

# KlaptionRe



**PROSPECTUS**  
**DIRECT LISTING BY PLACING**



ISSUED ON: 23<sup>RD</sup> MARCH 2026

**DIRECT LISTING BY PLACING BY KLAPTON REINSURANCE PLC:  
PROSPECTUS DATED 23<sup>RD</sup> MARCH 2026**



**(Incorporated in the Republic of Zambia)**

**(Date of incorporation: 12<sup>th</sup> August 2020)**

**(Registration number: 120200006362)**

**Share code: KLRE**

**ISIN: ZM0000000599**

**(“Klaption Re” or the “Company”)**

**Placing of 2,821,875,000 Ordinary Shares, at ZMW 0.35 Per Placing Share.**

The definitions commencing on page 9 of this Prospectus have, where applicable, been used on this cover page and apply throughout this Prospectus. This Prospectus is not an invitation to the public to subscribe for, or an offer to the public to purchase Shares. Still, it is issued in compliance with the LuSE Listings Requirements to provide information to the public regarding the Listing. This Prospectus does not advertise or call attention to an invitation to the public to subscribe for, or an offer to the public to purchase Shares.

The LuSE has granted a primary listing to the Company by way of Placing of all of its shares in issue, in the “Insurance” sector of the LuSE, to be listed under the abbreviated name “Klaption Re”, with LuSE share code “KLRE” and ISIN: ZM0000000599 with effect from 24<sup>th</sup> March 2026. The price per share is expected to be ZMW 0.35.

At the Listing Date, the share capital of the Company will comprise an authorised share capital of ZMW 112,875,000, with 11,287,500,000 ordinary shares and a par value of ZMW 0.01 per share. This is a Listing of up to 25% of the shareholding in Klaption Re, totalling 2,821,875,000 Ordinary Shares, each valued at ZMW 0.35, on the Lusaka Securities Exchange, which will be available for purchase by the public and institutional Investors. The total value of the Placing is ZMW 987,656,250 (USD 49,506,578.95 at the rate of ZMW / USD 19.95).

The Shares will be issued in dematerialised form only and, accordingly, no physical Documents of Title will be issued or delivered to successful applicants. The Shares will rank *pari passu* with all other Ordinary Shares in issue. The Securities and Exchange Commission has approved the registration of shares and the issue of this Prospectus.

A copy of this Prospectus was registered with the Registrar of Companies on 17<sup>th</sup> March 2026. A copy of this Prospectus has been delivered to the Registrar of Companies in terms of the Companies Act No. 10 of 2017. The Registrar of Companies has not checked and will not verify the accuracy of statements made and accepts no responsibility for the financial soundness of Klaption Re or the value of the Shares.

This Prospectus is only available in English. Copies of this Prospectus may be obtained from the registered office of the Transaction Adviser and Sponsoring Broker and the Transfer Secretaries, whose addresses are set out in the "Corporate Information" section of this Prospectus, from 24<sup>th</sup> March 2026.

Before the Placing, there has been no public market for the Ordinary Shares. The SEC and the LuSE have respectively approved the registration and listing of the Shares on the LuSE. The Placement is subject to the conditions set out in the "Details of the Placement" section of this Prospectus.

The placement is subject to a minimum subscription. The minimum subscription that the Company must realise is that which enables it to ensure compliance with the LuSE minimum free float and shareholder spread requirements, as prescribed by the Listing Rules and acceptable to the LuSE. The Listing Rules require that the public hold at least 25% of the Ordinary Shares and that the number of public shareholders be at least 300, as defined in the Listing Rules.

The Shares have not been, and will not be, registered under the US Securities Act. The Shares are being offered outside the United States in accordance with Regulation S under the US Securities Act and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to, or for the benefit of, a person from the US.

The Directors, whose names are given in the section headed "Corporate Information" of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information provided and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Prospectus contains all information required in terms of the LuSE Listings Requirements. Klaption Re undertakes to comply fully with the LuSE Listings Requirements.

The Transaction Adviser, Sponsor Broker, Placing Agent, Legal Advisers, Independent Reporting Accountants, Auditors, and Transfer Secretaries whose names are included in the "Corporate Information" section of this Prospectus, have consented in writing to act in the capacities stated and to their names being included in this Prospectus and have not withdrawn their consents prior to the publication of this document.

**Transaction Adviser and Sponsoring Broker**



**Legal and Regulatory Advisers**



**Independent Reporting Accountants**



**Transfer Agent**



*An abridged version of this Prospectus will be published on SENS on 23<sup>rd</sup> March 2026.*

## 1 CORPORATE INFORMATION AND ADVISERS

<p><b>Issuer</b>  <b>Klapton Re</b>  Suite 12B, Green City Office Park,  Stand 2374, Kelvin Siwale Road,  Rhodes Park,  Lusaka, Zambia.</p>	<p><b>Issuer Board of Directors</b>  Mr. Michael Lawson  Dr. Evans David Wala Chabala  Mr. Anthony Elmo Vinitha Jayetileke  Mr. Kudzai Bingepinge  Mr. Musonda Chisanga</p>
<p><b>Company Secretary</b>  <b>Equitas Corporate Services Limited</b>  Plot No. 7, Old Brentwood Road  P.O. Box 50940 RW  Lusaka, Zambia  Contact: Ms. Inutu Lishomwa</p>	<p><b>Transaction Adviser, Placing Agent, Sponsoring Broker</b>  <b>Pangaea Securities Limited</b>  Pangaea Office Park  First Floor, Great East Road  P.O Box 30163  Lusaka, Zambia  Contact: Ms. Chipso Mambwe</p>
<p><b>Auditors</b>  <b>PricewaterhouseCoopers</b>  Piziya Office Park  Stand No 2374,  Thabo Mbeki Rd,  Lusaka, Zambia  Contact: Mr. Martin Bamukunde</p>	<p><b>Transfer Agent</b>  <b>Corpserve Transfer Agents Limited</b>  Plot No. 6, Mwaleshi Road  Lusaka, Zambia  Contact: Mr. Setfree Nhapi</p>
<p><b>Principal Banker</b>  <b>Stanbic Bank Zambia</b>  Plot 2375, Addis Ababa Drive  P.O. Box 31955  Lusaka, Zambia  Contact: Ms. Mokwani Wasilota</p>	<p><b>Transaction Legal Adviser</b>  <b>Equitas Legal Practitioners</b>  Plot No. 7, Old Brentwood Road  P.O. Box 50940 RW  Lusaka, Zambia  Contact: Mr. Lungisani Zulu</p>
<p><b>Tax Auditors</b>  <b>HLB Zambia</b>  Plot 6392,  2nd Floor Saturnia House,  Dunduza Chisidza Crescent, Longacres,  Lusaka, Zambia  Contact: Mr. Nyasha Machiri</p>	<p><b>Reporting Accountant</b>  <b>Deloitte and Touche Zambia Limited</b>  Abacus Square, Plot No. 2374/B  Thabo Mbeki Road  P.O. Box 30030  Lusaka, Zambia  Contact: Mr. Humphrey Mulenga</p>

## 2 INVESTMENT NOTICES

### A. English

If you are in doubt as to the meaning of this Prospectus or as to what action to take, please consult your banker, broker, advocate, accountant or other professional adviser immediately.

### B. Bemba

Ngacakutula muletwishika twishika pafintu ifingamiwamina, monaneni nababomfi bamucipao cenu, incenshi shacenjela mumilimo yafyabunonshi, bandabulwila ba milandu ukubikapo fye nenchenshi shamumilimo yakusanga indalama elyo nenchenshi shimbi ishapamilimo yamisungile yacuma ukwabula ukuposa nenshita.

### C. Chewa

Ngati muli ndi cikaiko ndi nzeru imene ingakukomereni, conde funsani thandizo ku a banki lanu, akatswiri a ncito zacilungamo asungi a ndalama, kapenanso akatswiri ena pa ncita za cuma mosataya nthawi konse.

### D. Kaonde

Inge mubena kuhinaka nbyomwafwainwa kuba, mwakonsha kuya ulaminako bantu baji, utala pakupotesha kwa bibese byansabe mukapanyi, mutonyi, shayuka wa mali anagwa mufunjishi wa shayuka bukiji.

### E. Lozi

Haiba mwa hakanyeha ka se muswanela ku eza, mu kupiwa kuyo bonana niba panga ya mina, baatuli ba mina, babaleli ba macheleni a mina, kapa bo caziba baba cuukile mwa musebezi waku eleza sicaba.

### F. Lunda

Neyimona hiwunelukishiku chiwahi hajawalala, bayi wujinokaku helatuhu chanyesha kuya nakuyihulamu aka yipawu, ankulun'gan'ga adizinan'gawu jamali, an'ganji, akakuhemba mali, kushilahutuhu ninanaakulukayitembi, Kon'gaka mwenimu chakubula nikumba mpinji yei.

### G. Luvale

Nge muchili nakuhuhwasana hachuma mwatela kulinga, twamilombo muihulise vakanyambaulu yenu, mukakumlanjisha vikumba, kuhula mukajishimbi, kuhula mumali chipwe tuhu kuhula kala ejiva kwambulula vene oholyapwa.

### H. Tonga

Kuti na, mulazumbauzya tamuzyi cibotu cinga camugwasya, mukutasowa ciindi amubuzye bbanga nkomuyobweda mali, nokuba kuli bahaahibwene mumakani amali, na kuli loya wenu, nokuba kuli haabusongo mukuyobola mali, nokuba kuli bamwi bahaabusongo baiya zyamakani amali.

### 3 CONTENTS

1	Corporate Information and Advisers .....	3
2	Investment Notices .....	4
3	Contents .....	5
4	Definitions And Interpretations .....	9
5	Important Information.....	16
5.1	Forward-looking Statements .....	17
5.2	Currencies and Exchange Rates.....	18
5.3	Presentation of Financial and Other Information .....	18
5.4	Market and Industry Information.....	19
5.5	Important Dates and Times .....	19
6	Salient Features.....	20
6.1	Post Listing: Trading.....	21
6.2	Exchange Control.....	21
6.3	Applicable Law .....	21
6.4	Interests of Transaction Advisers .....	21
7	Application Procedures.....	22
7.1	General .....	22
7.2	Custody Structure .....	22
7.3	Conditions Attached for Share Purchase.....	22
7.4	Collection of Prospectus.....	23
7.5	Payment Account .....	23
7.6	Allocation Policy .....	23
7.7	Additional Terms and Conditions.....	23
8	Overview of Klaption Re: Chairman’s Statement.....	26
	Chairman’s Statement: Listing and Klaption Re’s Strategic Plan .....	26
9	Klaption Re’s Nature of Business .....	29
9.1	Overview .....	29
9.2	Strategic Orientation, Business Profile, and Forward Ambition .....	30
9.3	Corporate Structure.....	31

9.4	Product and Service Offering .....	32
9.5	Historical Milestones .....	34
9.6	Strategic Vision .....	35
9.7	What the Attainment of These Five Themes Yields .....	37
9.8	International Risk Diversification .....	38
9.9	Klapton Re Subsidiary: Klapton Business Park.....	39
10	Financial Information .....	40
10.1	Historical Financial Statements: Summary.....	40
10.2	Forecast Financial Statements 2026 to 2028: Summary.....	41
10.3	Dividend Policy.....	42
11	Use of Funds .....	43
11.1	Strengthening the Capital Base and Solvency Resilience.....	43
11.2	Supporting Rating Outcomes and Rating-Led Market Access Expansion .....	43
11.3	Supporting Disciplined Underwriting Growth in Priority Markets .....	44
11.4	Enhancing Portfolio Diversification and Capital Efficiency.....	44
11.5	Investment in Risk Management, Systems, and Analytical Capability.....	45
11.6	Liquidity Management and Financial Flexibility .....	45
11.7	General Corporate Purposes and Listing Readiness .....	45
11.8	Capital Allocation Discipline .....	45
12	Reinsurance Industry Overview .....	46
12.1	Introduction to the African Reinsurance and Insurance Market .....	46
12.2	Regulatory Evolution and Localisation Dynamics.....	46
12.3	Africa: A Set of Regional Clusters, not a Single Market.....	46
12.4	Klapton Re Market Position.....	47
12.5	Outlook for the Global Reinsurance Industry.....	49
13	Risk Factors.....	51
13.1	Regulatory and Supervisory Risk .....	51
13.2	Capital Adequacy and Solvency Risk .....	51
13.3	Catastrophe Risk and Risk Accumulation.....	52
13.4	Reserving and Claims Development Risk .....	52
13.5	Retrocession and Counterparty Credit Risk .....	53

13.6	Currency, Convertibility, and Liquidity Risk.....	53
13.7	Country, Political, and Legal Risk.....	53
13.8	Risk Synthesis and Investor Perspective .....	54
14	The Issuer: Additional Information .....	55
14.1	The Board of Directors: An Overview .....	55
14.2	Management of the Company .....	57
14.3	Directors' and Management Declarations .....	58
14.4	Corporate Governance.....	59
14.5	Share Capital, Controlling, and Major Shareholders .....	60
14.6	Environmental, Social and Governance Policies.....	62
14.7	Regulatory Environment.....	63
15	General Information .....	66
15.1	Taxation.....	66
15.2	Vendors.....	66
15.3	Expenses of the Listing .....	67
15.4	Adviser's Interests.....	67
15.5	Registration of Prospectus .....	67
15.6	Consents.....	67
15.7	List of Annexures.....	68
15.8	Documents Available for Inspection .....	68
	Annexure 1: Extracts from the Articles of Association of Klapton Re.....	69
	Annexure 2: The Company's Corporate Governance.....	86
	Annexure 3: Other Directorship of the Board of Directors of Klapton Reinsurance Plc .....	88
	Annexure 4: Material Agreements of Klapton Re .....	90
	Annexure 5: Directory of Brokers .....	92
	Annexure 6: Brokerage Account Opening Requirements .....	93
	Annexure 7: Independent Reporting Accountants' Report for the Financial Year 2022, Financial Year 2023, Financial Year 2024, and Management Accounts 2025 .....	94
	<b>List of Tables and Figures</b>	
	Table 1 Currency and Exchange Rates 2020 - 2025.....	18
	Table 2 Important Dates .....	19

Table 3 : Salient Features of the Placing .....	21
Table 4 Payment Account Details .....	23
Table 5 Klaption Re Shareholding Structure .....	31
Table 6 Klaption Business Park - Share Capital .....	39
Table 7 Klaption Business Park Shareholding Structure .....	39
Table 8 Klaption Business Park Board of Directors .....	39
Table 9 Summarised Statement of Comprehensive Income 2022 – 2024 .....	40
Table 10 Key Ratio Analysis .....	40
Table 11 Summarised Statement of Financial Position 2022 – 2024 .....	41
Table 12 Summarised Forecast: Statement of Comprehensive Income 2026-2028 .....	41
Table 13 Summarised Forecast: Statement of Financial Position 2026-2028 .....	42
Table 14 African Market Clusters and Structural Characteristics .....	47
Table 15 Indicative African Reinsurance Positioning .....	47
Table 16 Portfolio Architecture Comparison .....	48
Table 17 Portfolio Archetypes and Outcomes .....	49
Table 18 Klaption Re versus Typical Regional Reinsurer .....	50
Table 19 Investor Value Proposition Summary .....	50
Table 20 Board of Directors: Qualification Profiles .....	56
Table 21 Director's Interests in Securities .....	57
Table 22 Director's Interests in Company Affairs .....	57
Table 23 Klaption Re Management Profiles .....	58
Table 24 Management Interests in Securities .....	58
Table 25 Share Capital Structure Before and After Direct Listing .....	60
Table 26 Alterations to Share Capital 2023-2025 .....	61
Table 27 Changes to Issued Share Capital .....	61
Table 28 Shareholding Structure .....	62
Table 29 Majority Shareholder Breakdown Prior to Listing .....	62
Table 30 Expenses of the Listing .....	67
Table 31 Brokerage Account Opening Requirements .....	93
Figure 1 Global Footprint .....	38

## 4 DEFINITIONS AND INTERPRETATIONS

Word, Term, or Phrase	Definition or Interpretation
<b>Annexure</b>	Any document included in this Prospectus as an annexure, appendix, or schedule.
<b>Auditors or PwC</b>	PricewaterhouseCoopers Zambia.
<b>Australia</b>	The Commonwealth of Australia.
<b>Board of Directors</b>	The Board of Directors of Klaption Re as set out in section titled – "The Issuer: Additional Information".
<b>BoZ</b>	The Bank of Zambia, established under section 3 of the Bank of Zambia Act, Chapter 360 of the Laws of Zambia, as amended or substituted from time to time.
<b>Business Day</b>	Any day other than a Saturday, Sunday, or official public holiday in Zambia.
<b>C.A.T</b>	Central African Time.
<b>CEE Act</b>	The Citizenship Economic Empowerment Act, No. 9 of 2006, as amended or substituted from time to time.
<b>CEEC</b>	The Citizens Economic Empowerment Commission, the agency established pursuant to section 4 of the CEE Act and responsible for implementing various economic empowerment programs as prescribed by the CEE Act.
<b>CEO</b>	Chief Executive Officer.
<b>China</b>	People's Republic of China.
<b>CIMA</b>	Chartered Institute of Management Accountants.
<b>Companies Act or Companies of Zambia</b>	The Companies Act No.10 of 2017 of the Laws of Zambia, as amended or substituted from time to time.
<b>Company Articles</b>	The articles of association of the Company in force as at the Last Practicable Date.
<b>CSD</b>	The LuSE central securities depository.

<b>CSD Custodian</b>	A Zambian CSD bank that is a LuSE CSD participant appointed by a shareholder of the Company for purposes of and regarding, dematerialization and to hold and administer Ordinary Shares, or an interest in Ordinary Shares, on behalf of a shareholder.
<b>CSI</b>	Corporate Social Investment.
<b>CSR</b>	Corporate Social Responsibility
<b>Current Shareholders or Shareholders</b>	To mean the shareholders of Klaption Re prior to the Listing.
<b>Documents of Title</b>	Share certificates or any other documents evidencing title to shares.
<b>EBIT</b>	Earnings before interest and tax.
<b>EBITDA</b>	Earnings before interest, taxation, depreciation and amortization.
<b>EFT</b>	Electronic Funds Transfer.
<b>Employee Share Ownership Plan or ESOP</b>	A legally defined, structured mechanism established by a Company to provide its employees with a pathway to secure an ownership interest in the business.
<b>Employment Code</b>	The Employment Code Act No. 3 of 2019.
<b>ESG</b>	Environmental, social and governance.
<b>EUR or Euro</b>	Euro, the currency of the European Union.
<b>Expenses or Listing Expenses</b>	The expenses and costs incurred or to be incurred regarding the Listing, details of which are set out in section 6 – "Details of "Salient Features".
<b>Facultative</b>	Facultative reinsurance covers specific risks individually from the primary insurer.
<b>Financial Year 2022 or FY2022</b>	The financial year of Klaption Re ended 31 December 2022.
<b>Financial Year 2023 or FY2023</b>	The financial year of Klaption Re ended 31 December 2023.
<b>Financial Year 2024 or FY2024</b>	The financial year of Klaption Re ended 31 December 2024.

