

2025
INTEGRATED
ANNUAL REPORT





Pressing On



2025 INTEGRATED ANNUAL REPORT

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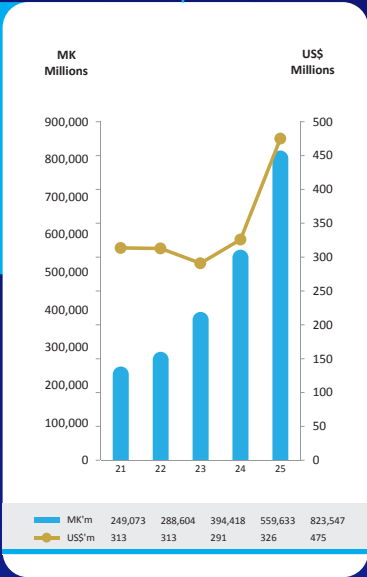
Financial Highlights

	Malawi Kwacha			US Dollars		
	2025	2024	Change %	2025	2024	Change %
Group Summary (in millions)						
Turnover	823,547	559,633	47.16	474.99	322.77	47.16
Attributable earnings	145,209	64,673	124.53	83.75	37.30	124.53
Shareholders' equity	516,510	349,437	47.81	297.90	201.54	47.81
Share performance						
Basic earnings per share	1,208.06	538.04	124.53	0.70	0.31	125.81
Cash retained from operations per share	6101.90	3,954.57	54.30	3.52	2.28	54.39
Net asset value per share (shareholders' equity per share)	6571	4325	51.94	3.79	2.49	52.21
Dividend per share	68.93	48.28	42.77	0.04	0.03	33.33
Market price per share	8,728.43	2,499.79	249.17	5.03	1.44	249.31
Price earnings ratio	7.23	4.6	55.51	7.19	4.65	54.62
Number of shares in issue (in millions)	120.00	120.00	0.00			
Volume of shares traded (in thousands)	8,898	1,411	531			
Value of shares trades (in MK millions)	35,248	3,413	933	20.33	1.97	931.98
Financial statistics						
After tax return on equity	50.54	36.16	39.77	0.03	0.02	50.00
Gearing	5%	5%	5.37			

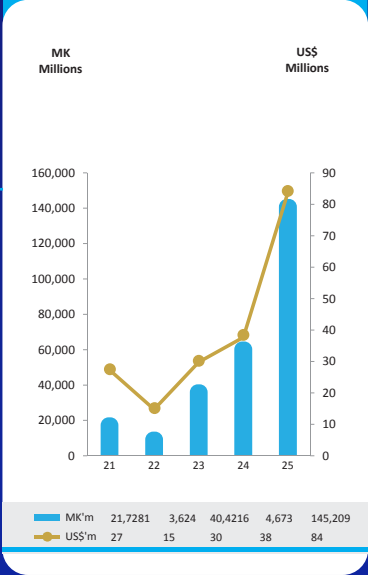
Exchange rate (MK/US\$)

	2021	2022	2023	2024	2025
Average monthly exchange rates	794.52	922.90	1,355.90	1,733.83	1,733.83
Year end exchange rates	817.30	1,028.50	1,683.30	1,733.83	1,733.83

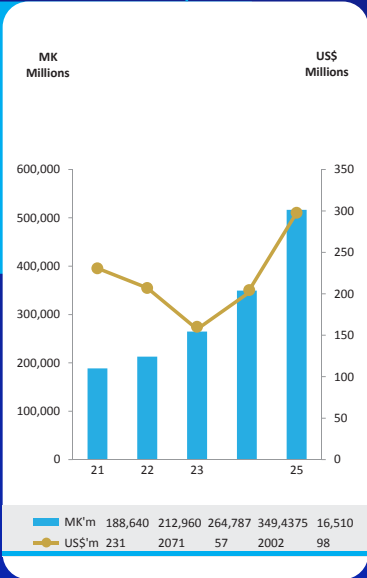
TURNOVER



ORDINARY SHAREHOLDERS' FUNDS



PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS



Five Year Group Financial Review

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2025 MK'm	2024 MK'm	2023 MK'm	2022 MK'm	2021 MK'm
Turnover and interest income	823,547	559,633	394,418	288,604	249,073
Profit before income tax and share of profit of equity-accounted investees	390,080	194,790	124,481	62,575	65,878
Share of profit of equity-accounted investees net of income tax	21,970	12,672	4,056	1,747	2,489
Profit before income tax	412,050	207,462	128,537	64,322	68,367
Income tax expense	(151,012)	(81,113)	(53,491)	(27,984)	(23,236)
Profit after income tax	261,038	126,349	75,046	36,338	45,131
Attributable to non-controlling interests	(115,829)	(61,676)	(34,625)	(22,714)	(23,403)
Attributable to equity holders of the parent	145,209	64,673	40,421	13,624	21,728
Dividend paid to ordinary shareholders	(8,285)	(5,803)	(4,626)	(4,209)	(3,728)
Retained profit	136,924	58,870	35,795	9,415	18,000
Basic earnings per share (MK)	1,208.06	538.04	336.28	113.34	180.77
Dividend per share (MK)	68.93	48.28	38.49	35.02	31.01

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Right-of-use assets, Property, plant and equipment	283,337	242,266	197,048	180,831	163,335
Investment properties	30,732	22,565	17,986	15,028	12,636
Investment in equity accounted investees	106,819	96,890	73,041	53,666	55,438
Other non-current assets	1,190,803	767,253	516,902	417,507	363,963
Net current liabilities	(752,323)	(569,497)	(355,000)	(277,797)	(248,815)
Total employment of capital	859,368	559,477	449,977	389,235	346,557
Ordinary shareholders' funds	516,510	349,437	264,787	212,960	188,640
Non-controlling interest	272,058	169,570	127,367	119,018	107,186
Lease liabilities, Loans and borrowings	41,959	29,273	46,292	50,443	44,557
Contract liabilities	6,498	1,230	902	742	392
Deferred tax liabilities	22,343	9,967	10,629	6,072	5,782
Total capital employed	859,368	559,477	449,977	389,235	346,557

CONSOLIDATED STATEMENTS OF CASH FLOWS OPERATING ACTIVITIES

Cash generated from operations	578,180	363,200	99,773	180,658	178,592
Interest received and paid, tax paid	154,048	111,348	64,821	60,877	41,602
Cash flows from operating activities	732,228	474,548	164,594	241,535	220,194

INVESTING ACTIVITIES

Dividend received	6,253	5,873	3,212	3,467	3,402
Capital expenditure	(72,248)	(61,884)	(35,723)	(34,173)	(37,794)
Disposal/(acquisition) of subsidiaries, associate net of cash	6,046	872	-	(89)	17,199
Purchase of investments	(309,231)	(223,180)	(66,974)	(34,245)	(126,195)
Receipts/(Payments) for right of use assets	1,410	(11,717)	(1,253)	(4,797)	(1,103)
Proceeds from sale of property, plant and equipment and investment properties	559	2,656	674	995	217
Cash flows used in investing activities	(367,211)	(287,380)	(100,064)	(68,842)	(144,274)

FINANCING ACTIVITIES

Dividends paid to non-controlling shareholders	(34,631)	(25,729)	(23,932)	(13,507)	(10,291)
Dividends paid to shareholders of the company	(8,285)	(5,803)	(4,626)	(4,209)	(3,728)
Acquisition of shares in a subsidiary	-	-	-	(3,229)	-
Capitalisation by non-controlling interest	12,993	-	-	-	-
(Decrease)/increase in borrowings and lease liability	(11,811)	(15,118)	(14,486)	(1,559)	9,955
Cash flows used in financing activities	(41,734)	(46,650)	(43,044)	(22,504)	(4,064)
NET INCREASE IN CASH & CASH EQUIVALENTS	323,283	140,518	21,486	150,189	71,856

Chairman's Statement



Despite a challenging macroeconomic backdrop, PCL delivered a strong operational and financial performance in 2025.

The General Operating Environment

Understanding our operating context is critical to creating sustainable value. In this regard, geopolitical conflicts as well as tariff and trade uncertainties, coupled with Malawi-specific factors, including inflationary pressure, currency misalignment, constrained foreign exchange liquidity, limited private sector growth and weak supply of fuel, contributed to a volatile and difficult-to-predict operating environment in FY2025. It was indeed a year that challenged the global economy and tested the resilience of markets and businesses everywhere. On the local scene, being an election year compounded risks surrounding policy continuity uncertainties.

The year was shaped by subdued growth amidst large macroeconomic imbalances and frequent external shocks with a Gross Domestic Product (GDP) growth of 2.7%, marking a modest improvement from the previous year's outturn of 1.7%. With the population growth outpacing GDP growth, GDP per capita fell for the fourth consecutive year. Among other challenges, there was also a significant reduction in donor support, following the withdrawal of the USAID and the non-renewal of the IMF's Extended Credit Facility (ECF).

Inflation remains among the highest in the Southern African region, averaging 28.4% in 2025. Driven by high food prices and money creation linked to pre-election deficits, persistent inflation is eroding household welfare. Nearly half the population cannot afford a basic consumption basket, and poverty is projected to remain at 76.6% in 2026. Although inflation is trending downward, the damage to purchasing power and public confidence is significant.

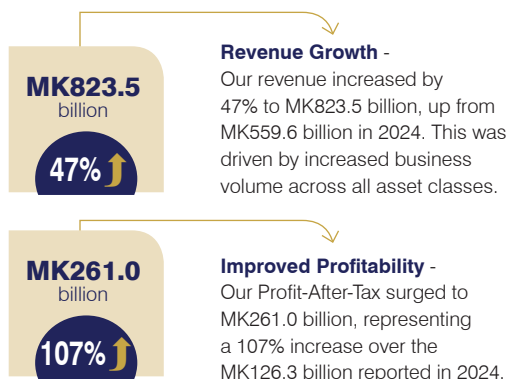
Malawi's external imbalances are acute. The value of imports is more than triple that of exports, reflecting a weak and undiversified export base coupled with high trade costs and rising import demands. Official reserves remain critically low at under one month of import cover, with total economy-wide reserves slightly above two months. This combination of a widening trade deficit and depleted reserves leaves Malawi highly vulnerable to external shocks, with limited buffers to absorb them and unabated pressure on the domestic currency.

Group Performance

Our business, like many others, has not been immune to the aforesaid headwinds. Moreover, competitive and regulatory complexity, coupled with evolving consumer preferences, continue to shape the landscape.

All of our investments and companies face economic challenges in their individual contexts. Nevertheless, we strive to navigate the challenges with a bold mindset while continuously focusing on doing what is right. PCL continues to develop products and services that support a resilient business model that can withstand these pressures and drive growth. It is pleasing that PCL is successfully navigating this

intricate environment and was able to continue delivering on its strategic objectives. Despite a challenging macroeconomic backdrop, PCL delivered a strong operational and financial performance in 2025. Our focus was on executing our strategy of optimizing our portfolio and enhancing operational efficiency, efforts that contributed to significant year-on-year gains. Key highlights include the following:



PCL delivered a resilient result for the year backed by exceptional cash generation, which are marked indicators of the quality of the Group's diverse businesses. As we journey through our current strategic plan horizon, we will strive to achieve broader product, service and geographic diversification, while maintaining our focus on operational excellence.

We made significant progress across our subsidiaries during the past year. Thanks to the foresight we had around the need to manage effluent from our ethanol companies, ETHCO and PressCane, and the stringent compliance measures in line with global ESG standards, we are pleased to indicate that we are at the verge of commissioning the Zero Liquid Discharge projects. These projects will see improved management of effluent and the manufacture of organic manure in the process, positioning both PressCane and ETHCO to manage effluent better. The successful completion of these 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 strategic growth agenda, Press Energy Limited (PEL), our wholly owned subsidiary, continues to advance the Nkhoma Solar Project following the successful execution of the Power Purchase Agreement. We are currently finalising the financing framework and critical technical developments required to commence the construction phase of the project.



We continue to pursue diversification both geographically and across various asset classes. This includes our investment in the oil and gas sector in Senegal as well as ongoing exploration activities in Malawi. These initiatives reflect our commitment to building a resilient and diversified portfolio that creates sustainable long-term value for our shareholders.

Divestures

Significant progress has been made on exiting MTL as part of our wider strategy of realigning our investments in the telco segment. I am pleased to report that the deal framework has been successfully concluded and PCL has formally exited the company, marking a significant milestone in our portfolio realignment.

Prospects for 2026

We portend ongoing uncertainty as global geopolitical dynamics evolve and the new government is settling down, prioritising policy realignment to its political manifesto. This will likely influence policy direction, economic growth, inflation, interest rates and financial markets in diverse ways. In navigating this complex environment, we employ scenario analysis, resilience testing and hedging strategies to manage our downside risks and mitigate the impact of external developments which are outside our control.

We anticipate ongoing success to be underpinned by the Group's leadership applying carefully considered strategic repositioning plans, including ambitions towards an expanded international footprint, essential cost management and controls, and a suite of products and services aligned to evolving customer demands in our key markets. Achieving this in disrupted and complex environments provides comfort going into the future, as the world around us remains volatile and susceptible to more change.

Strategic Direction

FY2025 marked the second year of our strategic plan horizon, and it is pleasing to note that key strategic targets continue to progress well. Over the course of the year, we made significant strides in rebalancing our portfolio, positioning the Group to be more resilient, agile, and better placed to pursue further expansion opportunities. The milestones achieved during the year demonstrate disciplined execution amid a dynamic and uncertain operating environment, with PCL delivering strong momentum through 2025, supported by solid performance across our key markets and businesses.

Our focus on strengthening the Group's long-term sustainability and growth prospects continues to guide our strategic decisions. We remain committed to developing our people, and the revival of our leadership programme is helping to build a strong pipeline of talent to future-proof the business and support the next phase of growth.

More importantly, to respond to the dynamic environment we are operating in, during the year the Board took a deep dive into the review of the strategy to ensure that targets are on course. Largely the strategy is on course despite many emerging challenges including the foreign currency liquidity crunch impacting both existing investment plans and new projects. To manage such emerging risks the Board has made a commitment to venture into any outfit in any segment that would enable it overcome the identified challenges.

Looking ahead, the Group will continue to actively manage its portfolio through disciplined and effective capital allocation strategies aimed at maximising shareholder returns. We will deploy capital selectively into both greenfield developments and brownfield opportunities through mergers and acquisitions, leveraging opportunities within Malawi and across the region. Guided by our Press On! ethos, we remain committed to pursuing sustainable growth opportunities, enhancing portfolio value, and creating long-term prosperity for our shareholders and stakeholders alike.



Our Commitment to Good Business

Across our markets, energy insecurity, climate related volatility and increased socioeconomic pressures continue to shape our operating environment. These factors are at the centre of our strategic approach. We have, therefore, anchored our response firmly within our sustainability and shared value agenda, grounded in ethical conduct, disciplined risk management and a clear ESG ambition. Under our ESG framework, we are driven by the fact that creating shared value is not separate from our financial performance, but a key driver of resilience, commercial strength and long term sustainability. As reflected in our progress, integrating ESG into the core of our strategy has strengthened our license to operate, enhanced stakeholder trust and reaffirmed PCL's position as a leading patriotic Malawian brand.

The Board of Directors

As PCL's portfolio is expanding, the governance oversight of investment Boards is also becoming increasingly important. To ensure consistent governance across the Group, the PCL Board conducts an annual engagement event with the Board and management teams of all investee companies. These engagements have become well established, developing a greater appreciation for company-specific challenges, and building trust with the company leadership teams. The Board is satisfied with how each investee company is developing and appreciates the skills and experience of their leadership teams.

At Group level, the Board's diverse knowledge, skills and experience continue to guide our decisions, reinforcing a strong culture of ethics and good governance. The Board

is confident that our Group and investment company management teams' skills and experience will continue to drive growth as we embark on this strategic phase.

Appreciation

The many people who comprise PCL must be commended for their dedication and commitment; they have enabled capacity building and our future positioning. These are the people who deal with customers, partners, suppliers and all other stakeholders, while also driving innovation, executing strategic decisions, managing risks and serving our communities.

I would like to express my sincere gratitude to my fellow Board members for their valuable contributions and steadfast support over the past year. On behalf of the Board, I extend our appreciation to the PCL executive team for its unwavering focus on the Group's purpose and driving sustainable growth. We also thank our customers, employees, and broader stakeholders, whose continued trust and engagement remain fundamental to our success.



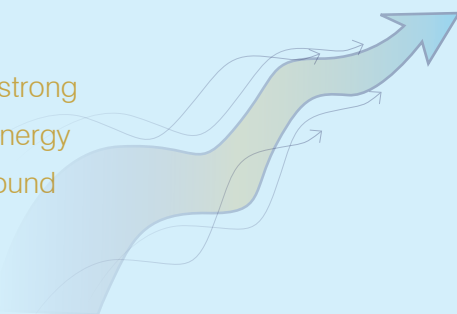
RANDSON MWADIWA
CHAIRMAN

Chief Executive Officer's Report



The Conglomerate's solid and resilient financial performance in 2025 is the direct result of its concerted efforts and unwavering commitment to its stated strategy of delivering value to our stakeholders and customers.

Our resilient performance was derived from strong performances in the financial services and energy segments, supported by a continued turnaround of the telecommunications segment.



Conglomerate Operations

The operating environment in 2025 was characterised by heightened volatility, driven by the deterioration of key macroeconomic fundamentals. In line with broader business trends, the Conglomerate's investments, were adversely affected by foreign exchange challenges, elevated inflation, rising interest rates and intermittent fuel shortages. These challenges painted a cloudy canvas at the outset of the year. Meanwhile, prospects for domestic economic recovery remain subdued, with persistent headwinds continuing to challenge growth.

The year 2025 marked the second year of implementation of the Conglomerate's Strategic Plan for the 2024–2028 period. During the year under review, significant progress was made in advancing the rebalancing and diversification of the Conglomerate's portfolio. This initiative encompassed the rightsizing of existing assets alongside the origination and acquisition of new investments, with the primary objective of reducing the Conglomerate's reliance on any single entity and mitigating exposure to underperforming assets.

The Conglomerate's solid and resilient financial performance in 2025 is the direct result of its concerted efforts and unwavering commitment to its stated strategy of delivering value to our stakeholders and customers. At MK823.5 billion, revenue for the year was 47% above the prior year revenue of MK559.6 billion. Moreover, at MK261 billion, profit after tax for the year was 107% above the prior year profit after tax of MK126.3 billion. These outcomes reflect the disciplined execution of our strategic plan. It is worth noting that, in the absence of prevailing economic challenges, the Conglomerate's performance could have been even stronger.

Our resilient performance was derived from strong performances in the financial services and energy segments, supported by a continued turnaround of the telecommunications segment. Performance was also strong in equity accounted investments, where it exceeded prior year outturn. The growth in profitability was primarily driven by a 47% increase in revenue, complemented by the

continued implementation of cost containment measures. This improvement, alongside a 73% increase in the share of profit from equity-accounted investments significantly contributed to the overall improvement in performance. This was achieved despite the supply challenges arising from the unavailability of foreign exchange.

The exceptional results of the National Bank of Malawi (NBM) were aided by a robust volume growth, prudent liability management, operational efficiency and effective risk management. The strong profitability performance at EthCo and PressCane was primarily attributable to optimal production efficiencies.

The telecommunications segment continued to exhibit a marked turnaround in financial performance, having transitioned from a loss-making position in 2023 to a recorded profit of MK11.1 billion in 2024. This positive trajectory was sustained into 2025, with the segment delivering a profit of MK22 billion, reflecting a year-on-year growth of 98% and representing a near-doubling of earnings within a single financial year.

At TNM, the Company delivered a strong financial performance during the financial year, underpinned by the continued execution of its strategic priorities, with particular emphasis on customer growth and pricing optimisation. During the year, Management undertook a series of targeted operational initiatives aimed at strengthening the Company's competitive positioning. These encompassed the enhancement of distribution capabilities, the restructuring of marketing efforts, and the sustained investment in network infrastructure. Specific measures included the deployment of additional network sites, proactive network decongestion interventions, and the ongoing optimisation of network performance. Collectively, these initiatives yielded a discernible improvement in service quality, reinforcing the Company's commitment to delivering enhanced value to its customer base. MTL, an entity in which PCL divested its investment interest during the year, continued to sustain its profit growth trajectory in 2025.

As we are “Pressing On” with the Conglomerate's diversification strategy, Press Energy Limited (PEL) is progressing towards financial close, supported by a Power Purchase Agreement executed with the Electricity Supply Corporation of Malawi (ESCOM). Progress has been delayed, pending the conclusion of an Implementation Agreement with the Government, which constitutes a precursor to financial close. All efforts are underway to ensure attainment of project bankability. During the year, the company was resourced.

As part of the Conglomerate's ongoing portfolio rationalisation strategy, and following the execution of a Share Purchase Agreement (SPA) with the Government of Malawi (GoM), PCL successfully divested its interest in MTL. The transaction is currently in the final stages of completion, with the remaining outstanding matter pertaining to the formal handover of the investment.

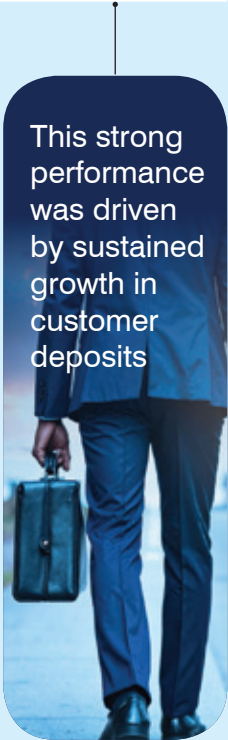
Presented below is a synopsis of the Group's segmented performances:

The Financial Services Segment (National Bank of Malawi Plc)

Segment
Profit After Tax
MK197.97 billion
(2024: MK101.71 billion)

95% ↑

This strong performance was driven by sustained growth in customer deposits



The segment recorded a profit after tax of MK197.97 billion in the financial year ended 2025, representing a 95% increase from MK101.71 billion reported in the prior year. This strong performance was driven by sustained growth in customer deposits, which catalysed expansion of both the loan book and fixed income securities portfolio, alongside significant capital appreciation gains on listed equity investments, which were 366% higher year-on-year. Net interest and similar income grew by 48%, while other income increased by 91%, driven by higher fees and commissions on foreign exchange and digital transactions. Overall net revenue grew by 62%.

Operating expenses increased by 24%, remaining below the annual average headline inflation rate of 28.2%, reflecting the effectiveness of the Bank's cost containment measures. Net credit impairment charges grew by 40%, largely attributable to the challenging macroeconomic environment in Malawi and its impact on forward-looking impairment drivers associated with fixed income investments. Customer deposits grew by 44% year-on-year (2024: 37%), the loan book expanded by 33% (2024: 15%), and fixed income securities grew by 38% (2024: 65%).

All subsidiaries remained profitable during the year, except for Akiba Commercial Bank (ACB) in Tanzania. However, the turnaround strategies implemented at Akiba have begun to gain traction, resulting in a gradual reduction in losses as the year progressed, particularly toward year-end.

The Bank's strategic focus remains centred on consolidating its position as the leading digital bank in Malawi, with a target of over two million customers, operations across four countries, and a profit after tax of US\$100 million by end 2027, of which 12% is targeted to be contributed by its subsidiaries.

In pursuit of this objective, the Bank will continue to prioritise digital innovation, operational efficiency, and customer acquisition. Key initiatives include the establishment of a fully-fledged digital bank, the enhancement of existing product offerings, and the acceleration of the customer acquisition strategy. Regional expansion will be advanced through strategic partnerships and targeted acquisitions beyond Malawi's borders. The Bank will further strengthen its talent development, governance frameworks, and risk management practices to sustain superior performance, while maximising value generation from its subsidiary portfolio in line with its 12% profitability contribution target.



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

Segment
Profit After Tax

MK22 billion
(2024: MK11.1 billion)

98% ↑

The segment
recorded
revenue
growth of
**37% to
MK231.3
billion**
(2024:
MK168.8
billion)



The segment recorded a significant turnaround, returning to profitability after three years of underperformance. In particular, the segment delivered a strong financial performance in the financial year ended 2025, underpinned by the continued execution of its strategic priorities centred on customer growth and pricing optimisation. Management undertook targeted operational initiatives encompassing the enhancement of distribution capabilities, restructuring of marketing efforts, and sustained investment in network infrastructure. These initiatives collectively yielded a discernible improvement in service quality.

The segment recorded revenue growth of 37% to MK231.3 billion (2024: MK168.8 billion), anchored by strong contributions from voice, mobile data, and mobile money services. Profit after tax advanced to MK22 billion (2024: MK11.1 billion), reflecting a robust year-on-year growth of 98%, indicative of the segment's sustained earnings momentum and improving profitability trajectory. Mobile money remained a key growth driver, supported by significant investment in distribution infrastructure that broadened market reach across the country. EBITDA increased by 48% year-on-year, underpinned by strong revenue growth and disciplined cost containment, although margins were partially impacted by provisions relating to legal matters currently under dispute.

In a demonstration of strong shareholder confidence in the TNM's strategic direction and in support of its turnaround objectives, shareholders approved a direct equity injection of approximately MK30.0 billion through an issue for cash. This capital infusion materially improved the Company's debt-to-equity ratio, strengthening its balance sheet and providing the financial capacity to pursue expansion without undue leverage. Consequently, capital expenditure for the year amounted to MK30.9 billion, directed towards the expansion of distribution systems, network and technology modernisation, and licence upgrades to support capacity expansion.

The macroeconomic environment is expected to remain challenging, with continued headwinds from volatile exchange rates, foreign currency shortages, and rising fuel prices likely to exert upward pressure on operational costs and constrain customer disposable income. Notwithstanding these challenges, TNM remains well-positioned to navigate the operating environment through proactive measures focused on distribution enhancement, network decongestion, and the rollout of additional network sites. The Company will continue to pursue customer growth, digital and mobile money revenue diversification, operational efficiencies, and strengthened financial performance in the period ahead.

The Energy Segment (PressCane Limited and Ethanol Company Limited)

In the energy segment, the ethanol companies (EthCo and PressCane) registered a 26% increase in profit after tax to MK19.2 billion on the prior year base of MK15.3 billion. At MK83.4 billion, revenue for the period increased by 41% from prior year achieved revenue of MK59 billion.

Ethanol Company (EthCo) reported a profit after tax of MK11.3 billion, which was 23% above the prior year comparative base of MK9.2 billion. Revenue for the period, at MK39.8 billion, was 32% above the prior year comparative base of MK30.2 billion. On the other hand, PressCane reported a profit after tax of MK7.9 billion, which was 30% above the prior year comparative base of MK6.1 billion. At MK43.6 billion, revenue for the period was 51% above the prior year comparative base of MK28.8 billion.

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. During the year, at PressCane, a Carbon Dioxide (CO₂) plant was commissioned whilst the Zero Liquid Discharge (ZLD) plant advanced to commissioning stage. At EthCo, the Effluent Treatment Plant (ETP) is expected to be commissioned in 2026. Both the ETP and ZLD plants will result in, among other things, the production of organic fertilisers and biogas from effluent. In parallel, both entities will intensify their efforts to identify and acquire suitable land to support their respective expansion plans.

Segment
Profit After Tax

26% ↑
MK19.2 billion
(2024: MK15.3 billion)

At **MK83.4 billion**, revenue for the period increased by **41%** from prior year achieved revenue of MK59 billion



Other Investments Segment (The Foods Company Limited and Press Properties Limited)

The Other Investments segment (excluding PCL company) recorded a profit after tax of MK4.1 billion for the year ended 31 December 2025, representing a 178% increase against the prior year comparative base of MK1.4 billion.

The Foods Company Limited (TFCL) recorded a reduced loss after tax of MK1.1 billion (2024: MK1.8 billion), reflecting a year-on-year improvement of 39%. The year 2025 marked a significant inflection point in TFCL's operational development, as the Company commenced a deliberate and structured scale-up of its production and operational capacity. This scale-up was anchored on the successful outcomes of the Company's research and development (R&D) cage model, which delivered exceptional biological results, performing in line with established international aquaculture industry standards. These results represent compelling evidence of the viability and scalability of the Company's aquaculture model and validate the investment in the R&D programme.

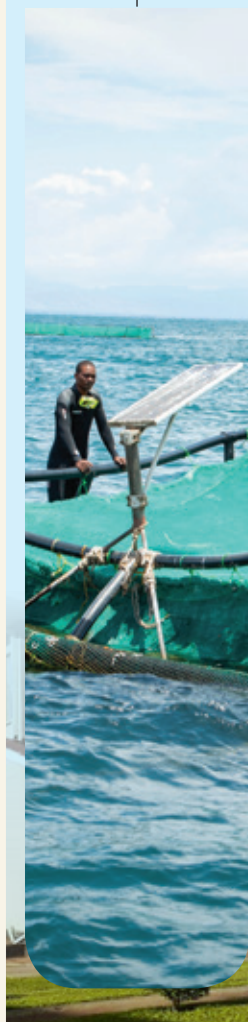
Building on the strong operational and biological results achieved in 2025, TFCL will accelerate its scale-up initiative in 2026 through the stocking of more large circular production cages. A comprehensive business plan will also be developed in the year.

Press Properties Limited (PPL) recorded a profit after tax of MK5.2 billion, representing a 58% increase against the prior year comparative base of MK3.3 billion. Revenue for the period amounted to MK7.1 billion, reflecting a 54% increase against the prior year comparative base of MK4.6 billion. The year 2026 will mark the second year of implementation of the Company's Strategic Plan. In alignment with its strategic objectives, the Company will proceed with the construction of a new TNM Office Park in Blantyre, with groundbreaking planned for July 2026.

Segment
Profit After Tax

MK4.1 billion
(2024: MK1.4 billion)

178% ↑



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

Segment
Profit After Tax

MK45.8 billion
(2024: MK23.8 billion)

92% ↑



The segment recorded a 92% increase in its profit after tax, rising from MK23.8 billion in the prior year to MK45.8 billion in 2025. 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 equity-accounted investments was adversely impacted by foreign currency availability constraints and the underperformance of Open Connect Limited (OCL). Revenue for the segment totalled MK802.6 billion, representing a 15% increase against the prior year comparative base of MK696.3 billion.

PUMA Energy recorded a profit after tax of MK18.8 billion, representing a 13% increase against the prior year comparative base of MK16.6 billion. Revenue for the period totalled MK472.6 billion, reflecting a 19% increase against the prior year comparative base of MK398.6 billion. This performance was attributed to an aggressive investment strategy, disciplined cost management, and operational efficiencies. Looking ahead, PUMA Energy will focus on expanding its retail network through high-yield sites, particularly in the central region, accelerating the digitalisation and automation of its retail network to drive operational efficiency and enhance customer service, and advancing its forecourt and convenience store revitalisation programme to elevate the overall customer experience.

