
Allowance supplementary capital	-	-
Total qualifying Tier 2 capital	-	-
Total regulatory capital (Tier 1 & Tier 2)	6 422	15 059
Risk-weighted assets		
On-balance sheet	99 001	107 679
Off-balance sheet	1422	368
Operation risk	12 364	11 671
Market risk	192	65
Total risk-weighted assets, operational and market risk	112 979	119 783

In millions of Malawi Kwacha

50. CAPITAL MANAGEMENT (CONTINUED)

50.2 Sub-subsidiary (Akiba Commercial Bank) capital management (Continued)

	Bank's ratio 2024	Bank's ratio 2023
Tier 1 capital (BOT minimum 12.5%)	5.68%	12.57%
Tier 1 + Tier 2 (BOT minimum 14.5%)	5.68%	12.57%

In February 2023, the Bank received US$ 2.44 million (TZS 5,663 million) from the National Bank of Malawi plc under an agreement where additional Perpetual Non-Cumulative Preference shares with a par value of TZS 1,000 per share will be issued to the National Bank of Malawi in continued efforts by the majority shareholders to ensure that the Bank is adequately capitalised. Following this recapitalisation, the Bank's Tier 1 Capital was above the minimum ratio, but Tier 2 Capital was still below the minimum ratios required by BOT. However, BoT has granted a waiver of 50% deduction of deferred tax asset from the capital until June 2025 which makes Akiba compliant for both core and total capital. This non-compliance does not result in any accounting implications and does not necessitate repayment of any debt since it involves equity rather than debt. Hence, there are no going concern issues as there are no threats to withdrawal of business licence.

50.3 Basel II implementation

The Basel II, a capital standard accord for banks, which was introduced as an enhancement to the first 1988 Basel accord in 2004 came into effect on 1 January 2014 for all Malawian Banks. The intention is to align bank's business risk as reflected in both the banking book and the trading book to its required minimum capitalisation. This was as a result of notable shortfalls in granularity in Basel I hence the need to ensure that banks are adequately capitalised.

50.4 Sub-subsidiary (UGI) Solvency margin for general insurance business

The minimum solvency ratio set by the Reserve Bank of Malawi, which regulates the insurance business in Malawi is 20% [s5.4 of the Insurance (Minimum Capital and Solvency Requirements for General Insurers) Directive, 2017). The Company's solvency margin is calculated as the ratio of capital and reserves to net premium.

	2024
Solvency ratio	
Net Assets (Total equity)	8 190 540
Adjustments on to a regulatory basis	(5 459 310)
Net (liability)/assets available to meet solvency	2 731 230
Net premium written	7 200 932
Solvency margin (%)	37.9
Solvency margin required by the regulator	20%

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

The Company's solvency margin at year end was 37.9% against the regulator's minimum requirement of 20%.

This solvency margin computation was based on IFRS4 because according to the regulator of Insurance Companies, The Reserve Bank of Malawi, the Capital Adequacy Directive of 2011 has not changed as such the solvency margin computation could not be changed.

The Board's policy is to maintain a strong capital base so as to maintain creditor and management confidence and to sustain future development of the business. The Board of Directors monitors the key financial performance indicators of the Company. The Board reviews the statutory Company financial statements by comparing the actual results against budgets and prior year. There were no changes in the Company's approach to capital management during the year.

51 SUBSEQUENT EVENTS

A final dividend for the year ended 31 December 2024 will be considered before the date of the next Annual General Meeting. Subsequent to the year ended 31 December 2024, the company expanded its international footprint by acquiring a 10% shareholding in a Liberian financial institution. This strategic acquisition is expected to enhance the company's presence in the West African financial market and contribute to long-term growth. In January 2025, the company disbursed K4.5 billion as a shareholder loan to TNM to assist the company in meeting financial obligations to MACRA.

51 SUBSEQUENT EVENTS (CONTINUED)

The company is also handling a legal case concerning the unfair dismissal of former executives. In October 2024, the court ruled in favor of the applicants and ordered compensation in April 2025. This is an adjusting event after the reporting period, affecting conditions at the reporting date. The financial statements for the year ended 31 December 2024 includes a K7.6 billion legal provision as disclosed in note 30. Management believes this accurately reflects the court's decision's financial impact.