<b>Financial Year 2025 or FY2025</b>	The financial year of Klaption Re ended 31 December 2025.
<b>FNB</b>	First National Bank Zambia.
<b>GBP</b>	Great British Pound, the currency of the United Kingdom.
<b>GDP</b>	Gross domestic product.
<b>Government or GRZ</b>	The Government of Zambia.
<b>GWP</b>	Gross Written Premiums.
<b>ICT</b>	Information and communications technology.
<b>Independent Reporting Accountant, Reporting Accountant or Deloitte</b>	Deloitte and Touche Zambia Limited.
<b>Insurance Act</b>	Insurance Act No. 38 of 2021 of the laws of Zambia.
<b>Investor(s) or Target Investor(s)</b>	To mean the Zambian Public, Employees, Local institutional investors, and international investors.
<b>ISIN</b>	International Securities Identification Number.
<b>Israel</b>	The State of Israel.
<b>Klaption or the Group</b>	The collective reference to Klaption Re and its subsidiary.
<b>Klaption Re, the Company, we, us, or our</b>	Klaption Reinsurance PLC, a public limited company by shares with registration number 120200006362.
<b>KML</b>	Klaption Management Limited which is a UK registered investment holding company. KML is also a shareholder of Klaption Re (32.56%), Klaption Insurance Zambia Limited (35%) and Klaption Insurance Company Limited (35%).
<b>Last Practicable Date</b>	25 <sup>th</sup> February 2026, being the last date, prior to finalization of this Prospectus, on which information could reasonably practicably be included in this Prospectus.

<b>Latin America</b>	The region spanning from Mexico through Central America, South America, and the Caribbean, defined by the Latin languages (Spanish, Portuguese, French) and shared colonial history under Spain, Portugal, and France.
<b>Legal Adviser or Equitas</b>	Equitas Legal Practitioners, a duly registered commercial law firm regulated by the Law Association of Zambia and registered under the Registration of Business Names Act, No. 16 of 2011.
<b>Licenses</b>	Whatever licenses and regulatory approvals are or may by law be required by Klaption Re to operate as a reinsurance company in the Zambian insurance industry. The principal licenses are highlighted in the Regulatory Environment section.
<b>List</b>	The list maintained by the LuSE of companies whose securities it has admitted to listing on the main board of the exchange operated by it.
<b>Listing</b>	The admission of the Shares of the Company, to the Lusaka Securities Exchange through a direct listing by placing as defined in the LuSE listing Requirements.
<b>Listing Date</b>	The date of Listing, presently expected to be 24 March 2026.
<b>Listings Requirements</b>	The Listings Requirements of the LuSE, as amended or substituted from time to time.
<b>LuSE</b>	The Lusaka Securities Exchange Limited Plc, registration number 30495, a public company incorporated under the laws of Zambia and licensed as an exchange under the Securities Act.
<b>LuSE Code</b>	The LuSE Code of Corporate Practices and Conduct as set out in the Listings Requirements.
<b>Management</b>	The senior management of the Klaption Re.
<b>Middle East</b>	The geopolitical region encompassing the Arabian Peninsula, Egypt, Iran, Iraq, the Levant, and Turkey
<b>Minimum Investment Value</b>	The minimum value of investment is ZMW 350.
<b>Moody's</b>	To mean Moody's Ratings, the credit ratings division of Moody's Corporation, formerly known as Moody's Investors Service.
<b>NAPSA</b>	National Pension Scheme Authority.
<b>Ordinary Shareholders</b>	The registered holders of Ordinary Shares, from time to time.

<b>Ordinary Shares</b>	Ordinary shares with a par value of K0.01 each in the share capital of the Company.
<b>PACRA</b>	Patents and Companies Registration Agency.
<b>Pangaea, Transaction Adviser, Sponsoring Broker, and Placing Agent</b>	Pangaea Securities Limited, registration number 33424, a private company incorporated under the laws of Zambia.
<b>PIA</b>	Pensions and Insurance Authority.
<b>Placees</b>	Eligible institutional Investors, qualified international Investors, and members of the Zambian investing public participating in the acquisition of Shares prior to the Listing.
<b>Placement Agreement</b>	The placement agreement entered by the Company, the Transaction Adviser and the Sponsoring Broker on or about March 2026 in terms of which the Transaction Adviser will, subject to certain conditions, procure subscribers and purchasers for the Shares.
<b>Placing</b>	As per the definitions of the LuSE Listing Rules, this is a marketing of securities already in issue but not listed, or not yet in issue, to specified persons or to any securities house assisting in the placing, that does not involve an offer to the public or to existing holders of the applicant's securities generally and that takes place immediately before the applicant is listed.
<b>Placing Price or Price at Placing</b>	The price of ZMW 0.35 per ordinary share as at the point of Listing the Shares on the LuSE.
<b>PLC</b>	Public Limited Company.
<b>Prospectus Directive</b>	Regulations and guidelines that govern the process of listing companies on stock exchanges applicable in the European Economic Area.
<b>Prospectus or this Document</b>	This bound document, all its Annexures and the accompanying information, dated 23 <sup>rd</sup> March 2026, including any supplement hereto which may be issued.
<b>Public</b>	To mean the retail Investors, institutional Investors who are eligible to participate in the Listing.
<b>Registrar of Companies</b>	The Registrar of Companies, established pursuant to section 14 of the Patents and Registration Agency Act, No. 15 of 2010.
<b>Relevant Member State</b>	Any member state of the European Economic Area that has implemented the Prospectus Directive.
<b>SADC</b>	Southern African Development Community.

<b>SEC</b>	The Securities and Exchange Commission established under section 3 of the Securities Act.
<b>Securities Act</b>	The Securities Act No.41 of 2016 as amended or substituted from time to time.
<b>SENS</b>	The Securities Exchange News Service of the LuSE.
<b>Settlement Date</b>	The date of implementation of a trade when the Shares are transferred to successful applicants against payment of the prevailing share price in each case in accordance with Section 4, "Application Procedures".
<b>Share price</b>	The price of the shares on the market from time to time after the Listing date.
<b>Shares</b>	To mean the 2,821,875,000 ordinary shares Klaption Re is listing on the Exchange at the par value of ZMW 0.01 per share, share price of ZMW 0.35 and minimum investment valued at ZMW 350.
<b>SICS NT</b>	Standard Insurance Compliance System / New Technology is the globally utilized reinsurance administration and underwriting software suite, currently owned and managed by DXC Technology.
<b>SLAC</b>	The UK registered investment holding company, whose UBOs are Assaf Reches, Yuval Reches and Michael Lawson. SLAC is also the shareholder of Klaption Re (32.56%), Klaption Insurance Zambia Limited (35%), Klaption Re insurance Brokers Limited (40%) and Klaption Management Africa SARL (100%).
<b>South Africa</b>	The Republic of South Africa.
<b>Subsidiary</b>	To mean Klaption Business Park, which Klaption Re is the majority shareholder. Klaption Business Park is a private limited company incorporated in May 2023 and is domiciled in Zambia. The Company's principal activity is to invest and develop real estate.
<b>The Zambia Development Agency Act</b>	The Zambia Development Agency Act No. 17 of 2022.
<b>Transaction Legal Adviser</b>	Equitas Legal Practitioners, a duly registered commercial law firm regulated by the Law Association of Zambia and registered under the Registration of Business Names Act, No. 16 of 2011.
<b>Transfer Agent or Transfer Secretary or Corpserve</b>	Corpserve Transfer Agents Limited.

<b>Treaty reinsurance or treaty</b>	Treaty reinsurance covers a class of risks from the primary insurer without reviewing each risk individually.
<b>UAE</b>	The United Arab Emirates.
<b>UBO</b>	Ultimate Beneficial Owner.
<b>United Kingdom or UK</b>	The United Kingdom of Great Britain and Northern Ireland.
<b>United States or US</b>	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
<b>US SEC</b>	The United States Securities and Exchange Commission.
<b>US Securities Act</b>	The United States Securities Act of 1933, as amended or substituted from time to time.
<b>USD or US Dollar</b>	The lawful currency of the United States.
<b>VAT</b>	Value added tax, the rate of 16%.
<b>WHT</b>	Withholding Tax.
<b>YoY</b>	Year on Year.
<b>ZAR</b>	The South African Rand, the currency of South Africa.
<b>ZDA</b>	Zambia Development Agency.
<b>ZMW</b>	The Zambian Kwacha.
<b>ZRA</b>	Zambia Revenue Authority.

## 5 IMPORTANT INFORMATION

The Directors of the Klaption Re do not claim the accuracy of the information in this Prospectus as of any date other than the Preparation Date.

The Directors of the Klaption Re accept responsibility for the information contained in this Prospectus in the manner and to the extent set out in the "Directors' Responsibility Statement". The Board has taken all reasonable care to ensure that those sections of this Prospectus for which they have respectively taken responsibility are true and correct in all material respects, do not contain any untrue statement of a material fact, are not misleading and do not omit to state any material fact, the result of which would make the statements, opinions and intentions therein, in the context in which they are made, misleading in any material respect.

The Transaction Adviser has not separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made. The Transaction Adviser accepts no responsibility as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by Klaption Re. The Transaction Adviser does not accept any liability in relation to the information contained in this Prospectus or any other information provided by Klaption Re in connection with the Shares. The statements made in this paragraph are without prejudice to the responsibilities of Klaption Re.

This Prospectus should not be considered a recommendation by Klaption Re or the Transaction Adviser to any recipient to subscribe for or purchase any of the Shares. Each Investor contemplating a subscription for any Shares should make their own independent investigation and appraisal of the Company's financial condition, creditworthiness, and affairs.

This Prospectus contains forward-looking statements. Forward-looking statements are found throughout the document and may be identified by accompanying language such as "expects", "intends", "anticipates", "estimates", and other cognate or analogous expressions or by qualifying language or assumptions. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results or outcome to differ materially from the forward-looking statements or projections.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for any Shares in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Klaption Re and the Transaction Adviser do not represent that this Prospectus may be lawfully distributed or that any Shares may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by Klaption Re or the Transaction Adviser that would permit a public offering of any Shares or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Shares may be offered or subscribed for, directly or indirectly. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction except in compliance with any applicable laws and regulations. The Transaction Adviser has represented that all offers and sales or subscriptions by it will be made in accordance with this prohibition. To the extent that this Prospectus may be sent to any jurisdiction in which the dissemination of this Prospectus is illegal or fails to conform to the laws of such jurisdiction, it is provided for information purposes only.

The distribution of this Prospectus and marketing of the Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus may come must inform themselves about and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and on the offer or sale of Shares in the United States, the European

Economic Area, the United Kingdom, and Australia. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Shares have not been and will not be registered under the US Securities Act or with any securities regulator of any state or jurisdiction of the United States. Shares may not be offered, sold, subscribed for or delivered within the United States or to US persons except in accordance with Regulations under the US Securities Act.

The SEC takes no responsibility for the Prospectus' contents, makes no representation as to the accuracy or completeness of any foregoing documents, and expressly disclaims any liability for any loss arising from or reliance upon the whole or any part of this Prospectus.

## 5.1 Forward-looking Statements

The following cautionary statements identify important factors that could cause Klaption Re and/or its subsidiaries, affiliates or related parties, as applicable, actual results to differ materially from those projected in the forward-looking statements made in this Prospectus. Forward-looking statements are statements including, but not limited to, any statements regarding the future financial position or performance of the Company and/or Klaption Re and of their prospects. These forward-looking statements have been based on current expectations and projections about future results, which, although the Klaption Re Directors, as the case may be, believe them to be reasonable, are not a guarantee of future performance. Any statements about the Company and/or Klaption Re's expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, indicated through the use of words or phrases such as "will", "will likely result", "are expected to", "will continue", "believe", "is anticipated", "estimated", "intends", "expects", "plans", "seek", "projection" and "outlook". These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to, among others, the factors discussed throughout this Prospectus.

Key factors that have a direct bearing on Klaption Re and/or its subsidiaries, affiliates or related parties' results of operations include, among others:

- A. The impact of global macro-economic conditions;
- B. Fluctuations in the global financial markets;
- C. Possible "errors and omissions" claims against the Klaption Re and/or its subsidiaries, affiliates or related parties;
- D. The impact of changes in legislation and regulation in Zambia or such other jurisdictions where changes in legislation and regulations may have an impact on Klaption Re and/or its subsidiaries, affiliates or related parties;
- E. Klaption Re's ability to successfully implement its growth strategy based on management-determined assumptions and forecasts;
- F. The ability of Klaption Re to meet the conditions for the renewal of its Service Licence;
- G. Operational risks inherent in Klaption Re's business, including the due and punctual performance by third parties of their service obligations to Klaption Re;
- H. A failure in the systems or operations of Klaption Re;
- I. The impact of investigations or legal proceedings in respect of Klaption Re and/or its subsidiaries, affiliates or related parties' business, if applicable;
- J. The ability of Klaption Re to sustain capital investment required by reinsurance;
- K. The impact of competition on Klaption Re;
- L. The Company and/or Klaption Re's ability to attract and retain qualified personnel; and

M. The impact of adverse trends in the insurance industry and other industries in which Klaption Re operates.

Because many factors, including the risk factors referred to in this Prospectus, could cause the actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Prospectus by the Company or on the Company's behalf, undue reliance should not be placed on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. Klaption Re and/or its subsidiaries, affiliates or related parties undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or to advise any person of such changes. New factors may emerge in the future, and Klaption Re can't predict or list them. In addition, Klaption Re cannot assess the effect of each factor on its respective businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

## 5.2 Currencies and Exchange Rates

The Company publishes its financial statements expressed in Kwacha. References to "ZMW" or "Kwacha" are to the lawful currency of Zambia, and references to "USD" or "US Dollar" are to the lawful currency of the United States. In this Prospectus, unless otherwise indicated, all amounts are expressed in Kwacha.

Information on historical rates of exchange for USD against ZMW is set out below.

Year ended 31 December	ZMW / 1 USD	
	End of period	Average
2020	21.2	18.3
2021	16.7	19.9
2022	18.1	16.9
2023	25.7	20.2
2024	27.9	25.7
2025	BoZ Mid-Rate: 22.1	25.2

Table 1 Currency and Exchange Rates 2020 - 2025

Notes: The 2025 average rate was used for the Profit and Loss Statement, and the 31 December 2025 mid-rate was used for the Balance Sheet.

## 5.3 Presentation of Financial and Other Information

Klaption Re's financial year ends on 31 December in each year. Some financial information in this Prospectus has been rounded off. As a result, the numerical figures shown as totals in the Prospectus may vary slightly from the exact figures that underlie them.

## 5.4 Market and Industry Information

Information relating to markets, market size, market share, market position, growth rates, average prices and other industry data about Klaption Re and/or its subsidiaries, affiliates or related parties contained in this Prospectus consists of estimates based on data compiled by professional organisations and analysts, data from external sources, Klaption Re's knowledge of sales and markets and the calculations are based on such information. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring Klaption Re and/or its subsidiaries, affiliates or related parties to rely on internally developed estimates.

While Klaption Re compiled, extracted, and/or reproduced market or other industry data from external sources that Klaption Re believes are reliable, including third-party, industry, or general publications, neither Klaption nor Klaption Re has independently verified such data. Klaption Re and/or its subsidiaries, affiliates or related parties cannot assure readers of this Prospectus of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while Klaption Re believes its internal estimates are reasonable, they have not been verified by any independent sources, and Klaption and Klaption Re cannot assure readers of this Prospectus of their accuracy.

## 5.5 Important Dates and Times

Publication of Prospectus on the SENS.	23 March 2026
Publication of Abridged Prospectus in the Press.	23 March 2026
Anticipated date of the Listing and commencement of trading on the LuSE.	24 March 2026

Table 2 Important Dates

**Notes:** *These dates and times are Zambian (GMT +2) and are subject to amendment. Any such amendment will be released on SENS and published in the press.*

## 6 SALIENT FEATURES

<b>Domicile and Legal Form</b>	<p>Klapton Re is a public company incorporated in Zambia with company registration number 120200006362. The Company was incorporated as a private company by shares and converted into a public company on 19<sup>th</sup> January 2026.</p> <p>The Company's registered office is at Suite 12B, Green City Office Park, Stand 2374, Kelvin Siwale Road, Rhodes Park, Lusaka, Zambia.</p>
<b>Nature of Business</b>	<p>Company Overview:</p> <ul style="list-style-type: none"> <li>• Klapton Re is a Zambian reinsurance company incorporated in August 2020 under the Companies Act of Zambia and is licensed by the PIA.</li> <li>• Klapton Re underwrites mostly non-life Treaty and Facultative reinsurance business across Africa, Asia, the Middle East, Europe, and the Americas.</li> </ul> <p>Market Position and Global Reach:</p> <ul style="list-style-type: none"> <li>• Leader in the Zambian reinsurance sector, with 86% market share<sup>1</sup>.</li> <li>• Ranked among the top 15 reinsurers operating in Africa.</li> <li>• Current footprint of 120+ countries.</li> </ul>
<b>Financial Performance</b>	<ul style="list-style-type: none"> <li>• Insurance Revenue: Unaudited Nov 2025 ZMW 2.7 billion (Dec 2024: ZMW 2.9 billion).</li> <li>• Profit After Tax: Unaudited Nov 2025 ZMW 325 million (Dec 2024: ZMW 236 million).</li> <li>• Total Assets: Unaudited Nov 2025 ZMW 3.5 billion (Dec 2024: ZMW 3.3 billion).</li> <li>• Total Equity: Unaudited Nov 2025 ZMW 663 million (Dec 2024: ZMW 652 million).</li> <li>• Combined Ratio: Unaudited 2025 82% (2024: 88%).</li> </ul>
<b>Details of the Placing</b>	<p>A Placement by the Company of up to 2,821,875,000 Shares at an initial price of ZMW 0.35, subject to the fulfilment (or waiver, where capable, by the Company in its sole discretion) of the condition precedent specified as follows:</p> <p>The Shares will rank pari passu with all the other issued Ordinary Shares as at the Listing Date.</p>
<b>Shares and Price at Placing</b>	<p>2,821,875,000 shares priced at an initial price of ZMW 0.35, resulting in a value of ZMW 987,656,250 (USD 49, 506, 578).</p>
<b>Market Capitalization at Placing</b>	<p>ZMW 3,950,625,000.00 (USD 198,026,315.79).</p>
<b>Use of Proceeds Raised</b>	<p>The proceeds from the Placing if fully taken up over the exchange will be ZMW 987,656,250 (USD 49, 506, 578). The gross proceeds of the Listing will be used by the Company as follows:</p> <ul style="list-style-type: none"> <li>• Capital and Solvency: Reinforcing the balance sheet to increase net risk retention and resilience against severe loss scenarios.</li> <li>• Geographic Expansion: Scaling the United States portfolio and accelerating portfolio expansion in China following recent regulatory accreditation.</li> <li>• Rating-Led Access: Supporting Moody's and AM Best rating initiatives to unlock tier-1 global programs and reduce collateral needs.</li> <li>• Capability Building: Investing in advanced underwriting analytics and ESG-linked climate insurance solutions across Africa.</li> </ul>

<sup>1</sup> Klapton Re Market Research

<b>Share Custody Structure</b>	<ul style="list-style-type: none"> <li>The Company has appointed Pangaea Securities Limited as the Placing Agent to facilitate the orderly disposal of the Shares. The excess of the Shares unplaced as at the Listing Date, shall be transferred to a Pangaea nominee account for secondary market disposal, subject to the prevailing trading rules and procedures.</li> </ul>
<b>Target Investors</b>	<p>Once the Shares are listed, the following will be eligible to purchase over the LuSE using regular trading procedures:</p> <ul style="list-style-type: none"> <li>Zambian Public;</li> <li>Eligible Employees under the ESOP, notwithstanding, employees eligible or not are also entitled to purchase shares as individual shareholders through a licensed broker;</li> <li>The Directors of Klaption Re;</li> <li>Local institutional investors; and</li> <li>International investors.</li> </ul>
<b>Conditions Precedent to the Listing</b>	<p>The Listing is subject to the fulfilment of the condition precedent that, at the Settlement Date, the implementation of the Listing will result in at least 25% of the Ordinary Shares being held by at least 300 public shareholders.</p> <p>The above condition precedent is regulatory and cannot be waived (unless so permitted by the regulator or applicable law).</p>

Table 3 : Salient Features of the Placing

Note: All figures in the above table, including market capitalisation and price per share, may change after the date of Listing. As the shares will be available for trade on the LuSE.