Limbe Leaf Tobacco Company (LLTC) recorded a profit after tax of MK29.3 billion, representing a 131% increase against the prior year comparative base of MK12.7 billion. Revenue for the period totalled MK304.5 billion, reflecting a 11% increase against the prior year comparative base of MK273.4 billion. The 2026 season is expected to reflect a moderation in national tobacco production volumes, with sales commencing in April 2026.

LifeCo delivered a strong financial performance in the financial year ended 2025, bolstered by sustained customer growth driven by a compelling client value proposition. Total assets grew by 142% to MK59.2 billion (2024: MK24.5 billion). At MK2.1 billion, the Company's profit after tax represents a 170% increase against the prior year comparative base of MK0.8 billion. Revenue growth was recorded across all business lines. The Life business delivered exceptional revenue growth of 300% to MK4.0 billion (2024: MK1.0 billion), whilst the Pension Services Company recorded revenue growth of 93% to MK542.0 million (2024: MK280.0 million). The Asset Management Company reported a 20% increase in revenue to MK610.0 million (2024: MK506.0 million). Funds under management within LifeCo's unrestricted

pension fund expanded by 231% to MK34.6 billion (2024: MK10.4 billion), reflecting strong institutional confidence and growing market traction. Looking ahead, LifeCo is well positioned for continued expansion, supported by sustained institutional confidence, strong client retention, and a growing market presence.

Macsteel recorded a profit after tax of MK0.8 billion, representing a 33% decline against the prior year comparative base of MK1.2 billion. The Company's performance continues to be adversely impacted by the unavailability of critical stock items, attributable to the ongoing foreign exchange constraints.

OCL continued to report losses whilst facing significant liquidity challenges. As a consequence of working capital constraints and escalating debt levels, the viability of OCL's business model has been materially compromised.

Outlook

The macroeconomic environment is expected to remain challenging in the near term. Persistent foreign exchange shortages, elevated inflation, and fiscal pressures are projected to continue restraining production and increasing costs. These conditions, compounded by rising prices both locally and internationally, are expected to exert upward pressure on operational costs, constrain consumer disposable income, and moderate demand for goods and services across the Conglomerate's portfolio. Foreign exchange shortages are forecast to persist throughout the year, with the Conglomerate anticipating continued delays in meeting certain project implementation targets as a consequence. Furthermore, the ongoing geopolitical tensions in the Middle East, including the conflict involving Iran and Israel, pose a risk of disrupting global shipping, resulting in increased fuel prices, higher operating costs, and potential delays within the shipping market affecting the Conglomerate's projects. Thus, the Conglomerate's performance is expected to mirror the economic environment it operates in. Notwithstanding these headwinds, Management remains confident in its ability to deliver the planned results through prudent risk management and strategic agility.

In this respect, the Conglomerate and its subsidiaries will continue to focus on capital preservation, balance sheet protection, prudent cash flow management, and cost rationalisation. A key strategic pivot will see capital systematically deployed towards investments and strategic focus areas as guided by the Conglomerate's Strategic Plan, with deliberate emphasis on geographic diversification to broaden the Conglomerate's footprint and enhance long-term returns. Efforts in the power sector will be further intensified through the advancement of Press Energy Limited towards financial close and subsequent commissioning.

The Conglomerate remains firmly committed to the continued implementation of its Strategic Plan, which provides the strategic framework for expanding and diversifying its revenue streams through disciplined capital deployment into targeted investment opportunities, both at the Corporate Office level and across its subsidiary portfolio. Management will maintain a rigorous focus on portfolio quality, capital efficiency, and earnings growth across all operating entities, with a view to delivering sustained and long-term value to all stakeholders.

Furthermore, the Conglomerate will proactively pursue opportunities for regional diversification, whether executed directly or through its operating companies, with a view to broadening its geographical footprint, deepening market penetration, and enhancing the Conglomerate's resilience

across key strategic markets. The Conglomerate will also strengthen its Environmental, Social and Governance (ESG) integration frameworks, engage with portfolio companies on sustainability performance, and align its strategies with global best practices and applicable regulatory expectations.

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

Conclusion

I wish to place on record my sincere appreciation to the Board of Directors for the invaluable counsel, strategic direction, and governance oversight that it continues to provide to Management. The Conglomerate's financial performance, delivered against a backdrop of significant macroeconomic headwinds, is a testament to the confidence and trust that the Board has consistently placed in the Management Team. I equally extend my gratitude to all members of staff for their unwavering dedication, professionalism, and commitment to excellence throughout the year. On behalf of the entire PCL Leadership Team, I further wish to recognise the directors across the various Boards of the Conglomerate's companies for their contribution to the Conglomerate's sustained performance and strategic advancement.

The Conglomerate remains resolute in its commitment to delivering superior returns to its shareholders, creating sustainable value for its customers, and reinforcing its standing as a cornerstone of Malawi's economic landscape. As we "Press On!" with the execution of the Conglomerate's Strategic Plan, we do so with confidence in the strength of our portfolio, the quality of our people, and the resilience of our business model.



RONALD MANGANI
CHIEF EXECUTIVE OFFICER

Business Review



Ethanol Company Limited

Profit
After
Tax **23%** ↑
K11.3 billion
(2024: K9.2 billion)



Lusibilo Chakaniza
Chief Executive Officer

Company Overview

From its' establishment as a solution to the 1970's global fuel crisis in 1982, the Ethanol Company Limited (EthCo) has continued to play its pivotal role in strengthening Malawi's development agenda by supplying high-quality products in the ethanol and allied products industry. Besides pioneering Fuel Ethanol production for petrol blending, the Company has evolved into an Extra Neutral Alcohol manufacturer, serving the beverages and pharmaceutical industries. Further to this, the Company has continued to respond to the needs of society through value addition to its mainstream products and supplying methylated spirit, gel chafing fuel, hand sanitiser, surface disinfectants, and contracted liquor house brands. EthCo's operations extend downstream through an associate company that purifies raw carbon dioxide from its fermentation process into food-grade Carbon dioxide that meets stringent Coca-Cola specifications, further strengthening value chain integration.

The Company has evolved into an Extra Neutral Alcohol manufacturer

Since 2007, the company has maintained an integrated management system that meets the requirements for ISO 9001, ISO 14001, and ISO 45001 standards. This system now incorporates risk and innovation management, underscoring EthCo's commitment to excellence, sustainability, workforce wellbeing, and continuous improvement. For the past seven years, EthCo has published an integrated sustainability report detailing its environmental, social, and governance (ESG) performance, reinforcing transparency and stakeholder trust while aligning with global best practice.

2025 Performance Highlights

The 2025 financial year unfolded against challenging climate change impacts and feedstock constraints which shortened the production season. On the other hand, severe foreign exchange shortages affected the supply chain and completion of strategic projects. Despite these pressures, EthCo proved its resilience by innovatively catching up to build on the momentum of its exceptional 2024 performance, delivering a 32% revenue increase to MK39.8 billion (MK30.2 billion in 2024). EBITDA grew by 34% to MK18.2 billion, while profit after tax grew by 23% to MK11.3 billion (MK9.2 billion in prior year). This strong performance reflects an agile and disciplined execution of the marketing and innovation strategies for the business.

By harnessing frontline ideas, the company successfully optimised costs, debottlenecked systems, and enhanced operational efficiency.

A significant growth was also realised in the contracted Liquor Brands portfolio, underscoring EthCo's capacity to dynamically respond to evolving market opportunities.

Total assets increased by 42% to MK42 billion during the year, primarily driven by strategic investments in the effluent treatment plant and cogeneration boiler, as well as the acquisition of additional equipment and upgrades to staff



Ethco
liquor process

Total assets increased by **42%**
to **MK42 billion** during the year

housing. These investments reflect our deliberate focus on strengthening long-term sustainability, enhancing operational efficiency, and fostering a supportive environment for our employees. Collectively, they position the company to deliver improved productivity, resilience, and sustained value creation for all stakeholders.

EthCo takes a people centred approach that prioritises continuous employee development through targeted training and capacity building programs, and committed to employee incentivisation and welfare, ensuring that employees work in an environment that supports their well being, safety, motivation and overall growth.

Strategic Direction

EthCo's long-term ambition, to quadruple production capacity while embedding sustainability and efficiency at its core, remains central to its growth strategy and its contribution to Malawi's fuel ethanol requirements in order to support import substitution and the conservation of foreign exchange. Ensuring environmental compliance, energy efficiency, and operational resilience remain critical success factors of the

business and hence the completion of the Effluent Treatment Plant and Cogeneration Boiler projects is key to the success of the Company's growth strategy.

In parallel, EthCo is advancing the implementation of its ESG policy and performance metrics, including a bold commitment to transitioning to cleaner energy sources.

Outlook for 2026

Although climate variability, feedstock uncertainty, and foreign exchange constraints are expected to persist into 2026, EthCo remains focused on its strategic goals and operational strength. The company will continue to safeguard its stakeholder value proposition, ESG stewardship and employee empowerment initiatives for continued productivity enhancement in order to deliver on its mission.

LifeCo Holdings Limited

Profit
After
Tax

170%

K2.1 billion

(2024: K0.8 billion)



Osman Karim

Chief Executive Officer

LifeCo Holdings Limited is an associated company of Press Corporation Plc (PCL), which holds a 49.5% of its shares, with the remaining shareholding held equally by Fidelity Limited and Equity Investments Limited. The Group provides life assurance, pension administration, and wealth management services through its three subsidiaries: LifeCo Life, LifeCo Pension and LifeCo Asset Management.

2025 Performance Review

The Group delivered a strong financial performance in 2025, underpinned by sustained customer growth driven by a compelling client value proposition. Profit after tax increased by 170% to MK2.1 billion (2024: MK0.8 billion), whilst total assets grew by 142% to MK59.2 billion (2024: MK24.5 billion), reflecting significant earnings progression across the Group. Revenue growth was recorded across all subsidiaries. The Life business delivered exceptional revenue growth

The Group delivered strong business performance in 2025 through customer growth on account of strong client value proposition.

of 300% to MK4.0 billion (2024: MK1.0 billion), driven by expanded product uptake and a growing customer base. The Pension Services Company recorded revenue growth of 93% to MK542.0 million (2024: MK280.0 million), whilst the Asset Management Company reported a 20% increase in revenues to MK610.0 million (2024: MK506.0 million). Funds under management within LifeCo's unrestricted pension fund expanded by 231% to MK34.6 billion (2024: MK10.4 billion), reflecting strong institutional confidence and growing market traction.

Operating costs increased to MK1.1 billion (2024: MK0.5 billion), primarily attributable to system enhancements undertaken to improve client service delivery. Notwithstanding this increase, the Group continues to operate within a disciplined low-cost model, ensuring cost growth remains aligned with strategic investment priorities rather than operational inefficiencies

Outlook

The Group entered 2026 with strong momentum across all subsidiaries, a healthy asset base, and a well-established low-cost operating model that underpins its competitive positioning. Whilst the macroeconomic environment is expected to remain challenging, the Group remains confident in its ability to deliver sustained growth through continued product innovation, enhanced distribution channels and improved service delivery platforms.

LifeCo will continue to broaden access to insurance and financial protection solutions, with a focus on deepening market penetration and strengthening client retention. Ongoing investment in systems and service delivery infrastructure will further support the execution of the Group's Strategic Plan, with the low-cost delivery model remaining a key pillar of performance and value creation for all stakeholders.

Total Aseets
grew by 142%
to K59.2bn
(2024: K24.5b)

Pension services
company
Revenues
grew by 93%

The asset
management company
Revenues
grew by 20%

Unrestricted
pension funds under
management
grew by 231%

Life business
Revenue
grew by 300%

Limbe Leaf Tobacco Company

EBIT
increased by
108% 
K55.8 billion
(2024: K26.8 billion)



Ezra Evans
Managing Director

Limbe Leaf Tobacco Company was incorporated in 1962 and currently has a shareholding structure that consists 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 buys tobacco leaf primarily through direct contracting with farmers.

2025 Performance Highlights

National production in the 2025 season increased significantly, with closing national sales totaling 221.3 million kilograms across all tobacco types, up from 133.3 million kilograms in the 2024 season. The Company purchased a total of 46.6 million kilograms of tobacco during the year, up from 32.6 million kilograms in 2024. Factory performance has been strong, with a 24% increase in tobacco volumes processed in the Lilongwe factory when compared to the prior year, driven by increased internal as well as third-party volumes on the back of robust national production.

Earnings Before Interest and Tax (EBIT) increased by MK29.0 billion to MK55.8 billion, up from MK26.8 billion in the prior year. This growth was driven primarily by increased shipment

The company purchased a total of **46.6 million kilograms** of tobacco during the year, up from **32.6 million kilograms** in 2024.

volumes, increased third-party processing volumes, a more favourable sales mix, and improved farmer recoveries.

Environmental and social sustainability continue to stand among the Company's key pillars. Over the course of the year, Limbe Leaf rolled out upgrades to open wells, enhancing access to clean, potable water, installed playgrounds and invested in indoor games as well as school feeding programmes to keep school children well fed and engaged, rolled out financial management training for its growers, and upgraded curing structures as well as housing structures for farmer employees.

2026 Outlook

Weather conditions have generally been favourable for tobacco production, with isolated growing areas experiencing dry spells that lasted between two and four weeks. The quality of the crop at field stage shows promise. Preliminary indications point to a reduction in national tobacco production over 2026, with sales expected to begin in the month of April 2026.



National Bank of Malawi plc

Profit
After
Tax **95%** 
K198.0 billion
(2024: K101.7 billion)



Harold Jiya
Chief Executive Officer

The Bank remains focused on digital innovation to deliver enhanced value to its customers

2025 NBM Group Performance Highlights

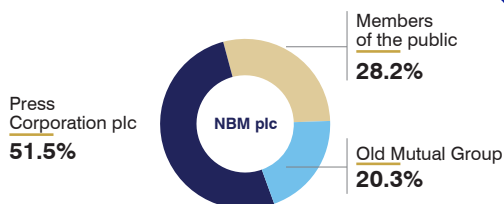
In 2025, the Group registered a profit after tax of MK198.0 billion, representing a 95% increase from MK101.7 billion reported in 2024. These results were driven by continued growth in customer deposits, which in turn fueled growth of the loan book and the fixed income securities portfolio, alongside higher gains from capital appreciation of listed equity investments, which were 366% higher year-on-year. Consequently, net interest and similar income grew by 48%, whilst other income grew by 91%. The latter growth was driven by higher fees and commissions on foreign exchange and digital transactions. Overall net revenue grew by 62%.

Operating expenses increased by 24%, remaining below the annual average headline inflation rate of 28.2%, reflecting the effectiveness of the Bank's cost containment measures despite pressures from fuel price hikes and general price increases. Net credit impairment charges grew by 40%, largely attributable to the challenging operating environment in Malawi and its impact on forward-looking impairment drivers associated with fixed income investments. Customer deposits increased by 44% year-on-year (2024: 37%), whilst the loan book grew by 33% (2024: 15%), and fixed income securities grew by 38% (2024: 65%). All subsidiaries recorded profits during the year, with the exception of Akiba Commercial Bank (ACB) in Tanzania. Encouragingly, the turnaround strategies implemented by Akiba begun to yield positive results, with the subsidiary losses abating towards the end of the year.

Strategic Direction

The Bank's key strategic focus remains to be the leading digital bank in Malawi, with a target of over two million customers, operations across four countries, and a profit after tax of US\$100 million by end 2027, of which 12% is targeted to be contributed by its subsidiaries.

National Bank of Malawi plc (NBM) was established in 1971 through the merger of Barclays Bank Dominion Colonial Overseas (DCO) and Standard Bank. The shareholders of the Bank are Press Corporation Plc (51.5%), Old Mutual Group (20.3%) and the general public (28.2%). 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 2025, NBM's shareholding in its short-term non-life insurance subsidiary, United General Insurance (UGI), marginally fell from 57% to 55%, upon all shareholders exercising their respective rights.



In pursuit of this objective, the Bank remains focused on digital innovation to deliver enhanced value to its customers and to enhance operational efficiency and maximise value for its stakeholders. The Bank will consolidate its leadership position in the market by, amongst other things, establishing a fully-fledged digital bank in the near term, and enhancing its existing product offerings with additional value-adding features, whilst accelerating its customer acquisition strategy in pursuit of its stated target of two million customers by end 2027. This will further be advanced through excellent customer service delivery, strategic partnerships, and targeted acquisitions beyond Malawi's borders.

Outlook for 2026

The business outlook remains challenging for the Bank in 2026, as interest rates continue to decline before the anticipated increase in credit demand materialises in the third quarter. Besides, the recurrent foreign exchange scarcity, high fuel prices, and rising utility costs may dampen economic growth potential, thereby affecting customer appetite for borrowing. The Bank is cautiously optimistic that it will navigate the challenging operating environment to deliver satisfactory results, driven by its dedicated workforce, innovation, and strategic partnerships that deliver value to its customers a



Open Connect Limited

Total Revenue **5%** ↑

K3.7 billion

(2024: K3.5 billion)



Emmanuel Nyasulu

Acting Chief Executive Officer

Revenue growth was driven by enterprise subscriptions, improved network utilisation and pricing optimisation across the Company's service portfolio

2025 Performance Highlights

Total revenue for the year amounted to MK3.7 billion, representing an 5% increase against the prior year comparative base of MK3.5 billion. Revenue growth was driven by enterprise subscriptions, improved network utilisation and pricing optimisation across the Company's service portfolio. Core legacy services remained the dominant revenue contributor, accounting for approximately 84% of total revenue, whilst dedicated internet services recorded growth of 180% year-on-year.

Cost management remained a key focus area during the year, with supplier negotiations, process efficiencies and capital expenditure prioritisation collectively supporting margin protection.

Outlook for 2026

Due to constraints in working capital and increasing debt levels, the viability of the Company's business model has been materially impacted, resulting in the decision to dispose of the business.

Open Connect Limited (OCL) was incorporated on 8 March 2016 to house, maintain, and develop Malawi's national fiber backbone infrastructure. The Company operates as Malawi's leading open-access wholesale fiber infrastructure provider, serving telecommunications operators, internet service providers, mobile network operators and broadcasting service providers nationwide. The Company's backbone and metro fiber infrastructure has been operational since 2012, providing carrier-of-carrier services with strategic international connectivity via Mozambique and Tanzania, across a service portfolio encompassing backbone bandwidth, metro Ethernet, last mile connectivity and Fiber to the Home (FTTH) broadband services.

PressCane Limited

Profit
After
Tax **30%** 
K7.9 billion
(2024: K6.1 billion)



Bryson Mkomawathu
Chief Executive Officer

PressCane Limited is Malawi's leading producer of renewable ethanol and a key contributor to the country's clean energy, industrial manufacturing, and agricultural value-addition sectors. Established in 2004 in Chikwawa District., the Company is a subsidiary of Press Corporation Plc (50.5%) in partnership with Cane Products Limited (49.5%).

The Company produces fuel ethanol for the national fuel blending programme, industrial and beverage-grade alcohol, clean cooking ethanol, and industrial-grade carbon dioxide. PressCane plays a strategic role in supporting Malawi's energy security whilst serving industrial, pharmaceutical, and beverage markets. Its operations integrate sustainable production systems, waste-to-value processes, and partnerships with smallholder farmers, supporting rural livelihoods and strengthening supply chain resilience.

2025 Performance Highlights

PressCane delivered a strong financial performance in 2025, notwithstanding operational disruptions experienced during the production season. Profit after tax grew by 30% to MK7.9 billion (2024: MK6.1 billion), whilst revenue increased by 51% to MK43.6 billion (2024: MK28.8 billion), underpinned

by sustained demand for ethanol products and effective commercial strategies implemented during the year.

Ethanol sales volumes increased by 11% to 13.39 million litres (2024: 12.04 million litres), although the result remained below the budgeted target due to feedstock constraints and intermittent power supply challenges. Notwithstanding these headwinds, disciplined cost management and product mix optimisation enabled the Company to sustain a strong operational performance during the year, demonstrating the resilience of its core ethanol platform.

During the year, the Company advanced the implementation of key strategic initiatives aimed at strengthening operational resilience and diversifying revenue streams. The Carbon Dioxide (CO₂) plant was successfully commissioned during the year. Construction of the Sugar Syrup Mill progressed significantly, representing a strategic investment that will enable ethanol production directly from sugarcane syrup, thereby strengthening feedstock security and reducing reliance on molasses supply.

Strategy in Action

During the year, PressCane advanced implementation of key strategic initiatives aimed at strengthening operational resilience and diversifying revenue streams. These included the completion of installation of the CO₂ Recovery Plant, which will enable commercial supply of beverage-grade and industrial carbon dioxide, and significant progress on the Effluent Treatment Project, transitioning operations from legacy natural evaporation ponds to a modern treatment system capable of producing bio-fertiliser while strengthening environmental compliance.

Construction of the Sugar Syrup Mill also progressed during the year. This strategic investment will enable ethanol production directly from sugarcane syrup, thereby strengthening feedstock security and reducing reliance on molasses supply.

2026 Outlook

The 2026 financial year is expected to mark the commercialisation phase of pivotal strategic investments. The commissioning of the CO₂ Recovery Plant and operationalisation of the effluent treatment system are expected to unlock new revenue streams from beverage-grade carbon dioxide and bio-fertiliser while strengthening environmental sustainability.

In parallel, continued expansion of sugarcane supply through anchor farm development and outgrower partnerships will enhance feedstock security and support production growth. PressCane therefore remains well positioned to support Malawi's renewable energy transition while delivering sustainable long-term value to shareholders of Press Corporation plc.



Press Energy Limited

Immediate focus

50MW Solar PV Plant

Nkhoma, Lilongwe



Paul Mhango
Projects Engineer

Press Energy Limited (PEL) is a wholly owned subsidiary of Press Corporation Plc. The Company was established in 2024 to develop, own and operate energy infrastructure projects that support Malawi's energy security and economic growth. The Company focuses on the development of utility-scale renewable energy projects.

PEL's flagship project is a 50MW solar photovoltaic (PV) power plant with a 6MW/12MWh Battery Energy Storage System (BESS) in Nkhoma, Lilongwe District. The project is being developed in collaboration with key stakeholders, including the Government of Malawi, the Ministry of Energy, the Malawi Energy Regulatory Authority (MERA), and the Electricity Supply Corporation of Malawi (ESCOM).

2025 Key Developments

During the year under review, the Company made significant progress in advancing project development activities, including environmental and social studies, technical design, grid connection planning, permitting, stakeholder engagement and project structuring.

PEL's strategic objective is to become a leading developer and operator of sustainable energy infrastructure in Malawi

Key achievements included progress on technical and environmental assessments, grid interconnection arrangements, negotiations on critical project agreements such as the Implementation Agreement (IA), and engagement with prospective equity investors and development finance institutions.

To strengthen project delivery capacity, PEL recruited a Project Engineer, marking an important milestone in the Company's resourcing strategy. In addition, the Company appointed a Technical Advisor to oversee the preparation of a bankable technical assessment, a key requirement to enhance investors' confidence and facilitating the competitive procurement and appointment of an Engineering, Procurement, and Construction (EPC) contractor.

Strategic Direction

PEL's strategic objective is to become a leading developer and operator of sustainable energy infrastructure in Malawi, contributing to the country's renewable energy transition and economic development.

The Company's immediate focus is the implementation of a 50MW Solar PV Plant in Nkhoma, Lilongwe.

In parallel, PEL will continue building a pipeline of renewable energy opportunities to create long-term value for its stakeholders. The Company is also committed to maintaining compliance with international best practices, including IFC Performance Standards and applicable environmental, social, and governance (ESG) requirements.

Press Properties Limited

Profit
After
Tax **58%** 
K5.2 billion
(2024: K3.3 billion)



Andrew Santhe
General Manager

Press Properties Limited (PPL), established in 1969, is a wholly owned subsidiary of Press Corporation Plc (PCL). The Company develops, owns, and manages properties for commercial purposes, whilst also providing third-party property management services. The Company's principal lines of business encompass property development, property management, property valuation, and transactions advisory services.

2025 Performance Highlights

PPL recorded a profit after tax of MK5.2 billion, representing a 58% increase against the prior year comparative base of MK3.3 billion. Revenue for the period amounted to MK7.1 billion, reflecting a 54% increase against the prior year comparative base of MK4.6 billion. This strong performance was underpinned by a 98% occupancy rate across the Company's property portfolio, which enabled the achievement of budgeted rental income.

Revenue growth was further supported by proceeds from property sales, including income generated from the Build-for-Sale initiative piloted during the year, as well as a meaningful contribution from the transactions and advisory revenue line, derived from contracts secured in residential construction. These diversified revenue streams reflect the Company's deliberate strategy to broaden its income base beyond annual rental escalations.

Notwithstanding the strong overall performance, the Company faced headwinds during the year. Construction costs remained elevated, driven by significant increases in the price of key building materials, notably cement, which exerted pressure on project costs. Rental income growth was similarly constrained, as subdued consumer disposable incomes limited the Company's ability to achieve its targeted average rental escalation of 25%, with an average increase of 22% realised during the year, below the prevailing rate of inflation.

Strategic Direction

The year 2025 marked the inaugural year of implementation of the Company's five-year Strategic Plan for the 2025 to 2029 cycle. In pursuance of its strategic objectives, the Company is progressing a land banking strategy, with Management evaluating several parcels of land in key urban centres for potential investment. The Company will continue to pursue opportunities in the commercial segment, which offers relatively attractive yields, with additional projects to be rolled out in a phased approach in the coming years.

Outlook for 2026

The construction of the flagship TNM Office Park at Top Mandala in Blantyre is scheduled to commence in the third quarter of 2026, marking a significant milestone in the Company's commercial property development pipeline. The Company targets a 98% occupancy rate for the year, consistent with the level achieved in the prior year. Rental escalation is expected to remain constrained, with the average increase anticipated at 22%, continuing to trail the prevailing rate of inflation. The Build-for-Sale initiative will be advanced as a short to medium-term revenue growth strategy, providing near-term income whilst the Company's commercial development pipeline matures. Marketing initiatives aimed at enhancing brand visibility and driving revenue growth will also be sustained throughout the year.



Puma Energy Malawi Limited

EBITDA
Growth **18%** 
year-on-year



Steveria Kadangwe
Managing Director

Puma Energy Malawi Limited is the leading distributor of petroleum products in Malawi, jointly owned by Puma Energy through Puma Malawi Holdings and Press Corporation Plc since 2012. The Company holds a 25% stake in Petroleum Importers Limited, a joint venture entity responsible for the sourcing and importation of 50% of the country's ground fuel volumes.

The Company's operations span four segments of the oil industry. The Retail segment operates 87 strategically positioned service stations throughout the country. The Commercial segment supplies various industrial customers and resellers. The Aviation segment operates at Kamuzu and Bakili Muluzi International Airports, supplying 100% of all jet fuel and avgas requirements. The Lubricants segment supplies lubricating oils through appointed distributors and directly to retail stations.

The Lubricants
business registered
volume growth of
37% year-on-year.

2025 Performance Highlights

Notwithstanding the macroeconomic challenges that adversely affected the country's economic activity and the fuel sector, the Company delivered a strong financial performance in 2025. EBITDA grew by 18% year-on-year, underpinned by an aggressive investment strategy, disciplined cost management, and operational efficiencies.

The Lubricants business registered volume growth of 37% year-on-year, whilst the Retail sector recorded volume growth of 12% despite persistent supply challenges. The Company further invested in five additional retail service stations, broadening its retail network reach across the country. The Aviation segment, however, experienced a setback as two international airlines ceased ticketing from Malawi due to foreign exchange constraints, resulting in a volume decline of 19% year-on-year.

Market Position

Total demand for ground fuels, including petrol and diesel, in Malawi amounted to 766 million litres in 2025, representing a 25% increase from 578 million litres recorded in 2024. Puma Energy Malawi's contribution totaled 168 million litres, accounting for a market share of 22% - the highest in the market. The Company additionally holds a unique and strategically significant position as the sole supplier of aviation fuels in Malawi.

2026 Outlook

Puma Energy Malawi remains optimistic about its strategic direction and anticipates steady progress in 2026. The Company projects volume growth of 7% for the year, driven by the expansion of the retail network in the central region and the implementation of a revitalisation programme across existing sites. These initiatives are expected to generate increased returns from both forecourt operations and non-fuel offerings, including shops and restaurants, whilst enhancing the

overall customer experience and brand presence. Growth in the Malawi Airlines business, supported by new routes and increased flight frequency, is further expected to drive aviation volumes upward.

It is however noted that ongoing developments in the Middle East pose a risk to these growth projections. Supply disruptions are anticipated, with potential carry-over effects into the fourth quarter of 2026, driven by the impact of geopolitical tensions on logistics, insurance, freight costs, and the physical supply of product.

5.0 Strategic Direction

Notwithstanding the prevailing macroeconomic headwinds,

including limited access to foreign currency and elevated inflation, Puma Energy Malawi remains resolute in executing its strategic vision focused on long-term growth and operational resilience. The Company's strategy is centred on three core pillars: expanding its retail network through high-yield sites particularly in the central region; strengthening its position as the preferred partner for key industries and commercial customers through its own-import strategy for foreign currency-denominated customers; and unlocking value from high-performing segments, with particular focus on lubricants and aviation fuels. The Company remains confident that these initiatives will position Puma Energy Malawi for continued growth and sustained industry leadership.

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Macsteel (Malawi) Limited

We remain committed to making Macsteel (Malawi) Ltd a “Brand of Choice”



Vincent Gramani
Managing Director

The 2025 financial year will be remembered as one of the most challenging periods for businesses operating in Malawi. The severe shortage of foreign currency continued to affect our ability to access raw materials and maintain normal supply lines to key customers. Consequently, revenue contracted by 23%. Despite these constraints, we are proud to report that Macsteel Malawi remained resilient, dependable, and firmly committed, and the strength of our operations is evident in our continued profitability and the maintenance of a robust balance sheet.

While external conditions were difficult, 2025 was also a year of strengthening our internal foundation. We focused on improving operational efficiency, enhancing financial discipline, and reinforcing our planning processes to ensure sustainability.

We also continued to grow our manufacturing activities, particularly in the water tank sector by adding another rotomoulding unit to enhance productivity, and contributing to employment creation, and skills development.

As a key player in Malawi's steel supply and manufacturing sector, and as part of the Press Corporation PLC group, we

recognise our responsibility to contribute meaningfully to the country's long-term development vision, Malawi 2063 — which aspires to transform Malawi into an industrialised and self-reliant nation.

A Trusted Partner in Nation-Building

In line with this vision, Macsteel Malawi played an important role in supporting several landmark national projects during the year. These projects are transformational in their impact on Malawi's economy and its people.

