

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

INSURANCE REVENUE
GREW BY
31%
TO MK88.0 BILLION

TOTAL
COMPREHENSIVE
INCOME GREW BY
245%
TO MK156.4 BILLION

TOTAL FUND
GREW BY
110%
TO MK2.0 TRILLION

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	2025	Restated 2024
	K'm	K'm
Insurance revenue	88,153	67,364
Insurance service expenses	(19,257)	(12,943)
Insurance service result from insurance contracts issued	68,896	54,421
Allocation of reinsurance premiums paid	(2,070)	(1,066)
Net amounts recovered from reinsurance contracts	514	371
Net expenses from reinsurance contracts held	(1,556)	(695)
Insurance service result	67,340	53,726
Investment results		
Gains and income from investment assets measured at fair value through profit or loss	1,080,274	257,637
Change in carrying value of underlying items from the insurance contracts issued	(1,084,126)	(269,924)
Net finance expenses	(3,852)	(12,287)
Other investment income	104,946	19,124
Net insurance and investment service result	168,434	60,563
Other finance costs	(875)	(459)
Other income and expenses	498	234
Profit before tax	168,057	60,338
Taxation	(12,489)	(15,402)
Profit for the year	155,568	44,936
Revaluation of property	830	781
Deferred tax	-	(434)
Total comprehensive income for the year	156,398	45,283

SUMMARY STATEMENT OF FINANCIAL POSITION

	2025	2024
	K'm	K'm
ASSETS		
Cash and cash equivalents*	185,220	150,566
Investment in Government securities	149,971	187,774
Loans and receivables	39,353	22,248
Other receivables	2,865	1,242
Investment in shares	1,624,000	586,926
Current tax receivable	557	527
Investment properties	6,555	5,377
Right of use of assets	121	147
Intangible assets	5,462	442
Property and equipment	483	4,650
Total assets	2,014,587	959,899
Liabilities		
Insurance contract liabilities	1,748,317	838,526
Reinsurance contract liabilities	98	49
Lease liabilities	76	147
Net amounts due to related parties	15,018	3,610
Deferred tax	2,640	3,303
Other payables	10,490	6,514
Total liabilities	1,776,639	852,149
Equity		
Share capital and premium	1,391	1,391
Revaluation reserves	2,697	1,867
Retained earnings	233,860	104,493
Total equity	237,948	107,751
Total equity and liabilities	2,014,587	959,899

SUMMARY STATEMENT OF CHANGES IN EQUITY

	2025	2024
	K'm	K'm
At the beginning of the year	107,750	73,418
Total comprehensive income for the year	156,398	45,732
Dividends declared	(26,200)	(11,400)
Balance at the end of the year	237,948	107,750

SUMMARY STATEMENT OF CASH FLOWS

	2025	2024
	K'm	K'm
Net cash (used in)/ generated from operating activities	(28,175)	20,625
Net cash generated from investing activities	82,036	44,228
Net cash used in financing activities	(16,109)	(11,555)
Net increase in cash and cash equivalents	37,752	53,298
Cash and cash equivalents at the beginning of the year	141,911	88,613
Cash and cash equivalents at the end of the year	179,663	141,911

Cash and cash equivalents include a fair value gain of K5,557 million (2024: K8,655 million), which is non-cash in nature and is therefore excluded from the statement of cash flows.

INTRODUCTION

NICO Life Insurance Company Limited is a life insurance company that offers a comprehensive range of products such as group and individual life insurance, annuity, and deposit administration. The Company is co-owned by NICO Holdings Plc (51%) and Sanlam Allianz Africa Proprietary Limited (49%).

BASIS OF PREPARATION

The Directors have prepared the summary financial statements to meet the requirements of the Financial Services Act, 2025. Having considered the requirements of the Financial Services Act, 2025 the Directors believe that the summary statements of comprehensive income, financial position, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary financial statements.

The summary financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards.