## 6.1 Post Listing: Trading

Following the Listing of the Shares, any Shares not allotted on the Listing date will be available for secondary-market bidding to Investors through Pangaea, in compliance with SEC and LuSE regulations. Investors can refer to section 4 of this Prospectus for Application Procedures. However, it must be noted that:

- A. The Company will reserve the right to choose which buy orders to accept on the market.
- B. There will be a preference for investments above ZMW 350.
- C. The Company will be under no obligation to accept the highest bid or any specific offer received, as is the usual practice on the Exchange when one party is selling a large block.

## 6.2 Exchange Control

There are no exchange controls in Zambia.

## 6.3 Applicable Law

The laws of Zambia will exclusively govern the Placing and any subsequent trades after Listing. Each applicant will be deemed, by applying for Shares, to have consented and submitted to the jurisdiction of the courts of Zambia in relation to all matters arising out of or in connection with the Listing and any subsequent trades.

## 6.4 Interests of Transaction Advisers

None of the advisers, as set out in the “Corporate Information and Listing Advisers” section of this Prospectus, holds any Ordinary Shares or has agreed to acquire any Shares before the commencement of the Placing.

## 7 APPLICATION PROCEDURES

### 7.1 General

The Company has applied to have all of the issued and fully paid-up Ordinary Shares listed and traded on the LuSE. The LuSE has approved the Listing in advance. No application has been made to register the Ordinary Shares in any other jurisdiction.

### 7.2 Custody Structure

The Company has appointed Pangaea Securities Limited as the Placing Agent to facilitate the orderly disposal of the Shares. To maintain market integrity, Pangaea shall not execute any sell order until it has received written confirmation from the Issuer regarding the specific bid volume and price. This protocol ensures that the sale of Shares aligns with the Company's liquidity requirements and prevents artificial downward pressure on the share price.

The excess of the Shares unplaced as at the Listing date shall be placed in a Pangaea nominee account for secondary market disposal, subject to the prevailing trading rules and procedures of the SEC and LuSE. The Company and market forces will determine the price per share of these unallotted Shares.

### 7.3 Conditions Attached for Share Purchase

- A. The only restriction regarding the shares is that the minimum investment value of ZMW 350.00 is subject to the Share price.
- B. Interested parties must submit a buy or bid instruction posted or emailed, as the case may be, as set out below, and will only be accepted if accompanied by payment or proof of payment, as the case may be. This process will be subject to the standard buy and sale processes of the LuSE, and there will be no specific application form regarding this process:
  - i. All interested investors must have, or open, a brokerage account with the LuSE.
  - ii. Interested buyers must issue and sign a standard "Buy Instruction" to their respective brokers. The following details must be clear in the completed Buy Instruction:
    - a) The Number of shares the investor wishes to purchase;
    - b) The estimated total value of the shares is calculated by multiplying the number of shares by their market value; and
    - c) LuSE Identification number and Broker Identification number.
  - iii. All bids will be visible on the LuSE Order Book in accordance with the LuSE Trading Rules.
  - iv. The Issuer, having already provided an overarching sell instruction, will be notified by Pangaea of the volume and pricing of the received bids.
- C. Once executed, the trade will be subject to the LuSE standard T+3 settlement process. That is, if a trade is executed on Monday, settlement will occur on Thursday. Public holidays and weekends are not applicable.
- D. A corresponding proof of payment must accompany the Buy Instruction. This must be made in full by EFT into the payment account details below in favour of "Klaption Re".
- E. Must be paid in Zambian Kwacha.
- F. Must be made in the account provided below with proof of payment, posted (by registered mail), or emailed, as the case may be, together with the completed Buy Instruction, through a broker and is to be received by the Sponsoring Broker as

specified in the Corporate Information section. Application for Shares shall be deemed to be received on the date funds are reflected in the prescribed account.

- G. The Company reserves the right to accept or reject any application in respect of its Shares, either in whole or in part, or to accept some applications in full and others in part in such manner as they may, in their sole and absolute discretion, determine, which determination they may exercise through a third party, including the Placing Agent. The Company may:
- H. Prioritise bids that align with the long-term stability of the share price.
- I. Reject or defer sales if market conditions are deemed unfavourable to the Company's mandate.

## 7.4 Collection of Prospectus

Copies of this Prospectus may, subject to availability, be obtained from the registered office of the Sponsoring Broker, the Company, Corpserve Zambia, whose addresses are set out in the Corporate Information section of this Prospectus.

## 7.5 Payment Account

Investors may only make their order deposits denominated in Kwacha in the Placing Agent's account, whose details are below:

Bank	Stanbic Bank Zambia
Branch	Main Branch, Woodgate House, Cairo Road, Lusaka
Account Name	Pangaea Securities Limited
Account Number	9130002661326
Swift Code	SBICZMLX
Reference (for reconciliation purposes)	Investor Name-KLAPTONRE

Table 4 Payment Account Details

## 7.6 Allocation Policy

Shares will be allocated by the Transaction Adviser or Placing Agent, in accordance with instructions from the Company and Placing Agent, respectively.

## 7.7 Additional Terms and Conditions

### 7.7.1 Issue and Allocation of Ordinary Shares

All Shares issued will be allotted in accordance with the provisions of the Company's Articles and will rank pari passu with the issued Ordinary Shares. Fractions of Shares will not be issued or allocated.

### 7.7.2 Lock-up Period

There will be no lock-up period.

### 7.7.3 Dematerialisation of Shares

The Shares will be issued and transferred by the Company to successful Investors only in dematerialised form. Accordingly, all successful Investors must have a broker to receive and hold the Shares on their behalf. The Shares will be issued in dematerialised form only and, accordingly, no physical Documents of Title will be issued or delivered to successful applicants.

Each Investor's duly appointed broker will receive the Shares in dematerialised form on its behalf against payment of the share Price by the applicant's broker, which is expected to occur on 25th March 2026 (T+1 for the placing) in case of the places and on the settlement date in case of trades executed after the Listing.

#### **7.7.4 Share Certificates**

All the Ordinary Shares in the share capital of Klaption Re and those that are subject to this Placing will be placed in the CSD. Under this system, shareholders will not receive share certificates; instead, they will receive confirmations of their entitlement to shares held in the CSD. Shareholders can trade issue, offer, lend, pledge, sell, hedge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, mortgage, charge, assign, grant any option, right or warrant to purchase or otherwise transfer or dispose of, within or outside Zambia, directly or indirectly, except as provided hereunder, any Ordinary Shares or other securities that are convertible into or exercisable or exchangeable for Ordinary Shares.

#### **7.7.5 Canada**

The Shares have not been and will not be qualified for sale under the securities laws of any province or territory of Canada. The Shares may only be offered, sold or distributed, directly or indirectly, in or to or for the benefit of a resident of a province of Canada pursuant to an exemption from the requirement to file a Prospectus in such province and only through a dealer duly registered under the applicable securities laws of such province in circumstances where no exemption from the applicable registered dealer requirement is available. The Transaction Adviser has represented and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any securities, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. The Transaction Adviser has also represented and agreed that it has not distributed or delivered and will not distribute or provide this Prospectus or any other offering material in connection with the Placing of the Shares, in Canada, other than in compliance with applicable securities laws.

#### **7.7.6 European Union**

In relation to each relevant member state, no Shares have been offered or will be offered pursuant to the Placing contemplated by this Prospectus to the public in that Relevant Member State, except in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that relevant member state:

- A. To any legal entity which is a qualified Investor Prospectus by the Transaction Adviser to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified Investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Transaction Adviser; or
- B. The Company has not authorised and does not authorise the making of any offer of the Shares through any financial intermediary on its behalf, other than offers made by the Transaction Adviser as contemplated in this Prospectus. Accordingly, no purchaser of the Shares, other than the Transaction Adviser, is authorised to make any further offer of the Shares on behalf of the Company or the Transaction Adviser.

#### **7.7.7 United Kingdom**

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net-worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or

investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The Transaction Adviser has represented and agreed that (i) it has only communicated or caused to be observed and will only communicate or cause to be delivered an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Placing Shares in circumstances in which Section 21(1) of such Act does not apply to the Company and (ii) it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any Placing Shares in, from or otherwise involving the United Kingdom.

#### **7.7.8 United States of America**

The Shares have not and will not be registered under the US Securities Act or with any securities regulatory authority of any state or jurisdiction of the US. The Ordinary Shares may not be offered, sold or delivered within the US or to, or for the account or benefit of, US persons except in accordance with Regulation S under the US Securities Act. Terms used in this paragraph have the meanings given to them by Regulation under the US Securities Act.

#### **7.7.9 General**

Neither Klaption Re nor the Transaction Adviser represents that the Ordinary Shares may at any time lawfully be sold in compliance with any applicable registrations or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such sale.

Klaption Re has undertaken to the Transaction Adviser that Klaption Re makes no representation that would permit a public offering of the Ordinary Shares, or possession, or distribution of the Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Klaption Re has acknowledged that the Transaction Adviser makes no representation that any action has been or will be taken in any jurisdiction of the Prospectus or any offering material, in any country or jurisdiction where action for that purpose is required. The Transaction Adviser, acting as an agent for Klaption Re, will comply with all applicable securities laws and regulations in each jurisdiction in which they purchase, offer, sell or deliver Ordinary Shares or have in their possession or distribute the Prospectus or any other offering material, in all cases at their own expense.

## 8 OVERVIEW OF KLAPTON RE: CHAIRMAN'S STATEMENT

### Chairman's Statement: Listing and Klaption Re's Strategic Plan

It is my privilege to present this Prospectus as Klaption Reinsurance Plc undertakes its Direct Listing on the Lusaka Securities Exchange. This step marks a deliberate milestone in the Company's institutional evolution. It reflects a business that has moved beyond formation and scale acquisition into structured, performance-led growth.

Klaption Re was established to provide reinsurance capacity to Zambia and, within five years, has evolved into a diversified reinsurer underwriting across Africa, North America, Asia, and selected international markets. This expansion has not been incidental. It has been an audacious, controlled, milestone-driven journey founded on the conviction that Africa can "Underwrite the World".

From inception to the present, the Company has progressed from a licensed start-up to an internationally participating underwriting platform. Over this period, Insurance Revenue has expanded from ZMW 361.8 million in 2022 to ZMW 2.97 billion in 2024. Profit After Tax has increased from ZMW 51.5 million to ZMW 236.3 million over the same period, reaching ZMW 325.4 million on an unaudited basis as at November 2025. Total Equity has strengthened from ZMW 120.4 million to ZMW 663.6 million. This trajectory reflects not only scale but also the disciplined conversion of underwriting capacity into retained capital.

#### First Milestone: Establishment and Operational Launch (2020–2021)

The Company was licensed, capitalised and operationalised with a clear governance framework and underwriting discipline. Infrastructure, risk controls and technical capability were embedded at inception, ensuring that growth would be structurally supported.

#### Second Milestone: Market Leadership and Resilience (2022–2023)

By 2022, Klaption Re had established profitability and technical credibility. In 2023, the Company consolidated its leadership position in Zambia while expanding its presence in Africa and Asia. During this period, it supported cedants through material claims events without compromising capital integrity. Revenue surpassed ZMW 1 billion, and Equity strengthened to over ZMW 318 million, demonstrating that scale and solvency discipline could advance in parallel.

#### Third Milestone: Entry Into the United States Treaty Market (2024)

In 2024, Klaption Re entered the United States Treaty reinsurance market, representing a defining strategic inflexion point. Participation in the US market signalled technical competence, pricing discipline and international acceptance. Insurance Revenue increased to ZMW 2.97 billion, Profit After Tax reached ZMW 236.3 million, and Equity rose to ZMW 652 million. With this move, Klaption Re transitioned from a regional capacity provider to a globally participating reinsurer.

Resilience is central to our business model. Reinsurance is inherently long-term and counter-cyclical. Demand for protection does not disappear during economic downturns, and annual contracts allow us to reprice risk and adjust terms as conditions change regularly. Our diversified portfolio, disciplined underwriting, and strong governance enable us to manage shocks and remain financially sound across cycles.

#### Fourth Milestone: Rating Upgrade and Sovereign Decoupling (2025)

In 2025, Klaption Re upgraded its Insurance Financial Strength Rating to Caa1 from Caa2. Importantly, this placed the Company above the sovereign rating level at the time, effectively decoupling its credit profile from the national ceiling. This development

enhanced counterparty acceptance, expanded market access, and strengthened capital market credibility. On an unaudited basis as at November 2025, Total Assets stand at ZMW 3.50 billion and Equity at ZMW 664 million, reinforcing the balance sheet foundation underpinning this rating progression.

Each milestone reflects institutional strengthening rather than episodic expansion. The intentional deployment of underwriting capacity in the United States, together with newly secured access to China, has further diversified the earnings base. A growing proportion of premiums is denominated and invested in United States Dollars, enhancing currency resilience and increasing the international comparability of earnings.

#### **The Fifth Milestone: Direct Listing and Institutional Transformation**

The direct listing formalises Klaption Re as a public institution in Zambia and the region. It broadens the shareholder base, embeds market discipline and reinforces the capital structure in alignment with the scale of operations.

Proceeds will be deployed with precision. Capital reinforcement will align equity with the diversified underwriting platform, enhancing solvency resilience and supporting prudent retention strategies. A portion will optimise retrocession arrangements to stabilise net outcomes across stress scenarios. Further investment will deepen analytics, catastrophe modelling capability and governance systems to ensure underwriting integrity is sustained as scale increases.

#### **Capital is Directed Toward Durability Rather than Acceleration**

Looking ahead, Klaption Re enters a phase of structured scale. Insurance Revenue is projected to increase from ZMW 3.43 billion in 2026 to ZMW 4.15 billion by 2028. Profit After Tax is forecast to rise from ZMW 449 million to ZMW 587 million, and Total Equity is expected to strengthen from ZMW 1 billion to nearly ZMW 2 billion over the same period.

This expansion is driven by the continued maturation of the United States treaty portfolio, disciplined development of newly accessed Chinese markets and selective growth across core African territories. Through these actions, the revenue base will continue to grow, the brand will become more internationally recognised, and the portfolio will be increasingly USD-aligned.

Capital reinforcement will support further rating progression, including the pursuit of an AM Best rating. Such advancement will broaden market access, enhance counterparty acceptance, and unlock participation in higher-quality global programs.

In reinsurance, valuation follows resilience and international credibility. As revenue exceeds ZMW 4 billion, profitability approaches ZMW 587 million, and equity trends toward ZMW 2 billion during the forecasted period, Klaption Re will transition into a different category of underwriting institution, where enterprise value exceeding USD 250 million represents a logical consequence of earnings compounding and portfolio outperformance.

#### **Transition into the Next Stage of Institutional Scale**

By listing on the Lusaka Securities Exchange, Klaption Re affirms its commitment to Zambia's capital markets while maintaining its international underwriting orientation. Public market participation strengthens transparency, governance discipline and accountability, attributes necessary to compete effectively in the global reinsurance arena.

The proposed semi-annual dividend policy will remain balanced against capital requirements, rating objectives and long-term value creation. Sustainable growth in this phase requires disciplined reinvestment alongside measured distribution.

On behalf of the Board, I extend sincere appreciation to management and staff whose execution has enabled this progression, and to regulators, clients and partners whose engagement has strengthened the Company's standing.

We invite Investors to assess Klaption Re on the strength of its milestones, capital depth, and expanding international relevance. The foundations have been laid, the balance sheet is being strengthened, and the next phase of growth will be deliberately focused on building an institution that thoughtfully and audaciously “Underwrites the World”.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line extending to the right.

**Anthony Elmo Vinitha Jayetileke**

**Chairman of the Board of Directors**

**Klaption Reinsurance PLC**

## 9 KLAPTON RE'S NATURE OF BUSINESS

### 9.1 Overview

Klapton Re is a Zambia-domiciled reinsurance institution operating across multiple international markets, established to provide structured risk transfer solutions to insurers in emerging and developed economies. The Pensions and Insurance Authority of Zambia license the Company. It underwrites non-life Treaty and Facultative reinsurance business across Africa, Asia, the Middle East, Europe, and the Americas.

The business has been constructed from inception as a cross-border reinsurer rather than a domestically oriented carrier. While headquartered in Zambia, Klapton Re conducts most of its underwriting activity in United States dollars and participates predominantly in international risk pools. This design reflects a deliberate strategic choice to diversify earnings, mitigate localised volatility, and align underwriting, reserving, and capital practices with global reinsurance norms.

Klapton Re operates on the premise that emerging-market institutions can originate, structure, and manage globally relevant risk when supported by disciplined governance, robust systems, and conservative capital management. The Company's operating model positions Africa not as a peripheral recipient of reinsurance capacity, but as a credible underwriting base capable of engaging global risk flows on a technically informed and controlled basis. This perspective underpins portfolio construction, geographic participation, and counterparty selection.