Despite the supply challenges we faced, our team successfully delivered reinforcement steel and roofing materials on schedule to key developments including:

- The Salima-Lilongwe Water Supply Project, which will significantly improve water security for Lilongwe and surrounding areas.
- The Government's 10,000 Security Housing Project, an important initiative supporting those who serve and protect our nation.
- The Shire Valley Transformation Programme in Chikwawa, one of Malawi's most ambitious agricultural mega-farm initiatives.
- National Road Infrastructure Projects, improving connectivity and enabling economic growth.
- Supply of steel to Portland Cement Malawi Ltd - Balaka. This investment is important in strengthening local production capacity and reducing reliance on imported cement, which is critical for Malawi's infrastructure drive.

Supporting the Growth of the Mining and Power Sector

The mining sector represents one of the most promising pillars of Malawi's future economy. During the year, Macsteel Malawi positioned itself to support both existing and emerging mining developments. Our readiness to support the mining and power sectors reflects our commitment to supplying the industries that will define Malawi's future economy.

Looking Ahead with Confidence

While the foreign currency environment remains challenging, the long-term outlook for Malawi remains positive. The continued development of infrastructure, agriculture, mining and manufacturing presents significant opportunity.

Macsteel Malawi remains committed to:

- Supporting national infrastructure and housing.
- Expanding participation in mining and industrial projects.
- Strengthening local manufacturing.
- Enhancing supply reliability.
- Collaborating more closely within the Press Corporation PLC Group.
- Contributing meaningfully to Malawi 2063.

Most importantly, we remain committed to making Macsteel (Malawi) Ltd a “Brand of Choice”.

The Foods Company Limited

Harvest
Achieved

304% 
55 metric tonnes

(2024: 13.6 metric tonnes)



Stephen Luwanda

Acting General Manager

The Foods Company Limited (TFCL), trading under the well-established "Maldeco" brand, is a wholly owned subsidiary of Press Corporation Plc (PCL) and is located in Mangochi on the shores of Lake Malawi.

The Company traces its origins to the 1950s, when it was established as a trawling operation on the southern end of the lake. In response to the progressive decline in natural fish stocks, a phenomenon observed across many freshwater bodies globally, TFCL embarked on a strategic diversification initiative in the early 2000s through the introduction of aquaculture as a sustainable means of fish production. This strategic pivot has since defined the Company's growth trajectory and underpins its long-term value proposition.

2025 Performance Highlights

The year 2025 marked a significant inflection point in TFCL's operational development, as the Company commenced a deliberate and structured scale-up of its production and operational capacity. This scale-up was anchored on the successful outcomes of the Company's research and development (R&D) cage model, which delivered exceptional biological results, performing in line with established international aquaculture industry standards.

TFCL will accelerate its scale-up initiative in 2026 through the stocking of 15 large circular production cages, targeting a harvest of 200 metric tonnes.

During the year, the Company stocked five large circular production cages, utilizing internally produced floating feed whose biological efficacy has demonstrated outstanding performance outcomes. Supported by the strong performance of the internally produced floating feed, the Company achieved a harvest of 55 metric tonnes during the year, a 304% improvement on the 13.6 metric tonnes recorded in 2024. These results represent compelling evidence of the viability and scalability of the Company's aquaculture model and validates the investment in the R&D programme.

In furtherance of its revenue diversification strategy, TFCL also scaled up its fingerling production operations during the year and commenced the commercialisation of fingerlings through sales to third-party aquaculture farmers. This initiative represents a meaningful step toward the development of a broader aquaculture value chain and the establishment of TFCL as a key supplier to the growing aquaculture sector in Malawi.

Strategic Outlook — 2026 and Beyond

Building on the strong operational and biological results achieved in 2025, TFCL will accelerate its scale-up initiative in 2026 through the stocking of 15 large circular production cages, targeting a harvest of 200 metric tonnes. This represents a 264% increase on the 2025 harvest. Achieving this target will mark a significant milestone in the Company's growth journey and further improve its financial performance.

During the year, the Company will develop a comprehensive business plan to provide the strategic and financial framework for the scale-up of its operations. The Board and Management are encouraged by the progress of the business and remain confident that TFCL is well-positioned to deliver on its strategic objectives and strengthen its financial performance over the medium to long term.



Telekom Networks Malawi Limited

Profit
After
Tax **112%** ↑
K21.2 billion
(2024: K10.03 billion)



Michel Hebert
Chief Executive Officer

Telekom Networks Malawi Plc (TNM) is a leading provider of voice, data, and mobile money services to consumers and businesses across Malawi. With a strong presence across all segments of the country, TNM is committed to becoming the country's leading digital services provider, positioning itself at the centre of a fully connected Malawian society.

2025 Performance Highlights

The TNM Group delivered a strong financial performance in 2025, driven by the continued execution of its strategic priorities focused on customer growth and pricing optimisation.

Revenue grew by 40%, reaching MK226.3 billion (2024: MK161.1 billion). At MK21.26 billion, profit after tax was 112% above the prior year comparative base of MK10.03 billion. This growth was primarily driven by increased contributions from voice, mobile data, and mobile money services.

EBITDA increased by 48% year-on-year, underpinned by strong revenue growth and ongoing cost optimisation initiatives. The Group maintained a disciplined approach to

cost containment while sustaining investment in spectrum and network quality improvements. However, margins were partially impacted by provisions relating to legal cases currently under dispute.

In a demonstration of strong shareholder confidence in the Company's strategic direction and in support of its turnaround objectives, shareholders approved a direct equity injection of approximately MK30.0 billion through an issue for cash. This capital infusion materially improved the Company's debt-to-equity ratio, strengthening its balance sheet and providing the financial capacity to pursue expansion without undue leverage.

Consequently, the Group invested MK30.9 billion in capital expenditure during the year, directed towards the expansion of distribution systems, network and technology enhancements and modernisation, and licence upgrades to support business growth and capacity expansion.

Mobile money continued to be a key growth area for the business, with the Group focused on increasing customer activity levels whilst expanding its market share. During the year, Management enhanced distribution capabilities, restructured marketing efforts, and continued investing in network improvements, supported by significant investment in distribution infrastructure that enhanced market visibility and extended reach across the country. These initiatives included the addition of new network sites, proactive network decongestion, and ongoing optimisation of network performance, all of which contributed to a discernible improvement in service quality.

2026 Outlook

The macroeconomic environment is expected to remain challenging, with continued pressure arising from volatile exchange rates, foreign currency shortages, and rising fuel prices. These factors are likely to increase operational costs and constrain customer disposable income, which may consequently impact demand for services.

Despite these challenges, TNM remains well-positioned to navigate the operating environment and continues to take proactive steps to strengthen its operations. Key focus areas include the enhancement of distribution capabilities, further network decongestion, and the rollout of additional network sites to support growth and service quality.

Looking ahead, the company will continue to implement initiatives aimed at driving customer growth and expanding market share, increasing revenue streams particularly in digital and mobile money services, achieving operational efficiencies and cost optimisation, and strengthening overall financial performance.



SUSTAINABILITY REPORT 2025



Our Corporate
Strategy



Corporate
Governance



Oversight
Responsibilities

Strategic Report

Sustainability Report

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Vision Statement

To be a premier investment company, leading in every market we serve.

Mission Statement

To create and foster value-driven businesses that deliver lasting impacts in Malawi and the region.

Our Core Values: ICESI

- **Integrity** - We conduct ourselves with honesty, transparency, and accountability, ensuring that our actions reflect the trust placed in us by our stakeholders.
- **Collaboration** - We foster teamwork and strategic partnerships in our investments and with external stakeholders to achieve shared objectives and sustainable growth.
- **Excellence** - We are dedicated to achieving superior performance through professionalism, efficiency, and a commitment to continuous improvement.
- **Sustainability** - We integrate responsible economic, social, and environmental practices into our operations to create long-term value for future generations.
- **Innovation** - We encourage creativity, adaptability, and the pursuit of new ideas and technologies that drive transformation and maintain our leadership in the market.





About this Report

2024 marked a seminal year in our sustainability reporting journey. The 2025 report highlights the efforts and strides which we have made in our strategic direction towards building businesses that are sustainable and preserve shareholder value. This report presents an overview of PCL’s sustainability performance for the period 1st January 2025 to 31st December 2025.

Reporting Boundary

PCL is listed on the Malawi Stock Exchange (MSE) and is a diversified holding company with interests across financial services, energy, manufacturing, telecommunications, and real estate. This report covers PCL’s subsidiaries and excludes joint ventures and associates. The reporting scope has been deliberately limited to cover sustainability performance across businesses where PCL has control.

Basis of Preparation

The report has been prepared in reference to the Global Reporting Initiative (GRI) Standards (2021) and reflects Press Corporation plc (PCL) Group’s material ESG issues, as determined through a structured double materiality assessment.

Restatements

No restatements have been made in the current period.



External Assurance

This report is not externally assured. For further inquiries regarding this report, please email: CKhaki@presscorp.com

OUR CORPORATE STRATEGY

2025 marked the second year of execution of our 2024 to 2028 strategy whose tagline is PressON 3328. The PressON 3328 strategy aims to achieve the following objectives;

- Treble our Group profits by 2028 (base year 2023)
- Implement three major projects by 2028

The PressON 3328 strategy is anchored by the following 5 strategic pillars;

- Profitable portfolio management
- Operational excellence
- Good governance and relationships
- Productive human capital
- Effective synergies and shared services

The performance highlights covered in the other parts of this integrated annual report are a testament that we are on the right trajectory towards achieving our strategic objectives by 2028.





Approach to Stakeholder Engagement

The Group maintains a structured and inclusive approach to stakeholder engagement to ensure that the interests, expectations and concerns of stakeholders are appropriately understood and considered in decision-making processes. The Group engages regularly with a broad range of stakeholders, including employees, customers, investors, regulators, suppliers, communities and business partners, through formal and informal engagement platforms such as meetings, surveys, consultations, forums, digital channels and community engagements.

These interactions enable the Group

to build transparent and constructive relationships, obtain valuable feedback and identify emerging risks and opportunities that may influence business performance and sustainability priorities. Insights gathered through stakeholder engagements inform the Group's materiality assessments, sustainability initiatives and operational improvements, reinforcing our commitment to accountability, responsiveness and long-term value creation.

The stakeholder map below summarizes our key stakeholder groups, how we engage them and the key issues raised.

Stakeholder Group	Engagement Method	Key Issues Raised	Group Response	Engagement Frequency
Regulators	Meetings, submissions	Compliance, governance	Strengthened compliance controls, policies	Ongoing
Customers	Surveys, digital platforms	Service quality, affordability	Improved customer experience	Ongoing
Employees	Town halls, surveys	Remuneration, Culture, job security, mental health	Wellness and engagement initiatives	Quarterly
Communities	Community forums	Environmental impact	Community investment programmes	Ongoing
Investors	AGMs, Investor forums, reports	Performance, governance	Enhanced reporting	Annually



Materiality Assessment

We conducted our first double materiality assessment in 2024 which identified the key topics for disclosure based on their impact on our Group, economy, environment, and people, including impacts on their human rights. This process entailed conducting a desktop review of existing documents as well as applicable disclosures stipulated by Global Reporting Initiatives (GRI) standards, benchmarking to peers to gauge industry-related priority areas and conducting interviews with internal and external stakeholders to understand PCL's business growth strategy, community investments and financial reporting processes among other functional roles.

Nine key topics were identified in 2024

and these topics were still relevant to our business in 2025. Therefore we did not re-evaluate the materiality of the key topics in 2025. The nine material topics below continue to guide the Group's sustainability strategy.

PCL Group Material Topics

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





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.

In the performance of its functions, the Board is guided by, and has due regard to, the following governance instruments:

- i. The 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.

As at 31 December 2025 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 2025 and at the date of this report are set out on Page 65.

As at 31 December 2025 Press Trust and Old Mutual owned 42.48% and 21.39% of the shares in the Company. 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.

During the period under review, there were some changes on the Board. Mr Jim Nsomba retired from the Board on 25th July 2025 and was replaced by Mr Tavona Biza, who was appointed to the Board on the same date, at the Company's 41st Annual General Meeting.



BOARD OF DIRECTORS

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BOARD CHAIRMAN



Mr Randson Mwadiwa ⁶⁹

Chairman

QUALIFICATIONS

MPA, MAIA, BAPA, Cert. (FEEIIP), Cert. (FMDFP)

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.



APPOINTED TO THE BOARD

01/9/2020



Mr Stewart Malata ⁶³

Director

QUALIFICATIONS

MSc, B.Com (Acc.)

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.



APPOINTED TO THE BOARD

18/07/2019



Mrs Betty Mahuka ⁶³

Director

QUALIFICATIONS

Msc. F&A, B.Com, DIBS, CGMA, CA (MW)

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 a Lead Fellow- Leadership for Sustainable Environment. Recently she has also participated in Board level refresher courses in strategy and risk management oversight programs.



APPOINTED TO THE BOARD

01/09/2020

DIRECTOR

**Mr Gibson S Ngalamila** ⁴⁶

Director

QUALIFICATIONS

ACIS, ACG, FCCA, B.Acc, CA

Mr Ngalamila has served as Executive Secretary of Press Trust for 9 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 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.

**APPOINTED TO THE BOARD**

24/11/2017

DIRECTOR

**Mr Dyress B. Mawindo** ⁶⁷

Director

QUALIFICATIONS

MBA, LLB (Hons)

A general management expert, Dyress 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 in which position he was responsible for overseeing the performance of the parastatal sector in Malawi. He was thereafter appointed first Executive Director of The Privatization 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, Dyress Mawindo was appointed CEO of MCA Malawi during which he successfully implemented the first US\$350.7 million five-year compact that ended in 2018. Currently, he is leading a team that is closing Malawi's second compact (US\$350 million) in the capacity of CEO which has been prematurely terminated by the US Government because of a change of policy.

**APPOINTED TO THE BOARD**

01/9/2020



Mr Tavona Biza ⁴⁴

Director

QUALIFICATIONS

MBA (UCT), FIA, B.Com (Hons)

Tavona Biza is a seasoned business leader with extensive experience in financial services, specializing in leadership, insurance, pensions, and actuarial science. He was appointed as the Group Chief Executive Officer of Old Mutual Malawi in 2024, where he is driving strategic growth, digital transformation, and market expansion.

Prior to this role, Tavona served as the Group CEO of Old Mutual Ghana, where he successfully led the business from significant losses in 2018 to sustained profitability. Under his leadership, Old Mutual Ghana became a market leader in corporate risk insurance, growing more than twenty-fold within three years. He also spearheaded digital innovation, launching Ghana's first-ever Annuity and WhatsApp insurance products, and ensured a fully cloud-based operational framework.

Before his tenure in Ghana, Tavona was the Managing Director of Old Mutual Life Assurance and Pension Services in Malawi, where he transformed the business, into the top life and pensions business in the country. His earlier experience includes executive roles at Old Mutual Zimbabwe and Old Mutual South Africa, focusing on operations, actuarial valuation, product development, and risk management.



APPOINTED TO THE BOARD

25/07/2025



Dr Ronald Mangani ⁵⁸

Executive Director

QUALIFICATIONS

PhD, MSc, BSocSc

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.



APPOINTED TO THE BOARD

26/05/2023



Board Meetings – Meeting Attendance

The Board meets a minimum of four times in a year. During the year under review, the Board held four regular meetings in April, June, August and December 2025. It also held four special meetings in February, May, October and December 2025

Member	7 Feb	25 April	16 May	6 June	29 Aug	22 Oct	8 Dec	15 Dec	
Mr R P Mwadiwa	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr D Mawindo	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr G Ngalamila	✓	✓	✓	✓	✓	A	✓	✓	88%
Mr T Biza	N/A	N/A	N/A	N/A	✓	✓	✓	✓	50%
Mr S Malata	✓	✓	✓	✓	✓	A	✓	✓	88%
Mrs B Mahuka	A	✓	✓	✓	✓	✓	✓	✓	88%
Dr R Mangani	✓	✓	✓	✓	✓	✓	✓	I	88%
Former Director									
Mr J Nsomba	✓	✓	✓	✓	N/A	N/A	N/A	N/A	50%

KEY : ✓ – Present A – Apology N/A – Not applicable I – Ineligible



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.

The principal function of the Committee is to ensure that the company'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 December 2025.

Appointments and Remuneration Committee Meetings – Meeting Attendance

Member	11 April	19 May	18 Aug	3 Dec	
Mr S Malata	✓	✓	✓	✓	100%
Mr D Mawindo	✓	✓	✓	✓	100%
Mrs B Mahuka	✓	✓	✓	✓	100%

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 are to review the principles, policies and practices adopted in the preparation of the accounts of the Company and to ensure that the interim and annual financial statements and any other formal announcements relating to the financial performance comply with all statutory and regulatory requirements as may be required. It is also responsible for reviewing the work of PCL's external and internal auditors to ensure the adequacy and effectiveness of financial, operating, compliance and risk management controls.

The Committee in the year under review comprised 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 April, May, August and December 2025.



Finance and Audit Committee Meetings – Meeting Attendance

Member	15 April	17 April	20 May	19 Aug	26 Aug	1 Dec	
Mrs B Mahuka	✓	✓	✓	✓	✓	✓	100%
Mr G Ngalamila	✓	✓	✓	✓	✓	✓	100%
Mr T Biza	N/A	N/A	N/A	N/A	N/A	A	0%
Former Director							
Mr J Nsomba	✓	A	✓	N/A	N/A	N/A	33%

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. Dyress Mawindo. Members of Executive Management also attend the Committee meetings on invitation.

During the year under review, the Committee met four times: in April, May, August and December 2025.

Investment Committee Meetings – Meeting Attendance

Member	15 April	19 May	18 Aug	3 Dec	
Mr D Mawindo	✓	✓	✓	✓	100%
Mr G Ngalamila	✓	✓	✓	✓	100%
Mr T Biza	N/A	N/A	N/A	✓	25%
Mr S Malata	✓	✓	✓	✓	100%
Former Director					
Mr J Nsomba	✓	✓	N/A	N/A	50%



EXECUTIVE MANAGEMENT

CHIEF EXECUTIVE OFFICER



Dr Ronald Mangani ⁵⁸

Chief Executive Officer

QUALIFICATIONS

PhD, MSc, BSocSc

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.

CHIEF OPERATING OFFICER

**Dr Lyton Chithambo** ⁴⁶

Chief Operating Officer

QUALIFICATIONS

Ph.D. (Finance), M.Sc. Finance and Risk, FCCA, FHEA, CPA (M), B.Com.

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.

COMPANY SECRETARY

**Ms Moureen Mbeye** ⁴⁴

Chief Finance and Administration Executive and Company Secretary

QUALIFICATIONS

EMBA, B.Acc, FCCA, CA (M)

Moureen Mbeye was born on 28th September 1981. She is a highly experienced, results-oriented finance specialist with over 20 years' diverse experience and proven record of success in directing financial operations and management of organizations, ensuring continuing business growth and achievement of strategic goals. Ms Mbeye is technically competent in strategic planning and execution, financial planning and performance monitoring/reporting, budget and budgetary control, internal controls formulation and implementation, auditing, tax planning, company secretarial, mergers and acquisitions evaluations and analysis. She serves as a Director of several PCL Group companies and has strong decision-making skills, effective interpersonal and communication skills.

Prior to joining the PCL Corporate Office, Ms Mbeye worked in various senior positions at Malawi Telecommunications Limited (MTL). She also worked in senior audit positions between 2003 and 2008 for KCC Finance Associates and Peter Holdsworth and Company.



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.

Sustainability Oversight Responsibilities

The Board provides overall oversight of sustainability matters through designated committees, while executive management is responsible for implementing the Group's sustainability strategy, managing material ESG risks and opportunities, and monitoring performance against established targets and commitments. Management structures across the Group support regular reporting, regulatory compliance, and continuous improvement in sustainability performance, ensuring that sustainability remains a core component of long-term value creation and stakeholder trust.

Risk Governance

Our Approach to Risk Management

Our approach to risk management is informed by an Enterprise Risk Management (ERM) framework aligned to the principles and guidelines of the internationally recognised International Organization for Standardization ISO 31000 Risk Management Standard. The framework provides a structured and consistent approach to

identifying, assessing, managing, monitoring and reporting risks across all business operations and investment sectors. Risk management is embedded within the Group's governance structures, strategic planning processes and operational decision-making to support sustainable value creation and organisational resilience.



Board Oversight

The Board retains overall responsibility for risk oversight, supported by the Audit and Finance Committee and executive management to monitor the effectiveness of risk management practices throughout the Group. Regular risk assessments are conducted across subsidiaries to evaluate strategic, operational, financial, regulatory and sustainability-related risks, while management continuously reviews mitigation measures and control effectiveness.

ESG Risk Integration

Environmental, Social and Governance (ESG) risks are integrated into the Group's broader enterprise risk management processes to ensure that sustainability considerations are incorporated into strategic and operational decision-making. The Group recognises that ESG-related risks, including climate change, environmental impacts, regulatory developments, workforce wellbeing, community relations and governance failures, have the potential to significantly affect long-term business performance, reputation and stakeholder confidence.

Through the ERM framework, ESG risks are identified, assessed and monitored alongside traditional business risks, enabling the Group to strengthen resilience and support sustainable growth across its diversified operations.

Our Key Risks and Impacts

In 2025, the Group's key risk was unavailability of foreign currency which affected all our businesses in one way or the other. The impact of the lack of foreign currency was far reaching and led to the delay in implementing some

of our flagship environmentally friendly projects in our ethanol businesses. When fully commissioned, these projects will to reduce water usage, efficiently manage effluent, and reduce reliance on the national grid and carbon footprint by producing electricity from biogas.

The Group continues to monitor this risk closely and is pursuing the establishment of new foreign currency generating businesses in the medium to long-term.

Emerging Risk Monitoring

The Group maintains ongoing processes to identify and monitor emerging risks that may impact its operations, strategic objectives and long-term sustainability. This includes monitoring changes in the macroeconomic environment, geopolitical developments, technological disruption, climate-related risks, regulatory changes, supply chain vulnerabilities and evolving stakeholder expectations. The Group recognises that the rapidly changing operating environment requires continuous assessment of both existing and emerging risks to ensure organisational agility and resilience.





Environmental Performance

Effluent Management



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

During the reporting period, we experienced an effluent spillage incident at our evaporation pond site in Chikwawa. Immediate containment and remediation measures were implemented and corrective actions introduced to strengthen controls and prevent recurrence.

In 2024 we reported that we would commission Effluent Treatment Plants (ETPs) and Cogeneration Boiler projects in 2025 as part of our long-term effluent management strategy for our ethanol businesses. However, commissioning

of the projects was delayed to 2026 due to the unavailability of foreign currency which delayed the delivery of some critical equipment. Once commissioned, these projects will enable us to turn the effluent into biogas and a potassium rich organic fertilizer. The biogas will allow us to generate some electricity, therefore enhance our energy self-sufficiency. Production of the fertilizer locally will help to reduce the strain on foreign currency, which is required to import fertilizer into Malawi.



Water Management

Water is a vital resource particularly within our ethanol production facilities. In line with our sustainability ambitions, we have prioritized water stewardship by investing over MK22 billion in Zero Liquid Discharge (ZLD) systems that aim to recycle all process water within the facilities.

We aim to fully operationalise our ZLD systems once we commission our ETP and Cogeneration projects before the end of 2026. Total recycling and reuse of all the



wastewater generated from the ethanol distillation processes should significantly reduce our overall water usage footprint by 2028.



Energy Use and Self-Sufficiency

Energy efficiency and energy self-sufficiency remain key priorities for us as we strengthen operational resilience and support our sustainability objectives. We continue to invest in initiatives that improve energy efficiency, optimise consumption and increase the use of alternative energy sources to reduce environmental impacts and support sustainable operations.

Our telecommunications business continued the rollout of smart hybrid generators across the network during the reporting period. These generators are designed to operate only when battery backup capacity falls below predefined thresholds, thereby maximizing the use of stored battery power and minimizing generator operating hours. In 2025, a total of 20 hybrid generators were added to the network, contributing to reduced fuel consumption and lower emissions.

Carbon Management

Greenhouse gas (GHG) emissions data collection across the PCL Group is currently being led by our energy businesses and remains in the early stages of implementation. As a result, we are not yet in a position to provide a comprehensive assessment of the Group's carbon footprint. We are continuing to strengthen our data collection processes and reporting capabilities to enable more complete and accurate emissions disclosures in future reporting periods. 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.

During the year, we commissioned a carbon dioxide plant at our ethanol plant in Chikwawa which enables the capture of carbon dioxide released during fermentation. Once fully certified, the carbon dioxide will be processed for use in other industries, therefore supporting a circular economy approach.



The following are other initiatives which are being implemented to reduce our carbon footprint associated with ethanol production:

- **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: We support carbon offset initiatives such as sustainable sugarcane cultivation, including projects on dedicated farms, which contribute to carbon sequestration and improved land use practices.

Green Investments and Responsible Lending

Our banking business has integrated sustainability considerations into its lending practices as one way of operationalizing the bank's sustainability ambitions. A dedicated Green Loan product has been developed to support environmentally sustainable projects, aligning financing activities with climate mitigation and adaptation objectives.

To strengthen institutional capacity, targeted Green Finance and Sustainability training has been delivered to employees of the bank. This initiative enhances awareness of climate-related risks and opportunities, strengthens technical competencies, and fosters a sustainability-oriented culture across the bank.

Renewable Energy Initiatives

During the reporting period, we made some significant advancements in the implementation of our USD 55 million investment in a 50MW solar power plant to be located in Nkhoma, Lilongwe. Significant milestones were achieved in the technical and financing side of the project and we are targeting to conclude governance processes in 2026. Once this plant is commissioned, it will supply clean, renewable energy directly into the national grid, underscoring our long-term commitment to sustainability and national development.

As we continue to reinforce our commitment to sustainable energy transition, we implemented the following initiatives during the reporting period;

- Our telecommunications business added 38 solar-powered sites into the network, which increased the total number of solar sites from 183 in 2024 to 221 by the end of 2025.



- Increased solarized banking service centres and ATM's. In 2024, our banking business had 1 solarized banking centre and we closed 2025 with 5 solarized banking centres. Similarly, 15 additional ATM's were solarized in 2025 to bring the total to 60 solarized ATM's out of the 154 ATM's across the network.
- Our banks' Clean Energy Initiative successfully delivered solar electrification and potable water systems to seven rural health and education facilities across districts including Dedza, Balaka, Mulanje, Mchinji, Mangochi, Chikwawa, and Mzimba. These installations are already enhancing service delivery, improving learning conditions, and reducing reliance on fossil-fuel-based energy sources
- Launched the ethanol cooking stove and ethanol for cooking. This innovation reduces dependence on charcoal, and contributes to Malawi's transition toward a more sustainable future. It demonstrates how practical, sustainable solutions can improve livelihoods while safeguarding the environment. Through initiatives such as these, we continue to champion impact-driven innovations that supports inclusive and sustainable national development.



Reforestation

We continue to demonstrate our commitment to environmental sustainability through the “Press for Nature” campaign, which is a transformative two-year reforestation initiative launched in Chikwawa. The campaign aims to restore degraded landscapes, strengthen climate resilience and promote environmental stewardship within local communities, with an ambitious target of planting 20,000 trees in 2025.

Central to the success of the initiative is our strong focus on community participation and recognition, ensuring that local communities are not only beneficiaries but active partners in driving sustainable environmental impact. By placing communities at the heart of the campaign, we strengthen collective ownership of conservation efforts and reinforce commitment to creating long-term environmental and social value.



Sustainable Feed Sourcing

Our Foods business approach to sustainable feed sourcing is guided by the principles of environmental stewardship, supply chain transparency, and long-term resource efficiency. We prioritise sourcing feed ingredients from suppliers who adhere to responsible agricultural practices, including the use of certified sustainable crops such as non-genetically modified organism and reduced reliance on harmful agrochemicals used in controlling weeds. Where possible, the company incorporates locally sourced inputs like maize, soyabean cake, wheat bran and cassava flour to minimise transportation-related emissions and support local economy. In addition, we promote the use of alternative and innovative feed ingredient such as by-products from other agro-industries like blood meal and meat and bone as alternative source of protein, which help reduce pressure on finite natural resources and contribute to a circular economy.



To strengthen our commitment, we actively engage with suppliers to ensure compliance with our sustainability standards. Continuous monitoring and periodic supplier assessments enable us to identify and address environmental and social risks, while fostering long-term partnerships built on shared ESG objectives. Through these initiatives, we aim to reduce our overall environmental footprint, improve resilience in our operations, and contribute to more sustainable food systems.

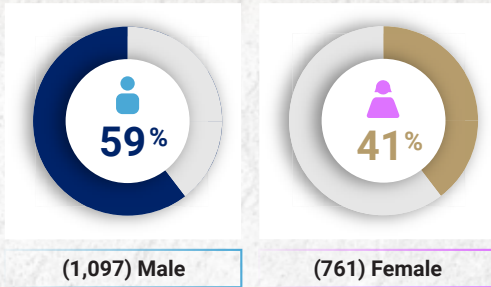


Social Performance

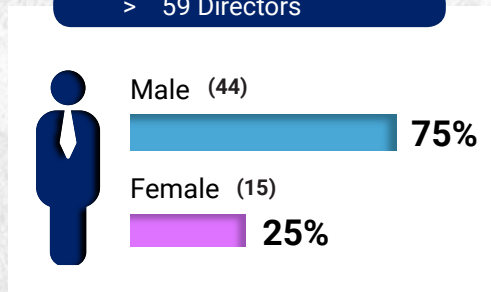
Diversity of Governance Bodies and Employees

Our people remain central to the Group's long-term success, and we are committed to fostering a diverse, inclusive and equitable workplace across all our businesses. Our total staff complement and composition of Directors were as follows during the reporting period;

> 1,858 Employees



> 59 Directors



We have made significant strides in pursuing our diversity targets in our recruitment processes as reflected in our employee composition. We however acknowledge that there is more work to be done to achieve our diversity targets at Board level,

and we continue to make deliberate efforts to strengthen representation and inclusivity across the Group. Through ongoing talent development, inclusive recruitment practices and leadership development initiatives, we aim to build a workforce and leadership structure that reflects the diversity of the communities and markets we serve. We remain committed to creating an environment where all employees are valued, respected and empowered to contribute to sustainable business success.

Employee Welfare

The Group remains committed to advancing employee welfare across all its investments by fostering a supportive and high-performing workplace. This is achieved through the provision of competitive and equitable remuneration packages and benefits that reflect market benchmarks and reward performance. We place strong emphasis on the maintenance of a conducive working environment that promotes safety, inclusion and employee wellbeing.

We strive to create opportunities for professional growth through talent management initiatives and leadership development programmes. In addition, continuous learning and development is prioritised through regular training interventions and capacity-building initiatives designed to enhance skills, strengthen capability and support employees in adapting to evolving business and industry demands.