52 EXCHANGE RATES

The average of the year-end buying and selling rates of the major foreign currencies affecting the performance of the Company and Group are stated below.

Exchange rates as at 31 December 2024	2024	2023
Kwacha/United States Dollar	1 749.9	1 683.3
Kwacha/Euro	1 869.8	1 919.2
Kwacha/British Pound	2 250.3	2 213.6
Kwacha/South African Rand	95.9	93.6
Inflation rates as at 31 December (%)	28.1	34.5

At the time of signing these Consolidated and separate financial statements, the exchange rates had moved to:-

Kwacha/US Dollar	1 734.0
Kwacha/Euro	2 018.4
Kwacha/GBP	2 325.0
Kwacha/Rand	92.00
Inflation rates as at (%) (February 2025)	30.7

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For the year ended 31 December 2024
In millions of Malawi Kwacha

Shareholdings

	% of total shares in issue	Number of shares	Shareholding range	Number of shareholders	%
Press Trust	47.58%	57,222,217	1,000,000 +	13	0.80%
Old Mutual Life Assurance Company Limited	16.52%	19,868,498	10,001 - 1,000,000	135	8.26%
Others	35.90%	43,165,105	1 - 5,000	1,487	90.95%
Total		**120,255,820**		**1,635**	**100.00%**

Share Market

	2024	2023	2022	2021	2020
Total number of shares in issue	120,255,820	120,255,820	120,255,820	120,255,820	120,255,820
Malawi Stock Exchange (MSE) Market statistics					
Market capitalization at 31 December (MKm)	300,614	301,481	262,322	228,486	157,415
Market capitalization at 31 December (US$'m)	171.79	179.10	255.05	279.56	203.98
Subscription price at listing MK14.89					
Last traded price					
31 December (MK per share)	2,499.79	2,507.00	2,181.37	1,900.00	1,309.00
Highest (MK per share)	2,507.00	2,508.00	2,181.44	1,900.00	1,572.00
Lowest (MK per share)	2,499.78	2,180.00	1,899.00	1,199.93	1,189.00
Net asset value (NAV) per share	4,325.06	3,267.95	2,766.48	2,465.22	2,034.51
Value of shares traded (MKm)	3,413.00	8,506.45	593.95	4,725.00	569.00
Earnings per share %	538.04	336.84	113.53	181.07	30.58
Dividend yield %	1.84	1.54	1.61	1.63	1.99

41st ANNUAL GENERAL MEETING

PRESS CORPORATION PLC
41ST ANNUAL GENERAL MEETING NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD VIRTUALLY AND PHYSICALLY AT AMARYLLIS HOTEL IN BLANTYRE ON FRIDAY, 25TH JULY 2025, STARTING FROM 14:00 HOURS (OR SOON THEREAFTER), AT WHICH THE FOLLOWING ORDINARY BUSINESS WILL BE TRANSACTED:

1. MINUTES OF THE LAST ANNUAL GENERAL MEETING

To confirm the minutes of the last Annual General Meeting held on 19th July, 2024

2. FINANCIAL STATEMENTS

To receive and adopt the audited Separate and Consolidated Financial Statements for the year ended 31st December 2024, together with the reports of the Directors and Auditors thereon.

3. DIVIDEND

To declare a nil final dividend for the year ended 31st December 2024, upon the Directors' recommendation.

An interim dividend amounting to MK1.35 billion, representing MK11.25 per share was already paid on 25th October, 2024, making a total dividend for the year ended 31st December, 2024 amounting to MK1.35 billion.

4. APPOINTMENT OF AUDITORS

To reappoint Messrs. Ernst & Young – Certified Public Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration.

5. EXECUTIVE DIRECTORS' REMUNERATION

To authorise Directors to determine the remuneration of Executive Directors.