Since commencing underwriting operations in April 2021, Klapton Re has transitioned from an establishment phase into a period of scaled operation and increasing institutional maturity. Growth in gross written premium has been achieved through selective participation in structured facilities, targeted treaty relationships, and Facultative placements where risk transparency, contract certainty, and claims behaviour are demonstrable. The portfolio has been actively shaped rather than passively accumulated.

Underwriting discipline is central to the Company's operating philosophy. Risk acceptance is governed through defined appetite parameters, conservative net retentions, and retrocessional programmes designed to protect capital under adverse loss scenarios. Portfolio steering is informed by continuous interaction between underwriting, claims, reserving, and retrocession, ensuring that loss experience and contract performance directly influence forward risk selection and pricing. This integrated approach supports earnings consistency and limits volatility as the portfolio evolves.

Klapton Re has invested early in operational infrastructure and control frameworks aligned with international reinsurance standards. The Company operates on a globally recognised reinsurance administration platform that supports contract certainty, exposure monitoring, data integrity, and auditability across jurisdictions. Governance, risk management, underwriting, claims, and finance operate as an integrated system, reinforcing internal accountability and external confidence.

Engagement with international rating agencies forms part of the Company's institutional development. Klapton Re has completed management meetings with both AM Best and Moody's. Moody's has upgraded the Company's Insurance Financial Strength Rating to Caa1 with a stable outlook, reflecting improvements in diversification, profitability, and operating scale. The AM Best process has further reinforced management focus on underwriting leverage, capital alignment, and balance sheet resilience, embedding rating considerations into ongoing decision-making.

The decision to list on the Lusaka Securities Exchange represents a deliberate progression in the Company's institutional evolution. The Listing is intended to broaden the shareholder base, enhance transparency, and align the Company with long-term capital while supporting regulatory objectives relating to local participation in strategically important financial institutions. It also provides a framework for disciplined capital management as the business continues to scale.

Klapton Re is now operating as an established reinsurance platform entering a phase of consolidation, balance sheet strengthening, and selective expansion. Strategic priorities are centred on portfolio quality, capital efficiency, and institutional durability rather than headline growth. The objective is to build a reinsurer whose performance, governance, and relevance are sustained across underwriting cycles and independent of market conditions.

## 9.2 Strategic Orientation, Business Profile, and Forward Ambition

Klapton Re's strategic orientation is founded on the deliberate construction of a globally active reinsurance platform that combines underwriting discipline, capital resilience, and international relevance. The Company's business profile reflects a clear intent to operate as a meaningful participant in global reinsurance markets, while remaining anchored in Africa and responsive to the structural needs of emerging insurance economies.

At the centre of this strategy is a portfolio architecture that balances growth, stability, and capital efficiency. Klapton Re underwrites a diversified mix of non-life treaty and Facultative reinsurance across Africa, Asia, and selected developed markets. A substantial United States intentionally anchors the portfolio-focused portfolio of quota share treaty business, which provides scale, earnings visibility, and access to a highly rated jurisdiction. This anchor enables the Company to hold assets within A-rated markets, strengthening balance sheet quality and providing a stable foundation from which to deploy long-term, larger underwriting capacity into Asia and Africa.

This structure is fundamental to Klapton Re's value proposition. By anchoring the portfolio in a mature, well-regulated market while allocating underwriting capacity to high-growth regions, the company achieves diversification that reduces dependence on local economic cycles. Earnings are therefore not solely correlated to domestic or regional macroeconomic conditions, allowing the business to absorb volatility and maintain continuity of underwriting appetite across different phases of the cycle.

Klapton Re's strategic vision is shaped by the conviction that insurance and reinsurance capacity are essential components of economic development. Through its international underwriting activities, the Company contributes directly to foreign currency inflows into Zambia, strengthening external reserves and supporting financial system stability. At the same time, the Company invests in local technical capability, building underwriting, claims, actuarial, and risk management expertise that is globally informed but locally embedded. This dual contribution, capital and capability, is a defining feature of Klapton Re's institutional role.

The Company's global footprint has expanded deliberately and selectively. Africa and Asia are the core growth markets, reflecting favourable long-term fundamentals, including rising insurance penetration, infrastructure development, and increasing demand for sophisticated risk transfer solutions. Within these regions, Klapton Re focuses on markets where cedants and brokers value its capacity, responsiveness, and technical discipline, and where incremental market share can be built progressively through consistency rather than episodic participation.

Growth is pursued through a combination of structured facilities, quota share arrangements, and targeted treaty relationships that provide repeatable premium flows and portfolio transparency. Facultative underwriting complements this core by enabling selective participation in individual risks that meet defined technical criteria. This layered growth strategy allows the Company to scale relevance and depth within chosen markets without compromising underwriting standards or capital integrity.

Underpinning this is Klapton Re's capital management and risk governance strategy. Underwriting growth is calibrated against available capital, retrocessional protection, and rating agency benchmarks through which the Company actively manages underwriting leverage to ensure that expansion is aligned with balance sheet strength and earnings sustainability. Where

appropriate, retrocession is deployed strategically to manage peak exposures and protect capital, rather than to facilitate volume-driven growth.

Looking forward, Klaption Re’s ambition is to deepen its position as a globally relevant reinsurer emerging from Zambia. The focus is on increasing the depth of participation in selected markets, expanding technical capabilities, and strengthening institutional credibility through continued engagement with rating agencies and capital markets. As the portfolio matures, management expects to enhance earnings stability, improve capital efficiency, and reinforce the Company’s ability to deploy long-term capacity into regions with structurally compelling growth prospects.

For Investors, this strategic orientation represents a platform designed to compound value over time as Klaption Re’s model combines international diversification, disciplined growth, and a clear contribution to economic resilience in its home market and beyond. The objective is not rapid expansion, but durable relevance, governed growth, and sustained participation in global reinsurance markets.

### 9.3 Corporate Structure

The following is the current shareholding of the paid up shares of Klaption Re:

Shareholder	Type	Ownership %	Ultimate beneficial owner
Klaption Management Limited	Company	32.56%	Shay Reches
SLA Consolidated Limited	Company	32.56%	Assaf Reches Yuval Reches Michael Lawson
Shay Reches	Individual	27.91%	N/A
Assaf Reches	Individual	1.86%	N/A
Yuval Reches	Individual	1.86%	N/A
Robert John Bygrave	Individual	1.40%	N/A
K.M.A Administration Limited	Company	0.93%	Assaf Reches Yuval Reches
Michael Lawson	Individual	0.93%	N/A
<b>Total</b>		<b>100%</b>	

Table 5 Klaption Re Shareholding Structure

Klaption Re is affiliated with the following entities through common shareholding by SLAC and KML:

- A. Klaption Insurance Company Limited;
- B. Klaption Insurance Zambia Limited;
- C. Klaption Reinsurance Brokers Limited;
- D. Klaption Management Africa SARL; and
- E. Kuala Tech Limited.

## 9.4 Product and Service Offering

Klaption Re provides mostly non-life reinsurance solutions through a balanced combination of treaty and Facultative underwriting. The number of lines written does not define the Company's product offering, but different structures are assembled to create a diversified, resilient, and capital-efficient portfolio. Each product type plays a distinct role within overall portfolio construction and risk governance. The Company's major non-life classes include Aviation, Agriculture, Engineering, Fire, Motor, Marine, and Bonds and Trade Credit.

### 9.4.1 Treaty Reinsurance

Treaty reinsurance forms the core of Klaption Re's portfolio and provides scale, diversification, and earnings visibility. The Company participates in both proportional and non-proportional treaty structures, selected to balance frequency and severity risk while maintaining control over aggregate exposure.

### 9.4.2 Proportional Treaties

Proportional treaties, including quota share and surplus arrangements, allow Klaption Re to participate alongside cedants on a defined share of premium and losses. Proportional business also supports the development of long-term relationships with cedants, providing transparency into underlying portfolios and facilitating continuous performance monitoring. These structures are used selectively to:

- A. Gain diversified exposure across portfolios with established underwriting and claims performance;
- B. Provide stable premium flows and predictable earnings profiles;
- C. Align interests with cedants through shared risk participation; and
- D. Enhance portfolio diversification across geographies and lines of business without concentration in single risks.

### 9.4.3 Non-Proportional Treaties

Non-proportional treaties, including excess-of-loss and aggregate covers, are used to manage severity risk and protect cedants against large or accumulated losses. Non-proportional participation is calibrated carefully to avoid excessive tail risk, with attachment points, limits, and reinstatements structured in line with defined risk appetite and retrocessional protection.

From a portfolio construction perspective, these structures:

- A. Limit downside exposure by attaching the above-defined loss thresholds;
- B. Reduce volatility through defined loss caps and event limits;
- C. Provide efficient capital deployment by focusing on peak risk layers; and
- D. Support balance sheet protection under stress scenarios.

### 9.4.4 Facultative Reinsurance

Facultative reinsurance complements the treaty portfolio by allowing Klaption Re to underwrite individual risks on a case-by-case basis where risk characteristics warrant bespoke assessment. Facultative underwriting is applied selectively and is not used as a volume-driven growth engine. Facultative risks are assessed using defined technical criteria, with particular emphasis on exposure clarity, contract certainty, and claims recoverability. Limits and retentions are tightly controlled to prevent concentration and accumulation risk. From a portfolio perspective, Facultative business serves several strategic functions:

- A. Enables targeted participation in risks with clearly defined exposures and pricing adequacy;
- B. Allows selective entry into markets or lines without committing to whole portfolios;
- C. Enhances diversification by adding uncorrelated or short-tailed exposures; and
- D. Provides underwriting insight that informs broader portfolio and treaty participation.

#### **9.4.5 Portfolio Construction and Risk Balance**

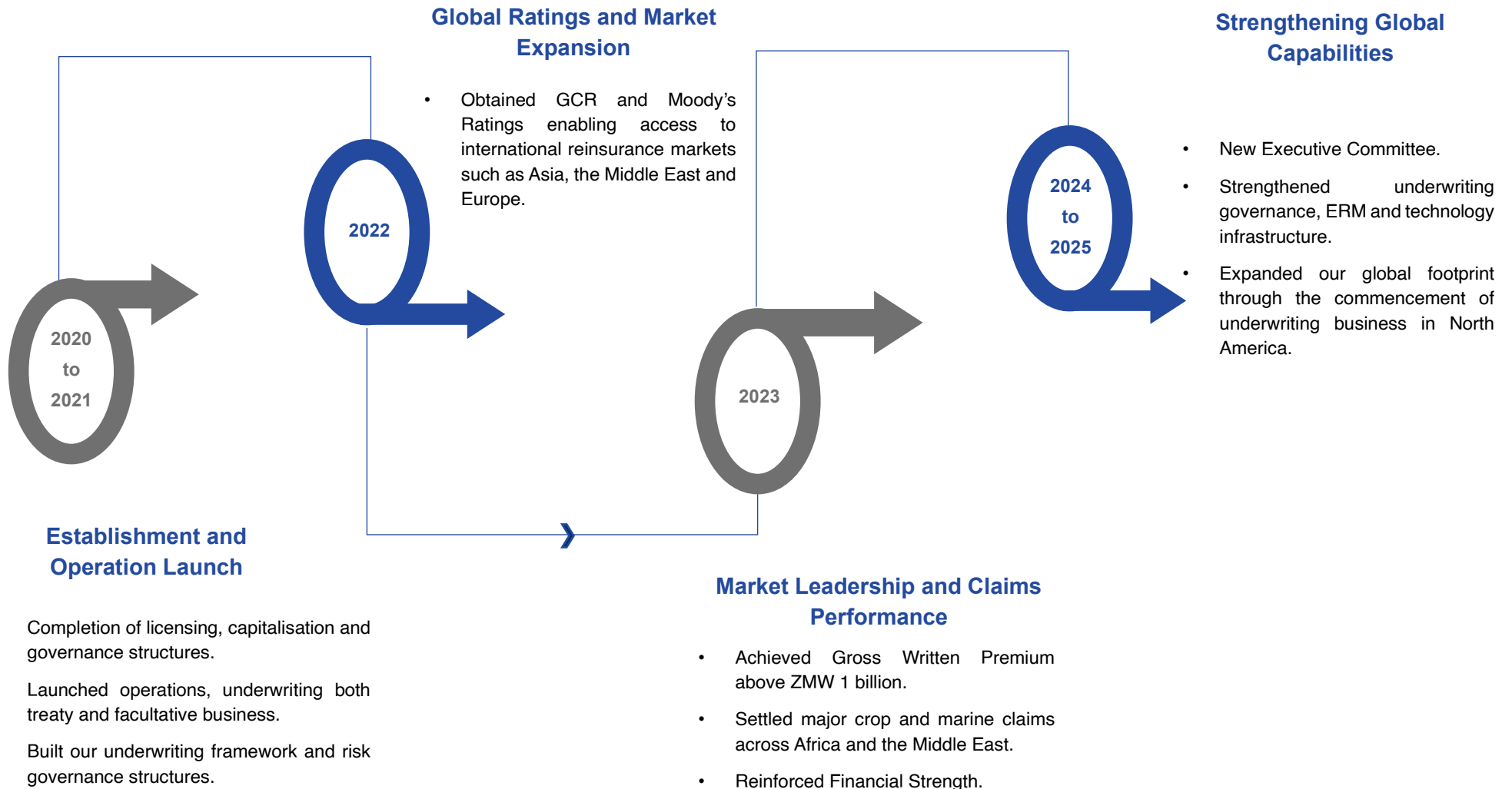
The combined use of treaty and Facultative reinsurance enables Klaption Re to construct a diversified portfolio by geography, line of business, structure, and loss profile. Treaty business provides scale, continuity, and earnings stability, while Facultative underwriting adds precision, flexibility, and incremental risk-adjusted return.

Across both product categories, underwriting decisions are governed by defined risk appetite parameters, capital constraints, and retrocessional protection. This ensures that product mix evolves deliberately in response to portfolio performance, market conditions, and balance sheet capacity.

The product and service offering is therefore not static. It is actively managed to support earnings consistency, protect capital, and reinforce Klaption Re's positioning as a disciplined global reinsurer capable of deploying long-term capacity into growth markets.

## 9.5 Historical Milestones

Klapton Re has grown steadily since its formation, guided by a clear strategic vision and an ambition to serve as a reliable reinsurance partner across emerging markets. The Company's journey is marked by deliberate investment, disciplined expansion, and a commitment to innovation.



## 9.6 Strategic Vision

Klaption Re's long-term strategic vision is to build a globally relevant reinsurance institution originating from Africa, capable of compounding value across underwriting cycles through controlled growth, disciplined capital stewardship, and institutionalised technical capability. The strategy is expressed through five interdependent themes. Each theme is designed to reinforce the others, so that progress in one area strengthens the whole system, rather than creating isolated pockets of growth or capability.

The Company's ambition is therefore not a collection of initiatives but an architecture. Specifically, a portfolio anchored in stability, deployed into structurally attractive growth markets, governed by clearly defined risk boundaries, supported by continuous learning, and validated through increasing market credibility. This is the platform the Listing is intended to scale.

### 9.6.1 Portfolio Architecture Anchored in Stability, Designed for Compounding

Klaption Re's portfolio strategy begins with a core principle: Reinsurance value is created through repeatable underwriting outcomes, and not premium volume alone. The Company therefore constructs its portfolio deliberately, using structure, geography, and line selection to shape the earnings distribution. The objective is to build a book with sufficient scale and diversification to produce stable returns, while retaining the flexibility to adapt terms, pricing, and participation as market conditions change.

A defining element of this architecture is that the portfolio is anchored by core underwriting appetite and focus. In this case, this is what our US portfolio represents, providing three strategic advantages that are directly relevant to long-term Shareholders:

- A. It provides a stable base of premium and exposure experience within a mature market where contract certainty, data availability, and claims practices support more consistent performance analysis.
- B. It supports the Company's ability to hold assets in highly rated jurisdictions, strengthening balance sheet quality and reducing friction with international counterparties; and
- C. Finally, it creates an underwriting scale and earnings visibility that enable Klaption Re to deploy meaningful long-term capacity into Asia and Africa without relying on local cycles or local balance-sheet constraints.

Against this anchor, the Company's growth-market deployment is intentional. Asia and Africa are not treated as opportunistic expansions but as strategic destinations for long-term market share accumulation, based on structurally improving fundamentals.

Klaption Re's approach is to build depth in selected markets, then compound relevance through consistency. Over time, this produces a franchise effect: stronger broker and cedant mindshare, better deal flow, improved access to higher-quality structures, and more control over portfolio shape.

For Investors, this portfolio architecture signals that Klaption Re is not building a book that requires constant favourable conditions to succeed. It is building a book designed to remain viable across multiple market regimes.

### 9.6.2 Controlled Growth and Capital Resilience as a Competitive Advantage

The second theme is that growth must be earned within capital boundaries. Klaption Re's strategy does not treat capital as a passive constraint. It treats capital as a strategic resource to be protected, deployed, and replenished with intention. The Company's operating posture is that underwriting growth is only attractive when it improves risk-adjusted returns without compromising solvency resilience.

This results in a growth model that is fundamentally different from volume-seeking competitors. Klaption Re scales through structured participation that supports portfolio transparency and predictable capital usage. It uses retrocession strategically to

manage peak exposures, reduce tail risk, and protect the balance sheet from volatility shocks that could impair long-term compounding. It calibrates underwriting leverage to ensure the balance sheet remains capable of absorbing stress events and continuing to write business even as weaker competitors retreat.

This matters because reinsurance is cyclical, and the most durable value is created by the reinsurer that can continue to deploy capacity through dislocation, reprice risk quickly, and expand relevance when conditions are most attractive. Capital resilience, in that context, is not conservatism but an offensive capability.

Klaption Re is positioning itself to be a cycle-aware capital allocator with the intended outcome being a business that can sustain dividend capacity over time, reduce earnings volatility, and preserve strategic flexibility.

### **9.6.3 Institutionalised Technical Capability and Compounding Learning**

Sustainable underwriting performance must be institutional, not individual. Klaption Re's long-term vision is to embed technical capability into governance, systems, and decision rhythms so that performance is repeatable and not dependent on personality, memory, or isolated expertise, a phenomenon often experienced by emerging market reinsurers where skills shortages abound.

To solve for this, the Company is ensuring that underwriting, claims, reserving, and retrocession operate as an integrated learning system. Loss experience is not treated as a backwards-looking accounting outcome. It is incorporated in our modelling frameworks and treated as forward-looking underwriting intelligence. Claims patterns inform pricing adequacy, and reserve developments are evolving to inform contract structure more critically. Furthermore, counterparty behaviour informs participation terms, with a close link to financial reporting implications. Retrocession performance informs the shape of future protection, risk appetite and capital management strategy. This feedback loop is designed to compound learning over time and steadily narrow the gap between priced risk and realised risk.