Health and Safety

We are committed to providing a safe, healthy and supportive working environment for all employees and stakeholders. Through the implementation of robust occupational health and safety policies, we aim to minimise workplace risks, promote employee wellbeing and ensure full compliance with applicable regulatory requirements. Regular safety awareness initiatives, workplace risk assessments and employee wellness programmes are undertaken to embed a strong culture of safety and accountability across the Group. By prioritising health and safety, the Group not only safeguards its workforce but also reinforces operational resilience and sustained productivity.



While we did not report any fatalities during the reporting period, we recorded 7 minor injuries at our ethanol business in Dwangwa. We will continue to strengthen safety awareness and improve risk assessment processes to minimise injuries and reduce near-miss incidents across the Group. Maintaining a zero-fatality risk appetite remains a key priority as we work to ensure a safe and healthy working environment for all employees and stakeholders.

Stakeholder Engagement



Stakeholder engagement remains a key component of our governance and sustainability approach, enabling us to better understand the priorities, expectations and concerns of our diverse stakeholder groups. Throughout 2025, we maintained ongoing engagements with employees, customers, regulators, investors, communities and other key stakeholders through a range of formal and informal platforms, including town hall meetings, customer satisfaction surveys, regulatory consultations, Annual General Meetings and investor forums.

These engagements provided valuable opportunities to strengthen relationships, encourage transparent dialogue and obtain meaningful feedback that supports informed decision-making and continuous



improvement across the Group. The platforms also enabled the us to share insights into business performance, strategic priorities and future growth plans, while reinforcing accountability and trust with stakeholders. Through this ongoing engagement approach, the Group continues to promote open communication, strengthen stakeholder confidence and ensure that stakeholder perspectives remain integrated into business strategy and sustainability priorities.

Capacity Building and Training

During 2025, the Group continued to prioritise employee development as a critical driver of operational effectiveness, regulatory compliance and service excellence. Employees across the Group participated in various training and development programmes aimed at strengthening technical skills, improving operational performance and promoting professional standards across the Group's businesses.



In addition to employee development, all Directors and CEOs across the Group participated in targeted leadership and governance training programmes covering governance, risk and compliance, cybersecurity, sustainability and ESG,

business continuity, and ethics. The training initiatives were aimed at strengthening leadership effectiveness, enhancing oversight capabilities and reinforcing a strong culture of accountability and ethical conduct across the Group.

By equipping leadership with enhanced knowledge and awareness in these critical areas, the Group continues to strengthen strategic decision-making, improve organisational resilience, support regulatory compliance and enhance its ability to respond to evolving operational, technological and sustainability-related risks. These initiatives further reinforce the Group's commitment to responsible leadership and long-term sustainable value creation.

Anti-Corruption

We are committed to conducting business ethically and with integrity by maintaining a zero-tolerance approach to corruption, bribery and unethical business practices across our operations. Our anti-corruption framework is supported by policies, codes of conduct and governance structures designed to promote ethical behaviour, transparency and accountability at all levels of the organisation. Corruption-related risks are assessed as part of our enterprise risk management processes, with controls implemented to mitigate exposure across business activities, partnerships and supply chains.

To strengthen awareness and compliance, we conduct regular training and communication initiatives for employees, Directors and management on ethics, anti-corruption and whistleblowing requirements. During the year, all Directors and CEOs in the Group were taken through a high-level Tip-Offs Anonymous training.



We subscribe to Deloitte's Tip-Offs Anonymous service to provide a platform for confidential reporting to enable employees and stakeholders to report suspected misconduct or unethical behaviour without fear of retaliation. Reported incidents are investigated in line with established procedures, and appropriate disciplinary or corrective actions are taken where necessary.

During the reporting period, we did not receive or investigate any incidents of corruption or unethical behaviour.

Customer Privacy

We are committed to protecting customer privacy and ensuring the responsible collection, use, storage and management of personal information across our operations. We recognise the importance of maintaining stakeholder trust and comply with the requirements of the Data Protection Act, 2024 and other applicable regulatory obligations relating to data privacy and information security.

In compliance to the Data Protection Act, 2024, our businesses have appointed dedicated Data Protection Officers responsible for overseeing compliance with data protection requirements, supporting awareness initiatives and monitoring the implementation of privacy controls. We continue to strengthen our data protection frameworks through the implementation of policies, employee training programmes, access controls, cybersecurity measures and incident management procedures designed to minimise the risk of unauthorised access, data breaches and misuse of personal information. Through these measures, we seek to uphold customer confidence, promote responsible data management practices and ensure ongoing compliance with evolving privacy

regulations and digital risks.

During the reporting period, we did not receive any complaints concerning breaches of customer privacy.

Corporate Social Investments

The Group remains committed to creating meaningful and lasting social impact through its Corporate Social Investment (CSI) initiatives across the communities in which it operates. Guided by our sustainability objectives and shared value approach, our CSI programmes focus on supporting community development, promoting inclusion and contributing to improved social and economic outcomes.

Through targeted interventions in areas such as education, health, environmental conservation, youth and women empowerment and community wellbeing, the Group invested more than MK2 billion in initiatives that strengthen communities while supporting sustainable and inclusive development.





Below are some of the CSI initiatives that were implemented during 2025.



Empowering Women and Youth Through Sport - K1.58 Billion Sports Sponsorship

In June 2025, our banking business unveiled a transformative K1.58 billion, year-long sports sponsorship package aimed at empowering women, youth, and local communities across Malawi.

The initiative represents one of the most significant private sector investments in Malawian sport. The sponsorship underscores our commitment to inclusivity, community development, and youth empowerment.



Lean Season Relief Support

In November 2025, the Group made a contribution of MK600 million to DoDMA in support of the Malawi Government's Food Relief Program to support families across the country facing food shortages during the lean season.



Mothers' Fun Run

In November 2025, the Southern region female staff members of our telecommunications business visited Machinga District Hospital's maternity ward to cheer new mothers and provide them with essential support. Similarly, our banking business demonstrated its commitment to maternal health by providing a donation worth MK20 million to Nation Publications Limited's Mothers' Fun Run, helping improve maternal and newborn healthcare across the country.





GRI content index

Statement of use	Press Corporation plc has reported the information cited in this GRI content index for the period 1st January 2025 to 31st December 2025 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	PAGE NUMBER
GRI 2: General Disclosures 2021	2-1 Organizational details	66
	2-2 Entities included in the organization's sustainability reporting	37
	2-3 Reporting period, frequency and contact point	37
	2-4 Restatements of information	37
	2-5 External assurance	37
	2-6 Activities, value chain and other business relationships	20 - 34
	2-9 Governance structure and composition	41
	2-10 Nomination and selection of the highest governance body	41
	2-11 Chair of the highest governance body	42
	2-12 Role of the highest governance body in overseeing the management of impacts	52
	2-14 Role of the highest governance body in sustainability reporting	52
	2-15 Conflicts of interest	51
	2-17 Collective knowledge of the highest governance body	42 - 45
	2-18 Evaluation of the performance of the highest governance body	41
	2-19 Remuneration policies	47
	2-20 Process to determine remuneration	47
	2-29 Approach to stakeholder engagement	39
GRI 3: Material Topics 2021	3-1 Process to determine material topics	40
	3-2 List of material topics	40
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	83
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	54 - 55



GRI STANDARD	DISCLOSURE	PAGE NUMBER
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	59
	403-2 Hazard identification, risk assessment, and incident investigation	59
	403-5 Worker training on occupational health and safety	59
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	59
	403-9 Work-related injuries	59
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	60
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	58
GRI 418: Customer Privacy 2016	418 - 1 Substantiated complaints concerning breaches of customer privacy and losses of company data	61

Consolidated and Separate Financial Statements

For the year ended 31 December 2025

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Directors’ Report

31 December 2025

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 2025.

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 (2024: K25 million) divided into 2 500 000 000 Ordinary Shares of K0.01 each. The issued and fully paid capital is K1.2 million (2024: K1.2 million) divided into 120 255 713 (2024: 120 255 713) fully paid Ordinary Shares of K0.01 each.

The shareholding structure at year end was as follows:-

	2025	2024
	%	%
Press Trust	42.48	47.58
Old Mutual Life Assurance Company Limited	21.39	16.52
Others	36.13	35.90
	100.00	100.00

5. Dividends

The net profit attributable to owners of the Company for the year of K145.2 billion (2024: K64.7 billion) has been added to retained earnings. First interim dividend paid for 2025 was K2 500 million (2024: K1 353 million) representing K20.79 per share (2024: K11.25). Second interim dividend paid for 2025 was K5 785 million (2024: nil) representing K48.11 per share (2024: nil). Accordingly, the total interim dividend declared for the period amounted to K68.89 per ordinary share (2024: MK11.25). The directors have proposed a final dividend for the year 2025 of K8 000 million (2024: nil) representing K66.52 per share (2024: nil) to be tabled at the forthcoming 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	Up to 25 July 2025	Non-executive
Mr. Tavona Biza	Director	From 26 July 2025	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 were 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 2025			
Press Corporation plc	594	589	1 183
Telekom Networks Malawi plc	496	-	496
National Bank of Malawi plc	1 714	765	2 479
The Foods Company Limited	11	-	11
Malawi Telecommunications Limited	21	64	85
Presscane Limited	267	-	267
Press Properties Limited	88	-	88
Ethanol Company Limited	156	261	417
Press Energy Limited	43	-	43
	3 390	1 679	5 069
For the year ended 31 December 2024			
Press Corporation plc	379	453*	832
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	1 754	3 916

*Executive director's remuneration for 2024 for Press Corporation Plc has been updated to align with the provisions of the Companies Act, 2013.

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 PCL Directors in office in the shares of the Company and its subsidiaries as at 31 December 2025 is as follows;

Director	Company	Number of shares held (ordinary shares)	
		2025	2024
Mr. J Nsomba	National Bank of Malawi plc	-	758
Mr. S Malata	Telekom Networks Malawi plc	1 466 426	827 426
Mr. S Malata	National Bank of Malawi plc	33 050	33 050
Mr. S Malata	Press Corporation plc	250	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	38 357	18 428
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 2025 (2024: 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 K1 737 million (2024: K648 million) as shown below;

		2025	2024
		K' million	K' million
K1 737 million (2024: K648 million) Charitable Donations	Malawi Telecommunications Limited	11	-
	Telekom Networks Malawi plc	80	32
	National Bank of Malawi plc	1 269	458
	Ethanol Company Limited	122	80
	Presscane Limited	9	33
	Press Properties Limited	7	1
	Press Corporation plc	239	44
		1 737	648

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 2026 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	Half year results review	Agreed upon procedures	Tip-offs Anonymous	Total
	K' million	K' million	K' million	K' million	K' million
For the year ended 31 December 2025					
Press Corporation plc	228	60	-	5	293
Telekom Networks Malawi plc	355	45	-	9	409
National Bank of Malawi plc	1 122	37	-	6	1 165
The Foods Company Limited	41	7	-	-	48
Malawi Telecommunications Limited	131	12	-	5	148
Presscane Limited	48	11	-	6	65
Press Properties Limited	45	11	-	5	61
Ethanol Company Limited	65	17	-	5	87
	2 035	200	-	41	2 276



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	Total K' million
For the year ended 31 December 2024					
Press Corporation plc	191	50	-	4	245
Telekom Networks Malawi plc	269	32	-	13	314
National Bank of Malawi plc	995	31	40	5	1 071
The Foods Company Limited	37	7	14	-	58
Malawi Telecommunications Limited	125	9	12	3	149
Presscane Limited	37	10	-	5	52
Press Properties Limited	33	7	13	4	57
Ethanol Company Limited	43	12	2	5	62
	1 730	158	81	39	2 008

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

*Auditors remuneration in the prior year has been updated to align with Note 40 in the financial statements for year ended 31 December 2025.

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 established policies and processes to ensure compliance with the MSE requirements .

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 wastage through strategic investments and innovations that increase efficiencies in manufacturing processes. Strategic investments currently being

deployed will enable one of the 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 along the 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.

13. Environmental, social and governance (continued)

To live by our value of integrity, which commits the Group to conducting its business in transparent and ethical manner, and 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 2025

13.1 Environment

13.1.1 Renewable energy

Investment in a 50MW solar plant in Nkhoma, Lilongwe. Total investment estimated at \$55.1 million is still ongoing.

Strengthening our position as Malawi's leading financier of renewable energy solutions, contributing to national energy security and emissions reduction efforts.

The expansion of our green finance portfolio, supporting renewable energy, energy efficiency, and climate-resilient projects.

13.1.2 Carbon emissions

Implementation of carbon offset initiatives through sustainable sugarcane farming in Chikwawa.

PressCane's carbon emissions reduced. Investment into biogas generation by PressCane to reduce the reliance on coal.

Investment into a carbon dioxide plant by PressCane to capture emissions from ethanol fermentation processes.

13.1.3 Water resource management

Investment into water recycling systems by PressCane to reduce total water demand and wastewater discharge. The target is to reduce water usage by 66% by 2030.

13.1.4 Green lending

New green products created by NBM – Energy Financing Product.

NBM entered into partnerships to promote green initiatives – AGF, Sky Energy and 265 Energy.

The expansion of our green finance portfolio, supporting renewable energy, energy efficiency, and climate-resilient projects.

13.1.5 Tree planting

As a Group, we continued to showcase our commitment to sustainability through our "Press for Nature" campaign. This is a 2-year reforestation initiative which was launched in Chikwawa and the target was to plant 20,000 trees in 2025. We placed community recognition at the center of this campaign, which was key to achieving our sustainability goals for the campaign.

The initiative is in its 2nd phase with the 2025 initiative delivering 90% survival rate.



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 business.



13.2.2 Community engagement and support

Allocation of 1% of prior year profits to CSV initiatives by EthCo in four focus areas namely; Education, Health and Safety, Rural Development and Environment.



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, The Foods Company Limited and Press Energy 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 2025, 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	Up until June 2025 – Chairperson	None
	Dr. G. Kabango	From June 2025 – Chairperson	None
	Mr. J Mhura	Up until June 2025	None
	Mr. T. Biza	From July 2025	None
	Mr. J. Nsomba	All year	758 (2024:758)
	Dr. L. Chithambo	All year	None
	Ms. M. Mbeye	All year	1,000 (2024:1,000)
	Mr. C. Mzengereza	All year	None
	Mr. R. Banda	All year	None
	Mrs. B Nyirenda	All year	None
	Mr. M. Nkhoma	All year	None
	Mrs. M. Mwenelupembe	From February 2025	9,233 (2024: Nil)
	Mr. H. Jiya	All year	99,976(2024:89 648)

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 Dr. F. Chozenga Dr L. Chithambo Mrs. M. Nyambose Mr. K. Phiri Mr. G. Chungu Mr. T. Jack Dr. R. Mangani Ms. Chisomo Governor	All year – Chairperson From March 2025 All year All year All year All year All year All year All year – Company Secretary	None None 12,200 (2024: 10,000) None 242,280 (2024: 242,280) None None None None
Ethanol Company Limited	Mr. F. Honde Dr. L. Chithambo Mr. B. Jere Mr. W. Mabulekesi Mr. J. Ngolombe Ms. M. Mbeye Dr B. Malunga Mrs. L. Chakaniza Mr. C. Mbewe	All year – Chairperson All year All year All year All year All year All year All year All year – Company Secretary	None of the Directors had interest in shares of Ethanol Company Limited
Presscane Limited	Mr. P. Guta Dr. L. Chithambo Ms. C. Khaki Mr. K. Tembo Mr. R.R. Patel Mr. R. Patel Mr. J. Koreia-Mpatsa Mrs. C. Chihana	All year – Chairperson All year All year All year All year All year All year All year – Company Secretary	None of the Directors had interest in shares of Presscane Limited except for Mr. R R Patel and Mr. R Patel who has 49.9% indirect interest in shares of the company through their other business interest – Cane Products Limited.
Press Properties Limited	Mr. C. Mkandawire Mr. M. Zeleza Mr. S. Bisani Mrs. M. Mulaga Mr. R. Matemba Mr. G. Kunje Ms. C. Khaki	All year – Chairperson All year All year All year All year All year All year – Company Secretary	None of the Directors had interest in shares of Press Properties Limited
The Foods Company Limited.	Dr. C. Guta Prof. J Kang'ombe Ms. M Mbeye Mrs. B. Chilima Dr. S. Chimatiro Ms. R. Kamoto Ms. C. Khaki	All year – Chairperson All year All year All year All year All year All year – Company Secretary	None of the Directors had interest in shares of The Foods Company Limited
Press Energy Limited	Dr. D. Lanjesi Dr. L. Chithambo Dr. A. Kaponda Ms. M. Mbeye Ms. M. Kaukonde Ms. C. Khaki	All year – Chairperson All year All year All year All year All year – Company Secretary	None of the Directors had interest in shares of Press Energy Limited



Chairman
Mr. R Mwadiwa



Chief Executive Officer
Dr. R Mangani



Statement of Directors' Responsibilities

31 December 2025

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 2025, 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 and 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 24 April 2026 and are signed on its behalf by



Chairman
Mr. R Mwadiwa



Chief Executive Officer
Dr. R Mangani



Chartered Accountants (Malawi)
Apex House
Kidney Crescent
PO Box 530
Blantyre, Malawi

Tel: +265 999 888 684 / 991 971 035
ey.com

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

We have audited the consolidated and separate financial statements of Press Corporation plc and its subsidiaries ("the Group"), set out on pages 81 to 213, which comprise the consolidated and separate statements of financial position as at 31 December 2025, 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 present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2025, 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 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.

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)* as applicable to audits of financial statements of public interest entities, 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 matters noted below were 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 matters. For the key audit matters noted below, our description of how our audit addressed the matters 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 matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.



Key Audit Matters (Continued)

Key audit matter description	How the matter was addressed in the audit
Valuation of unquoted equity investments in the company financial statements	The disclosures associated with unquoted equity investments in subsidiaries, associates and joint ventures are set out in the financial statements in the following notes: • <i>Note 3.2- Basis of preparation- Investments in subsidiaries, joint ventures and associates are measured at fair value in the company financial statements.</i> • <i>Note 3.5-Investments in associates and Joint Ventures</i> • <i>Note 3.22.2 (iii) Financial assets designated at fair value through OCI (equity instruments)</i> • <i>Note 4.1.5 - Critical judgements in applying accounting policies: Valuations of unlisted companies, land and buildings and investment properties</i> • <i>Note 13-Investments in subsidiaries</i> • <i>Note 14-Investments in joint ventures</i> • <i>Note 15-Investments in associates</i>
We identified the audit of valuation of unquoted equity investments as a key audit matter considering the following: As of 31 December 2025, the Company's unquoted equity investments in subsidiaries, joint ventures, and associates amounted to MK243.9 billion, representing 7% of total assets in the company financial statements. The net fair value gain associated with these investments for the year amounted to MK47.5 billion, which is 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 judgement 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 valuation 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 in compliance with the International Auditing Standards and 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 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 unobservable 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 the financial statement disclosures related to the valuation of unlisted equity investments to confirm that they are both appropriate and sufficient, in accordance with IFRS 13 requirements.

Key Audit Matters (Continued)

Key audit matter description	How the matter was addressed in the audit
Valuation of expected credit losses on loans and advances and government securities in the consolidated financial statements. We identified the audit of expected credit losses (ECL) as a key audit matter considering the following: The Group's loan and advances to customers at MK567.6 billion and government securities at K938.3 billion represent 19 % and 31 % of total assets respectively and the associated impairment provisions for expected credit losses of MK28.1 billion for loans and advances to customers and K13 billion for government securities 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 requires 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.	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 5.4 - Credit risk • Note 16 - Loans and advances to customers • Note 19 -Investment in Government securities and equity 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)

Key audit matter description	How the matter was addressed in the audit
Valuation of insurance contract liabilities in the consolidated financial statements	Valuation of insurance contract liabilities is 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: • 4.2.5 Liability for incurred claims • 4.2.6 Liability for remaining coverage • 4.2.7 Discount rates • 4.2.8 Risk adjustment for non- financial risk • Note 35.3- Insurance contract liabilities and reinsurance contract assets
At 31 December 2025, insurance contract liabilities amounted to K10.8 billion and represent a significant portion of its total liabilities. 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. 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 liabilities. The actuarial valuations are based on complex models and methodologies for which inadequate assumptions and or inaccurate input data may be used. Assumptions and changes on Liability for remaining coverage (LRC), the Liability for incurred claims (LIC), Risk Adjustment (RA) and Best Estimate Liability (BEL) impact insurance contract liabilities.	We obtained an understanding of the insurance contract liabilities valuation process with the focus on understanding the Group's IFRS 17 approach for classification of insurance contracts for the purpose of measuring insurance contract liabilities. • We reviewed controls over underwriting and claims processes up to booking of insurance contract liabilities. • We reviewed and evaluated the actuarial assessments by assessing the methodology and assumptions used in valuation of the insurance contract liabilities in respect to compliance with the Groups' policies and IFRS. • We assessed qualifications, professional competence and independence of the management actuary. • 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 performed procedures to ensure completeness and accuracy of data used in the determination of the estimates. • We assessed the adequacy of the disclosures related to the valuation of the insurance contracts.

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 2025. 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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

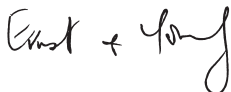


Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

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. .



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

29 April 2026

Assets	Notes	Group		Company	
		2025	2024	2025	2024
Non-current assets					
Property, plant and equipment	7	260 388	215 531	2 035	2 920
Right-of-use assets	8.1	22 949	26 735	-	-
Biological assets	9.1	242	185	-	-
Goodwill	10	5 545	5 545	-	-
Intangible assets	11	43 589	31 661	158	176
Investment properties	12	30 732	22 565	665	627
Investments in subsidiaries	13.2	-	-	3 164 895	1 020 125
Investments in joint ventures	14.2	32 386	23 728	38 024	27 396
Investments in associates	15.2	74 433	73 162	89 361	74 784
Loans and advances to customers	16	387 672	291 315	-	-
Finance lease receivables	17	34 040	32 043	-	-
Contract assets	35.2	629	542	-	-
Long term receivable – other	18	1 147	8	1 147	-
Investments in government securities and equity	19.1	707 814	395 448	40 495	9 420
Deferred tax assets	20	10 125	10 506	1 590	945
Total non-current assets		1 611 691	1 128 974	3 338 370	1 136 393
Current assets					
Biological assets	9.1	1 264	585	-	-
Inventories	21	12 246	8 232	26	18
Income tax recoverable	25	8 577	4 408	1 315	1 111
Loans and advances to customers	16	179 910	134 303	-	-
Finance lease receivables	17	3 752	2 163	-	-
Amounts due from related parties	22	-	-	1 890	1 668
Contract assets	35.2	532	604	-	-
Re-insurance contract assets	35.4	2 406	2 605	-	-
Other insurance receivables	35.6	348	109	-	-
Trade and other receivables	23	88 631	84 166	1 770	691
Investments in government securities and equity	19.1	328 223	276 553	-	-
Cash and cash equivalents	26	825 354	496 591	22 870	16 114
		1 451 243	1 010 319	27 871	19 602
Assets classified as held for sale	24	4	26 210	-	6 061
Total current assets		1 451 247	1 036 529	27 871	25,663
Total assets		3 062 938	2 165 503	3 366 241	1 162 056
Equity and liabilities					
Equity					
Issued capital	27	1	1	1	1
Share premium		2 097	2 097	2 097	2 097
Other reserves	28	146 386	111 833	3 243 556	1 080 742
Retained earnings		368 026	235 506	93 190	64 972
Total equity attributable to equity holders of the parent		516 510	349 437	3 338 844	1 147 812
Non-controlling interests		272 058	169 570	-	-
Total equity		788 568	519 007	3 338 844	1 147 812
Non-current liabilities					
Loans and borrowings	29.1	37 160	22 535	12 013	2 418
Lease liabilities	8.2	4 799	6 738	-	-
Contract liabilities	35.2	6 498	1 230	-	-
Deferred tax liabilities	20	22 343	9 967	-	-
Total non-current liabilities		70 800	40 470	12 013	2 418



	Notes	Group		Company	
		2025	2024	2025	2024
Current liabilities					
Lease liabilities	8.2	2 414	2 361	-	-
Bank overdraft	26	12 445	8 889	5 480	-
Loans and borrowings	29.1	6 368	26 148	907	2 836
Amounts due to related parties	33	-	-	75	76
Trade and other payables	32	199 889	165 240	1 782	1 353
Income tax payable	31	64 884	36 522	2	2
Provisions	30	20 063	16 133	7 138	7 559
Contract liabilities	35.2	3 316	8 405	-	-
Insurance contract liabilities	35.4	10 824	9 488	-	-
Reinsurance contract liabilities	35.4	152	203	-	-
Customer deposits	34	1 883 215	1 305 316	-	-
		2 203 570	1 578 705	15 384	11 826
Liabilities directly associated with assets classified as held for sale	24	-	27 321	-	-
Total current liabilities		2 203 570	1 606 026	15 384	11 826
Total liabilities		2 274 370	1 646 496	27 397	14 244
Total equity and liabilities		3 062 938	2 165 503	3 366 241	1 162 056

The financial statements of the Group and Company were approved for issue by the Board of Directors on 24 April 2026 and were signed on its behalf by:



Chairman

Mr. R Mwadiwa



Chief Executive Officer

Dr. R Mangani

The notes on pages 88 to 211 are an integral part of these consolidated and separate financial statements.

	Notes	Group		Company	
		2025	2024	2025	2024
Revenue	35.1	460 213	314 306	43 754	34 208
Interest revenue	35.1	349 562	234 699	-	-
Insurance revenue	3.28.11	13 772	10 628	-	-
Direct trading expenses	36	(204 806)	(157 658)	-	-
Gross profit		618 741	401 975	43 754	34 208
Other operating income	37	62 822	19 971	371	247
Insurance service expenses	40	(8 748)	(7 504)	-	-
Distribution expenses	38	(10 712)	(7 252)	-	-
Impairment losses on financial assets	39	(22 206)	(13 515)	(365)	(138)
Administrative expenses	40	(231 870)	(180 961)	(6 326)	(12 717)
Operating profit before finance income and finance costs		408 027	212 714	37 434	21 600
Finance income	41	4 446	3 520	2 445	1 969
Finance costs	41	(23 425)	(21 562)	(3 234)	(4 592)
Net finance costs		(18 979)	(18 042)	(789)	(2 623)
Profit/(loss) on disposal of a subsidiary		2 212	-	(1)	-
Share of results of equity-accounted investees	42	21 970	12 672	-	-
Impairment (loss)/ reversal on equity accounted investments	42	(1 180)	118	-	-
Profit before income tax		412 050	207 462	36 644	18 977
Income tax expense	43	(151 012)	(81 113)	(3 675)	(3 054)
Profit for the year		261 038	126 349	32 969	15 923
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Gain on property revaluation	28	16 509	9 172	213	199
Share of other comprehensive (loss)/ income of equity accounted investments	42	(5 765)	18 038	-	-
Fair value gain on investments in equity instruments designated as at fair value through other comprehensive income (FVTOCI)	13,14 & 15	34 017	2 908	2 166 135	392 240
Income tax relating to items that may not be reclassified subsequently to profit or loss	20	(7 881)	(3 670)	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences on translation of foreign operations		(645)	3 206	-	-
Other comprehensive income for the year (net of tax)		36 235	29 654	2 166 348	392 439
Total comprehensive income for the year		297 273	156 003	2 199 317	408 362
Profit attributable to:					
Equity holders of the parent		145 209	64 673	32 969	15 923
Non-controlling interests		115 829	61 676	-	-
Profit for the year		261 038	126 349	32 969	15 923
Total comprehensive income attributable to:					
Equity holders of the parent		175 358	90 192	2 199 317	408 362
Non-controlling interests		121 915	65 811	-	-
Total comprehensive income for the year		297 273	156 003	2 199 317	408 362
Earnings per share					
Basic and diluted earnings per share (K)	44	1 208.06	538.04		



Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2025

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
2025							
Balance at 1 January 2025	1	2 097	111 833	235 506	349 437	169 570	519 007
Profit for the year	-	-	-	145 209	145 209	115 829	261 038
Other comprehensive income	-	-	30 149	-	30 149	6 086	36 235
Total comprehensive income for the year	-	-	30 149	145 209	175 358	121 915	297 273
Transfer to regulatory reserve (note 28)	-	-	4 404	(4 404)	-	4 148	4 148
Minority interest arising on acquisition of shares	-	-	-	-	-	12 993	12 993
Elimination of non-controlling interest on disposal of subsidiary	-	-	-	-	-	(1 937)	(1 937)
Dividends to equity holders	-	-	-	(8 285)	(8 285)	(34 631)	(42 916)
Balance at 31 December 2025	1	2 097	146 386	368 026	516 510	272 058	788 568
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

Consolidated and Separate Statements of Changes in Equity (Continued)

For the year ended 31 December 2025

In millions of Malawi Kwacha

Company**2025**

Balance at 1 January 2025

Profit for the year

Other comprehensive income (note 28)

Total comprehensive income for the year

Dividends to equity holders

Balance at 31 December 2025**Company****2024**

Balance at 1 January 2024

Profit for the year

Other comprehensive income (note 28)

Total comprehensive income for the year

Dividends to equity holders

Balance at 31 December 2024

	Issued capital	Share premium	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2025	1	2 097	1 080 742	64 792	1 147 812
Profit for the year	-	-	-	32 969	32 969
Other comprehensive income (note 28)	-	-	2 162 814	3 534	2 166 348
Total comprehensive income for the year	-	-	2 162 814	36 503	2 199 317
Dividends to equity holders	-	-	-	(8 285)	(8 285)
Balance at 31 December 2025	1	2 097	3 243 556	93 190	3 338 844
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



Notes	Group		Company	
	2025	2024	2025	2024
Operating activities				
Profit before income tax	412 050	207 462	36 644	18 977
Adjustments for:				
Depreciation, amortisation, and impairment	40	48 292	31 621	243
Impairment reversal/(loss) of equity investments	42	1 180	(118)	-
Interest revenue and similar income	35.1	(349 562)	(234 699)	-
Interest expense and similar charges	36	54 894	36 851	-
Finance costs	41	23 425	21 562	3 234
Finance income	41	(4 446)	(3 520)	(2 445)
Share of results from equity accounted investments	42	(21 970)	(12 672)	-
Profit on sale of investment property and property, plant and equipment	7&12	(5)	(264)	(2)
(Profit) /loss on disposal of investments		(2 212)	(173)	1
Fair value adjustments losses, unrealised foreign exchange losses and write-offs		(43 662)	(11 566)	(38)
Investment dividends		(1 157)	(748)	(43 197)
Increase/(decrease) in provisions	30	3 930	9 429	(421)
Operating cash flows before working capital movements		120 757	43 165	(5 980)
Working capital changes:				
Working capital relating to assets and liabilities held for sale	24	(2 334)	(1 615)	-
Increase in inventories	21	(3 966)	(3 934)	(8)
Increase in loans and advances to customers	16	(141 964)	(52 535)	-
Increase in finance lease receivables	17	(3 586)	(8 848)	-
(Increase)/decrease in trade and other receivables, contract assets and insurance receivables	23	(4 739)	(32 769)	(1 079)
(Increase)/decrease in amount due from related parties	22	-	-	(222)
Increase in trade and other payables	32	36 114	63 510	429
(Decrease)/increase in amounts due to related parties		-	(1)	23
Increase in customer deposits	34	577 899	356 226	-
Cash generated from/(used in) operations		578 180	363 200	(6 861)
Interest paid		(78 017)	(56 123)	(3 234)
Interest received		354 008	238 217	2 444
Income taxes paid	25, 31	(121 943)	(70 746)	(4 524)
Net cash flows from/(used in) operating activities		732 228	474 548	(12 175)
Investing activities				
Purchase of property, plant and equipment	7	(60 859)	(46 125)	(79)
Purchase of intangible assets	11	(10 360)	(15 720)	-
Purchase of investment property	12	(1 029)	(39)	-
Gross receipts from investments in government securities		210 879	172 618	-
Gross payments of investments in government securities		(620 811)	(507 199)	(1 147)
Purchase of equity investments held for long term appreciation and trading	19.4	(1 274)	(458)	(2 141)
Proceeds from disposal of equity investments		16 137	545	-
Proceeds of investments in short term deposits		85 838	111 314	-
Proceeds from sale of investment property and property, plant and equipment		559	2 656	3
Receipts/(payments) for right of use assets	8.1,8.2	1 410	(11 717)	-
Investment in subsidiaries	13	-	-	(31 823)
Dividend received		6 253	5 873	43 197
Net cash flow from disposal of a subsidiary	24.2	6 046	872	6 060
Net cash (used in)/ from investing activities		(367 211)	(287 380)	14 070

Consolidated and Separate Statements of Cash Flows (Continued)

For the year ended 31 December 2025

In millions of Malawi Kwacha

	Notes	Group		Company	
		2025	2024	2025	2024
Financing activities					
Proceeds from borrowings	29.2	17 455	8 925	11 000	-
Repayments of borrowings	29.2	(23 485)	(23 674)	(3 334)	(5 085)
Repayment of principal element of leasing liability	8.2	(3 857)	(2 929)	-	-
Acquisition of shares by non-controlling interest		12 993	-	-	-
Changes in bank overdraft with financing component		(1 924)	2 560	-	-
Dividend paid to non-controlling interest		(34 631)	(25 729)	-	-
Dividend paid		(8 285)	(5 803)	(8 285)	(5 803)
Net cash used in financing activities		(41 734)	(46 650)	(619)	(10 888)
Net increase in cash and cash equivalents		323 283	140 518	1 276	11 384
Cash and cash equivalents at 1 January		496 591	356 072	16 114	4 362
Net foreign exchange difference		-	1	-	368
Cash and cash equivalents at 31 December	26	819 874	496 591	17 390	16 114



Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2025

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 2025 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 2025 were authorised for issue in accordance with a resolution of the directors on 24 April 2026.