6. NON-EXECUTIVE DIRECTORS' FEES AND SITTING ALLOWANCES

To fix the Fees and Sitting Allowances of the Chairman and other Non-Executive Directors with effect from 01st January 2025 as follows:

Directors' Fees:
- Chairman - MK32,500,000.00 per annum payable quarterly in arrears (up from MK25,000,000.00)
- Non-Executive Directors - MK22,750,000.00 per annum payable quarterly in arrears (up from MK17,500,000.00)

Sitting Allowances:
- Chairperson - MK1,211,210.00 per sitting (up from MK931,700.00 per sitting)
- Committee Chairperson - MK1,101,100.00 per sitting (up from MK847,000.00 per sitting)
- Non-Executive Directors - MK1,041,040.00 per sitting (up from MK800,800.00 per sitting)

7. DIRECTORS' APPOINTMENT, RE-ELECTION AND RETIREMENT

7.1 To appoint as Director effective after this Annual General Meeting, Mr Tavona Biza, in line with Article 51.7 of the Company's Articles of Association

Mr. Tavona Biza is the current Group Chief Executive Officer for Old Mutual Malawi. He is a seasoned business executive, having held various key executive positions within the Old Mutual Africa Group. He has also held board positions in various institutions such as the Ghana Insurance Association, Life Insurance and Pension Association of Malawi and Insurance Institute of Zimbabwe. Mr. Biza holds a Masters in Business Administration from the University of Cape Town in South Africa and a Bachelor of Commerce (Honours) in Actuarial Science from the National University of Science and Technology in Zimbabwe. He is a Fellow of the Institute and Faculty of Actuaries. He has also undergone leadership and management advancement programs from INSEAD and WITS Business School.

7.2 To re-elect as Director, Mr. Stewart Malata (63), who retires by rotation but being eligible has offered himself for re-election.

Mr. Malata is CEO of Roads Fund Administration since 2014. He has held a number of other executive leadership positions in various institutions. He holds a Master of Sciences Degree in Accounting and Finance from the University of Stirling, Scotland and a Bachelor of Commerce (Accountancy) Degree from the University of Malawi.

Since his initial appointment to the Board in July, 2019, Mr Malata has served diligently and has provided valuable input to PCL's business. He currently chairs the Appointments and Remuneration Committee of the Board.

7.3 To re-elect as Director, Mr. Dye Mawindo (67), who retires by rotation but being eligible has offered himself for re-election.

Mr. Mawindo is a general management expert, with a background in the legal profession. He has served in executive management positions for various public institutions. Mr. Mawindo is currently the Chief Executive Officer of MCA II.

Since his initial appointment to the Board in September, 2020, Mr Mawindo has served the Company diligently and has also provided valuable input to PCL's business. He currently chairs the Investment Committee of the Board.

7.4 To note the retirement of Mr. Jim Nsomba as Director on the Board, with effect from 25th July, 2025.

Mr. Nsomba has served on the board of PCL for seven years. During that period, Mr. Nsomba applied himself diligently to the service of PCL. The Board wishes him the very best in his future endeavors.

Dated the 25th day of June 2025

BY ORDER OF THE BOARD

MOUREEN MBEYE
COMPANY SECRETARY

Registered Office
Press Corporation plc
3rd Floor, PCL House
Top Mandala
Kaohsiung Road
P O Box 1227
BLANTYRE

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or proxies) to attend and vote on its/his/her behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority shall be deposited at the Company Secretary's office or the Transfer Secretaries' office (at National Bank of Malawi plc Head Office) not less than forty-eight (48) hours before the time appointed for holding the meeting and in default the instrument of proxy shall not be treated as valid. The instrument appointing a proxy shall be in the form attached hereto or forms as near thereto as circumstances admit.
3. The AGM Pack consisting of the Notice, Agenda, Minutes, a Proxy Form, and Financial Statements will be circulated to the shareholders through their registered addresses. Shareholders may also access the AGM pack on the Company's website (www.presscorp.com) from 30th June 2025 or by requesting the Company Secretary or Transfer Secretaries through the email below.
4. Shareholders who wish to attend the meeting virtually must indicate their preference by contacting the Company Secretary through email at pcl.shareholders@presscorp.com
5. Shareholders can raise any questions on any agenda item by addressing them to the Company Secretary through the email address above starting from **4th July 2025 to 18th July 2025**.
6. The Chairperson will comment and provide answers to all the questions during the meeting.
7. Shareholders are strongly encouraged to vote and send their questions in advance of the Annual General Meeting, especially if they are planning to log-in and attend virtually.