The summary financial statements have been derived from the annual financial statements which were approved by the Board of Directors on 24 March 2026 and are available at the Company's registered office.

JUDGEMENT APPLIED IN ASSESSING DEFERRED TAX LIABILITIES ARISING FROM CAPITAL GAINS TAX (CGT) LEGISLATION

In preparing the Company's financial statements for the year ended 31 December 2025, Directors applied judgment in determining the appropriate accounting treatment relating to Capital Gains Tax (CGT) on listed shares. CGT law was enacted on 30 December 2025 and, in accordance with IAS 12 Income Taxes, a deferred tax provision was initially recognised at the reporting date.

Subsequent to year-end, the Government announced on 27 February 2026 its intention to withdraw CGT and replace it with a 2% final withholding tax on the gross proceeds from the sale of listed shares. While this change had not yet been substantively enacted at the date of approval of the financial statements, Directors considered the announcement to provide clear evidence of the direction of tax policy and the practical non-crystallisation of the CGT liability and, accordingly, the deferred tax provision was reversed.

Directors assessed that retaining the deferred tax provision would result in the recognition of a material liability that is not expected to crystallise in practice, thereby understating profit, equity, and policyholder returns.

In this context, Directors concluded that the strict application of the requirements of IAS 12 Income Taxes would not result in a fair presentation of the Company's financial position. Accordingly, Directors applied the fair presentation principles in IAS 1 Presentation of Financial Statements, which recognise that, in rare circumstances, departure from a specific requirement may be necessary to avoid misleading financial statements.

The Company has provided detailed disclosures in the financial statements explaining the nature of this matter, the judgements applied, and the financial impact.

RESTATEMENT OF POLICY HOLDER TAX

During the year, the company revised the presentation of policyholder tax in accordance with the applicable requirements of IFRS 17 (paragraphs 65, 83 and 121) and IAS 12. In the prior period, an amount of MK12.7 billion relating to policyholder tax was netted off within insurance revenue. Under the updated interpretation, this amount is presented gross in insurance revenue, with a corresponding income tax expense recognised in accordance with IAS 12. This has resulted in a prior year restatement, increasing comparative insurance revenue by MK12.7 billion, and increasing comparative income tax expense by the same amount. The restatement does not impact on total profit for the year and total equity as the amounts fully offset.

ECONOMIC HIGHLIGHTS

Malawi's economy is estimated to have grown by 2.7% in 2025, a notable improvement from the 1.7% recorded in 2024. This expansion was underpinned by modest gains across several sectors, including agriculture, mining and quarrying, manufacturing, accommodation and food services, wholesale and retail trade, and information and communication. On the inflation front, the year-on-year average rate moderated to 28.4% in 2025, down from 32.3% in 2024, while the Monetary Policy Rate remained unchanged at 26.0% throughout the year.

Despite this growth, the economy continued to face considerable headwinds. Lower-than-anticipated agricultural output driven by prolonged dry spells resulted in a 540,000-metric-ton maize deficit, fuelling food insecurity and upward pressure on food prices, which in turn weighed on headline inflation. Compounding these challenges, acute foreign currency shortages and fuel scarcity persisted, further straining economic activity. These pressures were amplified by the conclusion of the Extended Credit Facility (ECF) programme and the withdrawal of USAID support, both of which narrowed the country's fiscal and external buffers. The average Treasury Bill yield edged marginally higher to 20.67% in 2025 from 20.50% in 2024. The Malawi All Share Index (MASI) delivered a remarkable return of 247.63% over the period, a significant outperformance relative to the 55.06% recorded in 2024.

PERFORMANCE

Insurance revenue at K88 billion was 31% higher than the K67 billion recorded during the same period last year. This growth was driven by business expansion and retention initiatives implemented within the year, as well as impacts of changes in investment market conditions.

Total comprehensive income of K156.4 billion represented a 245% increase compared to the prior year. This growth was mainly driven by higher investment returns earned during the year, particularly from the Malawi Stock Exchange, together with increased business volumes and favourable claims experience.