As the Company deepens its participation in selected markets, this institutional learning becomes an advantage as it improves selection discipline, enables faster and more confident decision-making, and supports better negotiation outcomes with brokers and cedants. It also strengthens the Company's ability to build consistent underwriting margins, particularly in growth markets where pricing inefficiencies and information asymmetries can be significant.

For an institution with a long-term lens, internalised knowledge that compounds technical learning improves profitability and differentiation without over-reliance on market-wide pricing improvements, while short-term cycles put pressure on it.

### **9.6.4 Credibility, Ratings, and Access to Higher-Quality Risk**

The fourth theme is the strategic pursuit of increasing institutional. In reinsurance, credibility is essential for meaningful access. Klaption Re's growth ambition depends on expanding and strengthening access to better counterparties, better structures, more stable deal flow, and, consequently, pricing that reflects trust in claims payment and governance.

Klaption Re's engagement with and subsequent upgrade by Moody's rating agency is a positive endorsement of the Company's strategy to align itself with international standards of transparency, governance, and capital management. The Company intends to strengthen its credit profile over time by leveraging improved earnings quality, greater diversification, and disciplined capital stewardship to support progressive rating enhancements with Moody's and other international rating agencies.

As credibility increases, Klaption Re expects the quality of its opportunity set to improve as we gain access to markets that require higher ratings and, in turn, programs that place a premium on stronger securities. The strengthening of this pillar speaks directly to the franchise's scalability, as rating momentum and credibility not only reduce perceived risk but also expand the set of risks that can be accessed on favourable terms.

### 9.6.5 Economic Contribution and Strategic National Relevance

Klaption Re is building a franchise whose relevance extends beyond corporate profit, without diluting shareholder focus. The Company contributes to foreign currency inflows through its international premium base and through how it structures and settles its business. This supports external balance and financial system stability, which is strategically important in an environment where foreign currency availability and confidence matter.

In parallel, the Company invests in technical capability building, not as corporate social responsibility, but as market infrastructure development that supports long-term franchise strength. As a reinsurer that builds local underwriting, actuarial, and risk governance capability, Klaption Re is increasing the overall sophistication of the local operating ecosystem.

For Investors, this matters because a company that is nationally relevant, internationally credible, and systemically constructive typically faces lower strategic friction over time as regulatory relationships deepen, market influence improves and institutional permanence increases.

### 9.7 What the Attainment of These Five Themes Yields

The attainment of these five strategic themes is designed to produce a specific outcome that Investors recognise as rare in emerging-market financial institutions: a platform that can compound value across cycles with controlled volatility, thereby improving credibility and increasing strategic optionality.

If executed as intended, the combined effect is as follows:

- A. The portfolio anchor in the United States, coupled with disciplined deployment into Asia and Africa, yields a book that is geographically diversified and less correlated to local economic cycles, supporting earnings stability and improving the reliability of capital planning and dividend capacity.
- B. Controlled growth within capital and retrocession boundaries yields a balance sheet that remains resilient during market stress, enabling Klaption Re to sustain underwriting appetite and capitalise on hard market conditions when competitors retrench. In emerging markets, this is the mechanism through which cycle-aware compounding occurs.
- C. Institutionalised technical learning yields steadily improving underwriting outcomes, tighter pricing adequacy, and stronger portfolio steering. Over time, this reduces downside surprise and enhances risk-adjusted profitability.
- D. Growing credibility and rating alignment yield access to higher-quality risk and better terms, supporting scalable growth without sacrificing discipline; and
- E. Foreign currency contribution and technical capacity building yield strategic relevance and institutional permanence, supporting a sustained increase in franchise value.

Taken together, these outcomes define what Klaption Re is building and is the logic through which long-term shareholders can reasonably expect durable value creation, not through assertion, but through structure.

## 9.8 International Risk Diversification

Klapton Re's growth strategy is built on a targeted, region-specific approach that aligns market potential with underwriting expertise driven primarily by casualty, speciality, and selected property lines, supported by new business wins and improved retention. Regional balance is of great importance to the Company, and deliberate portfolio rebalancing strengthens its underwriting discipline.

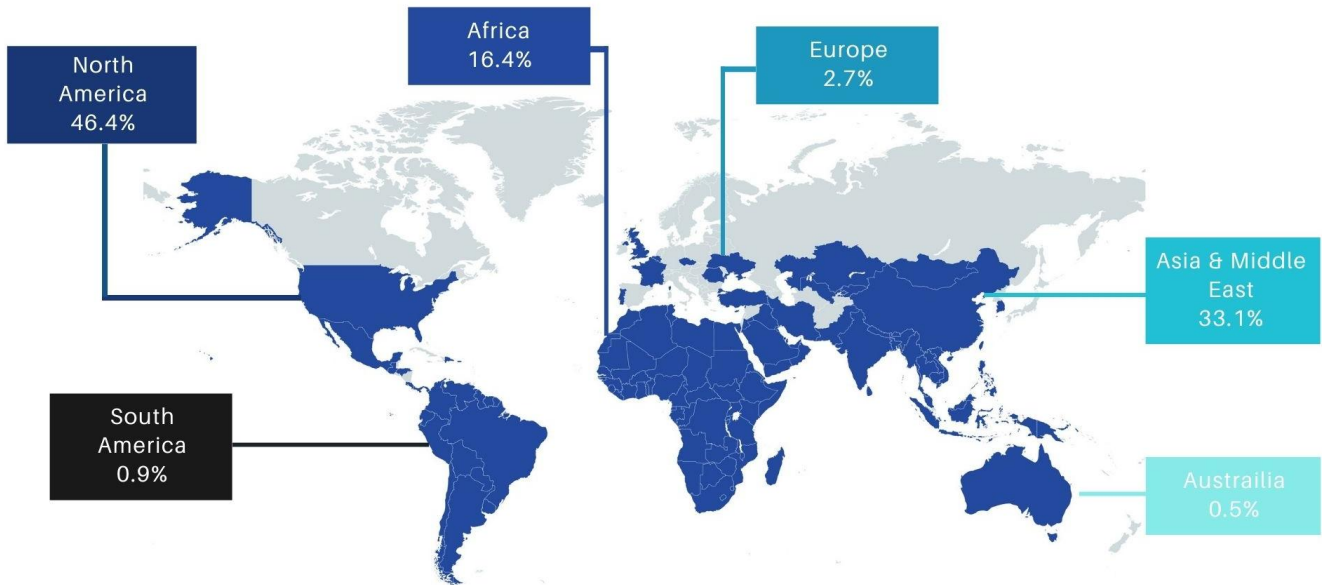


Figure 1 Global Footprint

### 9.8.1 America

Klapton Re currently participates through long-tail quota share treaties in liability and motor own damage programs with limited third-party liability. The Company shall maintain long-tail participation and diversify into shorter-tail lines to balance reserving risk and improve capital efficiency.

### 9.8.2 Africa

Klapton Re has a strong foundation in Southern and West Africa, with a balanced portfolio across property, liability, and Facultative segments, and strong relationships. Klapton Re will expand into East and North Africa to diversify risk and premium sources. We shall position ourselves as a pan-African reinsurer through speciality lines to differentiate ourselves from our peers.

### 9.8.3 Asia

Klapton Re has written significant business in Indonesia, Vietnam, and the Middle East, mainly through Facultative property placements. The Company shall establish a measured presence in China and India, leveraging its relationships and building control credibility through technical expertise and capital discipline.

## 9.9 Klapton Re Subsidiary: Klapton Business Park

Klapton Business Park is a private limited company incorporated in May 2023 and is domiciled in Zambia. Klapton Business Park's principal activity is to invest and develop real estate. It endeavours to become a top-notch commercial hub in its market by constructing professional, business friendly and accommodative office and residential spaces to both commercial and non-commercial entities as well as to individuals.

Since the inception of Klapton Business Park, refurbishment works have been ongoing to renovate and upscale the main building to make it suitable for use as office space and provide a venue for social events while planning for mixed use real estate development is work-in progress.

### 9.9.1 Share Capital

	Class of Securities	Ordinary Shares
(a)	Nominal Capital	ZMW15,000
(b)	Par Value	ZMW1.00
(c)	Number of Authorised Shares	15,000
(d)	Number of Shares Issued	15,000

Table 6 Klapton Business Park - Share Capital

### 9.9.2 Shareholders

	Class	No. of Shares	Shareholding %
Klapton Reinsurance Limited	Ordinary	11,250	75%
Skyview Hotel Chingola Limited	Ordinary	3,750	25%
<b>Total</b>		<b>15,000</b>	<b>100%</b>

Table 7 Klapton Business Park Shareholding Structure

### 9.9.3 Board of Directors

Name	Position
Anthony Elmo Vinitha Jayetileke	Board Chairman
Musonda Chisanga	Non-Executive Director

Table 8 Klapton Business Park Board of Directors

## 10 FINANCIAL INFORMATION

### 10.1 Historical Financial Statements: Summary

Since its inception, Klaption Re has experienced operational expansion, marked by substantial premium growth, improved underwriting discipline, and rising profitability. The financial results for 2025 recorded below are based on management accounts as at 30 November 2025, for purposes of this Prospectus.

#### 10.1.1 Statement of Comprehensive Income

Financial Statement Caption	2022 (ZMW '000)	2023 (ZMW '000)	2024 (ZMW '000)	Unaudited Nov 2025 (ZMW '000)
Insurance Revenue	361,805	1,054,242	2,968,288	2,728,256
Underwriting Profit	92,569	38,297	369,575	479,914
Profit After Tax	51,456	119,671	236,288	325,413

Table 9 Summarised Statement of Comprehensive Income 2022 – 2024

- A. **Revenue Growth and Market Scale:** Klaption Re achieved its strategic growth targets, increasing insurance revenue from ZMW 361.8 million in 2022 to ZMW 2.97 billion in 2024. This expansion was driven by strong traction in international markets and a strategic shift towards structured and collateralised facilities in North America, which contributed approximately ZMW 1.6 billion in 2024 revenue. The Company, in 2025, is projected to earn insurance revenue of ZMW 3 billion through intentional, stable growth.
- B. **Underwriting Performance:** The Insurance Service Result, reflecting the technical profitability of the core underwriting business, improved significantly over the period. The result stood at ZMW 92.6 million in 2022, reduced to ZMW 38.3 million in 2023, having navigated the full impact of IFRS 17 adoption. After the adoption, underwriting profit increased as the Company strengthened its risk selection, improved pricing and tighter portfolio management.
- C. **Profitability:** The Company's steady profit after tax YoY growth reflects stronger underwriting performance, cost efficiency and improving quality earnings.

#### D. Key Ratio Analysis

Ratio	2022	2023	2024	Unaudited Nov 2025
Underwriting Profit Margin	26%	4%	12%	18%
Combined Ratio	74%	96%	88%	82%
Net Profit Margin	14%	11%	8%	12%

Table 10 Key Ratio Analysis

Klaption Re's ratio trends reflect deliberate scaling and portfolio optimisation. The Company achieved strong absolute earnings growth, strengthened underwriting performance, and built a scalable, internationally diversified platform that supports medium-term profitability and capital generation.

## 10.1.2 Statement of Financial Position

Klaption Re's balance sheet expanded significantly as the Company grew its underwriting book, strengthened its investment position, and enhanced capital adequacy. The four-year evolution demonstrates increasing financial resilience and a stronger foundation for future growth.

Financial Statement Caption	2022 (ZMW '000)	2023 (ZMW '000)	2024 (ZMW '000)	Unaudited Nov 2025 (ZMW '000)
<b>Total Assets</b>	214,740	1,082,148	3,271,171	3,504,303
<b>Total Equity</b>	120,406	318,380	652,006	663,567
<b>Total Liabilities</b>	94,334	763,768	2,619,165	2,840,736

Table 11 Summarised Statement of Financial Position 2022 – 2024

- A. **Total Assets:** Klaption Re's asset base expanded significantly, with total assets increasing from ZMW 214.7 million in 2022 to ZMW 3.50 billion in 2025, reflecting the Company's growth in underwriting operations. In 2024, the growth was driven primarily by the accumulation of collateralised reinsurance funds following the Company's expansion into North America. Liquidity remains robust, underpinned by healthy cash balances and a diversified investment portfolio.
- B. **Total Equity:** Equity increased from ZMW 120.4 million in 2022 to ZMW 663.6 million in 2025, driven largely by retained earnings rather than external capital injections. This reflects strong internal capital generation and the Company's ability to fund growth organically.
- C. **Total Liabilities:** Insurance contract liabilities, being a significant portion of total liabilities, rose in line with premium growth, increasing from ZMW 67.4 million in 2022 to ZMW 2.69 billion in 2025, consistent with the expansion of structured reinsurance programs and underwriting volumes. Importantly, non-current liabilities remain minimal, indicating low reliance on long-term debt and a conservatively structured balance sheet.
- D. **Regulatory Solvency and Risk Management:** Klaption Re maintained strong regulatory compliance throughout the period. The Regulatory Solvency Margin remained well above statutory requirements, underpinned by disciplined underwriting, robust equity growth, and prudent asset management.

## 10.2 Forecast Financial Statements 2026 to 2028: Summary

The financial projections for the next three years focus on enhancing the stability and quality of this enterprise's balance sheet and earnings profile.

### 10.2.1 Forecast Statement of Comprehensive Income

Financial Statement Caption	2026 (ZMW '000)	2027 (ZMW '000)	2028 (ZMW '000)
<b>Insurance Revenue</b>	3,429,594	3,772,553	4,149,808
<b>Underwriting Profit</b>	668,506	735,356	808,892
<b>Profit After Tax</b>	449,315	531,258	587,306

Table 12 Summarised Forecast: Statement of Comprehensive Income 2026-2028

- A. **Revenue Growth and Expansion Momentum:** Klaption Re's insurance revenue is projected to grow to ZMW 3.43 billion in 2026 and to ZMW 4.15 billion by 2028, driven by 10–12% annual growth. This growth is supported by new market access and strategic expansion initiatives in countries such as China and the LATAM region, whilst enhancing our presence in our proven markets.
- B. **Underwriting Discipline and Operating Efficiency:** Underwriting performance is expected to stay strong, with underwriting profits of 20%. This reflects stable claims, effective reinsurance recoveries, controlled expenses and prudent reserves. The combined ratio is projected at 80%, highlighting profitable underwriting supported by disciplined pricing, risk selection and portfolio diversification.
- C. **Profitability and Sustainable Net Margin:** Profit after tax is forecast to increase from ZMW 449.3 million in 2026 to ZMW 587.3 million by 2028, driven by revenue growth and efficient underwriting strategies whilst maintaining an optimal operational cost base.

### 10.2.2 Forecast Statement of Financial Position

Financial Statement Caption	2026 (ZMW '000)	2027 (ZMW '000)	2028 (ZMW '000)
<b>Total Asset</b>	4,720,774	5,383,585	6,286,255
<b>Total Equity</b>	974,322	1,404,032	1,915,177
<b>Total Liabilities</b>	3,746,452	3,979,553	4,371,078

Table 13 Summarised Forecast: Statement of Financial Position 2026-2028

- A. **Total Assets:** Total assets are projected to grow from ZMW 4.72 billion in 2026 to ZMW 6.29 billion in 2028 in line with the Company's revenue growth strategy. A diversified investment portfolio will ensure liquidity and capital preservation, while the current assets also rise steadily.
- B. **Total Equity:** Equity is projected to increase from ZMW 974 million in 2026 to ZMW 1.92 billion by 2028, reflecting strong retained earnings and internal capital generation. This highlights Klaption Re's ability to fund growth organically while strengthening policyholder surplus, which is set to rise in parallel to equity.
- C. **Total Liabilities:** Insurance contract liabilities, the significant portion of total liabilities, are projected to increase from ZMW 3.43 billion in 2026 to ZMW 4.14 billion in 2028, driven by higher premium volumes and structured reinsurance programs. Non-current liabilities will remain minimal, demonstrating a conservatively structured balance sheet with low reliance on long-term debt.

### 10.3 Dividend Policy

Klaption Re intends to adopt a semi-annual dividend policy that balances sustainable shareholder returns with prudent capital management.

## 11 USE OF FUNDS

The proceeds raised through the Listing and associated capital-raising activities will be deployed in accordance with Klaption Re's capital allocation framework and long-term strategy. The objective is not premium acceleration for its own sake but to strengthen the Company's ability to compound value across underwriting cycles through enhanced balance sheet resilience, improved capital efficiency, and broader market access supported by recognised external ratings.

Klaption Re's use of funds is therefore anchored in a single governing logic: capital will be deployed where it increases underwriting durability, strengthens stakeholder confidence, and unlocks structurally superior business opportunities that are not accessible to locally constrained or unrated platforms.

### 11.1 Strengthening the Capital Base and Solvency Resilience

A principal use of proceeds will be to reinforce the Company's capital base and solvency headroom. Reinsurance is a business where credibility ultimately rests on the balance sheet. The ability to maintain consistent capacity, particularly during periods of heightened loss activity or market disruption, is the foundation of long-term franchise value. Enhanced capitalisation serves several purposes that are directly relevant to Investors:

- A. It increases the ability to absorb severe but plausible loss scenarios without compromising underwriting continuity or weakening market confidence.
- B. It enables the retention of attractive risks on a net basis where pricing and terms justify higher participation, thereby improving capital efficiency and long-term return potential; and
- C. It positions the Company to participate more meaningfully in larger, longer-duration programs that demand evidence of stability and claims-paying capacity. Particularly in the United States portfolio.

In the current global reinsurance environment, excess capital is not idle, as it demonstrates strategic optionality. This optionality is achieved through disciplined deployment of capacity when pricing is attractive, thereby allowing the Company to avoid being forced into underwriting concessions during competitive phases of the cycle.

### 11.2 Supporting Rating Outcomes and Rating-Led Market Access Expansion

A dedicated portion of the proceeds will be applied to initiatives and capital positioning that support the maintenance and improvement of Klaption Re's external credit profile, including the recent Moody's rating upgrade and the pursuit of a financial strength rating with AM Best.

Klaption Re views ratings not as a communications objective but as a structural enabler of business quality. Recognised ratings materially expand the addressable market and improve the quality of underwriting opportunities available to the Company, making them an essential component for an emerging markets reinsurer seeking to "Underwrite the World".

#### 11.2.1 Why Ratings Matter in Reinsurance Economics

Rating-based procurement rules govern a significant portion of global reinsurance placements. Many cedants and brokers are restricted to reinsurers that meet minimum financial strength thresholds. In practical terms, ratings influence:

- A. Which countries and cedants are accessible?
- B. Which programs can the Company participate in?
- C. Whether collateral is required and, if so, on what terms.

D. The degree of line stability and renewal continuity that can be secured.

A stronger external rating profile, therefore, improves the Company's ability to access larger, better-structured, and more stable placements, with better pricing clarity and more predictable contract behaviour.