41st Annual General Meeting

MINUTES OF THE 40TH ANNUAL GENERAL MEETING

MINUTES OF THE FORTIETH ANNUAL GENERAL MEETING OF THE COMPANY HELD VIRTUALLY AND PHYSICALLY AT MOUNT SOCHE HOTEL IN BLANTYRE ON FRIDAY, 19TH JULY, 2024 STARTING FROM 14:00 HOURS

SHAREHOLDERS PRESENT

Eng. Wilson Chirwa
Alex M.B Chinyamu
Gibson Ngalamila
Brian Kampanje
Frank Nampanda
Danile Y Nampanda
Benadicto Nkhoma
Joe Maere
Chandrakant Makadia
Frank Harawa
Takondwa Mlenga
Wesley Mankhomwa
Maclan Kankhomba

ONLINE ATTENDANCE

Kondwani Kalua

PROXIES

Lucia Chola	: Evelyn Mategula
Stephen D Matenje SC	: Press Trust
Frank Harawa	: Luvinda General Dealers
Joe Maere	: Investment Perspective Holdings
William Matewere	: MISALICO
Cuthbert Mnyenyembe	: Old Mutual Life Assurance Company (Malawi) LTD, Magetsi Pension Fund, Cham Pension Fund, OMIG RBM Pension Fund, Madzi Pension Fund CAP, FDH Financial Holdings LTD Pension Fund OMIG, TNM Pension Fund, Madzi Pension Fund, STD Bank MW ITF Old Mutual Unit Trust Bal.Fund, Madzi Pension Fund OML, Aviation Pension Fund, Malawi Posts Corporation Pension Fund, Public Service Pension Trust Fund OML, CAM Nominees A/C Must Gratuity Fund, OMIG MUST Endowment Fund, CAM Nominees A/C Aviation Pension Fund, OMIG FCB Pension Fund
Lackson Nyala/Elton Masibawo	: NBM PAL Unrestricted PF, AHL Group Pension, NBM Pension Fund, MADZI Pension Fund, NBM Pension Fund, CEAR Pension Fund, VLAC Annuity Fund, VLAC Pension Fund, VLAC Annuity Fund CAM, VLAC Shareholders Fund CAM, NBM Pension Fund, MBS Pension Fund.

IN ATTENDANCE

BOARD AND COMPANY SECRETARY

Randson P Mwadiwa	Chairperson
Gibson Ngalamila	Director
Jim Nsomba	Director
Stewart Malata	Director
Dye Mawindo	Director
Bettie Mahuka	Director
Ronald Mangani	Executive Director
Moureen Mbeye	Company Secretary

EXTERNAL AUDITORS

Deloitte, represented by Vilengo Beza and Khatja Khan Makungwa

MALAWI STOCK EXCHANGE

John Kamanga
Douglas Nyirenda

TRANSFER SECRETARIES

Edda Khulamba
Chrispin Kaisa
Cyrus Kasakula

OBSERVERS

Shalom Bisani
A. Kamhoni
S. Kweteza
C. Sande
Alinafe Chucho
Sandra Mankhokwe
Frank Luwe
Gloria Maere
Andrew Khongola
Mervin Banda
Titha Kantema
Priscilla Mapawa
Stener Josamu
Desmond Chitsulo
D Magombo
Kondwani chitsulo
Gerald Viyuyi
Noel Kadzakumanja
Yankho Kampanje
Wasili Mfungwe
Gomezgani Tembo
Patrick Kondwani
Ufulu Majawa
Job Mwatikana
Clement Gulumba
Blessings Sabuli
Funny Chembekeza
Pascal Chipewa
Chisomo Phiri
Matthews Faiti

Chisomo Governor
Andrew Tembo
Richard Tiyesi
Sean Longwe
Clara Khaki
Bettie Namonde
Chikondi Liabunya
Steven Chanza
Kelvin Chikankheni
Bernadette Kaluwa
Elias Malion
Jack Suleman
Felister Tupunya Bisani
Chimwemwe Nahache
Caleb Khombe
Zunzo Mitole
George Muva Sambo

WELCOME REMARKS

Mr. Randson Mwadiwa, the Chairperson of the Board, took Chair of the meeting. He welcomed all Members to the 40th Annual General Meeting of the Company. He introduced members of the Board, Management and the external auditors.

322 QUORUM

The Chairperson announced that a quorum was present and that thirty-five (35) proxies had been received and recorded.

323 NOTICE

The notice convening the meeting, which was circulated within the statutory twenty-one (21) days, was taken as read.

324 MINUTES OF THE THIRTY–NINTH ANNUAL GENERAL MEETING

The minutes of the Thirty-Ninth Annual General Meeting of the Company held on 29th July, 2023 were amended by inserting the attendance list of shareholders.