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 amendment to IAS 21 became effective for annual periods beginning on 1 January 2025:

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. This amendment did not have a material impact on the Group's financial statements.

2.2 Standards and Interpretations in issue, not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments;
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).



2. Adoption of new and revised IFRS Accounting standards (Continued)

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

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First - time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows. The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add 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 take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures. The Group does not expect that the amendments will have a material impact on its financial statements.

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. The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also 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, are 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. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21

In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position. An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts

2. Adoption of new and revised IFRS Accounting standards (Continued)

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

Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21 (continued)

of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures. The amendments also introduce certain additional disclosure requirements. The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted. The Group does not anticipate that the amendments will have a material effect on the Group's 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.

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.



3. Material accounting policies (Continued)

3.3 Basis of consolidation (Continued)

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 acquiree 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
- 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

3. Material accounting policies (Continued)

3.4 Business combinations (Continued)

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 assets. 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 arising 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 3.5 below.

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.



3. Material accounting policies (Continued)

3.5 Investments in associates and Joint Ventures (Continued)

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.

3.6 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.

3. Material accounting policies (Continued)

3.6 Non-current assets held for sale (Continued)

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 as 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.

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.



3. Material accounting policies (Continued)

3.7 Revenue recognition (Continued)

3.7.1 Provision of mobile telecommunication services (continued)

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.

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.

3. Material accounting policies (Continued)

3.7 Revenue recognition (Continued)

3.7.4 Fees and commissions (continued)

- 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 3.9 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 37.

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.

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.



3. Material accounting policies (Continued)

3.9 Leases (Continued)

3.9.1 The Group as lessee (continued)

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 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

3. Material accounting policies (Continued)

3.10 Foreign currencies (Continued)

- 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 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.



3. Material accounting policies (Continued)

3.12 Taxation (Continued)

3.12.2 Deferred tax (continued)

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.

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.

3. Material accounting policies (Continued)

3.13 Property, plant and equipment (Continued)

3.13.1 Recognition and measurement (continued)

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.

3.15.2 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:



3. Material accounting policies (Continued)

3.15 Intangible assets (Continued)

3.15.2 Internally-generated intangible assets – research and development expenditure (continued)

- 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 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. Material accounting policies (Continued)

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.

3.18.1 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.

3.18.2 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.

3.18.3 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),

3. Material accounting policies (Continued)

3.22 Financial assets (continued)

3.22.1 Classification and initial measurement of financial assets (continued)

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.

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) Financial assets at amortised cost (debt instruments)

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



3. Material accounting policies (Continued)

3.22 Financial assets (continued)

3.22.2 Subsequent measurement of financial assets (continued)

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.

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)

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 5.4.5.

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.

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.



3. Material accounting policies (Continued)

3.22 Financial assets (continued)

3.22.3 Impairment of financial assets (continued)

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:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- 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;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- 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 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

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 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 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.



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)

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.

Gross monetary claims on private sector and lending interest rates proved to be statistically significant in the macro-economic model. According to the estimated coefficients, the relationship between Economic PD and loans is negative while with interest rates is positive, as expected by economic theory. As such, the Group forecasted the future private sector and lending interest rates and calibrated NPL ratio accordingly which was incorporated in the calculation of the ECLs.

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 2025

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

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 2025 (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 in prime)
Best economic outlook of Prime in History	10	(16)	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	24	(2)	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.



3. Material accounting policies (Continued)

3.22 Financial assets (continued)

3.22.3 Impairment of financial assets (continued)

(vi) Forward-looking information (continued)

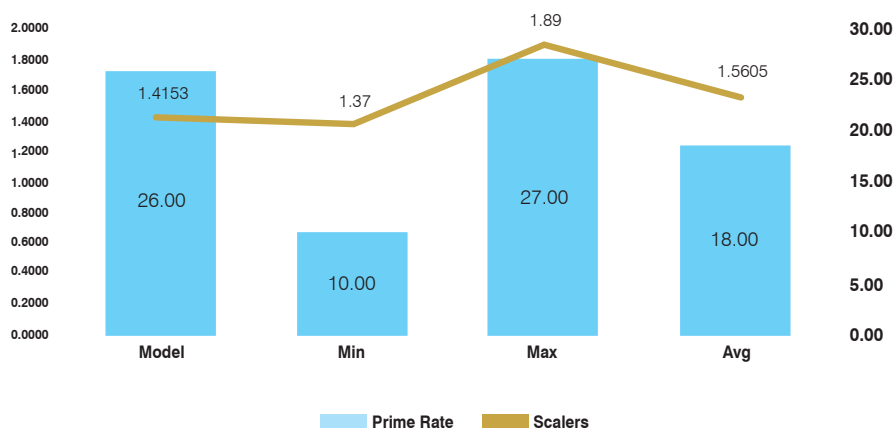
Sensitivity analysis as at 31 December 2025 (continued)

		Impact on provisions as at 31 December 2025	
		Estimates	Favourable Scenarios
Macro-economic scenarios	Change in Prime Rate	-16%	-14%
Impact	ECL	3.83%	3.88%
	Provision (K'm)	19 689	19 782
	Absolute Change	(1,868)	(1 580)
		Estimates	Stress Scenarios
Macro-economic scenarios	Change in Prime Rate	1.00%	49.33%
Impact	ECL	5.22%	5.28%
	Provision (K'm)	21 701	27 162
	Absolute Change	143 717	5 604
		Estimates	NO FLI OVERLAY
Macro-economic scenarios	Change in Prime Rate	None	None
Impact	ECL	4.19%	4.05%
	Provision (K'm)	21 557	20 264

Sensitivity analysis as at 31 December 2025

Scaler sensitivity analysis

Several macroeconomic factors were assessed for their impact on the Expected Credit Losses. Each different macroeconomic scenario was derived from the history going back to January 2014 that were sourced from the Reserve Bank of Malawi. One Macro-Economic factors made it to the final model, and the table and the graph below show the scalar sensitivity analysis and the potential impact should those variables take extreme values as once observed in the 10-year history.



3. Material accounting policies (Continued)

3.22 Financial assets (continued)

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.

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



3. Material accounting policies (Continued)

3.22 Financial assets (continued)

3.22.6 De-recognition of financial assets (continued)

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 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; or
- And has a recent actual pattern of short-term profit-taking; or

3. Material accounting policies (Continued)

3.23 Financial liabilities and equity (continued)

3.23.3 Financial liabilities (continued)

(ii) Subsequent measurement (continued)

- 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:

- 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 37) 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.



3. Material accounting policies (Continued)

3.23 Financial liabilities and equity (continued)

3.23.3 Financial liabilities (continued)

(ii) Subsequent measurement (continued)

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.

(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.

3.27.1 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 under 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.

3. Material accounting policies (Continued)

3.27 Insurance and reinsurance contracts classification (continued)

3.27.1 Separating components from insurance and reinsurance contracts (continued)

The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts 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.

3.27.2 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 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)

3.27.2.1 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. IFRS 17.18.

3.27.3 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



3. Material accounting policies (Continued)

3.27 Insurance and reinsurance contracts classification (continued)

3.27.3 Recognition (continued)

The Group recognises a group of reinsurance contracts held if 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.

3.27.4 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 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.

3.27.5 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 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 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

3. Material accounting policies (Continued)

3.27 Insurance and reinsurance contracts classification (continued)

3.27.5 Insurance contracts- initial measurement (continued)

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.

3.27.6 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.

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.

3.27.7 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:

	2025 K'm	2024 K'm
Opening balance as at 1 January	2 354	2 085
Change in insurance contract revenue	1 091	262
Change in amortised deferred acquisition cost	(159)	7
Closing balance as at 31 December	3,286	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



3. Material accounting policies (Continued)**3.27 Insurance and reinsurance contracts classification (continued)****3.27.7 Insurance contracts-subsequent measurement (continued)**

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).

3.27.8 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.

3.27.9 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 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.

3.27.10 Insurance service contract**3.27.10.1 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.

3. Material accounting policies (Continued)

3.27 Insurance and reinsurance contracts classification (continued)

3.27.10 Insurance service contract (continued)

3.27.10.1 Classification and measurement (continued)

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.

3.27.10.2 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 3.27.

3.27.10.3 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;



3. Material accounting policies (Continued)

3.27 Insurance and reinsurance contracts classification (continued)

3.27.10 Insurance service contract (continued)

3.27.10.3 Presentation and disclosure (continued)

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.

3.27.11 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 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:

	31 December 2025	31 December 2024
	K'm	K'm
Agriculture	1 226	960
Engineering	360	273
Fire	2 071	1,759
Liability	746	654
Marine	203	18
Miscellaneous	799 571	
Motor	7 729	5,857
Personal Accident	584	502
Transport	54	34
Total	13 772	10 628

3.27.11.1 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 3.27.5. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

3. Material accounting policies (Continued)

3.27 Insurance and reinsurance contracts classification (continued)

3.27.11 Insurance revenue (continued)

3.27.11.2 Loss-recovery components

As described in Note 3.27.5 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 insurance contracts held.

3.27.11.3 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.

3.27.11.4 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.

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(i).

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-



4 Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.1 Critical judgements in applying accounting policies (continued)

4.1.2 Establishing groups of assets with similar credit risk characteristics (continued)

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 3.22.3.

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, 7.2 and 12.1.

4.1.6 Classification of assets as held for sale

In the prior year 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.

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.

4 Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty (continued)

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 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 17.59(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.



4 Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty (continued)

4.2.4 Liability for remaining coverage (continued)

- (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 Bornheutter-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 17.117(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 17.117.

4.2.8 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 90th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 90th percentile confidence level less the mean of an estimated probability distribution of the future cash flows.

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 2025					
Financial assets					
Cash and cash equivalents	26	825 354	-	-	825 354
Trade and other receivables	18,23	75 473	-	-	75 473
Contract assets	35	1 161	-	-	1 161
Other insurance receivables	35	348	-	-	348
Investments in government securities and equity	19	939 349	48 156	48 532	1 036 037
Finance lease receivables	17	37 893	-	-	37 893
Loans and advances to customers	16	595 704	-	-	595 704
		2 475 282	48 156	48 532	2 571 970
Financial liabilities					
Bank overdraft	26	12 445	-	-	12 445
Loans and borrowings	29	43 528	-	-	43 528
Trade and other payables	32	199 890	-	-	199 890
Contract liabilities	35	9 814	-	-	9 814
Customer deposits	34	1 883 215	-	-	1 883 215
		2 148 892	-	-	2 148 892
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



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 2025					
Financial assets					
Cash and cash equivalents	26	22 870	-	-	22 870
Amounts due from related parties	22	1 890	-	-	1 890
Trade and other receivables	18,23	2 417	-	-	2 417
Investments in government securities and equity	19	-	-	40 495	40 495
		27 677	-	40 495	68 172
Financial liabilities					
Bank overdraft	26	5 480	-	-	5 480
Loans and borrowings	29	12 920	-	-	12 920
Trade and other payables	32	1 782	-	-	1 782
Amounts due to related parties	33	75	-	-	75
		20 257	-	-	20 257
At 31 December 2024					
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

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.

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.

5 Financial instruments (continued)

5.3 Risk management framework (continued)

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 2025 Akiba has made a loss after tax of K3,179m (2024: K3,944m). Performance is expected to turn around in 2026 following additional capital injection by the Group during the year as disclosed in Note 49.2.



5 Financial instruments (continued)

5.4 Credit risk

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	
	2025	2024	2025	2024
Gross maximum exposure				
Trade and other receivables	75 473	72 525	2 917	691
Contract assets	1 161	1 146	-	-
Other insurance receivables	348	109	-	-
Amounts due from related parties	-	-	1 890	1 668
Investments in government securities and equity	1 036 037	672 001	40 495	9 420
Loans and advances to customers	595 704	440 272	-	-
Finance lease receivables	37 893	34 629	-	-
Cash and cash equivalents	825 354	496 591	22 870	16 114
Total recognised financial instruments	2 571 970	1 717 273	68 172	27 893
Guarantees and performance bonds	2 417	3 925	2 417	3 925
Letters of credit	42 341	62 303	-	-
Total unrecognised financial instruments	44 758	66 228	2 417	3 925
Total credit exposure	2 616 728	1 783 501	70 589	31 818

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 K1 147 million (2024: K8 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 K29 376 million (2024: K19 830 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;

5 Financial instruments (continued)

5.4 Credit risk (continued)

5.4.2 Trade and other receivables and contract assets (continued)

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.

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.

2025 trade receivables – days past due

	Not past due	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Expected credit loss rate – ranges	0.2% to 1.2%	0.7% to 1.4%	1.1% to 2.2%	1.7% to 3.9%	2.3% to 8.6%	3.0 to 17.8%	
Estimated total gross carrying amount at default	4 883	2 502	434	362	290	632	9 103
Lifetime ECL	20	26	8	9	9	29	102

2024 trade receivables – days past due

	Not past due	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
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%	1.5% to 38.7%	
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



5 Financial instruments (continued)

5.4 Credit risk (continued)

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:

	Trade receivables and contract assets Lifetime ECL - not credit impaired		Other receivables Lifetime ECL	Total
	Collectively assessed	Individually assessed		
2025				
At the beginning of the year	718	-	1 666	2 384
Written off	(286)	-	156	(130)
Increase during the year	430	-	387	817
Recoveries during the year	-	-	(129)	(129)
Balance at end of the year	862	-	2 080	2 942
2024				
At the beginning of the year	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

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 K812,909 million as at 31 December 2025 (2024: K487,702 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.

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:

	2025	%	2024	%
Agriculture	84 962	14%	66 625	15%
Finance and insurance	14 390	2%	6 936	2%
Manufacturing	72 820	12%	30 968	7%
Personal accounts	164 601	28%	128 097	29%
Real estate	7 983	1%	7 899	2%
Transport and communication	23 696	4%	18 177	4%
Wholesale and retail	80 526	14%	61 278	14%
Mining and quarrying	3 040	1%	17 174	4%
Restaurants and hotels	56 273	9%	51 918	12%
Community and social services	26 690	4%	20 396	5%
Electricity, gas, water and energy	52 492	9%	22 487	5%
Construction	8 231	1%	8 318	2%
	595 704	100%	440 272	100%

The Group's exposure as at 31 December 2025 was at K595,704 million (2024: K440,272 million) with Non-Performing Loans (NPL) standing at 9.7% (2024: 16.33%).

NPL are loans that are overdue by over 90 days and falls under stage 3.

Extent of utilization of granted limit

The Group closed 2025 with utilised overdrafts of K70,818m (2024: K81,988m) against limits of K98,015m (2024: K108,435m) representing 72% (2024: 76%) 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	
	2025	2024
Grade 9: individually impaired	55 751	48 021
Grade 8: sub-standard	5 191	30 827
Grade 7: Watch list	21 676	17 391
Grade 4-6 Fair risk	29 914	237 703
Grade 1-3 Low risk	483 172	106 330
Gross amount	595 704	440 272
Impairment provision	(28 122)	(14 654)
Total carrying amount.	567 582	425 618

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 3.22.3. The table below shows expected credit losses per risk grade and related ECL stage.

	Gross Amount	Loss allowance	ECL stage
2025			
Grade 9: individually impaired	55 751	8 843	3
Grade 8: sub-standard	5 191	1 330	3
Grade 7: Watch list	21 676	3 808	2
Grade 4-6 Fair risk	483 172	13 435	1
Grade 1-3 Low risk	29 914	706	1
Total gross carrying amount	595 704	28 122	
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	

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.

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 K24 billion (2024: K15 billion) out of which K3.3 billion (2024: K11.6 billion) has been charged to the statement of comprehensive income and nil billion K20.8 billion (2024: K3.2 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:

	2025	2024
Group		
Against individually impaired		
Motor vehicles	22 441	2 857
Commercial property	97 131	25 237
Residential property	28 847	12 584
Equities	694	-
Treasury bills	618	-
Government guarantees	-	12 600
Cash	5 766	713
Total	155 497	53 991
Against the rest of the loan book		
Motor vehicles	89 221	40,185
Commercial property	268 824	184,742
Residential property	139 344	114,625
Cash	29 376	19,830
Equity	3 577	1,679
Treasury bills	-	4,327
Business chattels and stocks	-	946
Total	530 342	366 334
Grand total	685 839	420 325



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:

	2025	2024
At 31 December	45%	38%
Average for the period	37%	42%
Maximum for the period	48%	46%
Minimum for the period	31%	37%

5 Financial instruments (continued)

5.5 Liquidity risk (continued)

5.5.3 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:-

Group	Less than 1 month	1-3 months	3-12 months	2-5 years	Over 5 years	Total	Carrying amount
At 31 December 2025							
Bank overdraft	12 758	-	-	-	-	12 758	12 445
Loans and borrowings	-	4 549	2 344	45 870	10 769	63 532	43 528
Customer deposits	177 381	1 682 534	46 796	8 731	-	1 915 443	1 883 215
Trade and other payables	18 140	182 194	-	-	-	200 334	199 889
Contracts liabilities	-	9 814	-	-	-	9 814	9 814
Total financial liabilities	208 279	1 879 091	49 140	54 601	10 769	2 201 880	2 148 891
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
Company							
At 31 December 2025							
Bank overdraft	5 618	-	-	-	-	5 618	5 480
Loans and borrowings	-	-	1 044	15 635	-	16 679	12 920
Amounts due to related parties	75	-	-	-	-	75	75
Trade and other payables	1 782	-	-	-	-	1 782	8 920
Total financial liabilities	7 475	-	1 044	15 635	-	24 154	27 395
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

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)

Management of 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	
	2025	2024	2025	2024
Group				
United States Dollars (USD)	212 533	172 799	278 898	213 737
British Pound (GBP)	10 924	11 141	11 653	2 746
EURO	39 899	11 406	217	12 067
South African Rand (ZAR)	812	894	1 269	3 241
Tanzania shillings	13 970	99 503	83 067	81 393
Other currencies	-	10 848	115	49 143
Company				
United States Dollars (USD)	-	-	78	13 248

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 25% (2024: 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% (2024: 25%) change in foreign currency rates. A positive number below indicates an increase in profit before tax where the Malawi Kwacha strengthens 25% (2024: 25%) against the relevant currency. For a 25% (2024: 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	
	2025	2024	2025	2024
United States Dollars (USD)	16 591	10 235	20	3 312
British Pound (GBP)	182	2 099	-	-
EURO	9 921	165	-	-
South African Rand (ZAR)	114	587	-	-
Tanzania shillings	17 274	4 528	-	-

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.

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 1 year	Non- interest sensitive	Total
At 31 December 2025						
Financial assets						
Investments in government securities and equity	-	-	280 067	659 282	96 688	1 036 037
Cash and cash equivalents	375 253	450 101	-	-	-	825 354
Loans and advances to customers	11 200	24 829	143 881	387 672	-	567 582
Finance lease receivables	-	2 546	1 349	52 436	-	56 331
Trade and other receivables	-	-	-	1 147	74 326	75 473
Other insurance receivables	-	-	-	-	348	348
Contract assets	-	-	-	-	1 161	1 161
Total financial assets	386 453	477 476	425 297	1 100 537	172 523	2 562 286
Financial liabilities						
Bank overdraft	12 445	-	-	-	-	12 445
Loans and borrowings	-	4 331	2 037	37 160	-	43 528
Customer deposits	175 908	1 654 816	44 557	7 934	-	1 883 215
Trade and other payables	17 695	-	-	-	182 194	199 889
Contracts liabilities	-	-	-	-	9 814	9 814
Total financial liabilities	206 048	1 659 147	46 594	45 094	192 008	2 148 891
Interest sensitivity gap	180 405	(1 181 671)	406 825	1 055 443	(19 485)	441 517
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	50 935	291 315	-	425 618
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	310 561	707 017	104 782	1 702 619
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



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 1 year	Non- interest sensitive	Total
At 31 December 2025						
Financial assets						
Other investments	-	-	-	-	40 495	40 495
Cash and cash equivalents	802	22 068	-	-	-	22 870
Amounts due from related parties	-	-	-	-	1 890	1 890
Trade and other receivables	-	-	-	1 147	1 770	2 917
Total financial assets	802	22 068	-	1 147	44 155	68 172
Financial liabilities						
Bank overdraft	5 480	-	-	-	-	5 480
Loans and borrowings	-	-	907	12 013	-	12 920
Amounts due to related parties	-	-	-	-	75	75
Trade and other payables	-	-	-	-	1 782	1 782
Total financial liabilities	5 480	-	907	12 013	1 857	20 257
Interest sensitivity gap	(4 678)	22 068	(907)	(10 866)	42 298	47 915
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

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% (2024: 10%) movement on the interest rates. If the interest rates had gone up or down by 10% (2024: 10%) the Group's profit for the year ended 31 December 2025 would decrease/increase by K26 billion (2024: K13 billion) and for the Company by K3 billion (2024: K2 billion).

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 2025, the Group had the following financial assets that exposed it to equity price risk.

5 Financial instruments (continued)

5.6 Market risk (continued)

5.6.3 Other market price risk (continued)

	Group		Company	
	2025	2024	2025	2024
Financial asset				
Investment in subsidiaries	-	-	3 164 895	1 020 125
Other investment – equity	86 510	29 611	40 495	9 420
	86 510	29 611	3 205 390	1 029 545

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 2025, if the equity price had weakened/strengthened by 10% (2024: 10%) with all other variables held constant, the Group's performance for the year would have been higher/lower as follows:

	Group		Company	
	2025	2024	2025	2024
Financial asset				
Investment in subsidiaries	-	-	316 490	102 013
Other investment – equity	8 651	2 961	4 050	942
	8 651	2 961	320 539	102 955

The analysis is performed on the same basis for 2025 and 2024 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 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.



5 Financial instruments (continued)**5.6 Market risk (continued)****5.6.4 Insurance risk management (continued)****(iii) Reinsurance strategy (continued)**

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.

Gross Incurred Claims

Loss year	DEVELOPMENT YEAR									Actual incurred claims (Gross)
	0	1	2	3	4	5	6	7	Total	
	Km	Km	Km	Km	Km	Km	Km	Km	Km	Km
2017	1,003	1,550	308	203	92	71	31	16	3,274	3,052
2018	1,057	1,892	481	265	78	30	31	32	3,866	3,144
2019	1,137	1,807	527	234	59	353	75	-	4,192	3,334
2020	1,341	1,528	405	124	109	108	-	-	3,615	4,266
2021	1,204	1,613	253	259	133	-	-	-	-	3,077
2022	1,476	796	903	236	-	-	-	-	3,411	5,121
2023	1,011	1,853	513	-	-	-	-	-	3,377	7,532
2024	2,678	1,905	-	-	-	-	-	-	4,583	4,631
2025	3,978	-	-	-	-	-	-	-	3,978	5,290
Cumulative Claims paid	(3,868)	(3,970)	(3,433)	(3,517)	(4,753)	(4,989)	(5,089)	(33,075)	(3,868)	-
Gross cumulative net liabilities	(1,962)	(3,457)	(3,197)	(3,385)	(4,645)	(4,915)	(5,058)	(26,095)	(1,962)	-
Gross cumulative claims										
- Prior accident years		-	-	-	-	-	-	-	6,980	-
Effect of discounting		-	-	-	-	-	-	-	(75)	-
Effect of the risk adjustment for non-financial risk		-	-	-	-	-	-	-	475	-
Gross LIC for the contract originated		-	-	-	-	-	-	-	6,994	-



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**

Loss year	DEVELOPMENT YEAR								Total	Net claims incurred
	0	1	2	3	4	5	6	7		
	Km	Km	Km	Km	Km	Km	Km	Km	Km	Km
2017	730	1,198	336	123	56	40	21	14	2,518	2,925
2018	888	1,297	332	173	65	45	34	30	2,865	2,308
2019	1,030	1,355	395	260	60	217	76	-	3,392	2,622
2020	1,066	1,162	397	87	73	77	-	-	2,862	3,322
2021	994	1,313	203	198	90	-	-	-	2,798	3,393
2022	850	719	4592	05	-	-	-	-	2,233	3,048
2023	709	1,552	393	-	-	-	-	-	2,654	4,003
2024	1,538	1,587	-	-	-	-	-	-	3,125	5,787
2025	3,045	-	-	-	-	-	-	-	3,045	2,894
Cumulative claims paid	(2,742)	(2,972)	(2,758)	(2,804)	(2,677)	(3,846)	(3,456)	(4,170)	(25,427)	-
Net cumulative net liabilities	(347)	(1,052)	(2,496)	(2,558)	(2,731)	(2,460)	(3,808)	(3,442)	(18,896)	-
Net cumulative claims										
Prior accident years	-	-	-	-	-	-	-	-	6,530	-
Prior years adjustment	-	-	-	-	-	-	-	-	(1,227)	-
Effect of discounting	-	-	-	-	-	-	-	-	(114)	-
Effect of the risk adjustment for non-financial risk	-	-	-	-	-	-	-	-	378	-
Net LIC for the contract originated	-	-	-	-	-	-	-	-	5,568	-

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 2025 net reinsurance contracts by type of contracts:

Reinsurance contracts

	Reinsurance premium Paid K'm	Earned Commission income K'm	Net K'm	Reinsurance claim recoveries K'm	Reinsurance Credit losses K'm
Agriculture	(890)	172	(718)	202	(4)
Engineering	(233)	59	(174)	(2)	(1)
Fire	(1,516)	414	(1,102)	176	(7)
Liability	(188)	22	(166)	(10)	(3)
Marine	(126)	33	(93)	6	(1)
Miscellaneous	(419)	110	(309)	12	(3)
Motor	(558)	40	(518)	737	(26)
Personal Accident	(134)	38	(95)	123	(2)
Transport	(9)	2	(7)	33	-
Total	(4,073)	890	(3,182)	1,277	(47)



5 Financial instruments (continued)

5.6 Market risk (continued)

5.6.4 Insurance risk management (continued)

(v) Insurance and financial risk (continued)

The following tables show the concentration of net insurance contract liabilities by type of contracts

Net insurance liabilities

2025

	Insurance Liabilities K'm	Reinsurance assets K'm	Net K'm
Agriculture	5	(3)	2
Engineering	178	(92)	86
Fire	962	(658)	304
Liability	1,011	(145)	866
Marine	75	(31)	44
Miscellaneous	378	(130)	248
Motor	7,090	(654)	6,436
Personal Accident	436	(103)	333
Transport	146	(78)	68
Total	10,281	(1,894)	8,387
Insurance acquisition liability	543	(512)	31
Total	10,824	(2,406)	8,418

The Group has exposure to all major lines of insurance business with very limited exposure to specialised areas of insurance. This exposure is consistent with the market and the Company's re insurance policy limits the losses, if any on each of the insurance business lines. Below is the table showing the level of net exposure per class of business with Motor and liability being the highest at 94% and 83%. The Company had average net exposure risk of 74%.