### **11.2.2 Rating Upgrade as a Credibility and Access Unlock**

The rating upgrade by Moody's represents external validation of the Company's strategic direction and execution discipline, including the resilience of its operating model and the quality of its balance sheet profile relative to the operating environment. Similarly, the securing and strengthening of a recognised international insurance financial strength rating from AM Best supports:

- A. Expanded access to markets where rated counterparties are a prerequisite.
- B. Improved broker and cedant confidence, supporting larger and longer-term placements.
- C. Enhanced strategic flexibility to construct a portfolio across geographies and risk classes.

Proceeds will therefore support capital and operational initiatives that strengthen the metrics and controls that rating agencies evaluate, including solvency, liquidity, governance, and risk management capability.

### **11.2.3 Expected Impact on Market Footprint**

A stronger and sustained rating profile enables Klaption Re to broaden its footprint in jurisdictions where rating thresholds materially influence placement decisions. This supports the Company's ambition to deepen participation across its global underwriting regions, particularly where high-quality capacity is scarce and where disciplined reinsurers can build durable market share.

## **11.3 Supporting Disciplined Underwriting Growth in Priority Markets**

A portion of the proceeds will support underwriting growth aligned with the Company's strategic portfolio construction. Klaption Re's approach to growth is capability-led and governed by return thresholds. From this foundation, capital will be deployed to deepen participation where underwriting performance, claims dynamics, and portfolio contribution are well understood. The Company's growth intent is to:

- A. Increase participation with selected cedants where long-term partnership and data transparency exist.
- B. Expand selectively in markets where insurance penetration is rising and where disciplined reinsurance capacity can compound relevance over time.
- C. Avoid the structural pitfall of volume-driven expansion, which erodes underwriting margins and amplifies correlation risk.

## **11.4 Enhancing Portfolio Diversification and Capital Efficiency**

Proceeds will be used to support portfolio diversification and improve capital efficiency across geographies and business lines. Klaption Re's portfolio architecture is designed to moderate volatility by anchoring earnings in hard-currency markets and selectively deploying capacity into structurally attractive growth markets. Stronger capital and improved liquidity enable the Company to:

- A. Optimise retention levels and capital allocation based on risk-adjusted returns.
- B. Allocate capacity into segments where pricing and structure improve the overall portfolio outcome.

This is a critical differentiator relative to local and regional reinsurers, as domestic cycles, currency limitations, or capital volatility may constrain them.

### **11.5 Investment in Risk Management, Systems, and Analytical Capability**

A targeted portion of funds will be invested in strengthening the underwriting governance, exposure management, portfolio analytics, and operational controls. This is essential for operating as a globally relevant, rated reinsurance platform seeking to access new markets and select higher quality business. Investment priorities include:

- A. Systems that support portfolio monitoring and aggregation control.
- B. Analytical tools for underwriting decision support and claims insights.
- C. Governance and reporting processes aligned with the expectations of sophisticated cedants, brokers, regulators, and rating agencies.

These investments are expected to improve underwriting consistency, strengthen risk selection, and enhance transparency, all of which support the durability of returns and external credibility.

### **11.6 Liquidity Management and Financial Flexibility**

A portion of proceeds will be retained to support liquidity buffers, ensuring the Company maintains strong claims-paying capability and can manage cash flow volatility without forced asset sales or reliance on external funding under stressed conditions. Liquidity strength is central to reinsurance credibility as it supports cedant confidence, protects reputation, and enhances resilience during periods of elevated loss activity.

### **11.7 General Corporate Purposes and Listing Readiness**

A limited portion of funds may be applied to general corporate purposes, including working capital, operational efficiency initiatives, and costs associated with operating as a listed entity. This includes strengthening internal reporting, governance infrastructure, and stakeholder communication processes expected of a publicly accountable institution. These uses remain subordinate to the core strategic priorities of capital resilience, rating-led access expansion, disciplined underwriting growth, and institutional capability building.

### **11.8 Capital Allocation Discipline**

Klaption Re's capital allocation philosophy is grounded in solvency preservation, return quality, and long-term compounding. Capital will not be deployed simply because it has been raised. It will be deployed to increase the Company's ability to underwrite profitably through cycles, to protect the balance sheet under stress, and to access higher-quality markets and programmes.

For Investors, the proposed use of funds is designed to strengthen the Company's competitive position in the global reinsurance market. The proceeds are targeted at the mechanisms that directly drive durable reinsurance value creation, reinforcing Klaption Re's positioning as a disciplined, globally constructed reinsurer capable of outperforming local and regional peers over the long term through superior portfolio architecture, capital stewardship, and credibility.

## 12 REINSURANCE INDUSTRY OVERVIEW

### 12.1 Introduction to the African Reinsurance and Insurance Market

Africa's reinsurance market remains structurally underpenetrated relative to the continent's economic scale and risk profile. Yet it plays an increasingly central role in financial system stability, infrastructure development, and economic resilience. Insurance penetration across most African markets remains low by global standards, while exposure to climate volatility, infrastructure risk, and economic shocks continues to rise. This imbalance places reinsurance at the core of market functionality, not as a discretionary capacity provider, but as a foundational enabler of sustainable insurance growth.

The African reinsurance market is predominantly non-life. Property, engineering, energy, agriculture, and infrastructure risks account for the majority of ceded premium, reflecting the capital-intensive nature of economic activity across the continent. These risks are often large relative to domestic insurer balance sheets, making reinsurance capacity essential for solvency management, underwriting continuity, and regulatory compliance.

Despite its modest share of global reinsurance premiums, the African market is not fragmented. Premium volume is concentrated among a limited number of reinsurers, combining global reinsurance groups operating in Africa, pan-African treaty-focused reinsurers, and Africa-originated reinsurers with varying degrees of international diversification. This concentration underscores the importance of balance sheet strength, claims-paying confidence, and governance credibility in securing and retaining reinsurance mandates.

### 12.2 Regulatory Evolution and Localisation Dynamics

Regulatory frameworks across Africa have tightened progressively over recent years, with supervisors placing increased emphasis on solvency adequacy, governance standards, and the systemic importance of reinsurers. In parallel, many jurisdictions have introduced or reinforced localisation and compulsory cession policies, aimed at retaining premium within domestic and regional financial systems, strengthening local balance sheets, and building technical capability.

These policies are not uniform, but their cumulative effect has been to elevate the strategic importance of locally licensed, well-capitalised, and technically credible reinsurers. At the same time, regulators increasingly recognise that excessive concentration of risk within small domestic markets can undermine stability. As a result, reinsurers that can combine regulatory alignment with international diversification are structurally advantaged.

Zambia reflects this broader continental direction. Regulatory oversight continues to strengthen, with increased focus on capital adequacy, governance, and prudent risk management. The regulatory framework recognises the importance of reinsurers in supporting domestic insurer stability while also acknowledging the need for diversified earnings and balance sheet resilience. This creates a clear preference for reinsurers that can meet localisation objectives without becoming structurally exposed to domestic economic cycles.

### 12.3 Africa: A Set of Regional Clusters, not a Single Market

Africa's insurance and reinsurance landscape is best understood as a collection of regional clusters rather than a single unified market. Each cluster exhibits distinct regulatory regimes, currency dynamics, catastrophe profiles, and levels of market maturity. For reinsurers, sustainable value creation depends on recognising these differences and constructing portfolios accordingly.

Cluster	Representative Markets	Structural Advantages	Structural Limitations	Reinsurance Implications
Southern Africa Core	South Africa	Deepest technical skills base, mature regulation, larger corporate risks.	Competitive pricing cycles, concentration risk.	Quality anchor market requiring pricing discipline.
East Africa Growth	Kenya, Tanzania, Uganda, Rwanda	Rising penetration, infrastructure expansion, improving sophistication.	FX volatility, uneven data quality.	Strong long-term opportunity with governance discipline.
West Africa Francophone	Côte d'Ivoire, Senegal, Cameroon	Harmonised regulation, currency stability.	Local retention rules, complex market mechanics.	Attractive for disciplined treaty participation.
West Africa Anglophone	Nigeria, Ghana	Large populations, energy and corporate risk pools.	Currency convertibility risk, inflation, regulatory variability.	High potential but structurally volatile.
North Africa	Egypt, Morocco	Larger insurers, diversified economies.	Regulatory complexity, market access constraints.	Portfolio diversification with selective participation.
Frontier Markets	Zambia, Malawi, Mozambique, DRC	Under penetration, scarcity of capacity.	Small premium pools, concentration risk.	Strategic relevance with controlled exposure.

Table 14 African Market Clusters and Structural Characteristics

This clustered structure explains why many Africa-originated reinsurers become structurally concentrated. Without a stabilising external earnings base, reinsurers are often compelled to pursue volume in accessible regional markets, increasing correlation risk and limiting their ability to write through stress.

## 12.4 Klapton Re Market Position

Within this landscape, Klapton Re has established itself as a meaningful participant in a relatively short operating period. Based on gross written premium, the company ranks within the top fifteen reinsurers operating on the African continent.

To provide a more analytically relevant comparison, it is instructive to adjust this ranking by excluding global reinsurance groups operating in Africa, including Swiss Re, Munich Re, and Gen Re, as well as treaty flows attributable to Africa Re, whose mandate, balance sheet scale, and market role differ materially from Africa-originated peers.

On this adjusted basis, Klapton Re ranks within the top ten Africa-originated reinsurers by premium written, placing it among a small group of institutions that have achieved scale without reliance on global parent balance sheets.

Segment	Relative Position
All reinsurers operating in Africa.	Top 15
Africa-originated reinsurers (excluding global groups and Africa Re).	Top 10
Zambia domestic market.	Market leader

Table 15 Indicative African Reinsurance Positioning

This adjusted positioning is more meaningful for Investors assessing execution capability, growth discipline, and comparative relevance within the African reinsurance ecosystem.

### 12.4.1 Structural Justification for a Global Portfolio Strategy

A defining feature of Klaption Re’s business model is the intentional construction of a globally diversified portfolio, anchored by a substantial United States underwriting platform. This is a structural response to the inherent characteristics of African insurance markets, rather than an opportunistic allocation choice.

African domestic and regional portfolios are typically exposed to concentrated economic cycles, currency volatility, event-driven loss accumulation, and limited retrocessional depth. A reinsurer reliant predominantly on such portfolios faces structural constraints on growth, earnings stability, and capital efficiency.

Klaption Re’s portfolio architecture addresses these constraints directly.

Dimension	Typical Africa-Originated Reinsurer	Klaption Re
Primary premium source.	Domestic or regional	Global.
Currency base.	Local or mixed	Predominantly USD.
Asset jurisdiction.	Local or regional	Highly rated international markets.
Exposure correlation.	High	Moderated through diversification.
Ability to deploy long-term capacity.	Constrained	Structurally supported.

Table 16 Portfolio Architecture Comparison

The United States portfolio provides scale and access to highly rated asset jurisdictions. This strengthens balance sheet quality and allows Klaption Re to deploy long-term underwriting capacity into Africa and Asia without being constrained by local economic cycles or currency availability. In effect, global earnings subsidise stability and depth in growth markets, rather than the reverse.

### 12.4.2 Differentiation versus Africa-Originated Peers

Most Africa-originated reinsurers remain structurally concentrated within regional risk pools. While this supports local relevance, it often results in elevated volatility, capital strain, and limited ability to write consistently through adverse cycles.

Klaption Re’s differentiation lies in its ability to source premium globally while deploying capacity selectively into African markets, thereby reducing dependence on domestic cycles and supporting foreign currency inflows. This enables the Company to maintain underwriting appetite during periods of regional stress and to build market share progressively where continuity and claims certainty are valued.

### 12.4.3 Strategic Implications for Investors

The African reinsurance market increasingly favours institutions that can bridge global capital, international underwriting discipline, and local market relevance. As localisation policies deepen and solvency oversight tightens, reinsurers without diversified earnings bases may face increasing structural pressure.

Within this environment, Klaption Re’s globally anchored portfolio is not merely defensive. It is the mechanism through which the company can increase depth and relevance in Africa responsibly, support foreign currency inflows, and build a franchise capable of enduring across underwriting cycles and enabling sustainable, profitable growth.

## 12.5 Outlook for the Global Reinsurance Industry

The global reinsurance industry is undergoing a structural realignment that fundamentally reshapes how value is created, preserved, and compounded. This realignment is not cyclical. It reflects durable shifts in risk, the behaviour of capital providers, and the performance thresholds required of underwriting institutions.

In this environment, competitive advantage no longer derives from geographic proximity, historical market participation, or nominal premium scale. It derives from portfolio construction discipline, capital resilience, and the ability to allocate underwriting capacity across markets and cycles without impairing the balance sheet. The global outlook clarifies why reinsurers that remain regionally concentrated are structurally disadvantaged, and why platforms that combine global earnings with selective deployment into growth markets are positioned to outperform across cycles.

### 12.5.1 Premium Growth Remains Structural, but Value Creation has Shifted

Global insurance and reinsurance premiums are expected to continue growing in real terms over the medium to long term, supported by asset accumulation, infrastructure development, and rising risk awareness. However, the relationship between premium growth and shareholder value has fundamentally changed.

Loss cost inflation, driven by construction cost escalation, climate severity, social inflation, and judicial outcomes, has compressed underwriting margins across markets. In prior cycles, this compression could be offset through volume. In the current regime, it cannot. For Investors, this shift places a premium on reinsurers that can consistently generate risk-adjusted returns through disciplined underwriting and capital deployment, rather than through premium accumulation.

### 12.5.2 Portfolio Construction as the Primary Strategic Asset

In this environment, portfolio construction has become the central determinant of long-term reinsurance performance. Underwriting skill remains necessary, but it is no longer sufficient. The ability to allocate capital intelligently across regions, currencies, and risk classes now determines resilience and relevance.

Portfolio Archetype	Earnings Stability	Capital Durability	Strategic Optionality
Regionally concentrated reinsurer.	Low	Fragile	Limited
Emerging-market dependent reinsurer.	Very low	Highly fragile	Illusory
Mature-market only reinsurer.	High	Strong	Growth constrained
Globally anchored, selectively deployed platform.	High	Strong	High

Table 17 Portfolio Archetypes and Outcomes

Only the final archetype combines balance sheet resilience with growth optionality. It allows capital to be preserved during stress and redeployed opportunistically when conditions improve.

### 12.5.3 Strategic Superiority of Klaption Re’s Portfolio Construction

Against this global backdrop, Klaption Re’s strategy realigns with the structural shift in value creation in reinsurance. The Company has deliberately constructed a globally diversified portfolio anchored in a mature, hard-currency market. This anchor provides earnings stability, access to high-quality asset jurisdictions, and capital resilience.

This architecture enables Klaption Re to deploy underwriting capacity into Africa and Asia as strategic growth allocations rather than as balance-sheet dependencies. Growth markets are accessed selectively, governed by return thresholds, and supported by global earnings rather than local economic cycles.

Dimension	Typical Local or Regional Reinsurer	Klaption Re
Earnings base	Local or regional	Global
Currency exposure	Predominantly local	Predominantly hard currency
Capital resilience	Sensitive to local cycles	Insulated from local cycles
Growth approach	Volume-driven	Return-driven
Ability to write through cycles	Limited	High
Strategic optionality	Constrained	Expanding

Table 18 Klaption Re versus Typical Regional Reinsurer

This distinction is fundamental. Where many Africa-originated reinsurers are structurally compelled to chase regional premiums to sustain earnings, Klaption Re can increase or withdraw capacity based on portfolio considerations rather than necessity.

#### 12.5.4 Implications for Investors

For Investors, Klaption Re represents exposure to a globally relevant reinsurance platform, not a geographically narrow African thesis. The Company's strategy offers:

Investor Consideration	Klaption Re Outcome
Volatility management	Structurally moderated
Downside protection	Embedded in portfolio design
Growth optionality	High and selective
Capital efficiency	Central to strategy
Long-term durability	Designed, not incidental

Table 19 Investor Value Proposition Summary

#### 12.5.5 Investor Synthesis

The global reinsurance industry increasingly rewards institutions that treat underwriting as capital allocation and portfolio construction as a core strategic discipline. Growth remains available, but only to reinsurers capable of managing complexity, correlation, and volatility without impairing capital.

As a continuation of the African market analysis, the global outlook confirms the strategic rationale for Klaption Re's approach to align structurally with global dynamics. For Investors, this alignment underpins the conviction that Klaption Re is positioned to deliver durable, risk-adjusted returns and to outperform local and regional peers across cycles.

## 13 RISK FACTORS

An investment in Klaption Re involves exposure to risks inherent in the global reinsurance industry, as well as risks arising from operating across multiple jurisdictions, currencies, and underwriting cycles. These risks can affect underwriting performance, capital adequacy, liquidity, financial condition, and long-term value creation.

The reinsurance business, by definition, is the business of absorbing volatility. The critical distinction between outcomes is not whether risk exists, but whether it is understood, bounded, priced, and governed. Klaption Re's strategy, risk appetite framework, and portfolio construction are explicitly designed to ensure that risk is a managed input to value creation rather than an uncontrolled source of loss.

### 13.1 Regulatory and Supervisory Risk

Reinsurance operations are subject to extensive and evolving regulatory oversight. Regulators impose requirements on capital adequacy, solvency margins, reserve practices, investment eligibility, governance structures, reporting standards, and risk retention. Regulatory regimes differ across jurisdictions and may change in response to market developments, political considerations, or financial system stress.

In certain markets, regulators have implemented localisation policies, compulsory cession regimes, or restrictions on outward reinsurance placements. These measures can affect market structure, pricing dynamics, and business access. Failure to comply with regulatory requirements may result in sanctions, operational restrictions, increased capital requirements, or reputational damage.

#### 13.1.1 Mitigation

Klaption Re manages regulatory risk through a conservative and proactive approach based on the following actions:

- A. **Internal Governance:** Risk management and reporting frameworks are aligned with international reinsurance best practice.
- B. **Ongoing Engagement:** Regular and proactive engagement with regulators ensures transparency and early identification of regulatory developments; and
- C. **Geographic Diversification:** Our global footprint limits exposure to regulatory changes in any single jurisdiction. Our regular assessment of regulatory risk also informs our strategic expansion planning.

This approach reduces the likelihood that regulatory developments materially impair the company's strategic flexibility or financial position.

### 13.2 Capital Adequacy and Solvency Risk

Reinsurance is inherently capital-intensive. Large underwriting losses, particularly from catastrophe events or adverse reserve development, can reduce available capital and pressure solvency ratios. In these scenarios, capital strain may constrain underwriting capacity, reduce flexibility to respond to market opportunities, or necessitate capital raising at unfavourable terms. Furthermore, capital adequacy is sensitive to changes in regulatory capital models, stress-testing assumptions, and rating agency methodologies.