The total assets increased by 110% from K960 billion as of 31 December 2024 to K2 trillion as of 31 December 2025. This impressive growth is attributed to substantial investment returns and contributions earned during the year.

APPRECIATION

We extend our sincere appreciation to our valued clients and all stakeholders, including the Regulator, for their continued support throughout the year under review. Your trust and confidence in our services have played a vital role in our success. We remain committed to delivering excellent service and innovative solutions that meet your needs. Thank you for being an integral part of our journey to make a meaningful difference in people's lives.

OUTLOOK*

The economy is projected to strengthen in 2026, with GDP growth forecast at 3.8%, building on the 2.7% expansion recorded in 2025. This anticipated improvement is expected to be driven by a recovery in key productive sectors, including agriculture, tourism, mining, and manufacturing, supported by more favourable weather conditions and continued investment in productive capacity.

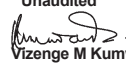
Inflation is projected to ease in 2026, following years of sustained price pressures. The Monetary Policy Committee is expected to adopt a gradual approach to rate easing; however, monetary authorities have signalled caution given lingering vulnerabilities that continue to pose upside risks to inflation.

Overall, while the outlook is cautiously optimistic, the pace of recovery will remain contingent on the country's ability to navigate ongoing foreign currency constraints, stabilise food production, and attract the external support necessary to bolster fiscal and balance of payments positions.

The Company's focus remains on providing a positive customer experience by enhancing operational efficiency and effectiveness through a robust system while developing innovative products that meet customer needs.

The Company will continue leveraging synergies within NICO and SanlamAllianz Groups.

* Unaudited


John S Melrose
Chairman


John S Melrose
Director


Wise Chigudu
Chief Executive Officer

17 April 2026

CERTIFICATE OF THE ACTUARY

I hereby certify that to the best of my knowledge and belief the liabilities under un-matured individual life, funeral, deposit administration and group life policies issued by NICO Life Insurance Company Limited do not exceed the amount of the life insurance fund as at 31 December 2025.

Edwin Splinter
FASSA

4 March 2026

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NICO LIFE INSURANCE COMPANY LIMITED

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2025, and the summary statement of comprehensive income, the summary statement of changes in equity and the summary statement of cash flows for the year then ended, are derived from the audited financial statements of NICO Life Insurance Company Limited for the year ended 31 December 2025.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, and on the basis described in the Basis of Preparation paragraph.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by IFRS Accounting Standards and the IAS 29 directive as issued by Institute of Chartered Accountants in Malawi (ICAM). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed a qualified audit opinion on the audited financial statements in our report dated 7 April 2026. The basis for our qualified audit opinion was that the Company had not recognized the deferred tax liability arising from unrealised gains on investments in listed shares as at 31 December 2025, which constitutes a departure from the requirements of IAS 12 Income Taxes. Based on the information available in the Company's accounting records, had the Company recognised deferred tax liability on the unrealised gains from investments in listed shares, the following line items in the summary financial statements would have been impacted:

Summary Statement of Financial Position

- Deferred tax liabilities would have increased by K187 billion to K190 billion;
- Insurance contract liabilities would have decreased by K144 billion to K1 604 billion;
- Total equity would have decreased by K43 billion to K194 billion; and
- Retained earnings would have decreased by K43 billion to K191 billion.

Summary Statement of Comprehensive Income

- Insurance revenue and service results would have increased by K144 billion to K232 billion and K213 billion, respectively;
- Income tax expense would have increased by K187 billion to K199 billion; and
- As a result of the above, profit before tax would have increased by MK144 billion to K312 billion and profit for the year would have decreased by K43 billion to K112 billion.

This report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current year.

Director's Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements on the basis described in the Basis of Preparation paragraph.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) Engagements to Report on Summary Financial Statements.

Chartered Accountants
Christopher Kapenda
Partner

21 April 2026

Deloitte.