	2025			2024		
	Premium K'm	Gross written Sum Insured K'm	Concentration K'm	Premium K'm	Gross written Sum Insured K'm	Concentration %
Fire	2,071	3,004,076	67%	1,759	2,782,214	74%
Motor	7,729	448,859	10%	5,857	284,016	8%
Accident	584	109,434	2%	502	56,680	2%
Engineering	360	576,200	13%	273	464,579	12%
Marine	203	80,923	2%	18	8,313	0%
Liability	746	119,101	3%	654	104,198	3%
Miscellaneous	799	80,495	2%	571	43,216	1%
Transport	54	11,599	0%	34	5,948	0%
Agriculture	1,226	37,582	1%	960	176	0%
Total	13,772	4,468,269	100%	10,628	3,749,340	100%

5 Financial instruments (continued)

5.7 Fair values measurements

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

5.7.1 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 2025					
Other investments – equity	19.4	86 510	-	-	86 510
Investment in unlisted investments	19.4	-	-	10 178	10 178
		86 510	-	10 178	96 688
At 31 December 2024					
Other investments – equity	19.4	29 611	-	-	29 611
Investment in KAMA Cooperative	19.4	-	-	1 399	1 399
		29 611	-	1 399	31 010
Company					
At 31 December 2025					
Other investments – equity	19	40 495	-	-	40 495
Investments in associates	15	-	-	89 361	89 361
Investments in joint ventures	14	-	-	38 024	38 024
Investments in subsidiaries	13	3 048 375	-	116 520	3 164 895
		3 088 870	-	243 905	3 332 775
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

5.7.2 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 asset	Fair value as at 2025	Fair value hierarchy 2024	Valuation technique(s) and key input(s)
Equity investments	86 510	29 611	Level 1 Stock market prices
Investment in unlisted investments	10 178	1 399	Level 3 Net asset values approach



5 Financial instruments (continued)**5.7 Fair values measurements (continued)****5.7.2 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
	2025	2024				
Investment in Sunbird Malawi Limited, National Bank of Malawi plc and Telekom Networks Malawi plc	3 086 729	951 566	Level 1	Stock market share prices.	N/A	N/A
Investment in Puma Malawi Limited	35 767	24 380	Level 3	<i>The Enterprise value to EBITDA ("EV/EBITDA") ratio:</i> 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.

5 Financial instruments (continued)**5.7 Fair values measurements (continued)****5.7.2 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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2025	2024				
PressCane Limited	30 462	20 925	Level 3	<i>Price to Earnings (Current) (PE)</i> 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 20%. - 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	24 393	20 543	Level 3	<i>5-year average Price to Book (P/B)</i> 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)

5.7.2 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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2025	2024				
Investment in Ethanol Company Limited	46 218	31 845	Level 3	<i>The Price Earnings Approach (3 years normalized earnings)</i> 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 25%. - 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	85 829	70 334	Level 3	<i>The Enterprise value to EBITDA ("EV/EBITDA") ratio</i> 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.

5 Financial instruments (continued)

5.7 Fair values measurements (continued)

5.7.2 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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2025	2024				
Investment in LifeCo Holdings Limited.	3 532	2 988	Level 3	<i>Discounted Cashflow Approach:</i> 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	Level 3	<i>Price to Book Approach</i> 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	2 257	3 016	Level 3	<i>The Price Earnings (PE) Approach</i> 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.



5 Financial instruments (continued)

5.6 Market risk (continued)

5.7.2 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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2025	2024				
The Foods Company Limited	2 143	4 666	Level 3	<i>Net asset value</i> The method measures the equity holder's claim on the residual assets after paying off the company's liabilities.	Indicative transaction price.	The company applies judgment to ensure the valuation reflects the best information available at the measurement date.
Fortesa International Inc	876	-	Level 3	<i>Cost valuation</i> Press Corporation PLC (PCL) entered into a revenue-sharing agreement with Fortesa as part of its investment in hydrocarbon exploration and production. PCL made payments of USD260,000 in 2024 and USD250,000 in 2025, representing the acquisition of ten ownership units, bringing the total investment to USD510,000 (equivalent to MK876m at an exchange rate of MK1,716.7/USD). Given the recency of the transaction, the fact that spudding is yet to commence, and the inclusion of a contractual clause guaranteeing recovery of the investment should oil revenues underperform, the investment has been carried at cost as at 31 December 2025.	Transaction price	The company applies judgment to ensure the valuation reflects the best information available at the measurement date.
Liberia Merchant Capital	865	-	Level 3	<i>Cost valuation</i> Press Corporation PLC (PCL) invested USD504,000 to acquire a 10% equity stake in LMC. Given that operations are still at an early stage and the company is yet to fully scale up, there are no sufficient financials to support an earnings-based valuation. Accordingly, the investment has been valued at cost as at 31 December 2025.	Transaction price	The company applied judgment to ensure the valuation reflects the best information available at the measurement date
M Power Limited	400		Level 3	<i>Cost valuation</i> The business remains in its setup and exploratory phase, focusing on identifying potential mineral resources in northern Malawi. Given its early stage and limited financial information, the investment has been valued at cost as at 31 December 2025	Transaction price	The company applied judgment to ensure the valuation reflects the best information available at the measurement date.
Press Energy Company Limited	13 304		Level 3	<i>Cost valuation</i> The MK13.30b as at 31 December 2025 based on the current transaction price. This represents the total capital provided as reflected in the December 2025	Transaction price	The company applied judgment to ensure the valuation reflects the best information available at the measurement date.

5 Financial instruments (continued)

5.7 Fair values measurements (continued)

5.7.3 Equity value sensitivity analysis

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 2025, if the fair value had weakened/strengthened by 10% (2024: 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
	2025		2024	
Unlisted equity investments:				
Puma Malawi Limited	35 767	3 577	24 380	2 438
Presscane Limited	30 462	3 046	20 925	2 093
Press Properties Limited	24 393	2 439	20 543	2 054
Ethanol Company Limited	46 218	4 622	31 845	3 185
Limbe Leaf Tobacco Company Limited	85 829	8 583	70 334	7 033
LifeCo Holdings Limited	3 532	714	2 988	299
Open Connect Limited	-	-	1 462	146
Macsteel (Malawi) Limited	2 257	226	3 016	302
The Foods Company Limited	2 143	214	4 666	467
Fortesa International Inc	876	88	-	-
Liberia Merchant Capital	865	87	-	-
M Power Limited	400	40	-	-
Press Energy Company Limited	13 304	1 330	-	-
Total	249 649	24 965	180 159	18 016

The analysis is performed on the same basis for 2025 and 2024 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.



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 and solar energy generation.
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, Tanzania, Liberia and Senegal. However geographical segment presentation has not been made since the Tanzania, Liberia and Senegal business segments are 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-communications	Energy	All other segments	Total	Adjustments and eliminations*	Consolidated
2025							
Revenue							
External revenues	510 054	226 750	83 382	3 361	823 547	-	823 547
Inter-segment revenue	1 380	4 533	-	558	6 471	(6 471)	-
Segment revenue	511 434	231 283	83 382	3 919	830 018	(6 471)	823 547
Segment operating profit	321 648	52 869	31 124	47 116	452 757	(44 730)	408 027
Segment interest income	-	461	1 357	2 448	4 266	180	4 446
Segment interest expense	(2 015)	(19 103)	(407)	(3 775)	(25 300)	1 875	(23 425)
Segment income tax expenses	(121 663)	(12 228)	(12 860)	(4 261)	(151 012)	-	(151 012)
Segment profit for the year	197 970	21 999	19 214	41 528	280 711	(19 673)	261 038
Depreciation and amortisation	12 426	20 701	1 612	602	35 341	(139)	35 202
Segment assets	2 494 803	277 073	107 346	3 412 763	6 291 985	(3 229 046)	3 062 938
Segment liabilities	2 081 170	171 081	36 317	29 819	2 318 384	(44 013)	2 274 370
Capital additions	17 458	31 316	23 131	440	72 345	-	72 345
2024							
Revenue							
External revenues	335 295	163 347	58 957	2 034	559 633	-	559 633
Inter-segment revenue	1 817	5 477	-	558	7 852	(7 852)	-
Segment revenue	337 112	168 824	58 957	2 592	567 485	(7 852)	559 633
Segment operating profit	169 421	31 434	21 664	25 513	248 032	(35 318)	212 714
Segment interest income	-	415	770	1 992	3 177	343	3 520
Segment interest expense	(2 274)	(15 478)	(130)	(5 499)	(23 381)	1 819	(21 562)
Segment income tax expenses	(65 437)	(5 282)	(7 015)	(3 379)	(81 113)	-	(81 113)
Segment profit for the year	101 710	11 089	15 289	18 627	146 715	(20 366)	126 349
Depreciation and amortisation	10 228	19 469	1 267	639	31 603	(187)	31 416
Segment assets	1 730 204	242 788	60 727	1 200 971	3 230 300	(1 064 797)	2 165 503
Segment liabilities	1 459 531	189 800	16 785	13 903	1 680 019	(33 523)	1 646 496
Capital additions	25 610	47 134	12 342	173	85 259	-	85 259

*Adjustments/eliminations have been presented in prior year to align with 2025 note disclosure to the financial statements.



6. Operating segments (continued)**6.5 Reconciliations of information on reportable segments to IFRS measures**

	2025	2024
Revenues		
Total revenues for reportable segments	830 018	567 485
Elimination of inter-segment revenue	(6 471)	(7 852)
Consolidated revenue	823 547	559 633
Depreciation and amortisation		
Total depreciation and amortisation for reportable segments	35 341	31 603
Elimination of inter-segment depreciation	(139)	(187)
Consolidated depreciation and amortisation	35 202	31 416
Profit		
Total profit for reportable segments	280 711	146 715
Elimination of dividend income from Group companies	(42 675)	(33 329)
Share of profit of equity accounted investees	21 970	12 672
Impairment reversal of equity accounted investees	(1 180)	118
Profit from increase in controlling interest from associates	2 212	173
Consolidated profit	261 038	126 349
Assets		
Total assets for reportable segments	6 291 984	3 234 690
Eliminated on increase in controlling interest	-	(1 854)
Inter-segment eliminations	(44 013)	(33 523)
Elimination of fair value relating to equity accounted investees	(18 958)	(9 723)
Impairment of equity accounted investees	(1 180)	118
Goodwill arising on increase in controlling interest	-	310
Elimination of investment in subsidiaries	(3 164 895)	(1 024 515)
Consolidated total assets	3 062 938	2 165 503
Liabilities		
Total assets for reportable segments	2 318 383	1 680 019
Inter-segment eliminations	(44 013)	(33 523)
Consolidated total liabilities	2 274 370	1 646 496

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 2025	80 983	11 296	195 068	13 290	59	41 113	341 809
Additions	6 821	676	23 473	3 746	-	26 716	61 432
Disposals	(2 417)	(41)	(890)	(635)	-	-	(3 983)
Transfers between classes	(636)	-	12 566	-	7	(11 937)	-
Reclassified to intangibles (note 11)	-	-	-	-	-	(6 863)	(6 863)
Reclassified to Investment Properties (note 12)	-	-	-	-	-	(230)	(230)
Reclassified to Investments (note 13)	(952)	-	-	-	-	-	(952)
Write-off	(397)	-	(95)	-	-	-	(492)
Revaluation increase	14 806	-	-	-	-	-	14 806
Balance at 31 December 2025	98 208	11 931	230 122	16 401	66	48 799	405 527
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
Accumulated depreciation and impairment							
Balance at 1 January 2025	8 273	8 137	105 364	4 476	28	-	126 278
Depreciation expense	4 828	474	17 039	2 380	8	-	24 729
Transfers between classes	(37)	-	37	-	-	-	-
Eliminated on revaluation	(1 897)	-	-	-	-	-	(1 897)
Write-off	(397)	-	(93)	-	-	-	(490)
Eliminated on disposal of assets	(2 420)	(38)	(625)	(398)	-	-	(3 481)
Balance at 31 December 2025	8 350	8 573	121 722	6 458	36	-	145 139
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
Carrying amounts							
At 31 December 2025	89 858	3 358	108 400	9 943	30	48 799	260 388
At 31 December 2024	72 710	3 159	89 704	8 814	31	56 518	215 531



7 Property, plant and equipment (continued)

Company

Cost or valuation

Balance at 1 January 2025

Additions

Revaluation increase

Reclassified to Investments (note 13)

Disposals

Balance at 31 December 2025

Balance at 1 January 2024

Additions

Revaluation increase

Disposals

Balance at 31 December 2024

Accumulated depreciation

Balance at 1 January 2025

Depreciation expense

Eliminated on disposal of assets

Balance at 31 December 2025

Balance at 1 January 2024

Depreciation expense

Eliminated on disposal of assets

Balance at 31 December 2024

Carrying amounts

At 31 December 2025

At 31 December 2024

Land and building	Furniture and equipment	Motor vehicle	Total
2 376	794	689	3 859
-	79	-	79
213	-	-	213
(951)	-	-	(951)
-	(3)	-	(3)
1 638	870	689	3 197
2 163	688	689	3 540
14	110	-	124
199	-	-	199
-	(4)	-	(4)
2 376	794	689	3 859
-	603	336	939
-	73	152	225
-	(2)	-	(2)
-	674	488	1 162
-	558	184	742
-	46	152	198
-	(1)	-	(1)
-	603	336	939
1 638	198	201	2 035
2 376	191	353	2 920

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 for the Bank were fair valued as at 31 December 2025 and 31 December 2024 by Bernard Mughogho, (Est. Mgt) MSIM of Knight Frank, qualified independent valuer on a current market value basis. Out of the K12,837 (2024: K9,336m) the Group's gross revaluation surplus, K194m (2024: K153m) 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 K12,643m (2024:K9,183m) was credited to the revaluation reserve through the statement of other comprehensive income.

Land and buildings for The Foods Company Limited (TFCL) were fair valued as at 31 December 2025 was carried out by Daniel Chiwamila, MBA, BSc, Post grad Certs. Val, MSIM Valuation Surveyor of Press Properties Limited. 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 MK430m (2024: nil m) was credited to the revaluation reserve through the statement of other comprehensive income.

Land and buildings for Ethanol Company Limited were fair valued as at 31 December 2025 was carried out by Daniel Chiwamila, MBA, BSc, Post grad Certs. Val, MSIM Valuation Surveyor of Press Properties Limited. 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 MK826m (2024: MK66 m) was credited to the revaluation reserve through the statement of other comprehensive income and depreciation reversal of MK486m.(2024:MK81m) was recognised.

Land and buildings for Presscane Limited were fair valued as at 31 December 2025 was carried out by Daniel Chiwamila, MBA, BSc, Post grad Certs. Val, MSIM Valuation Surveyor of Press Properties Limited. 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 MK948m (2024: nil m) was credited to the revaluation reserve through the statement of other comprehensive income and depreciation reversal of MK217m (2024: nil) was recognised.

Fair valuation of land and building for TNM was carried out in the current year ended 31 December 2025. Fair valued as at 31 December 2024 was carried by Rhemont Ngwira, MSIM, MSc. Project Mngt.; BSc (Hons) Property Mngt; Dip. (Real Estate); Robert Mazoe, MSIM, MBA (Project Mngt.); BSc. Land Economy of MPICO plc. Valuations were carried out based on the basis of open market value. A gross revaluation surplus of MK685m was credited to the revaluation reserve through the statement of other comprehensive income and MK59m depreciation was reversed on revaluation in 2025.

Land and buildings relating to Press Corporation plc were fair valued as at 31 December 2025 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 MK213m (2024: MK199 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
	31/12/2025	31/12/2024	
Land and buildings	89 858	72 710	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;

	2025	2024
Group's land and buildings	5 530	11 241
Company's land and buildings	832	1 570



7 Property, plant and equipment (continued)

7.3 Assets pledged as security

The Group's assets with a carrying amount of approximately K6 billion (2024: K107 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 K3.46 billion (2024: K12.65 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 2025	12 228	25 479	37 706
Additions	433	-	433
Disposals	(2 697)	-	(2 697)
Transfer from accumulated depreciation	212	-	212
Remeasurement	(128)	-	(128)
Balance at 31 December 2025	10 048	25 479	35 526
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
Depreciation			
Balance at 1 January 2025	5 230	5 741	10 971
Charge for the year	2 660	1 436	4 096
Disposals	(2 697)	-	(2 697)
Transfer from accumulated depreciation	212	-	212
Remeasurement	(5)	-	(5)
Balance at 31 December 2025	5 400	7 177	12 577
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
Carrying amounts			
At 31 December 2025	4 647	18 302	22 949
At 31 December 2024	6 997	19 738	26 735

The company did not have right of use assets recognised in its statement of financial position for the year ended 31 December 2025 (2024: nil).

8 Leases (Group as a lessee) (continued)**8.2 Lease liabilities**

	Group	
	2025	2024
Non-Current	4 799	6 738
Current	2 414	2 361
At 31 December	7 213	9 099

Movement in lease liabilities during the year was as follows:

As at 1 January	9 099	5 408
Addition	1 843	4 346
Interest on lease	2 276	2 787
Remeasurement	128	-
Interest paid	(2 276)	(513)
Principal repayment	(3 857)	(2 929)
At 31 December	7 213	9 099

Maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Group	
	2025	2024
2024	-	3 085
2025	2 841	2 841
2026	2 508	2 508
2027	1 590	1 590
2028	1 580	1 580
2029	1 685	1 685
2030	1 827	1 827
2031 onwards	139	139
Total	12 170	15 255

8.3 Amounts recognised in the statement of profit or loss

Depreciation expense on right-of-use assets	5 162	4 996
Interest expense on lease liabilities	2 276	2 787
Expense relating to short-term leases	141	106

The Group and the company had total payments relating to lease liability amounting to K3.9 billion and nil (2024: K2.9 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 2025 (2024: nil).



9 Biological assets

9.1 Reconciliation of carrying amount of biological assets

Group

2025

Balance at 1 January

Increase due to birth

Increase in fair value

Balance at 31 December

Non-current biological assets

Current biological assets

Balance at 31 December

2024

Balance at 1 January

Increase due to birth

Decrease due to sales

Decrease due to death

Increase in fair value

Balance at 31 December

Non-current biological assets

Current biological assets

Balance at 31 December

	Fish stock	Growing Cane	Total
	263	507	770
	170	-	170
	267	299	566
	700	806	1 506
	242	-	242
	458	806	1 264
	700	806	1 506
	195	376	571
	95	-	95
	(65)	-	(65)
	(5)	-	(5)
	43	131	174
	263	507	770
	185	-	185
	78	507	585
	263	507	770

As at 31 December 2025, fish stock comprised of 34.7 tons of fish (2024: 4.5 tons) and 3.2 tons of fingerlings (2024: 2.6 tons). During 2025, the Group sold 31.9 tons of fish (2024: 13.7 tons).

One of the Group's subsidiaries, Presscane Limited invested in Chisanja Cane Growers 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 2025, the cane growth was estimated at 50% (2024: 20%) with a harvest area of 89 hectares (2024: 89 hectares) and estimated harvest tonnage of 85 (2024: 80 tonnage). The estimated sucrose content is 12.29% (2024: 13.0%)

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.
- 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.

9 Biological assets (continued)

9.2 Measurement of fair values (continued)

Assumptions

- Average weight per fish – Average harvest weight achieved during the year is used as basis for calculating biomass.
- Mortality is assumed at 25% (2024: 25%) for cages and 30% (2024: 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
	31/12/2025	31/12/2024	
Fish stocks	699	263	Level 3

The following table provides a sensitivity analysis the effect on the fair value of fish stocks as at 31 December 2025 of reasonably possible changes in unobservable inputs:

Unobservable input	Change	Impact on fair value (decrease)	Impact on fair value
Average Selling Price	+/- 5%	+35	(35)
Mortality Rate	+/- 5%	(28)	+28
Projected Harvest Weight	+/- 5%	+35	(35)
Cost to Harvest	+/- 5%	(17)	+17

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 (2024: 89 hectares), estimated yield of 85 tons (2024: 80 tons), estimated sucrose content of 12.29% (2024: 13.0%) and cane growth percentage of 50% (2024: 20%) at 31 December 2025.

	Fair value as at		Fair value hierarchy
	31/12/2025	31/12/2024	
Growing cane	806	507	Level 3

If the sucrose content was to increase by 10%, the biological assets would be at K924.5 million (2024: K557.1 million) and if it was to decrease by 10%, the biological assets would be K687.1 million (2024: K455.8 million).

Estimated yield drops from year to year as sugarcane is being harvested hence at lifespan of 7 years sugarcane is all uprooted and planted again.

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



9 Biological assets (continued)

9.3 Financial risk management strategies related to agricultural activities (continued)

Supply, demand and commodity risks (continued)

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.

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

At the beginning of the year
Acquired on business combination (note 13)
At the end of the year

2025	2024
5 545	4 547
-	998
5 545	5 545

On 1 January 2024, National Bank of Malawi plc 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.

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
United General Insurance Company Limited
Corporate banking division

588	588
998	998
3 959	3 959
5 545	5 545

TNM Enterprise Business services unit

The group determined the recoverable amount of the cash generating unit (Enterprise Business Services Unit) to be MK81.6 billion (2024: MK35.0 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 2024 and projections covering a 4-year period from 2026) discounted at a pre-tax discount rate of 24.8% (2024: 26.1%).

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 10% 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 2025.

10 Goodwill (continued)

10.1 Impairment testing for cash generating units containing goodwill (continued)

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.

On 1 January 2024, National Bank of Malawi plc 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 K2,796m and the goodwill on acquisition date was K688m. In 2025, upon all shareholders exercising their rights, NBM's shareholding in UGI marginally declined from 57% to 55%.

Annual test for impairment Corporate Banking Division

The Group determined the recoverable amount of the Cash Generating Unit (CBD) to be K64,037m (2024: K79,909m) 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 2026 and projections covering a 4-year period from 2027), discounted at a weighted average cost of capital of 39.2% (2024: 32.22%).

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.

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 K6,548m (2024: K5,247m). As such, in accordance with IAS 36 Impairment of Assets, NBM determined that the goodwill was not impaired as at 31 December 2025.

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 2025 and determined that the goodwill was not impaired.



11 Intangible assets

Group

Cost

2025

Balance at 1 January 2025

Transfer from PPE (note 7)

Additions

Balance at 31 December 2025

2024

Balance at 1 January 2024

Transfer to PPE (note 7)

Transfer between classes

Write-off*

Acquisitions through business combinations

Additions

Balance at 31 December 2024

Accumulated amortisation

2025

Balance at 1 January 2025

Amortisation expense

Balance at 31 December 2025

2024

Balance at 1 January 2024

Write-off

Amortisation expense

Balance at 31 December 2024

Carrying amounts

At 31 December 2025

At 31 December 2024

Computer software	Work in Progress	Patents and trade marks	Total
44 077	9 641	7 004	60 722
6 863	-	-	6 863
785	9 575	-	10 360
51 725	19 216	7 004	77 945
40 691	5 216	1 648	47 555
(251)	-	-	(251)
3 937	(3 937)	-	-
(1 076)	-	(1 648)	(2 724)
422	-	-	422
354	8 362	7 004	15 720
44 077	9 641	7 004	60 722
28 769	-	292	29 061
4 595	-	700	5 295
33 364	-	992	34 356
25 444	-	1 552	26 996
(763)	-	(1 648)	(2 411)
4 088	-	388	4 476
28 769	-	292	29 061
18 361	19 216	6 012	43 589
15 308	9 641	6 712	31 661

*Write off in the prior 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).

11 Intangible assets (continued)**Company**

	Computer software	
	2025	2024
Cost		
Balance at 1 January	365	365
Additions during the year	-	-
Balance at 31 December	365	365
Accumulated amortisation		
Balance at 1 January	189	169
Amortisation charge for the year	18	20
Balance at 31 December	207	189
Carrying amounts	158	176

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 2025	12 599	8 974	991	1	22 565
Additions during the year	74	-	955	-	1 029
Disposals	-	-	(52)	-	(52)
Transfer from PPE (note 7)	230	-	-	-	230
Gain on property revaluation	4 852	1 834	274	-	6 960
Balance at 31 December 2025	17 755	10 808	2 168	1	30 732
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
Company	Freehold land and buildings				
	2025	2024			
Valuation					
Balance at 1 January	627	570			
Gain on property revaluation	38	57			
Balance at 31 December	665	627			

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.



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 2025 (also for 2024) and Precious Chisi Bsc (Edu) Cert (P/Mgmt) MSC (Real Estates) a chartered valuation surveyor with Perfect Property Solution at 31 December 2025 (also for 2024) and Atusaye Kanyenda, MBA (Inst. & Corp. Gov.), BSc (Land Economy) registered and licenced valuation surveyor, MSIM 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 2025 are as follows:

	Fair value as at		Fair value hierarchy
	31/12/2025	31/12/2024	
Investment properties	30 732	22 565	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 452 million (2024: K1 120 million). Direct operating expenses which generated rental during period were K134 million (2024: K95 million).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2025 are as follows:

	2025	2024
2024	-	303
2025	362	-
	362	303

13 Investments in subsidiaries

13.1 Details of the Group's subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2025	2024
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
Telekom Networks Malawi plc (TNM)	Information and Communication	Livingstone towers, Blantyre	45.21	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
Press Energy Limited	Solar energy generation	PCL House, Blantyre	100.0	-
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 45.21% (2024: 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.

*Malawi Telecommunications was a subsidiary of Press Corporation plc until end of September 2025 when it was sold off.

13.2 Reconciliation of carrying amount

	Company	
	2025	2024
Balance at 1 January	1 020 125	652 627
Capitalisation*	32 777	2 664
Increase in fair value **	2 111 993	364 834
Balance at 31 December	3 164 895	1 020 125

*In the current year the company injected capital of MK16.5 billion, K302.3 million and K2.62 billion in Telekom Networks Malawi plc, Press Properties Limited, and the Foods Company Limited respectively. Furthermore, the company has a 100 % equity investment of K13.3 billion in its new subsidiary Press Energy Limited. In the prior year the company made an equity injection of MK 2.7 billion to The Foods Company Limited.

**Comparative figures have been updated to align with the consolidated statement of profit or loss and other comprehensive income.



13 Investments in subsidiaries

13.3 Analysis of carrying amount

The carrying amount of PCL's share in the subsidiaries shown above is analysed as follows:

	2025		2024	
	Fair value (PCL Share)	Dividend received	Fair value (PCL Share)	Dividend received
National Bank of Malawi plc	2 884 232	32 255	832 445	25 746
Press Properties Limited	24 393	51	20 543	41
Malawi Pharmacies Ltd	-	-	-	-
The Foods Company Limited	2 143	-	4 666	-
Ethanol Company Limited	46 218	2 795	31 845	1 996
Presscane Limited	30 462	1 433	20 925	401
Telekom Networks Malawi plc	164 143	1 044	109 701	-
Press Energy Limited	13 304	-	-	-
	3 164 895	37 578	1 020 125	28,184

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 2025 and 31 December 2024. The valuation methods used for the unlisted investments were as follows as disclosed in note 5.7;

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
Press Energy Limited	Cost valuation

13.4 Acquisition of a subsidiary

In the prior year, one 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 K' m	Consideration transferred
United General Insurance Company Limited	General Insurance	1 January 2024	57%	3 005

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 prior 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.



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	
	2025	2024	2025	2024	2025	2024	2025	2024
Non-current assets	1 205 646	809 030	147 561	133 071	25 960	18 421	41 822	25 786
Current assets	1 289 157	921 175	129 511	82 491	15 994	11 128	9 938	5 392
Non-current liabilities	25 368	17 497	17 372	27 450	795	495	10 316	4 483
Current liabilities	2 055 802	1 442 033	153 708	133 686	10 421	6 342	14 575	5 465
Equity attributable to owners of the Company	212 980	139 370	47 919	23 795	20 287	14 990	13 461	10 636
Non-controlling interests	200 653	131 305	58 073	30 631	10 451	7 722	13 408	10 594
Revenue	511 434	337 112	226 317	161 137	39 819	30 212	43 564	28 745
Profit for the year	197 969	101 710	21 263	10 030	11 246	9 101	7 850	6 188
Other comprehensive income	7 668	22 273	3 072	486	982	136	699	-
Total comprehensive income	205 637	123 983	24 335	10 516	12 228	9 237	8 549	6 188
Non-controlling interest share	48.51%	48.51%	54.79%	56.28%	34.00%	34.00%	49.90%	49.90%
Profit attributable to owners of the Company	101 934	52 370	9 613	4 385	7 422	6 007	3 933	3 100
Profit attributable to non-controlling interests	96 035	49 340	11 650	5 645	3 824	3 094	3 917	3 088
Other comprehensive income attributable to owners of the Company	3 949	11 468	1 389	212	648	90	350	-
Other comprehensive income attributable to non-controlling interests	3 719	10 805	1 683	274	334	46	349	-
Total comprehensive income attributable to owners of the Company	105 883	63 839	11 002	4 598	8 070	6 096	4 283	3 100
Total comprehensive income attributable to non-controlling interests	99 754	60 144	13 333	5 918	4 158	3 141	4 266	3 088
Dividends paid to non-controlling interests	30 405	24 255	1 265	-	1 428	1 020	1 452	409
Net cash inflow from operating activities	837 389	494 339	64 133	59 996	14 571	10 735	12 028	6 423
Net cash outflow from investing activities	(412 728)	(350 909)	(30 863)	(32 795)	(5 990)	(4 813)	(14 443)	(7 041)
Net cash outflow from financing activities	(64 589)	(54 368)	3 215	(12 157)	(4 200)	(3 000)	5 476	(2 305)
Net cash inflow/(outflow)	360 072	89 062	36 485	15 044	4 381	2 922	3 061	(2 923)

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	
			2025	2024
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		Company	
	2025	2024	2025	2024
At the beginning of the year	23 728	20 449	27 396	21 165
Increase in fair value recognised in other comprehensive income	-	-	10 628	6 231
Impairment loss	(1 130)	(999)	-	-
Group's share of profits	9 788	8 772	-	-
Group's share of other comprehensive income	(442)	-	-	-
Dividend received	-	(4 052)	-	-
At end of the year	32 386	23 728	38 024	27,396

14.3 Analysis of carrying amount

The carrying amount of joint ventures shown above is analysed as follows:

	Group		Company	
	2025	2024	2025	2024
Puma Energy Malawi Limited	30 129	20 712	35 767	24 380
Macsteel (Malawi) Limited	2 257	3 016	2 257	3 016
Total	32 386	23 728	38 024	27 396

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 2025 and 31 December 2024.



14. Investments in joint ventures (continued)**14.3 Analysis of carrying amount (continued)**

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's interest in joint ventures recognised in the consolidated financial statements:

	Puma		Macsteel	
	2025	2024	2025	2024
Non-current assets	73 711	57 843	5 756	5 971
Current assets	56 758	45 032	19 627	18 271
Non-current liabilities	(9 305)	(9 358)	(796)	(1 059)
Current liabilities	(60 907)	(52 094)	(14 990)	(14 328)
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	37 314	27 393	8 882	4 948
Revenue	472 560	398 626	13 038	16 882
Profit for the year	18 822	16 555	805	1 175
Other comprehensive income for the year	-	(2 469)	-	816
Total comprehensive income for the year	18 822	14 087	805	1 991
Dividends received from the joint ventures during the year	-	4 052	-	-
The above profit for the year includes the following:				
Depreciation and amortisation	4 987	4 109	234	207
Interest income	3 063	1 391	1,592	21
Interest expenses	-	-	1,121	788
Foreign exchange loss/(gain)	2 471	5	(1 498)	(668)
Income tax expenses	10 459	7 220	(480)	426

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		Macsteel	
	2025	2024	2025	2024
Net assets of the joint venture	60 258	41 423	9 597	8 855
Proportion of the Group's ownership interest in the joint venture	50%	50%	50%	50%
Impairment loss	-	-	(2 542)	(1 412)
Carrying amount of the Group's interest in the joint venture	30 129	20 712	2 257	3 016

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	
			2025	2024
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

15 Investment in associates (continued)

15.1 Details of the Group's associates (continued)

LLTC is an associate company in which the Group has a 41.99% ownership interest. The company is principally engaged in tobacco processing and merchandising. LLTC is not publicly listed.