### 13.2.1 Mitigation

Klapton Re's capital management framework is designed to preserve solvency through stress scenarios:

- A. Prudent Underwriting Limits: Underwriting limits and portfolio composition are explicitly linked to available capital.
- B. Realistic Disaster Scenarios (RDS): Capital adequacy is assessed using stress and scenario analysis, including severe but plausible loss events.
- C. Risk Transfer: Retrocession is utilised to manage tail risk and protect capital against extreme outcomes, e.g., natural catastrophes, and
- D. Managed Portfolio: Growth is paced in line with capital generation, not market opportunity alone.

This disciplined approach reduces the probability of forced capital actions during periods of market stress.

## 13.3 Catastrophe Risk and Risk Accumulation

Reinsurers are exposed to low-frequency, high-severity events such as hurricanes, earthquakes, floods, wildfires, and other natural catastrophes. Accumulation risk arises when exposures across multiple cedants, policies, or geographies are affected by a single event or correlated events. The effects of climate change may increase the frequency, severity, or unpredictability of certain catastrophic events, complicating modelling and risk assessment. Consequently, poor management of catastrophe exposure can result in outsized losses that materially impair earnings and capital.

### 13.3.1 Mitigation

Klapton Re manages catastrophe and accumulation risk through:

- A. Aggregate Exposure Limits: The company applies explicit exposure limits by peril, geography, and return periods in catastrophe-exposed regions.
- B. Portfolio Construction: Portfolio diversification across regions and business lines to reduce correlation.
- C. Data and Analytics: The use of catastrophe modelling, scenario analysis, and stress testing to inform underwriting decisions; and
- D. Risk Transfer: The Company places retrocession arrangements with knowledgeable, highly rated securities to limit losses from severe events to their net retained risk limits.

These controls, which align with the Company's risk appetite, are designed to ensure that no single event or peril can threaten the Company's solvency.

## 13.4 Reserving and Claims Development Risk

Reinsurance liabilities often involve long-tail exposures, particularly in casualty and speciality lines. Loss reserves are based on estimates and assumptions regarding ultimate claims costs, timing, and settlement patterns. Actual outcomes may differ materially from estimates due to changes in claims behaviour, legal interpretation, inflation, or latent exposures, as adverse reserve development can negatively affect reported earnings and capital.

### 13.4.1 Mitigation

Reserving risk is managed through the following levers:

- A. Reserving Prudence: Conservative reserving philosophy and prudent initial assumptions;

- B. Actuarial Reviews: The Company regularly conducts internal actuarial reviews of reserves using multiple methodologies, the results of which undergo external validation; and
- C. Trend Analysis: Continuous monitoring of claims experience and development trends throughout the portfolio. Such trends include claims inflation, legal developments in litigious markets, and latent emerging risks from social and technological developments.

This approach reduces the likelihood of significant reserve shocks and is integrated into our pricing models that support earnings.

## **13.5 Retrocession and Counterparty Credit Risk**

Retrocession is a key risk management tool, but it introduces counterparty credit risk. Failure of a retrocessionaire to perform could result in higher net losses. Credit exposure also exists to cedants, brokers, and investment counterparties.

### **13.5.1 Mitigation**

The Company mitigates counterparty risk by:

- A. Security Rating: Selecting retrocessionaires with strong credit rating profiles;
- B. Managing Concentration Risk: Diversifying retrocession placements across counterparties, limiting exposure to any one single counterparty;
- C. Regular Monitoring: Monitoring counterparty exposures and enforcing limits; and
- D. Terms and Conditions: Structuring contracts to include appropriate protections in place should adverse material events occur.

## **13.6 Currency, Convertibility, and Liquidity Risk**

Operating across multiple currencies exposes the company to exchange rate volatility, convertibility restrictions, and liquidity constraints. Currency depreciation or capital controls may affect cash flows and reported results.

### **13.6.1 Mitigation**

Currency and liquidity risk are mitigated by:

- A. Anchoring a substantial portion of earnings and assets in hard currencies;
- B. Maintaining liquidity buffers;
- C. Matching assets and liabilities by currency where practicable; and
- D. Geographic diversification of cash flows.

## **13.7 Country, Political, and Legal Risk**

Political instability, economic volatility, legal uncertainty, or changes in government policy may affect insurance markets, claims outcomes, or capital flows in certain jurisdictions.

### **13.7.1 Mitigation**

Political and country risk is managed through:

- A. Diversification: Geographic diversification across developed and emerging markets.
- B. Jurisdiction Selection: Preference for jurisdictions with established legal frameworks; and

- C. Monitoring and Reporting: Ongoing monitoring of political and economic developments and incorporating developments in underwriting decisions, e.g. implementation of sanctions clauses.

### **13.8 Risk Synthesis and Investor Perspective**

The risks described above are intrinsic to the reinsurance business. Klaption Re's strategy is designed to ensure that these risks are identified, priced, diversified, and governed, rather than avoided or obscured.

Through disciplined portfolio construction, conservative capital management, and institutional governance, the Company seeks to reduce downside asymmetry and enhance resilience across underwriting cycles. For Investors, this translates into a reinsurance platform positioned to manage volatility more effectively and deliver durable, risk-adjusted returns relative to local and regional peers.

## 14 THE ISSUER: ADDITIONAL INFORMATION

### 14.1 The Board of Directors: An Overview

The full names, qualifications, nationalities, profiles and other engagements of the directors and management of Klaption Re are as set out below. The business address of all the directors is the Company's registered address: Suite 12B, Green City Office Park, Stand 2374, Kelvin Siwale Road, Rhodes Park, Lusaka, Zambia.

Name	Position	Experience and Qualifications.	Other Directorships
<b>Anthony Elmo Vinitha Jayetileke</b>	Chairman	<p>Mr. Anthony Elmo Vinitha Jayetileke is a Chartered Accountant with over 45 years of experience in senior executive roles across top international accounting firms and financial institutions in Zambia, Malawi, and Sri Lanka, including 20 years in banking and non-bank finance. He also serves as the Honorary Consul for Sri Lanka in Zambia.</p> <p>Mr. Jayetileke areas of competence include business analysis and finance, accounting and financial reporting, external and internal audit, budgets and forecasting, investigations, banking, mortgage finance, tax advisory, human resource management, company secretarial, and general management.</p> <p>Qualifications: Chartered Accountant.</p>	<ul style="list-style-type: none"> <li>• LOLC Finance Limited, Malawi – since 2021</li> <li>• LOLC Tanzania Financial Services Limited – since October 2021</li> <li>• LOLC Kenya Microfinance Bank – since June 2021</li> <li>• Browns Manufacturing Limited, Zambia – since April 2024</li> <li>• Klaption Business Park Limited, Zambia – since April 2024</li> <li>• Kuala Tech Limited – since April 2025</li> </ul>
<b>Michael Lawson</b>	Non-Executive Director	<p>Mr. Michael Lawson is the CEO and Managing Director of SLA Consolidated Limited, an investment holding company for global insurance and reinsurance ventures. He has over 25 years of experience in financial services, with a strong background in commercial banking and structured corporate finance.</p> <p>Over the course of his career, Mr. Lawson has held senior positions at several multinational banks, including Lloyds Bank, Dresdner Kleinwort Wasserstein, and Sanwa International.</p> <p>Qualifications: Chartered Management Accountant.</p>	<ul style="list-style-type: none"> <li>• SLA Consolidated Limited – since 2019</li> </ul>
<b>Dr. Evans David Wala Chabala</b>	Non-Executive Director	<p>Dr. E. D. Wala Chabala is an accomplished International Development Economist and Independent Consultant specialising in Economic Policy, Corporate Strategy, Management Consulting, and Executive Leadership within Financial Services and broader. He has advised leading institutions including African Development Bank (AfDB), USAID, COMESA Secretariat, COMESA Business Council (CBC), Centre for International Private Enterprise (CIPE),</p>	<ul style="list-style-type: none"> <li>• Romanzo Zambia Limited – since June 2019</li> <li>• Romanzo Advisory – since July 2021</li> <li>• SolidarInvest- since November 2025</li> </ul>

		<p>DBZ, and IBAZ, and has held consulting and executive roles at McKinsey and Company, Standard Bank SA, Old Mutual, and Scottish Widows, as well as serving as CEO of the Securities and Exchange Commission Zambia.</p> <p>Dr. Chabala holds a PhD from the University of Cambridge, an MSc from the University of Manchester, and a BSc from the University of Zambia. A respected thought leader, his article on the Lobito Corridor attracted global attention, including recognition during President Biden’s visit to Angola.</p> <p>Qualifications: MSc in International Development and a PhD.</p>	
<b>Kudzai Bingepinge</b>	Managing Director - CEO	<p>Mr. Kudzai Bingepinge, Chief Executive Officer and Principal Officer of Klaption Re. He brings 17 years of extensive experience in global reinsurance, having previously headed the Middle East and Africa PandC Solutions Sales and Origination business unit at Swiss Re. Known for his expertise in underwriting peak catastrophe risks and developing innovative solutions tailored to emerging markets, Kudzai has also forged strong relationships with regulatory bodies across Africa and the Middle East.</p> <p>As CEO, he leads Klaption Re’s growth strategy, ensuring disciplined underwriting and long-term profitability. Kudzai’s focus is on building sustainable partnerships and positioning.</p> <p>Qualifications: Fellow Chartered Insurance Professional, Bachelor of Arts, Associate in Reinsurance and Certificate in Risk Management.</p>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Musonda Chisanga</b>	Executive Director - Chief Financial Officer (CFO)	<p>Mr. Musonda Chisanga is a highly experienced financial leader with a background in auditing, financial controls, and governance, having worked at KPMG in Zambia and the UK. As CFO of Klaption Re, he plays a pivotal role in ensuring the company’s financial sustainability and aligning its financial strategy with its ambitious growth plans. Musonda’s leadership focuses on managing risk, optimising capital structures, and ensuring regulatory compliance.</p> <p>His approach ensures that Klaption Re remains financially sound while maintaining flexibility to support its long-term expansion into new markets.</p> <p>Qualifications: Chartered Accountant (FCCA-UK), BA in Accounting.</p>	<ul style="list-style-type: none"> <li>• None</li> </ul>

Table 20 Board of Directors: Qualification Profiles

#### 14.1.1 Directors’ Responsibility Statement

The Klaption Re Directors, whose names are given in Table 20 of this Prospectus collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus pertaining to Klaption Re and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any such statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the Prospectus contains all information required by law and the Listing Rules.

### 14.1.2 Director's Interests in Securities

The following Directors have an interest in the Company's securities:

Name	Number of Shares	Percentage Shareholding
Michael Lawson	78,750,000	0.93%.

Table 21 Director's Interests in Securities

### 14.1.3 Director's Interests in Company Affairs

Director Name	Nature of Interest
Michael Lawson	Mr. Lawson is a director in SLA Consolidated Limited which is a shareholder in Klaption Re.
Anthony Elmo Vinitha Jayetileke	Mr. Jayetileke is a director in Kuala Tech Limited, a Company which provides ICT services to Klaption Re. Kuala Tech is an affiliate of Klaption Re through common shareholding. Mr. Jayetileke also has a consultancy agreement with LOLC Finance Zambia Limited, a Company that Klaption Re holds fixed term deposit investments with.

Table 22 Director's Interests in Company Affairs

## 14.2 Management of the Company

The Management of the Company is as follows:

Name	Position	Experience and Qualifications.
<b>Kudzai Bingepinge</b>	Managing Director- Chief Executive Officer	<p>Mr. Kudzai Bingepinge brings 17 years of extensive experience in global reinsurance, having led at renowned firms like Swiss Re. Known for his expertise in underwriting peak catastrophe risks and developing innovative solutions tailored to emerging markets, Kudzai has also forged strong relationships with regulatory bodies across Africa and the Middle East.</p> <p>As CEO, he leads Klaption Re's growth strategy, ensuring disciplined underwriting and long-term profitability. Kudzai's focus is on building sustainable partnerships and positioning Klaption Re as a leading global reinsurer.</p>
<b>Lynn Harrod</b>	Deputy Chief Executive Officer	<p>Ms. Lynn Harrod brings over 20 years of leadership experience in business development, broking, and marketing within the global reinsurance sector. At Marsh Africa, Lynn excelled in driving business growth and creating strong client relationships.</p> <p>At Klaption Re, she is responsible for leading the company's marketing strategy and ensuring that Klaption Re is positioned as a trusted reinsurance partner across global markets. She focuses on long-term client engagement and brand-building efforts that support the Company's growth ambitions while keeping Klaption Re competitive and innovative in today's reinsurance landscape.</p>

<b>Musonda Chisanga</b>	Chief Financial Officer	<p>Mr. Musonda Chisanga is a highly experienced financial leader with a background in auditing, financial controls, and governance, having worked at KPMG in Zambia and the UK. As CFO of Klaption Re, he plays a pivotal role in ensuring the company's financial sustainability and aligning its financial strategy with its ambitious growth plans.</p> <p>His leadership focuses on managing risk, optimising capital structures, and ensuring regulatory compliance. His approach ensures that Klaption Re remains financially sound while maintaining flexibility to support its long-term expansion into new markets.</p>
<b>Saulose Lemphane</b>	Chief Operations Officer	<p>Mr. Saulose Lemphane brings over 18 years of distinguished experience in the (re)insurance industry, having served as Regional Manager for Sub-Saharan Africa at Gen Re.</p> <p>His expertise in underwriting, portfolio construction, and strategic management across multiple territories and lines of business are critical as Klaption Re continues to expand its global footprint and drive outperformance in key areas. He oversees core functions, including Underwriting Operations, Underwriting Strategy and Governance, Risk Insights and Actuarial, and Data, Analytics and Technology.</p>

Table 23 Klaption Re Management Profiles

#### 14.2.1 Management Interests in Securities

Pursuant to LuSE-approved individualised share ownership arrangements, the following members of Management, as employees, hold shares in the Company as indicated below;

Name	Position	Number of Shares
Kudzai Bingepinge	Chief Executive Officer	1,102,000
Lynn Harrod	Deputy Chief Executive Officer	1,102,000
Musonda Chisanga	Chief Financial Officer	1,102,000
Saulose Lemphane	Chief Operations Officer	1,102,000

Table 24 Management Interests in Securities

#### 14.3 Directors' and Management Declarations

None of the Directors or Management of the Company has:

- A. Ever been disqualified by a court from acting as a director of a company, or from serving in the management or conduct of the affairs of any company as described in section 7. B of the Listing Rules;
- B. Ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
- C. None of the Directors has ever been, or within the preceding 12 months has been, a director, or alternate director of any company that has been put into liquidation or been placed under judicial management or had an administrator or other executor appointed;
- D. Ever been declared bankrupt, insolvent or sequestrated in any jurisdiction;
- E. At any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;

- F. Ever been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
- G. Ever been barred from entry into any profession or occupation;
- H. At any time, has a company of which he or she was a director, alternate director or officer at the time of the offence, been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
- I. Ever been involved in any receiverships, compulsory liquidations, administrations, partnership voluntary arrangements of any partnership where they were partners at the time of, or within 12 months preceding, any such event (s);
- J. Ever received public criticisms from statutory or regulatory authorities, including professional bodies, and has ever been disqualified by a court from acting as a director of a company or from serving in the management or conduct of the affairs of any company; and
- K. None of the directors of Klaption Re ever been involved, as a director with an executive function, in any receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company at the time of, or within the 12 months preceding, any such event(s).

## **14.4 Corporate Governance**

The Board promotes and supports the highest standards of business integrity, ethics and corporate governance. The Board is committed to embracing good corporate governance practices. It is guided by the Securities Act and its related subsidiary legislation, the Companies Act, the LuSE Code, and the additional requirements of the Listing Rules. The Board believes that most of the principles of LuSE Code are already incorporated in the Company's internal controls, policies and procedures governing corporate conduct. Klaption Re places great emphasis on adhering to the highest standards of Corporate Governance and ensures that the company operates within the framework of acceptable Corporate Governance practices.

### **14.4.1 The Board of Directors**

The Board is appointed to establish policies for the management of the Company and to provide oversight of the Company. A board charter guides the Board's function. The Board represents and protects the interests of the shareholders and other stakeholders. Some of their functions are delegated to advisory committees that assist in ensuring these interests are protected. The Board consists of two independent directors, one non-executive director and two executive directors.

### **14.4.2 Board Advisory Committees**

The Board of Directors has delegated authority to advisory committees to guide the Company's operations. The Company has four committees: the Audit, Finance, and Investments Committee; the Reinsurance, Claims, and ICT Committee; the Risk and Compliance Committee; and the Remuneration and Human Resource Committee. The committees meet once a quarter to review the Company's performance and provide guidance where required.

#### **14.4.2.1 Audit, Finance and Investments Committee**

This committee oversees the Company's audit, finance, and investment activities. The primary responsibilities of the committee are audit supervision, financial analysis, advice, and oversight of the organisation's budget. The committee supervises the organisation's financial reporting and guides the preparation of submissions to regulators, auditors and rating agencies.

#### 14.4.2.2 Risk and Compliance Committee

This committee is responsible for reviewing the Company's risk management framework and its alignment with the Company's Risk Management Strategy. The committee also reviews regular assurance reports from management and provides guidance to the Risk and Compliance function on risk management, regulatory compliance, and business resilience.

#### 14.4.2.3 Reinsurance, Claims and ICT Committee

This committee focuses on the Company's core business operations. It provides oversight and guidance on underwriting philosophy, claims management, and the procedures and standards governing them. This committee also reviews marketing activities in line with the established marketing objectives set from time to time. This committee also governs policies for the company's ICT infrastructure, ensuring adherence to best practices in data protection and protecting the company against potential cyber-attacks.

#### 14.4.2.4 Remuneration and Human Resource Committee

The remuneration and human resources committee is responsible for implementing the human resources policy through Management and for making recommendations to the Board on remuneration, recruitment, appointments, terminations, competencies, skills development, and incentive policies and procedures.

### 14.5 Share Capital, Controlling, and Major Shareholders

#### 14.5.1 Authorised and Issued Ordinary Shares

The Company's authorised share capital is ZMW 112,875,000, with 11,287,500,000 ordinary shares and a par value of ZMW 0.01 per share. The authorised and issued Ordinary Shares of the Company as at the Last Practicable Date are as follows:

<b>Share Capital before the Direct Listing</b>	
Current Number of Authorized Ordinary Shares	11,287,500,000
Share Capital (ZMW)	84,656,250
Current Number of Issued Shares	8,465,625,000
Number of Unissued Ordinary Shares	2,821,875,000
Market Capitalization (@ ZMW 0.01 per share)	84,656,250
Nominal Value of Ordinary Shares (ZMW)	ZMW 0.01
<b>Share Capital after the Direct Listing</b>	
Number of Authorized Ordinary Shares	11,287,500,000
Share Capital (ZMW)	3,950,625,000
New Ordinary Shares to be Issued	NIL
Total Number of Issued Shares	11,287,500,000
Number of Unissued Ordinary Shares	NIL
Subscription price of the Shares (ZMW)	ZMW 0.35
Market Capitalization (ZMW)	3,950,625,000
Nominal Value of Ordinary Shares (ZMW)	ZMW 0.35
Price Premium to current share price	ZMW 0.00

Table 25 Share Capital Structure Before and After Direct Listing

## 14.5.2 Description of Ordinary Shares

Set out in Annexure 2 to this Prospectus are extracts of the relevant provisions of the Articles, regarding:

- A. Preferential conversion and/or exchange rights of any securities and variation rights;
- B. Voting rights of securities;
- C. Rights to dividends, profits or capital or any other rights of each class of securities; and
- D. Control over securities.