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT subject to the amenments, the minutes of the thirty-ninth Annual General Meeting held on 29th July, 2023 **BE** and **ARE HEREBY** confirmed as a true and correct record.

325 RECEIPT AND CONSIDERATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Chairperson informed members that the Directors' Report appeared on pages 14 to 19 of the Annual General Meeting pack. The Chairperson also gave a report which covered the operating environment, Group performance and strategic direction of the Company.

Thereafter, Mr Beza, the partner at Deloitte, presented the Auditors' Report. At the conclusion of the Auditor's presentation, the resolution was put to the Members for their approval.

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT the audited financial statements for the year ended 31st December 2023, together with the Reports of the Directors and the Auditors thereon as presented at the meeting, **BE** and **ARE HEREBY** received and adopted.

326 DECLARATION OF DIVIDEND

The Board recommended a final dividend for the year ended 31st December 2023 of MK4.45 billion, representing MK37.00 per share. It was reported that an interim dividend amounting to MK1.08 billion, representing MK9.00 per share was already paid on 27th October, 2023. The total dividend for the year, therefore, amounted to MK5.53 billion, representing MK46.00 per share.

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT, upon the recommendation of the Directors, and the Members having noted that an interim dividend amounting to MK1.08 billion representing MK9.00 per share was paid on 27th October, 2023, a final dividend of MK4.45 billion representing MK37.00 per share in respect of the year ended 31st December 2023 **BE** and **IS HEREBY** declared as the final dividend, payable on Friday, 30th August, 2024 to those Shareholders registered in the books of the Company as at the close of business on Friday, 16th August 2024.

327 APPOINTMENT OF AUDITORS

(i) The Chairperson reported that, following the resolution of the Members at the thirty-ninth Annual General Meeting, authorizing the Directors to appoint Auditors for the 2023 financial year, the Board appointed Deloitte, Certified Public Accountants. The Board, therefore, requested for ratification of this decision.

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT the appointment of Deloitte, Certified Public Accountants, as auditors for the year ended 31st December, 2023 **BE** and **IS HEREBY** ratified.

(ii) The Chairperson informed the Members that as committed at the thirty-ninth Annual General Meeting, the Board had identified Ernst and Young as the company's External Auditors for the year ending 31st December, 2024. The Board was confident that the proposed auditors were competent and had the capacity to deliver quality output timeously.

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT Ernst and Young (EY), Certified Public Accountants, **BE** and **ARE HEREBY** appointed auditors for the ensuing year, and **THAT** Directors **BE** and **ARE** hereby authorized to determine their remuneration.

328 EXECUTIVE DIRECTORS' REMUNERATION

The Chairperson informed the members that the Company, from time to time, appoints Executive Directors from Members of the Company's Executive Management team. It was, therefore, necessary for Members to authorize the Directors to determine their remuneration.

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT the Directors **BE** and **ARE HEREBY** authorized to determine the remuneration of the Executive Directors.

329 APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES AND SITTING ALLOWANCES

The Chairperson informed Members of a recommendation from Directors that Directors fees and sitting allowances for the 2024 financial year be adjusted as follows:

Directors Fees:

- Chairperson - MK25,000,000.00 per annum,payable quarterly in arrears
- Non-Executive Directors - MK17,500,000.00 per annum, payable quarterly in arrears

Sitting Allowances:

- Chairperson - MK931,700.00 per sitting
- Committee Chairperson - MK847,000.00 per sitting
- Non-Executive Directors - MK800,800.00 per sitting

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT the fees and sitting allowances for the Board Chairperson, Chairpersons of the Board Committees and other Non-Executive Directors as set out above **BE** and **ARE HEREBY** fixed with effect from 1st January 2024.

330 DIRECTORS RE-ELECTION

(i) The Members were informed that Mrs. Betty Mahuka, a Director who was due to retire by rotation, was eligible and available for re-election.

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT Mrs. Betty Mahuka, a Director who retires by rotation and, being eligible, offers herself for re-election, **BE** and **IS HEREBY** re-elected as Director.

(ii) The Members were informed that Mr. Randson P Mwadiwa, a Director who was due to retire by rotation, was eligible and available for re-election.