Open Connect Limited (OCL) nature of business is provision of wholesale data connectivity and services. The Group owns 22.01% shareholding.

LifeCo Holdings Limited is an associate company in which the group owns 49.5% shareholding. The nature of the company's business is life insurance, pension administration and asset management.

In the consolidated financial statements, the associates were equity accounted whereas in separate financial statements, they are measured at fair value.

15.2 Reconciliation of carrying amount

	Group		Company	
	2025	2024	2025	2024
At the beginning of the year	73 162	52 592	74 784	52 651
Share of profits	12 182	3 900	-	-
Group's share of other comprehensive (loss)/income	(5 765)	18 480	-	-
Addition	-	-	-	-
Dividend received	(5 096)	(1 073)	-	-
Impairment (loss)/reversal	(50)	1 117	-	-
Disposal	-	(1 854)	-	-
Increase in fair value recognised in other comprehensive income	-	-	14 577	22 133
At end of the year	74 434	73 162	89 361	74 784

15.3 Analysis of carrying amount

The carrying amount of associates shown above is analysed as follows:

	Group		Company	
	2025	2024	2025	2024
Open Connect Limited (OCL)	-	1 462	-	1 462
Limbe Leaf Tobacco Company Limited (LLTC)	72 078	70 334	85 829	70 334
LifeCo Holdings Limited (LifeCo)	2 355	1 366	3 532	2 988
Total	74 433	73 162	89 361	74 784

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 2025 and 31 December 2024.



15 Investment in associates (continued)**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's interest in associates recognised in the consolidated financial statements:

	LLTC		LifeCo		OCL	
	2025	2024	2025	2024	2025	2024
Non-current assets	103 491	105 471	6 217	7 297	30 354	31 774
Current assets	171 723	134 317	52 971	17 208	3 516	3 701
Non-current liabilities	(6 491)	(5 157)	(10 411)	(7 500)	(20 874)	(19 972)
Current liabilities	(97 067)	(66 393)	(44 019)	(14 244)	(10 148)	(7 642)
Revenue for the year	304 474	273 359	9 051	3 934	3 713	3 536
Profit/(loss) for the year	29 337	12 682	2 077	769	(3 822)	(7 010)
Other comprehensive income for the year	(13 728)	2 036	-	-	-	-
Total comprehensive income for the year	15 609	44 011	2 077	769	(3 822)	(7 010)
Dividends received from associates during the year	5 097	1 073	-	-	-	-

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	
	2025	2024	2025	2024	2025	2024
Net assets of the associate	171 656	168 238	4 758	2 761	2 848	7 861
Group's ownership interest in the associate	41.99%	41.99%	49.50%	49.50%	22.01%	22.01%
Group's interest	72 078	70 643	2 355	1 366	627	1 730
Goodwill	-	-	-	-	2 811	2 811
Impairment	-	(309)	-	-	(3 438)	(3 079)
Carrying amount of the Group's interest in Associate	72 078	70 334	2 355	1 366	-	1 462

16 Loans and advances to customers

Gross loans and advances to customers at amortised cost

Allowance for impairment losses

Loans and advances, net

Gross loans and advances are due to mature as follows:

- Within three months
- Between three months and one year
- After one year

Loans, net are split into:

Long term loans

Short term loans

Analysis of recoveries

Expected credit losses

Debts previously written off

Transferred to profit or loss

Analysis of gross loans by currency

Malawi Kwacha denominated

Tanzania shillings denominated

United States dollar denominated

Group	
2025	2024
595 704	440 272
(28 122)	(14 654)
567 582	425 618
36 029	83 368
172 003	65 589
387 672	291 315
595 704	440 272
387 672	291 315
179 910	134 303
567 582	425 618
-	-
(6 734)	4 287
(6 734)	4 287
435 022	249 505
83 067	81 393
77 615	109 374
595 704	440 272

16 Loans and advances to customers (continued)

Movement of allowance for impairment losses

2025

At 1 January 2025	5 914	519	8 221	14 654
Transfer to stage 1	1 146	(507)	(639)	-
Transfer to stage 2	(21)	561	(540)	-
Transfer to stage 3	(79)	(276)	355	-
Changes in loss allowance for off balance sheet items	(14)	41	(20)	7
New financial assets originated	(1 660)	-	(570)	(2 230)
Financial assets that have been de-recognised	1 883	500	1 324	3 707
ECL charged to income statement	6 662	4 309	1 013	11 984

Closing Balance 2024

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

	Stage 1	Stage 2	Stage 3	Total
At 1 January 2025	5 914	519	8 221	14 654
Transfer to stage 1	1 146	(507)	(639)	-
Transfer to stage 2	(21)	561	(540)	-
Transfer to stage 3	(79)	(276)	355	-
Changes in loss allowance for off balance sheet items	(14)	41	(20)	7
New financial assets originated	(1 660)	-	(570)	(2 230)
Financial assets that have been de-recognised	1 883	500	1 324	3 707
ECL charged to income statement	6 662	4 309	1 013	11 984
Closing Balance 2024	13 831	5 147	9 144	28 122
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

The Malawi Kwacha average lending rate for the Bank's loans and advances as at 31 December 2025 was 31.77% (2024: 32.1%) per annum, the US Dollar denominated loans carried an average interest rate of 7.6% (2024: 8.15%) per annum and the Tanzanian shilling denominated loans were at an average interest rate of 26.01% (2024: 26.68%).

Restructured loans and modifications

During the year, loans with a total carrying amount of K4,055m (2024: K3,876m) were restructured (modified). Their total fair value after restructuring was K4,004m (2024: K3,821m) resulting into a net fair value loss of K51m (2024: net loss of K55m) which was recognised in the statement of profit or loss.

The Group has also recognised a net gain of K112m (2024: K114m) relating to amortisation of the gains and losses on loans that were modified in 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025. The net gain recognised in the statement of profit or loss for the year ended 31 December 2025 is therefore K61m (2024: K59m).

17 Finance lease receivables

	Group	
	2025	2024
Current finance lease receivable	3 752	2 163
Non-current finance lease receivable	34 040	32 043
	37 792	34 206

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 comprehensive 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 year ended 31 December 2025 was 32.1% (2024: 32.42%).



17 Finance lease receivables (continued)**17.1 Amounts receivable under finance leases**

Not later than one year
 Later than one year and not later than five years

Less; unearned finance income
 Present value of minimum lease payments receivable
 Allowance for uncollectible lease payments

Minimum lease payments

2025	2024
3 896	2 411
52 435	52 225
56 331	54 636
(18 438)	(20 007)
37 893	34 629
(101)	(423)
37 792	34 206

The net investment in finance leases matures as follows:

Within three months
 Between three months and one year
 After one year and not later than five years

Group

2025	2024
2 546	300
1 349	1 834
33 897	32 072
37 792	34 206

17.2 Movement in allowance for uncollectible lease payments

At the beginning of the year
 Net remeasurement of loss allowance

Group

2025	2024
423	919
(322)	(496)
101	423

18 Long term receivables

Open Connect Limited
 Mibawa Limited

Movement during the year was as follows:

Balance at 1 January
 Interest capitalised
 Additions
 Effects of movements in foreign exchange
 Loans repaid
 Balance at 31 December

Group**Company**

2025	2024	2025	2024
1 147	-	-	-
-	8	1 147	-
1 147	8	1 147	-
8	26	-	-
-	-	459	-
1 147	-	5 647	-
-	-	(4 959)	-
(8)	(18)	-	-
1 147	8	1 147	-

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. The amount due from Open Connect Limited of K1,147 million relates to payment made by Press Corporation plc in relation to guarantee made for non-payment of a loan facility by OCL.

19 Investment in government securities and equity

19.1 Maturity of other investments

Total other investments are due to mature as follows:

Non-current investments

Non – maturing investments -Note 19.4

Between one year and five years

Current investments

Between three months and one year

Within three months classified as cash and cash equivalents

Total other investments

Comprises of the following:

Government of Malawi Treasury Bills and Notes

Investment in corporate bonds

Government securities – Akiba

Malawi government promissory notes

Other investments

Equity investments

Total investments in government securities and equity

Classified as cash and equivalent money market deposits

Total investments

	Group		Company	
	2025	2024	2025	2024
Non-current investments				
Non – maturing investments -Note 19.4	48 532	12 249	40 495	9 420
Between one year and five years	659 282	383 199	-	-
	707 814	395 448	40 495	9 420
Current investments				
Between three months and one year	328 223	276 553	-	-
Within three months classified as cash and cash equivalents	446 674	181 617	-	-
Total other investments	1 482 711	853 618	40 495	9 420
Comprises of the following:				
Government of Malawi Treasury Bills and Notes	904 439	618 407	-	-
Investment in corporate bonds	6 607	2 913	-	-
Government securities – Akiba	19 621	18 881	-	-
Malawi government promissory notes	7 631	-	-	-
Other investments	1 051	790	-	-
Equity investments	96 688	31 010	40 495	9 420
Total investments in government securities and equity	1 036 037	672 001	40 495	9 420
Classified as cash and equivalent money market deposits	446 674	181 617	-	-
Total investments	1 482 711	853 618	40 495	9 420

19.2 Government of Malawi bills, Reserve Bank of Malawi bonds and Government securities-Akiba

	Average interest rate		Group	
	2025	2024	2025	2024
Government of Malawi Treasury Bills	26.00%	25.89%	137,049	139 118
Government of Malawi Treasury Notes	30.18%	28.63%	685 029	479 346
Government securities – bonds	11.62%	11.62%	19 621	18 881
Government securities-Promissory notes	21.00%	-	7 631	-
Expected credit loss			(13 001)	(57)
			836 329	637 288
The bills and notes are due to mature as follows:				
- Within three months			42 766	56 962
- Between three months and one year			141 939	173 203
- Over one year			651 624	407 123
			836 329	637 288

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

Money market investments with Reserve Bank of Malawi and other banks

Expected credit loss

	Average interest rate		Group	
	2025	2024	2025	2024
Money market investments with Reserve Bank of Malawi and other banks	24.3%	24.3%	446 675	181 618
Expected credit loss			(1)	(1)
			446 674	181 617

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 (2024: one month).



19 Investment in government securities and equity (continued)**19.4 Equity investments****Held for capital appreciation**

Sunbird Tourism plc
Fortesa International Inc
Liberia Merchant Capital
M Power Limited
National switch Limited
Investment in KAMA Cooperative

Held for trading

Ilovo Sugar (Malawi) plc
NICO Holdings plc
Malawi Property Investment Company plc
National Investment Trust plc
NBS Bank Plc
Standard Bank of Malawi plc
FDH Bank of Malawi plc
Sunbird Tourism plc
Telekom Networks plc
FMB Capital Holdings plc
Airtel Malawi plc
Old Mutual Plc
Blantyre Hotels Plc

Total equity investments

	Group		Company	
	2025	2024	2025	2024
	38 354	9 420	38 354	9 420
	876	-	876	-
	865	-	865	-
	400	-	400	-
	6 511	1 430	-	-
	1 526	1 399	-	-
	48 532	12 249	40 495	9 420
	2 936	1 584	-	-
	9 459	7 185	-	-
	-	185	-	-
	7 877	1 760	-	-
	8 662	3 568	-	-
	2 121	759	-	-
	5 036	963	-	-
	6 121	1 475	-	-
	758	625	-	-
	4 084	555	-	-
	1 090	90	-	-
	3	3	-	-
	9	9	-	-
	48 156	18 761	-	-
	96 688	31 010	40 495	9 420

Equity investments held for long term capital appreciation are accounted for 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)

Group	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
Property, plant and equipment	5 987	6 376	(22 619)	(16 332)	(16 632)	(9 956)
Investment properties	-	-	(2 372)	(1 948)	(2 372)	(1 948)
Provisions	(2 556)	108	278	351	(2 278)	459
Un-realised exchange differences	(462)	(1 883)	22	(11)	(440)	(1 894)
Fair Value on shares	-	-	(15 200)	-	(15 200)	-
Tax value of loss carried forward	7 156	5 905	17 548	7 973	24 704	13 878
Tax assets/(liabilities)	10 125	10 506	(22 343)	(9 967)	(12 218)	539

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 Deferred tax assets/(liabilities) (continued)**20.1 Movement in net deferred tax asset/(liabilities)****Group
2025**

Property, plant and equipment
Investment properties
Provisions
Un-realised exchange differences
Fair Value on shares
Tax value or loss carried forward
Total net asset/(liabilities)

Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
(9 956)	(789)	(5 887)	(16 632)
(1 948)	(424)	-	(2 372)
459	(2 737)	-	(2 278)
(1 894)	1 454	-	(440)
-	(13 206)	(1 994)	(15 200)
13 878	10 826	-	24 704
539	(4 876)	(7 881)	(12 218)

**Company
2025**

Tax value or loss carried forward
Total net asset

Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Acquired on business combination	Closing balance
945	645	-	-	1 590
945	645	-	-	1 590

**Group
2024**

Property, plant and equipment
Investment properties
Provisions
Un-realised exchange differences
Tax value or loss carried forward
Total net asset/(liabilities)

Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Acquired on business combination	Closing balance
(2 770)	(3 381)	(3 670)	(135)	(9 956)
(1 762)	(186)	-	-	(1 948)
765	(306)	-	-	459
(144)	(1 750)	-	-	(1 894)
2 650	8 941	-	2 287	13 378
(1 261)	3 318	(3 670)	2 152	539
634	311	-	-	945
634	311	-	-	945

**Company
2024**

Tax value or loss carried forward
Total net asset



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 and capital gains will be available against which the concerned company can utilise the benefits there from.

	Group		Company	
	2025	2024	2025	2024
Tax losses	56 106	65 166	42 308	49 790
Provisions	673	127	583	19
Investment in subsidiaries and associates	-	-	163 134	85 354
Property, plant and equipment	7 913	4 254	3 901	1 655
Unrealised exchange losses	21	21	-	-
	64 713	69 568	209 926	136 818
Un-recognised deferred tax asset @30%	19 414	20 870	62 978	41 045

Tax losses shown above expire after 6 years according to the tax laws in Malawi aged as below:

Tax year				
2024/25	1 726	-	-	-
2023/24	6 083	2 613	3 470	-
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	-	5 724
Total	61 335	63 471	47 536	49 790

These deferred tax assets relate to Press Corporation plc (the Company), Press Properties Limited, and The Foods Company Limited. Deferred tax asset MK24,704 million (2024:MK2 650) and MK1,590 (2024: MK945 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	
	2025	2024	2025	2024
Finished goods	5 680	3 810	-	-
Raw materials and consumables	6 049	4 077	26	18
Work in progress	510	337	-	-
Goods in transit	7	8	-	-
	12 246	8 232	26	18

In 2025, inventories of K37 million (2024: K24 million) were recognised as an expense during the year and included in 'direct trading expenses'. During the year, inventories of MK48 million (2024: MK nil million) were written off in profit and loss due to stock shrinkages, damages and expiry.

22. Amounts due from related parties

	Company	
	2025	2024
Amounts due from related party companies		
Press Properties Limited	756	502
Malawi Telecommunications Limited	-	315
Telecom Networks Malawi plc	21	8
Ethanol Company Limited	12	4
Presscane Limited	39	50
National Bank of Malawi	10	11
The Foods Company Limited	1 573	1 311
Press Energy Limited	79	-
Malawi Pharmacies Limited	4	-
Other	294	1
	2 788	2 202
Loss allowance	(898)	(534)
Trade and other receivables	1 890	1 668

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	
	2025	2024	2025	2024
Trade receivables	26 159	20 547	30	21
Prepayments	14 305	11 649	-	-
Letters of credit	1 919	7 401	-	-
Employee benefit subsidy	3 206	3 206	-	-
Malawi government settlements	21 610	26 073	-	-
Special clearance voucher account	2	1 237	-	-
Office account**	9 108	8 018	-	-
Other receivables*	15 264	8 419	1 740	670
	91 573	86 550	1 770	691
Loss allowance	(2 942)	(2 384)	-	-
Trade and other receivables	88 631	84 166	1 770	691

*Other receivables consist of several individually insignificant balances in respect of banking business suspense accounts, staff receivables and non-trade receivables among others.

**Office account relates to 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.

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.



23. Trade and other receivables (continued)**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.

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 was a subsidiary of the Company 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. Following completion of the sale, a total of MK2.21 billion has been recognised as a profit on disposal in the group numbers and a loss of K1 million on disposal has been recognised in the company.

The sale transaction was completed in the year September 2025. In the year 2024, MTL was held as an asset for sale. The summary of assets held for sale is as follows:

	Group		Company	
	2025	2024	2025	2024
Land and buildings	4	4	-	-
Assets relating to disposal group-(MTL)*	-	26 206	-	6 061
	4	26 210	-	6 061

*In prior year 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	
	2025	2024	2025	2024
At the beginning of the period	26 210	21 522	6 061	8 941
Disposed during the period	(26 206)	(2)	(6 061)	-
Increase on assets held for sale	-	4 690	-	-
Surplus on revaluation	-	-	-	(2 880)
	4	26 210	-	6 061

The group has some assets (Land and Buildings) classified as held for sale in accordance with the provisions of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

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 24 above are as follows:

	2024 MTL
Property, plant and equipment and right of use	15 946
Intangibles	4 647
Non-maturing investments - long term	551
Inventories	367
Trade and other receivables	4 771
Bank and cash	(75)
Tax receivable (note 26)	-
Total assets classified as held for sale	26 207
Borrowings	10 537
Lease liabilities	1 330
Trade and other payables	15 159
Provisions	295
Bank overdraft	-
Total liabilities associated with assets classified as held for sale	27 321
Net liabilities of disposal group	(1 114)

24. Assets and liabilities classified as held for sale (continued)**24.2 Net cash on disposal/acquisition of subsidiary**

Cash consideration received
Less: Cash balance of subsidiary at disposal date
Net cash received

Group		Company	
2025	2024	2025	2024
6 060	2 676	6 060	-
(14)	(1 804)	-	-
6 046	872	6 060	-

25. Income tax recoverable

Opening balance
Tax received
Acquired on business combination
Tax transfer to tax payable
Total income tax recoverable

Group		Company	
2025	2024	2025	2024
4 408	3 506	1 111	930
4 380	868	204	181
-	229	-	-
(211)	(195)	-	-
8 577	4 408	1 315	1 111

26. Cash and cash equivalents

Balances held at Central Banks
Bank balances
Placement with other banks
Call deposits
Cash on hand
Cash and cash equivalents
Other money market deposits

Bank overdrafts without financing component
Cash and cash equivalents as shown in the statement of cash flows

Group		Company	
2025	2024	2025	2024
94 807	108 789	-	-
71 198	40 939	22 068	983
197 819	101 662	-	-
8 191	6 641	802	15 131
78 086	56 943	-	-
450 101	314 974	22 870	16 114
375 253	181 617	-	-
825 354	496 591	22 870	16 114
(5 480)	-	(5 480)	-
819 874	496 591	17 390	16 114
Bank overdraft			
Bank overdrafts without financing component			
(5 480)	-	(5 480)	-
Bank overdrafts with financing component*			
(6 965)	(8 889)	-	-
Total bank overdrafts as shown in statement of financial position			
(12 445)	(8 889)	(5 480)	-

*Balances of bank overdrafts of MK6.97 billion (2024: K8.89 billion) which have been concluded as part of financing to the group 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.

US Dollars
GBP
Euro
ZAR
Other currencies
Totals

Average interest rates		Group	
2025	2024	2025	2024
3.65%	5.01%	184 598	82 786
1.75%	1.75%	11 649	12 053
1.84%	2.82%	213	2 676
5.93%	7.52%	1 257	3 220
-	-	102	927
		197 819	101 662



26. Cash and cash equivalents (continued)**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 26 above. As at 31 December 2025, the available overdraft facilities were as follows;

	Group		Company	
	2025	2024	2025	2024
First Capital Bank plc	3 000	3 000	-	-
Eco bank Malawi Limited	3 000	3 000	3 000	3 000
CDH Investment Bank Limited	-	-	-	-
Standard Bank plc	4 500	4 500	-	-
National Bank of Malawi plc	-	-	1 400	1 400
NBS Bank plc	3 400	3 400	3 400	3 400
	13 900	13 900	7 800	7 800

The overdraft facilities of the Group are secured as follows;

- (i) Nil billion (2024: Nil billion) was secured by Press Corporation plc guarantee;
- (ii) K3 billion by a debenture charge (2024: K3 billion) over Group's assets and;
- (iii) K10.9 billion (2024: K10.9 billion) is unsecured.

The Company's Bank overdraft facilities with Eco bank Malawi Limited, National Bank of Malawi plc and NBS Bank plc are due for renewal on 30th November, 31 August, and 28th February of each year respectively and are unsecured except for National Bank of Malawi plc facility which is secured by Sunbird Shares.

27. Share capital

	Group and Company	
	2025	2024
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.

28. Other reserves- excluding non-controlling interests

Group	Revaluation reserve	Translation reserve	Regulatory reserve	Other	Total
2025					
Balance at beginning of the year	41 562	59 338	7 188	3 745	111 833
Revaluation of property	7 956	-	-	-	7 956
Revaluation of financial asset measured at FCTOCI	31 312	-	-	-	31 312
Release of revaluation surplus on disposal of revalued property	984	-	-	-	984
Transfer – regulatory reserves	-	-	4 404	-	4 404
Share of other comprehensive income of equity accounted investment	-	(5 765)	-	-	(5 765)
Translation differences	-	(332)	-	-	(332)
Income tax on other comprehensive income	(4 006)	-	-	-	(4 006)
Balance at 31 December 2025	77 808	53 241	11 592	3 745	146 386

28. Other reserves– excluding non-controlling interests (continued)**Group****2024**

Balance at beginning of the year	29 745	39 207	7 188	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	447	-	-	-	447
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

Revaluation reserve	Translation reserve	Regulatory reserve	Other	Total
29 745	39 207	7 188	3 745	79 885
4 820	-	-	-	4 820
2 427	-	-	-	2 427
6 463	-	-	-	6 463
447	-	-	-	447
(442)	18 480	-	-	18 038
-	1 651	-	-	1 651
(1 898)	-	-	-	(1 898)
41 562	59 338	7 188	3 745	111 833

Company**2025**

Balance at beginning of the year	1 080 631	111	1 080 742
Fair value gain on investments	2 166 135	-	2 166 135
Reclassified to retained earnings on disposal of subsidiary	(3 534)	-	(3 534)
Revaluation of property	213	-	213

Balance at 31 December 2025

Revaluation reserve	Translation Reserve	Total
1 080 631	111	1 080 742
2 166 135	-	2 166 135
(3 534)	-	(3 534)
213	-	213
3 243 445	111	3 243 556

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

688 192	111	688 303
392 240	-	392 240
199	-	199
1 080 631	111	1 080 742

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****Group
2025**

More than 5 years

Due between 1 and 5 years

Due within 1 year or less

2024

More than 5 years

Due between 1 and 5 years

Due within 1 year or less

Company**2025**

More than 5 years

Due between 1 and 5 years

Due within 1 year or less

2024

Due between 1 and 5 years

Due within 1 year or less

Secured	Unsecured	Total
2 200	6 074	8 274
12 582	16 304	28 886
14 782	22 378	37 160
2 620	3 748	6 368
17 402	26 126	43 528
-	4,046	4,046
8 702	9 787	18 489
8 702	13 833	22 535
19 100	7 048	26 148
27 802	20 881	48 683
-	-	-
12 013	-	12 013
12 013	-	12 013
907	-	907
12 920	-	12 920
2 418	-	2 418
2 836	-	2 836
5 254	-	5 254

29 Loans and borrowings (continued)**29.2 Movement in borrowings**

Group 2025	At 01/01/25	Draw- downs	Repay- ments	Interest charged	Interest paid	Interest capitalised	At 31/12/25
Local borrowings							
Commercial Debt-Old Mutual	12 650	-	(12 650)	1 813	(1 813)	-	-
Malawi Government	210	-	(15)	-	-	-	195
Reserve Bank of Malawi Debt	11 119	3 000	(959)	406	(297)	-	13 269
PTC takeover debt -Corporate bond	1 403	-	(1 403)	238	(238)	-	-
PTC takeover debt - FCB Loan	1 200	-	(1 200)	266	(266)	-	-
Old Mutual Arranged Corporate Bond	-	11 000	-	1 492	(1 492)	-	11 000
NBS Loan	2 651	-	(731)	718	(718)	-	1 920
Standard Bank revolving credit facility	17 438	-	(5 344)	3 968	(3 205)	-	12 857
Syndicated loan - NBM Capital Markets Ltd	783	-	(367)	208	(208)	-	417
EDF loan	1 173	-	(760)	265	(265)	-	412
CDH loan	56	-	(56)	3	(3)	-	-
Presscane-Standard Bank Long-term loan	-	3 455	-	-	(570)	573	3 458
Total local borrowings	48 683	17 455	(23 485)	9 377	(9 075)	573	43 528
Company							
PTC takeover debt -Corporate bond	1 403	-	(1 403)	238	(238)	-	-
PTC takeover debt - FCB Loan	1 200	-	(1 200)	266	(266)	-	-
Old Mutual Arranged Corporate Bond	-	11 000	-	1 492	(1 492)	-	11 000
NBS Loan	2 651	-	(731)	718	(718)	-	1 920
Total borrowings	5 254	11 000	(3 334)	2 714	(2 714)	-	12 920



29 Loans and borrowings (continued)**29.2 Movement in borrowings (continued)**

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
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
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)	1 403
PTC takeover debt - FCB Loan	2 000	-	-	(800)	513	(513)	1 200
Press Corp Corporate Bond	1 630	-	-	(1 630)	405	(405)	-
NBS Loan	3 428	-	-	(550)	897	(1 124)	2 651
Total borrowings	10 339	-	-	(4 858)	2 679	(2 906)	5 254

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 – 2025										
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	2022	2043	195	-	-	Project development
Reserve Bank of Malawi Debt	MWK	3%	Semi-annually	Unsecured	2024	2034	151	7 044	6 074	Facilitate micro-lending
PTC takeover - Corporate bond	MWK	91 TB rate +5%	Quarterly	TNM Shares	2021	2025	-	-	-	Facility guaranteed
PTC takeover - FCB Loan	MWK	Reference rate +4.6%	Semi-annually	TNM Shares	2021	2026	-	-	-	Facility guaranteed
Old Mutual Arranged Corporate Bond	MWK	364 TB rate +1.5%	Quarterly	TNM, NBM and Sunbird Shares	2027	2032	-	8 800	2,200	Facility guaranteed
NBS Loan	MWK	Reference rate +4.8%	Quarterly	TNM Shares	2024	2027	907	1 013	-	Share acquisition
Standard Bank revolving credit facility	MWK	Reference rate +1%	To be mutually agreed	Unsecured	2022	2027	3 597	9 260	-	Share acquisition
CDH Medium Term-Loan	MWK	Reference rate +5.5%	Monthly	Unsecured	2024	2025	-	-	-	Capital expenditure
Syndicated loan - NBM Capital Markets Ltd	MWK	91 TB rate +5%	Quarterly	TNM Shares	2022	2028	242	175	-	Debt restructuring
EDF loan	MWK	RBM rate +3.5%	Monthly	NBM shares	2022	2028	412	-	-	Capital expenditure
Presscane-Standard Bank Long-term loan	MWK	27.5%	Quarterly	CO2 Plant	2025	2030	864	2 594	-	Capital expenditure
Total							6 368	28 886	8 274	
Company – 2025										
PTC takeover - Corporate bond	MWK	91 TB rate +5%	Quarterly	TNM Shares	2021	2025	-	-	-	Facilitate micro-lending
PTC takeover - FCB Loan	MWK	Reference rate +4.6%	Semi-annually	TNM Shares	2021	2026	-	-	-	Facility guaranteed
Old Mutual Arranged Corporate Bond	MWK	364 TB rate +1.5%	Quarterly	TNM, NBM and Sunbird Shares	2027	2032	-	8 800	2,200	Facility guaranteed
NBS Loan	MWK	Reference rate +4.8%	Quarterly	TNM Shares	2024	2027	907	1 013	-	Share acquisition
Total							907	9 813	2 200	



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 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 MK1 billion 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	-	

30 Provisions**Group
2025**

Balance at the beginning of the year
Provision made during the year
Provision used during the year
Balance at the end of the year

2024

Balance at the beginning of the year
Provision made during the year
Provision used during the year
Balance at the end of the year
All provisions are due within 1 year or less.

Legal claims	Group bonus	Other	Total
7 559	8 336	238	16 133
-	12 361	55	12 416
(421)	(8 050)	(15)	(8 486)
7 138	12 647	278	20 063
-	6 441	263	6 704
7 559	7 549	1	15 109
-	(5 654)	(26)	(5 680)
7 559	8 336	238	16 133

**Company
2025**

Balance at the beginning of the year
Provision used during the year
Balance at the end of the year

2024

Balance at the beginning of the year
Provision made during the year
Balance at the end of the year

Legal claims	Bonus	Other	Total
7 559	-	-	7 559
(421)	-	-	(421)
7 138	-	-	7 138
-	-	-	-
7 559	-	-	7 559
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

Opening balance
Current charge
Tax refunded
Cash paid
Total income tax payables

Group		Company	
2025	2024	2025	2024
36 522	22 164	2	297
146 136	84 431	4 320	3 365
(211)	(195)	-	-
(117 563)	(69 878)	(4 320)	(3 660)
64 884	36 522	2	2



32 Trade and other payables

	Group		Company	
	2025	2024	2025	2024
Trade payables	128 683	108 830	109	72
Liabilities to other banks	17 695	14 266	-	-
Taxes and levies	18 197	11 415	151	110
Accruals	7 363	5 193	820	776
Dividend payable	-	18	-	-
Staff payables	1 073	641	265	121
MasterCard and Visa accounts	87	3 314	-	-
Forex control	429	557	-	-
Other payables*	26 362	21 006	437	274
Trade and other payables	199 889	165 240	1 782	1 353
Contract liabilities – non current (note 35.2)	6 498	1 230	-	-
Contract liabilities – current (note 35.2)	3 316	8 405	-	-

*Other payables consist of Natswitch settlements K5 703m (2024: K2 014m), Aforbes Bancassurance settlements K186m (2024: K121m), Office accounts K880m (2024: K2 684m), and Puma smartcards K9 074m (2024: K5 953m), creditors control K8 680m (2024: K5 331m) and several individually insignificant accounts.

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	
	2025	2024
Press Properties Limited	75	76

Trade and other payables to Group companies are interest free and are payable on demand.

34 Customer deposits

	Average interest rates		Group	
	2025	2024	2025	2024
Analysed by account type:				
Current accounts	0.00%	0.00%	530 833	380 510
Deposit accounts	0.50%	0.50%	331 992	241 363
Savings accounts	7.10%	7.10%	447 919	305 667
Foreign currency accounts*	7.33%	7.33%	239 317	194,315
Client funds	22.55%	20.41%	333 154	183 461
			1 883 215	1 305 316
Analysed by interest risk type:				
Interest bearing deposits			1 340 861	924 148
Non-interest bearing deposits			542 354	381 168
			1 883 215	1 305 316
Total liabilities to customers are payable as follows:				
Within three months			1 830 724	1 266 387
Between three months and one year			52 491	38 929
			1 883 215	1 305 316

34 Customer deposits (continued)**Analysis of deposits by sector**

	2025	2024
Personal accounts	692 350	550 471
Manufacturing	60 937	45 236
Agriculture	99 166	38 940
Wholesale and retail	273 949	204 622
Finance and insurance	115 172	81 229
Construction	40 875	30 591
Electricity, gas, water and energy	59 536	22 667
Transport, storage and communications	37 648	53 828
Restaurants and hotel	11 472	11 290
Mining and qualifying	39 290	57 617
Real Estate	9 681	8 271
Client funds	333 154	183 461
Others	109 985	17 093
	1 883 215	1 305 316

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	205 055	171 467
GBP denominated	10 899	11 406
Euro denominated	22 933	11 141
ZAR denominated	430	301
	239 317	194 315

35 Revenue and insurance**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**Group
2025**

	Financial services	Telecommunications	Energy	All other segments	Total
Sale of goods	-	2 579	83 382	1 867	87 828
Telecommunication Services	-	172 238	-	-	172 238
Fees and commission	82 163	51 933	-	-	134 096
Rental income	-	-	-	1 494	1 494
Gain foreign exchange deals	64 557	-	-	-	64 557
Revenue	146 720	226 750	83 382	3 361	460 213
Insurance revenue	13 772	-	-	-	13 772
Interest revenue	349 562	-	-	-	349 562
	363 334	-	-	-	363 334
	510 054	226 750	83 382	3 361	823 547

**Company
2025**

Management fees	-	-	-	557	557
Dividend income	-	-	-	43 197	43 197
	-	-	-	43 754	43 754



35 Revenue and insurance (continued)**35.1 Disaggregated revenue information (continued)****Segments****Group
2024**

Sale of goods
Telecommunication Services
Fees and commission
Rental income
Gain foreign exchange deals
Revenue
Insurance revenue
Interest revenue

**Company
2024**

Management fees
Dividend income

Financial services	Telecommunications	Energy	All other segments	Total
-	1 654	58 957	914	61 525
-	132 310	-	-	132 310
60 112	29 383	-	-	89 495
-	-	-	1 120	1 120
29 856	-	-	-	29 856
89 968	163 347	58 957	2 034	314 306
10 628	-	-	-	10 628
234 699	-	-	-	234 699
245 327	-	-	-	245 327
335 295	163 347	58 957	2 034	559 633
-	-	-	557	557
-	-	-	33 651	33 651
-	-	-	34 208	34 208

35.2 Contract balances

	Group		Company	
	2025	2024	2025	2024
Trade receivables (note 24 net of ECL)	23 217	20 547	30	21
Contract assets – non current (note 24)	629	542	-	-
Contract assets – current (note 24)	532	604	-	-
Contract liabilities – non current (note 32)	6 498	1 230	-	-
Contract liabilities – current (note 32)	3 316	8 405	-	-
Insurance contract assets (note 35.4)	109	109	-	-
Re-Insurance contract assets (note 35.4)	2 605	2 605	-	-
Insurance contracts liabilities (note 35.4)	9 488	9 488	-	-
Reinsurance contracts liabilities (note 35.4)	203	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.

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	
	2025	2024
2024	3 316	8 405
2025	111	111
2026	179	179
2027	413	413
2028	49	49
2029	40	40
2030	98	98
2031	12	12

35 Revenue and insurance (continued)**35.3 Insurance contract liabilities and reinsurance contract assets**

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 at the end of the year

	2025			2024		
	Insurance Liabilities K'm	Reinsurance Assets K'm	Net K'm	Insurance Liabilities K'm	Reinsurance Assets K'm	Net K'm
Agriculture	5	(3)	2	2	(69)	(67)
Engineering	178	(92)	86	177	(83)	94
Fire	962	(658)	304	1 087	(1 056)	31
Liability	1 011	(145)	866	1 033	(238)	795
Marine	75	(31)	44	38	(18)	20
Miscellaneous	378	(130)	248	363	(134)	229
Motor	7 088	(653)	6435	5 898	(815)	5 083
Personal Accident	437	(103)	334	354	(147)	207
Transport	147	(79)	68	82	(45)	37
Total	10 281	(1 894)	8 387	9 034	(2 605)	6 429
Insurance acquisition liability	543	(512)	31	454	-	454
Premium deficiency reserve	-	-	-	-	-	-
Overall Total	10 824	(2 406)	8 418	9 488	(2 605)	6 883

Reinsurance contracts held as at end of the year

	Assets K'm	Liabilities K'm	Net K'm	Assets K'm	Liabilities K'm	Net K'm
Agriculture	(5)	-	(5)	(69)	-	(69)
Engineering	(812)	-	(812)	(83)	-	(83)
Fire	(107)	-	(107)	(1 056)	-	(1 056)
Liability	(172)	-	(172)	(238)	-	(238)
Marine	(38)	-	(38)	(18)	-	(18)
Miscellaneous	(170)	-	(170)	(134)	-	(134)
Motor	(862)	-	(862)	(815)	-	(815)
Personal Accident	(135)	-	(135)	(147)	-	(147)
Transport	(105)	-	(105)	(45)	-	(45)
Assets reinsurance held		152	152	-	203	203
Total	(2 406)	152	(2 254)	(2 605)	203	(2 402)

35.4 Insurance and reinsurance contracts

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.



35 Revenue and insurance (continued)**35.4 Insurance and reinsurance contracts (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) 2025	LRC Excluding Loss K'm	Liability for contracts acquisition K'm	Premium deficiency reserve K'm	LIC K'm	Total K'm
Insurance contract liabilities as at 01 January 2025	2 355	453	-	6 680	9 488
Insurance revenue measured under PAA	(13 772)	-	-	-	(13 772)
Insurance service expenses					
Other direct attributable expenses	-	-	-	3 332	3 332
Incurred claims and other direct attributable expenses	-	-	-	5 339	5 339
Other expenses or income adjustment	-	-	-	12	12
Insurance service adjustment	-	-	-	(14)	(14)
Insurance acquisition cashflows amortization	1 574	-	-	-	1 574
Total insurance services expenses	1 574	-	-	8 669	10 243
<i>Total amounts recognised in statement of profit or loss and other comprehensive income</i>	(12 198)	-	-	8 669	(3 529)
Cash flows					
Premiums received	14 864	-	-	-	14 864
Claims and other directly attributable	-	-	-	(5 104)	(5 104)
Expenses paid	-	-	-	(3 251)	(3 251)
Insurance acquisition cashflows	(1 734)	90	-	-	(1 644)
Total cashflows	13 130	90	-	(8 355)	4 865
Insurance liabilities as at 31 December 2025	3 287	543	-	6 994	10 824

35 Revenue and insurance (continued)

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 2024	LRC Excluding Loss K'm	Liability for contracts acquisition K'm	Premium deficiency reserve K'm	LIC under PV future cashflows K'm	Risk adjustment K'm	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
<i>Total amounts recognised in statement of profit or loss and other comprehensive income</i>	(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



35 Revenue and insurance (continued)**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****2025****Premium allocation approach**

Reinsurance contracts held	Liability for remaining coverage		Incurred claims for contact under present value of future cashflows K'm	Risk adjustment K'm	Total K'm
	Exc total loss recovery component K'm	Reinsurance asset K'm			
Insurance contract assets as at 1 January 2025	384	549	1 572	100	2 605
Net income (expenses) from Reinsurance contracts held	(4 073)				(4 073)
Other incurred directly attributable expenses		(46)		2	(44)
Reinsurance adjustments				(5)	(5)
Incurred claims recoveries			1 277		1 277
Net income (expenses) from Reinsurance contracts held	(4 073)	(46)	1 277	(3)	2 845
Finance income from Reinsurance contracts held	891				891
<i>Total amounts recognised in the statement of profit or loss and other comprehensive income</i>	(3 182)	(46)	1 277	(3)	(1 954)
Cashflows					
Premium paid net of ceding	4 200		(1 519)		2 681
Claims recoveries		9			9
Reinsurance adjustments					-
Commission and directly attributable expenses paid	(935)				(935)
Total cashflows	3 265	9	(1 519)	0	1 755
Reinsurance contract assets as at 31 December 2025	467	512	1 330	97	2 406

35 Revenue and insurance (continued)**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****2024****Premium allocation approach**

	Liability for remaining coverage	Incurred claims for contact under present value of future cashflows	Remaining	
	Exc total loss recovery component K'm	Reinsurance asset K'm	Risk adjustment K'm	Total K'm
Reinsurance contracts held				
Insurance contract assets as at 1 January 2024	235	739	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	1 736
Net income (expenses) from Reinsurance contracts held	(3 499)	(473)	10	(2 236)
Finance income from Reinsurance contracts held	740	-	-	740
<i>Total amounts recognised in the statement of profit or loss and other comprehensive income</i>	<i>(2 759)</i>	<i>(473)</i>	<i>10</i>	<i>(1 496)</i>
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	100	2 605

35.5 Other insurance receivables

Insurance receivables
Expected credit losses

Analysed as follows:

Not past due
Past due (over 30 days) and not past due
Past due and impaired

Group 2025	Group 2024
348	109
-	-
348	109
348	109
-	-
-	-
348	109

Included in the insurance contracts receivables are amounts due from insurance policy holders under brokers.



35 Revenue and insurance (continued)**35.5 Other insurance receivables (continued)**

A significant portion of the Group's insurance business is transacted through brokers. As at the statement of financial position date K279 million (2024: K98 million) 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		Company	
	2025	2024	2025	2024
Cost of sales*	39 228	25 767	-	-
Interest expense	54 894	36 851	-	-
Direct service costs	110 684	95 040	-	-
	204 806	157 658	-	-

* Included in cost of sales is depreciation amounting to K13.1 billion.

37 Other operating income

	Group		Company	
	2025	2024	2025	2024
Net loss from trading in foreign currencies	(3)	(6)	-	-
Fair value adjustment of investment property	6 960	3 557	38	57
Gains and losses from fair value adjustment of biological assets	566	174	-	-
Net gain on financial instruments classified as held at FVTPL	35 977	7 301	-	-
Profit on disposal of property, plant and equipment	67	316	2	(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	6 180	(56)	-	-
Modification gains on restructured loans	61	59	-	-
Sundry income*	13 014	8 453	331	191
	62 822	19 971	371	247
Profit/(loss) on disposal of a subsidiary - MTL	2 212	-	(1)	-

*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 K319 million (2024: K1 755 million), VISA Debit Card Recoveries at K3 060 million (2024: K1 381 million), revenue from leadership center at K243 million (2024: K188m) million, cheque book issue at nil (2024: K1 139 million), grants income K637 million (2024: nil) and equity management fees K1 931 million (2024: nil million).

38 Distribution and selling expenses

	Group		Company	
	2025	2024	2025	2024
Marketing and publication	10 341	6 347	-	-
Selling expenses	113	37	-	-
Carriage outwards	170	772	-	-
Other	88	96	-	-
	10 712	7 252	-	-

39 Impairment losses on financial assets

	Group		Company	
	2025	2024	2025	2024
Net remeasurement of loss allowance				
- Loans and advances (note 16)	11 984	5 116	-	-
- Finance leases (note 17.2)	(322)	(496)	-	-
- Trade receivables (note 5.4.2)	817	1 567	365	138
Recoveries from impaired loans and advances (note 16)	(6 734)	(4 287)	-	-
Written off	16 461	11 615	-	-
	22 206	13 515	365	138

40 Administrative expenses

	Group		Company	
	2025	2024	2025	2024
Auditors' remuneration - current year fees	2 276	2 008	322	248
Directors' emoluments - fees & expenses	3 390	2 162	594	379
- executive directors' remuneration	1 679	1 754	589	301
Personnel costs	91 132	77 157	2 466	1 935
Pension contribution costs	6 514	1 931	196	188
Legal and professional fees	9 709	12 148	(161)	7 812
Stationery and office expenses	7 326	5 569	211	175
Security services	7 175	5 896	118	96
Motor vehicle expenses	7 009	5 742	125	97
Repairs and maintenance	24 481	17 898	464	360
Depreciation, impairment and amortisation	34 704	30 871	243	217
Travel expenses	3 710	2 845	105	82
Communication	3 110	1 904	119	121
Stock write off impairment	48	-	-	-
Card expenses	12 979	9 094	-	-
Research and development costs	999	-	285	-
SMS banking expenses	1 931	1 733	-	-
Impairment loss on PPE	-	15	-	-
Other*	13 698	2 234	650	706
	231 870	180 961	6 326	12 717
Insurance contracts service expenses	8 748	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 599 (2024: 658) members as at 31 December 2025. 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**Finance income**

Interest income on bank deposits
Net foreign exchange (loss)/gain
Other

Finance costs

Bank overdrafts
Loans
Lease liability
Foreign exchange loss

Net finance costs

Group		Company	
2025	2024	2025	2024
3 509	835	2 444	17
(72)	1 141	1	1 102
1 009	1 544	-	850
4 446	3 520	2 445	1 969
(2 211)	(3 417)	(520)	(1 110)
(9 377)	(11 819)	(2 714)	(2 747)
(2 276)	(2 787)	-	-
(9 561)	(3 539)	-	(735)
(23 425)	(21 562)	(3 234)	(4 592)
(18 979)	(18 042)	(789)	(2 623)

42 Share of results from equity accounted investees**Share of profit, net of tax**

Limbe Leaf Tobacco Company Limited
Puma Energy (Malawi) Limited
Macsteel (Malawi) Limited
LifeCo Holdings Limited
Open Connect Limited

Impairment (loss) reversals of equity accounted investments

Impairment (loss)/reversal of equity investments
--

Share of other comprehensive income, net of tax

Limbe Leaf Tobacco Company Limited
United General Insurance Company Limited
Puma Energy (Malawi) Limited
Macsteel (Malawi) Limited

Group		Company	
2025	2024	2025	2024
12 295	5 060	-	-
9 417	8 302	-	-
371	470	-	-
989	383	-	-
(1 102)	(1 543)	-	-
21 970	12 672	-	-
(1 180)	118	-	-
(5 765)	18 480	-	-
-	-	-	-
-	(850)	-	-
-	408	-	-
(5 765)	18 038	-	-

43 Income taxes**Current tax expense**

Current year at 30%-40% (2024:30%) based on taxable profits
Final tax on dividend received from associates, subsidiaries and joint ventures

Deferred tax expense

In respect of the current year (Note 20)
Total Income tax expense recognised in the current year

Group		Company	
2025	2024	2025	2024
141 810	81 066	-	-
4 326	3 365	4 320	3 365
146 136	84 431	4 320	3 365
4 876	(3 318)	(645)	(311)
151 012	81 113	3 675	3 054

The Group's tax expense on continuing operations excludes the Group's share of the tax expense of equity accounted investees of K15,438 million (2024: K5,943 million), which has been included in 'share of profit of equity-accounted investees, net of tax.

43 Income taxes (continued)

43.1 Tax losses carried forward

The Group has estimated tax losses of K61,335 billion (2024: K63,472 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.

43.2 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:

	2025		2024	
Group				
Profit before tax from continuing operations		412 050		207 462
Tax using the Group's domestic tax rate PBT below K5bn – 30%	2%	7 500	30%	62 239
Tax using the Group's domestic tax rate PBT above K5bn – 40%	39%	161 820		
Tax effect of:				
Share of profit of equity - accounted investees reported net of tax	-5%	(21 970)	(6%)	(12 672)
Expenses not deductible for tax purposes*	6%	26 475	9%	20 188
Effects of final tax on dividends from associates and subsidiaries	-1%	(4 320)	(2%)	(3 365)
Unrecognised taxable losses	-1%	(3 577)	(1%)	(1 147)
Income not subject to tax**	-9%	(35 427)	1%	2 190
Other permanent differences	5%	20 511	7%	13 680
Effective tax rate and income tax charge	37%	151 012	39%	81 113
Company				
Profit/(loss) before tax from continuing operations			36 644	18 977
Tax using the Group's domestic tax rate PBT Less than K5bn – 30%	4%	1 500	30%	5 693
Tax using the Group's domestic tax rate PBT above K5bn – 40%	35%	12 658	-	-
Effects of final tax on dividends from associates and subsidiaries	-12%	(4 320)	(18%)	(3 365)
Tax effect on expenses not deductible for tax purposes*	-17%	(6 163)	4%	726
Effective tax rate and income tax charge	10%	3 675	16%	3 054

*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 K145,209 million (2024: K64,673 million) and a weighted average number of ordinary shares outstanding during the year of 120.2 million (2024: 120.2 million).

	Group	
	2025	2024
Profit attributable to owners of the Company	145 209	64 673*
Profit from continuing operations attributable to the ordinary equity holders of the parent Company		
Profit from continuing operations	261 038	126 349
Non-controlling interest	(115 829)	(61 676)
	145 209	64 673
Weighted average number of ordinary shares	120.2	120.2
Basic and diluted earnings per share (K)	1 208.06	538.04
Earnings per share from continuing operations (K)	1 208.06	538.04

*Profit attributable to owners of the Company for the year ended 2024 has been updated to align with the figure as disclosed in the Statement of profit or loss and other comprehensive income.

45 Contingent liabilities

	Group		Company	
	2025	2024	2025	2024
Legal and other claims	3 406	11 299	-	-
Tax payable	1 885	4 844	-	-
Total contingent liabilities	5 291	16 143	-	-

(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	
	2025	2024	2025	2024
Authorised and contracted for	11 936	44 726	-	-
Authorised but not yet contracted for	20 092	33 900	2 115	719
	32 028	78 626	2 115	719

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. Related parties (continued)**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;

	Sales		Purchases	
	2025	2024	2025	2024
Joint ventures of the Group	6 730	7	1 179	413
Shareholder - Old Mutual Group	13	9	-	-
Associates of the Group	29	20	-	-
Press Trust	2	1	-	-
	6 774	37	1 179	413

	Interest income		Interest expense	
	2025	2024	2025	2024
Joint ventures of the Group	53	117	(248)	(36)
Shareholder - Old Mutual Group	11	-	(814)	-
Associates of the Group	464	1 453	(11)	(19)
Press Trust	1	-	-	-
Directors	12	5	-	-
Employees – Key management personnel	2 963	1 694	(1 945)	(1 168)
	3 504	3 269	(3 018)	(1 223)

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	
	2025	2024	2025	2024
Joint ventures of the Group	133	61	28	31
Associates of the Group	38	-	-	-
Pension Funds (National Bank, Limbe Leaf, Press Group etc)	-	-	6	-
	171	61	34	31

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	
	2025	2024	2025	2024
Joint ventures of the Group	-	-	1 847	1 188
Shareholder - Old Mutual Group	6 007	169	11 551	4 873
Associates of the Group	13 411	11 007	903	346
Shareholder - Press Trust	76	-	18	10
Directors	260	149	119	122
Employees – Key management personnel	-	14 132	-	1 302
Related Pension Funds	-	-	802	781
	19 754	25 457	15 240	8 622

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. Related parties (continued)**47.4 Compensation of key management personnel**

Directors of the Company and their immediate relatives control 0.04% (2024: 0.04%) of the voting shares of the Company.

Directors' emoluments are included in administrative expenses more fully disclosed in note 38.

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group		Company	
	2025	2024	2025	2024
Salaries and benefits for key management	10 588	10 956	1 474	763
Directors' remuneration *	5 069	3 916	1 183	832
	15 657	14 872	2 657	1 595

*Executive director's remuneration for 2024 for Press Corporation Plc has been updated to align with the provisions of the Companies Act, 2013.

48 Dividend per share

	Group and Company	
	2025	2024
1st Interim dividend	2 500	1 353
2nd Interim dividend	5 785	-
Final dividend	8 000	-
	16 285	1 353
Number of ordinary shares in issue (million)	120.2	120.2
Dividend per share (K)	135.42	11.25

During the year, the Group declared and paid a total of K8,285 million representing 1st interim dividend of K2,500 and K5,785 million 2nd interim dividend for 2025. Nil final dividend for 2024 was declared at the Annual General Meeting held in July 2025. The directors have proposed a final dividend for the year 2025 of K8,000 million (2024: nil) representing K66.52 per share (2024: nil) to be tabled at the forthcoming Annual General Meeting.

49. 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 2025 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:

49.1 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.

49. Capital management (continued)

49.1 Regulatory capital (continued)

- 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' 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:

	2025 K'm	2024 K'm
Tier 1 capital		
Ordinary share capital	467	467
Share premium	613	613
Retained earnings	310 703	200 225
Unconsolidated investment	-	(10 596)
Total regulatory (tier 1) capital	311 783	190 709
Regulatory adjustments	(31 472)	-
Tier 1 Capital	280 311	190 709
General Loan Loss Reserves	23 796	-
Total qualifying capital	304,107	190 709
Supplementary capital		
Revaluation reserve	-	35 322
Deferred tax	-	-
Unconsolidated investment	-	(10 596)
Total regulatory (tier 2) capital	304 107	215 435
Risk-weighted assets		
Retail bank, corporate bank and treasury	1 237 254	943 640
Capital ratios		
Total regulatory capital expressed as a percentage of risk-weighted assets	27%	23%
Total tier 1 capital expressed as a percentage of risk-weighted assets	25%	20%

The Reserve Bank of Malawi, in 2015, revised the minimum capital requirements for Banks from USD5m to USD10m effective 1 January 2020. The Group is in full compliance with the revised minimum capital requirement.

49.2 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.



49. Capital management (continued)

49.2 Sub-subsidiary (Akiba Commercial Bank) capital management (continued)

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:

- Hold a minimum level of core capital of TZS15 billion;
- Maintain a 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
- Maintain total capital of not less than 14.5% of risk-weighted assets plus risk-weighted off-balance sheet items
- Maintain a capital conservation buffer of 2.5% of risk-weighted assets and off-balance sheet exposures. The capital conservation buffer is made up of items that qualify as tier 1 capital

When a bank is holding capital conservation 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 2025 and year ended 31 December 2024.

	2025 TZS'm	2024 TZS'm
Tier 1		
Share capital	48 459	27 797
Share premium	5 811	2 432
Preference shares	2 432	11 623
Retained earnings	(27 685)	(23 621)
Deferred charges	(6 391)	(3 195)
Prepaid expenses	(1 369)	(1 255)
Total qualifying Tier 1 capital	21 257	13 781

49. Capital management (continued)

49.2 Sub-subsidiary (Akiba Commercial Bank) capital management (continued)

Tier 2

Allowance supplementary capital

Total qualifying Tier 2 capital

Total regulatory capital (Tier 1 & Tier 2)

Risk-weighted assets

On-balance sheet

Off-balance sheet

Operation risk

Market risk

Total risk-weighted assets, operational and market risk

	2025 TZS'm	2024 TZS'm
Allowance supplementary capital	-	-
Total qualifying Tier 2 capital	-	-
Total regulatory capital (Tier 1 & Tier 2)	21 257	13 871
Risk-weighted assets		
On-balance sheet	104 450	99 001
Off-balance sheet	3 187	1 422
Operation risk	11 925	12 364
Market risk	230	192
Total risk-weighted assets, operational and market risk	119 792	112 979

Bank's

ratio

2025

Bank's

ratio

2024

Common equity (BoT minimum 11%)

Tier 1 capital (BOT minimum 12.5%)

Tier 1 + Tier 2 (BOT minimum 14.5%)

Common equity (BoT minimum 11%)	12.89%	-
Tier 1 capital (BOT minimum 12.5%)	17.74%	20.20%
Tier 1 + Tier 2 (BOT minimum 14.5%)	17.74%	20.20%

In February 2023, the Bank received US\$2.44 million (TZS 5,663 million) from the National Bank of Malawi plc (NBM) under an agreement where additional Perpetual Non-Cumulative Preference shares with a par value of TZS1,000 per share were issued to NBM in continued efforts by the majority shareholder to ensure that the Bank was adequately capitalised. In March 2025, NBM approved further capital injection for the Bank of US\$7 million and in January 2026, a further US\$ 4 million was injected to meet minimum capital requirements as well as enhance business operations.

49.3 Basel II implementation

The Malawian banking sector adopted the Basel III regulatory capital framework effective 1 January 2025 following implementation by the Reserve Bank of Malawi. Basel III strengthens the regulatory capital regime by improving the quality and quantity of capital held by banks, enhancing risk coverage and strengthening the resilience of the banking sector to financial and economic shocks.

Basel III places particular emphasis on Common Equity Tier 1 (CET1) capital as the highest quality component of regulatory capital and the primary buffer against unexpected losses. CET1 mainly comprises ordinary share capital, share premium and retained earnings, net of regulatory deductions such as goodwill and other intangible assets. While National Bank of Malawi plc operates under the Basel III regulatory framework, some subsidiaries operate under different regulatory frameworks based on their jurisdiction and institutional mandate. Akiba Commercial Bank plc operates under regulatory capital requirements aligned with Basel II within its jurisdiction. NBM Development Bank Limited operates in Malawi as a development finance institution and is regulated under a separate regulatory framework applicable to development banks rather than the Basel III framework applicable to commercial banks. These differences in regulatory frameworks are considered in the preparation of consolidated regulatory information.

49.4 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.



49. Capital management (continued)**49.4 Sub-subsidiary (UGI) Solvency margin for general insurance business (continued)**

	2025	2024
Solvency ratio		
Net Assets (Total equity)	18 682	8 191
Adjustments on to a regulatory basis	(8 164)	(5 459)
Net (liability)/assets available to meet solvency	10 518	2 731
Net premium written	11 079	7 201
Solvency margin (%)	98.52	37.9
Solvency margin required by the regulator	20%	20%

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes. The Company's solvency margin at year end was 98.52% (2024: 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.

50 Subsequent events**Capital gains tax**

Subsequent to the reporting date, on 27 February 2026, on presentation of the 2026/27 Budget Statement, the Government announced an amendment in respect of capital gains tax (CGT) arising from the sale of listed shares on the Malawi Stock Exchange, whereby the existing framework will be replaced by a final withholding tax of 2% on the gross proceeds from the sale of such shares. As at 31 December 2025, listed shares were subject to CGT at the effective tax rate of 40% for the Group and the Company, following an amendment to the Taxation Act that removed the exemption from CGT on listed shares that was effective on 30 December 2025. The announced revised amendment was not substantively enacted as at 31 December 2025 and, accordingly, no adjustment has been made to the deferred tax balance recognised in these financial statements in accordance with IAS 10- Events after the Reporting Period. Had the amended tax legislation been effective at the reporting date, the income tax expense and deferred tax liabilities would have decreased. The amendment will be effective on 1 April 2026 after approval by Parliament and the impact will be reflected in the financial statements for the year ending 31 December 2026.

Policy rate

On 5 March 2026, the Monetary Policy Committee reduced the Policy Rate by 200 basis points from 26% to 24%. This change will impact on results for the year ending 31 December 2026.

Dividend

The directors have proposed a final dividend for the year 2025 of K8,000 million (2024: nil) representing K66.52 per share (2024: nil) to be tabled at the forthcoming Annual General Meeting.

51 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 2025	2025	2024
Kwacha/United States Dollar	1 735	1 734
Kwacha/Euro	2 101	1 859
Kwacha/British Pound	2 408	2 242
Kwacha/South African Rand	95.9	95
Inflation rates as at 31 December (%)	26	28

51 Exchange rates (continued)

At the time of signing these Consolidated and separate financial statements, the exchange rates had moved to:-

Kwacha/US Dollar	1 734
Kwacha/Euro	2 061
Kwacha/GBP	2 383
Kwacha/Rand	105
Inflation rates as at (%) (March 2026)	23.8



Shareholdings	% of total shares in issue	Number of shares	shareholding range	Number of shareholders	%
Press Trust	42.48%	51,089,217	1,000,000 +	15	0.75%
Old Mutual Life Assurance Company Limited	21.39%	25,720,939	10,001 - 1,000,000	137	6.81%
Others	36.13%	43,445,664	1 - 10,000	1,861	92.45%
Total		120,255,820		2,013	100.00%

Share Market

	2025	2024	2023	2022	2021
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)	1,049,645	300,614	301,481	262,322	228,486
Market capitalization at 31 December (US\$m)	605.39	171.79	179.10	255.05	279.56
Subscription price at listing MK14.89					

Last traded price

31 December (MK per share)	8,728.43	2,499.79	2,507.00	2,181.37	1,900.00
Highest (MK per share)	8,728.59	2,507.00	2,508.00	2,181.44	1,900.00
Lowest (MK per share)	2,499.79	2,499.78	2,180.00	1,899.00	1,199.93
Net asset value (NAV) per share	6,571.40	4,325.06	3,267.95	2,766.48	2,465.22
Value of shares traded (MKm)	35,248.00	3,413.00	8,506.45	593.95	4,725.00
Earnings per share %	1,210.08	538.94	336.84	113.53	181.07
Dividend yield %	0.79	1.93	1.54	1.61	1.63

COMPANY SECRETARY

Ms Clara Khaki

P.O. Box 1227

Blantyre

Tel: +265 111 832 303

Email: companysec@presscorp.com

PRESS CORPORATION PLC

Reg No. 4029

Registered Office:

3rd Floor, PCL House, Kaohsiung Road

P.O. Box 1227

Blantyre

TRANSFER SECRETARIES

Legal Department

National Bank of Malawi Plc

P.O. Box 945

Blantyre

Tel: +265 111 820 900

Fax: +265 111 820 464

Email: legal@natbankmw.com

INDEPENDENT AUDITORS

EY

Chartered Accountants (Malawi)

Apex House

Kidney Crescent

PO Box 530

Blantyre

Tel: +265 999 888 684

Email: admin.malawi@mw.ey.com

LEGAL ADVISORS

Destone and Co.

P.O. Box 31315

Chichiri

Blantyre 3

Tel: +265 111 831 680

Email: mpakapatrik@destonelaw.com

BANKERS

National Bank of Malawi Plc

P.O. Box 945

Blantyre

LOCATION OF LISTING

Malawi Stock Exchange



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This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal blue lines across its entire width, typical of notebook or primary school writing paper. The background is a solid off-white color. There are no margins, text, or other markings present.