On a proposal of the motion duly seconded and voted on, it was resolved:

THAT Mr. Randson P. Mwadiwa, a Director who retires by rotation and, being eligible, offers himself for re-election, **BE** and **IS HEREBY** re-elected as Director.

331 CLOSURE OF MEETING

There being no other business to transact, for which prior notice was given, the Chairperson declared the meeting closed at 15:30 hours.

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CHAIRMAN **DATE**

COMPANY SECRETARY
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Email:
companysec@presscorp.com

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INDEPENDENT AUDITORS
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Chartered Accountants (Malawi)
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Kidney Crescent
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Tel: +265 999 888 684
Email: admin.malawi@mw.ey.com

LEGAL ADVISORS
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Chichiri
Blantyre 3
Tel: +265 111 831 680
Email: mpakapatrick@destonelaw.com

BANKERS
National Bank of Malawi Plc
P.O. Box 945
Blantyre

LOCATION OF LISTING
Malawi Stock Exchange

41ST ANNUAL GENERAL MEETING
PROXY/VOTING FORM

I/WE …………..................…………………………….................. (name/s in block letters) of……………….......................…………

……………………………............ (address) being a member of the above-named company, hereby appoint (see note 1 below):

the Chairman of the Meeting, or the Company Secretary, or……………………………………. of……………………………………

or, failing him/her…………………………………….. of……………………………………………………………………………

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company, to be held at Sunbird Mount Soche Hotel, Blantyre on Friday, 25th July, 2025 starting from 14:00 hours and at any adjourned meeting thereof.

I/We instruct my/our proxy or proxies to vote in the following way (see note 2 below

Agenda Item		Mark with X where applicable		
Ordinary Business		**In favour**	**Against**	**Abstain**
1.	To confirm the Minutes of the 40th Annual General Meeting.			
2.	To adopt the Directors' and Auditors' Report and Financial Statements of the Company for the Year Ended 31st December 2024.			
3.	To declare a nil final dividend for the year ended 31st December 2024.			
4.	To reappoint Messrs. Ernst & Young– Certified Public Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration.			
5.	To authorize the Directors to determine the remuneration of Executive Directors.			
6.	To fix the fees and sitting allowances of the Chairman and non-Executive Directors with effect from 1st January, 2025 as follows:			
	Directors Fees Chairman : MK32,500,000.00 Non-Executive Directors : MK25,000,000.00			
	Directors Sitting Allowances Board Chairman : MK1,211,210.00 Committee Chairperson : MK1,101,100.00 Non-Executive Directors : MK1,041,040.00			
7.	Directors appointment, re-election and retirement			
	7.1 To appoint Mr. Tavona Biza as Director			
	7.2 To re-elect Mr. Stewart Malata who retires by rotation			
	7.3 To re-elect Mr. Dye Mawindo who retires by rotation			
	7.4 To note the retirement of Mr. Jim Nsomba			

Signed at ………………………………………………………on this ……………………………day of ……………………….2025

Signature …………...…………...……………………….....……………

Assisted by me (where applicable) (see note 3 below)

Notes to Form of Proxy

1.	If you wish to appoint a proxy other than the Chairman of the Meeting or the Company Secretary, please insert that person's name and address and delete (initialling the deletion) "the Chairman of the Meeting or Company Secretary". The completion of the Form of Proxy will not preclude shareholders from attending and voting at the Annual General Meeting.
2.	Please indicate, by inserting "X" in the appropriate box, the way in which your proxy is to vote. If you do not do so, your proxy will vote or abstain as he/she thinks fit.
3.	This Form of Proxy must be signed by the appointer or his/her attorney duly authorized in writing or, if the appointer is a corporation, it must be under its common seal or be signed by some officer or attorney duly authorized in that behalf.
4.	This form should be filled by members of the Company entitled to attend and vote at the meeting irrespective of whether they will attend the meeting or not.
5.	If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted shall be regarded as the valid appointed proxy.
6.	In order to be effective, the proxy form must reach the registered office of the company at 3rd Floor PCL House, Kaohsiung Road, Top Mandala, P.O. Box 1227, Blantyre or the Transfer Secretaries, National Bank of Malawi plc, P.O. Box 945, Blantyre or at 7 Henderson Street, Blantyre or through email at **pcl.shareholders@presscorp.com** not later than 48 hours before the meeting.

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