## 14.5.3 Alterations to Share Capital

Set out below are the alterations to the Company's share capital that have occurred over the past three years.

Ordinary Shares	2023	2024	2025
Number authorised	78,750,000	78,750,000	11,287,500,000
Number in issue	78,750,000	78,750,000	11,287,500,000
Par value (ZMW)	1.00	1.00	0.01
Issued and fully paid	78,750,000	78,750,000	8,465,625,000

Table 26 Alterations to Share Capital 2023-2025

## 14.5.4 Changes to Issued Share Capital

In 2025, the Company increased its share capital from 78,750,000 shares with a par value of ZMW 1 to 7,875,000,000 shares with a par value of ZMW 0.01. Thereafter, the number of shares was increased to 11,287,500,000 shares. The Company shall list 2,821,875,000 unallotted Shares to the public.

Ordinary Shares	Number of Shares in Issue
Issued Ordinary Shares at the beginning of the financial year	78,750,000
Unissued share capital	NIL
Total	78,750,000
Issued Ordinary Shares at the end of the financial year after split	11,287,500,000
Unissued share capital after share split	2,821,875,000

Table 27 Changes to Issued Share Capital

## 14.5.5 Listings on Other Stock Exchanges

There are no other classes of the Company's shares listed on any exchange, and no other ordinary shares of the Company are listed on any stock exchange other than the LuSE following this Listing and third-party sale of the Shares.

## 14.5.6 Options or Preferential Rights in Respect of Shares

The Company is not a party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is intended to be) given to any person to subscribe for any Ordinary Shares in the Company, but this does not extend to eligible employees.

## 14.5.7 Shareholding

Name	Number of Shares Held Prior to Listing	Percentage Shareholding	Paid up Share Capital
Klaption Management Limited	2,756,250,000	24.42%	27,562,500.00
SLA Consolidated Limited	2,756,250,000	24.42%	27,562,500.00
Shay Reches	2,362,500,000	20.93%	23,625,000.00
Assaf Reches	157,500,000	1.40%	1,575,000.00
Yuval Reches	157,500,000	1.40%	1,575,000.00
Robert John Bygrave	118,125,000	1.05%	1,181,250.00
K.M.A Administration Limited	78,750,000	0.70%	787,500.00
Michael Lawson	78,750,000	0.70%	787,500.00
LuSE Free Float	2,821,875,000	25.00%	0.00
<b>Total</b>	<b>11,287,500,000</b>	<b>100%</b>	<b>84,656,250.00</b>

Table 28 Shareholding Structure

## 14.5.8 Major Shareholders

This section provides details of the Ordinary Shareholders of the Company, who held direct beneficial interests of 5% cent or more of the Ordinary Shares in issue as at the Last Practicable Date, and details of the Ordinary Shareholders of the Company who, directly or indirectly, will beneficially hold interests of 5% cent or more of the Ordinary Shares in issue immediately after the Listing.

The majority shareholders in the Company as at the Last Practicable Date are as follows:

Name	Number of Shares Held Prior to the Listing	Percentage Shareholding	Paid up Share Capital
Klaption Management Limited	2,756,250,000	24.42%	27,562,500.00
SLA Consolidated Limited	2,756,250,000	24.42%	27,562,500.00
Shay Reches	2,362,500,000	20.93%	23,625,000.00
<b>Total</b>	<b>7,875,000,000</b>	<b>93.03%</b>	<b>78,750,000.00</b>

Table 29 Majority Shareholder Breakdown Prior to Listing

## 14.6 Environmental, Social and Governance Policies

ESG integration guides Klaption Re's underwriting by prioritising sustainable risks and applying governance standards to counterparties, while investments are screened to protect long-term value. ESG considerations are integrated into our underwriting framework to better identify, assess, and price risks. This includes:

- A. Avoiding or limiting exposure to sectors with high environmental or social risk unless robust mitigation measures are in place;
- B. Prioritising business that aligns with sustainable development goals, e.g., renewable energy projects, climate-resilient infrastructure, inclusive insurance for underserved communities, and
- C. Applying governance risk assessment to ensure cedants meet minimum compliance and corporate governance standards.

The Company's investment policy incorporates ESG screening to:

- A. Avoid investments that conflict with responsible business principles.
- B. Prioritise assets with strong ESG credentials and sustainable long-term value; and
- C. Manage climate-related financial risks, particularly in fixed income and real assets.

## **14.7 Regulatory Environment**

### **14.7.1 Regulatory Framework**

The Company is regulated by the PIA under the Pensions and Insurance Authority Act and the Insurance Act, No. 38 of 2021. The PIA is the statutory authority responsible for prudential and conduct supervision of the pensions and insurance sectors, including reinsurers, insurers, and intermediaries, under a risk-based supervisory framework.

The Insurance Act provides the primary legislative framework for the regulation, supervision and financial oversight of insurance and reinsurance business in Zambia, repealing the Insurance Act of 1997 and consolidating requirements for licensing, capital adequacy, governance, reporting and enforcement.

### **14.7.2 Licensing Requirements**

Under the Insurance Act, no person may carry on reinsurance business in Zambia without a valid licence issued by the PIA. An application for a reinsurance licence must satisfy the prescribed requirements relating to business plans, governance, financial resources, and operational readiness. Licence conditions and grounds for suspension or cancellation are set out in the Insurance Act and the applicable Regulations. It is an offence to transact reinsurance business without a licence, with penalties prescribed under the Insurance Act.

### **14.7.3 Capital Adequacy and Solvency Requirements**

Reinsurers are required to comply with minimum capital adequacy and solvency requirements as prescribed under the Insurance Act and the implementing regulations. The regulatory capital regime is risk-based and is designed to ensure that a licensee maintains sufficient financial strength relative to the risks underwritten.

Under the Insurance Act, reinsurers must meet prescribed solvency margins and capital adequacy ratios, including a minimum solvency margin of 10% and a capital adequacy ratio of 150% of the assessed risk-based capital requirement (as calculated under the Regulations).

The PIA may, in its discretion, prescribe additional guidelines or adjustments to the capital adequacy methodology, and reinsurers are required to provide audited solvency statements within stipulated timelines.

#### **14.7.4 Local Cession Requirements and Domestic Retention**

Pursuant to the Insurance (Reinsurance) Regulations SI No. 72 of 2025 (the Reinsurance Regulations), the regulatory framework promotes structured local retention and cession of reinsurance risk to qualified domestic reinsurers before ceding risk abroad. The Regulations aim to strengthen domestic capacity and reduce capital outflows through excessive foreign reinsurance.

The Regulations require that local risk capacity be exhausted before any reinsurance may be ceded to foreign reinsurers and that cessions be made only to qualified insurers or reinsurers. They also outline mandatory local classes of business for which local cession is promoted, including motor, accident, life, and microinsurance. Where applicable, compulsory cessions to specified domestic reinsurance entities (including national or regional reinsurers) may be mandated in line with Government policy objectives of developing national reinsurance capacity.

#### **14.7.5 Restrictions on Foreign Retrocession**

While there is no outright prohibition on foreign retrocession, the regulatory regime requires that domestic capacity be fully utilised and that retrocession arrangements comply with the Reinsurance Regulations and any guidelines issued by PIA. Cessions to foreign entities must be to those that are qualified and approved to transact reinsurance business in accordance with the Insurance Act and the Reinsurance Regulations.

The PIA may impose limits or conditions on foreign retrocession where necessary to preserve financial stability, manage systemic risk, or promote local market development.

#### **14.7.6 Corporate Governance and Ownership Requirements**

The Insurance Act requires licensed reinsurers to maintain sound corporate governance standards, including the appointment of qualified directors and senior management, robust internal controls and risk management systems, and adherence to the fit-and-proper criteria as may be prescribed in the Regulations or PIA guidelines.

In addition, the Act includes provisions to promote local participation in ownership, which may require a percentage of share capital to be held by Zambian citizens or citizen-owned companies.

#### **14.7.7 Reporting, Disclosure and Supervision**

Reinsurers are subject to ongoing reporting obligations, including periodic financial reports, actuarial certification of reserves, solvency returns and notifications of material changes. The PIA has the power to conduct on-site inspections, require the production of documents, and issue directives to ensure compliance with statutory and regulatory requirements.

#### **14.7.8 Regulatory Intervention Powers**

Under the PIA Act and the Insurance Act, the Authority has broad supervisory and enforcement powers, including the ability to:

- A. Impose licence conditions and restrict underwriting activities;
- B. Require corrective action plans for capital or solvency shortfalls.
- C. Suspend or cancel licences for non-compliance;
- D. Appoint statutory managers or require restructuring where necessary to protect policyholders and market stability; and
- E. Issue administrative penalties as provided under the Insurance Act.

#### **14.7.9 Anti-Money Laundering and Conduct of Business**

Reinsurers must comply with applicable anti-money laundering, terrorist financing and sanctions laws, maintain appropriate compliance programmes, and adhere to conduct-of-business standards as set out in Regulations, guidelines or supervisory instructions promulgated by the PIA or other competent authorities.

#### **14.7.10 Litigation Statement**

As independently confirmed by B and M Legal Practitioners, no legal or arbitration proceedings have been instituted that may have or have had in the last 12 months, a material effect on the Company's financial position except for arbitration case between Klaption Re and Skyview Hotel Chingola Limited about the removal of Skyview's nominated director from the Board of Klaption Business Park for breaching his fiduciary duties to Klaption Business Park Limited.

## 15 GENERAL INFORMATION

### 15.1 Taxation

The comments below are intended as a general guide to the position under current Zambian tax legislation, the Income Tax Act (ITA), and practice in force as at the date of this Prospectus. This section does not comprise tax advice. It relates only to the position of a holder of Ordinary Shares who is the absolute beneficial owner of the Ordinary Shares and who owns the Ordinary Shares as a capital investment. It is not intended to apply to certain classes of holders of Ordinary Shares, such as brokers or dealers. If an Ordinary Shareholder is in any doubt as to its tax position or is resident or subject otherwise to tax in any jurisdiction other than Zambia, such Ordinary Shareholder should consult its own tax adviser.

- A. Under the Zambian Income Tax legislation, dividends declared by a company listed on the LuSE and paid to an individual are exempt from tax. Thus, no withholding tax should be deducted at source. Furthermore, the individual should not be subject to income tax on receipt of such dividends;
- B. Dividend income received by foreign Investors may also be taxed in their country of residence. In this instance, there may be double taxation. Non-residents are taxed on a Zambian-sourced income basis. They are subject to a range of withholding taxes (WHT), which may be reduced under a double tax treaty with the recipient's country of residence. The countries with which Zambia has a double tax agreement include Kenya, Norway, Uganda, the United Kingdom, Ireland, Tanzania, India, Finland, Sweden, Germany, Denmark, Italy, the Netherlands, Japan, Canada, South Africa, Romania and Foreign Investors are advised to seek local tax advice to determine their tax positions;
- C. Under the current Zambian income tax legislation the income of any company listed on the LuSE will benefit from a reduced rate of corporate tax in the first year of its listing as follows: i) at a rate of 2% below the normal corporate tax rate applicable to Klaption Re; ii) at a rate of 7% below the normal corporate tax rate applicable to Klaption Re where one third or more of the shares of Klaption Re are offered and sold to indigenous Zambians; and
- D. There is no capital gains tax regime in Zambia. Property Transfer Tax is payable on the transfer of land, buildings and shares in a company incorporated in Zambia. Property Transfer Tax is payable by the vendor at a rate of 5% of the open market value or nominal value, whichever is greater, at the time of the transfer. However, the sale of any listed shares traded through a licensed securities market dealer shall be exempt from Property Transfer Tax.

### 15.2 Vendors

The only material assets purchased by the Company from vendors in the three years preceding the Last Practicable Date relate to the purchase of company assets. They are set out in the procured property section above. The vendors have not guaranteed any book debts or other assets.

The agreement entered into between the Company and each vendor does not preclude the vendors from carrying on business in competition with the Company, nor do the transaction agreements impose any other restrictions on the vendors; therefore, no payment, in cash or otherwise, has been made in this regard. There are no liabilities for accrued taxes that will be settled under the agreement with the vendors. Save as set out in this Prospectus:

- A. The Company has not purchased any securities in any company.
- B. No other promoter or director (or any partnership, syndicate or other association in which a promoter or director had an interest) had any beneficial interest, direct or indirect, in such transaction; and

- C. No cash or securities have been paid, or any benefit has been given within the three preceding years of this Prospectus or is proposed to be paid or given to any promoter (not being a Director).

### 15.3 Expenses of the Listing

The estimated total costs of the Listing (including costs incurred in issuing the new shares, referred to as the issue expenses) that shall be paid by the Company are broken down below.

Nature of Expense	Paid/Payable to	Estimated Amount (ZMW)
SEC registration and documentation review fees	SEC	1,913,780
PACRA related costs	PACRA	512,208
LuSE listing and documentation inspection fees	LuSE	377,650
Independent reporting accountants	Deloitte	626,400
Transfer Agent	Corpserve Transfer Agents Limited	140,000
Legal advisers	Equitas Legal Practitioners	1,500,000
Transaction adviser and sponsoring broker	Pangaea Securities Limited	1,440,000
Miscellaneous, including printing, public relations, receiving Agents, travel, admin, media, distribution, and contingency.	Various service providers	533,515
<b>Estimated Total</b>		<b>7,043,553</b>

Table 30 Expenses of the Listing

### 15.4 Adviser's Interests

The names, street and postal addresses of the Company's advisers are set out in the "Corporate Information" section. None of the advisers hold any Shares or has agreed to acquire any Shares in respect of the Listing.

### 15.5 Registration of Prospectus

A copy of this Prospectus has been delivered to the Registrar of Companies in terms of the Companies Act for registration. The Registrar of Companies has not checked and will not verify the accuracy of statements made and accepts no responsibility for the financial soundness of Klaption Re or the value of the Ordinary Shares.

### 15.6 Consents

Each of the legal advisers, the Transaction Adviser, the receiving agent, and the distribution agent named in this Prospectus has consented in writing to act in the capacities stated, and to their names being stated in this Prospectus, and none of these consents has been withdrawn before the publication of this Prospectus. To comply with the Listing Rules, Deloitte has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and all references to:

- A. Its name;
- B. It's an independent reporting accountant's report dated 17<sup>th</sup> March 2026 on the Klaption Re Director's forecast; and
- C. It's the independent reporting accountant's report dated 17<sup>th</sup> March 2026 on the Klaption Re Financial Statements.

## 15.7 List of Annexures

- A. Annexure 1: Extracts from the Articles of Association of Klaption Re;
- B. Annexure 2: The Company's Corporate Governance;
- C. Annexure 3: Other Directorship of the Board of Directors of Klaption Reinsurance Plc;
- D. Annexure 4: Material Agreements of Klaption Re;
- E. Annexure 5: Directory of Brokers;
- F. Annexure 6: Brokerage Account Opening Requirements; and
- G. Annexure 7: Independent Reporting Accountants' Report for the Financial Year 2022, Financial Year 2023, Financial Year 2024, and Management Accounts 2025.

## 15.8 Documents Available for Inspection

Copies of the following documents will be available for inspection at the Company's registered office, and the Transaction Adviser's offices set out in the "Corporate Information" section during regular business hours (Saturdays, Sundays and official Zambian public holidays excepted) from the date of issue of this Prospectus:

- A. Articles;
- B. A signed copy of this Prospectus;
- C. All material contracts referred to in the nature of the business section and in the vendors of the Company section of this Prospectus;
- D. The reports of the independent reporting accountants, which are included as Annexures 1 to this Prospectus;
- E. The written consents of each of the legal advisers, the independent reporting accountants, the Transaction Adviser named in this Prospectus to act in those capacities;
- F. The written consent of the independent reporting accountants to the publication of their reports included as Annexures 1 to this Prospectus and references thereto in the form and context in which they are contained in this Prospectus;
- G. The Klaption Re Financial Statements and the Klaption Re Directors' forecast;
- H. Letters of appointment of the Directors of the Company;
- I. Material contracts of Klaption Re;
- J. Purchase of material assets contracts; and
- K. Agreements with the credit customers of Klaption Re.

Signed under powers of attorney at by and/or on behalf of the Directors, by order of the Board.



**Company Secretary: Equitas Corporate Services Limited**

**Representative: In'utu Lishomwa**

**Plot No. 7, Old Brentwood Road**

**P.O. Box 50940 RW**

**Lusaka, Zambia.**

## ANNEXURE 1: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF KLAPTON RE

Please note that only portions of the Articles of Association of the Company have been provided below. A full copy of the articles of Association will be available for inspection at the Company's registered office, and the Transaction Adviser's offices set out in the corporate information section of the prospectus, during regular business hours (Saturday, Sunday and official public Zambian holidays excepted) from the date of issue of the prospectus until the Closing Date.

### **3. Share Capital and Variation of Rights**

- 3.1. Subject to the provisions of the Act, these Articles and to any relevant authority of the Company required by the Act, the Board may: -
- 3.2 issue any share with such rights or restrictions as the Company may by Ordinary Resolution determine;
- 3.3 Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, but subject to the Act, shares in the company may be issued by the directors and any such share may be issued with such preferred deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the director, subject to a resolution, determine.
- 3.4 The directors shall not issue any rights or options to shares in favour of any persons unless the issue has been authorized at a general meeting by a special resolution.
- 3.5 Subject to the Act, any preference shares may, with the sanction of a resolution, be issued on the terms that they are, or at the option of the company are liable to be redeemed.
- 3.6 If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the company is being wound-up, be varied with the consent in writing of the holders of three quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class.
- 3.7. The provisions of the Act and these Article relating to general meetings apply so far as they are capable of application and with the necessary modifications to every such class meeting except that-
- (a) where a class has only one member – that member shall constitute a meeting;
  - (b) in any other case – a quorum shall be constituted by two persons who, between them, hold or represent by proxy one-third of the issued shares of the class; and
  - (c) any holder of shares of the class, present in person or by proxy, may demand a poll.
- 3.8. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally with the first mentioned shares or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the Act and these Articles where such purchase or redemption does not have the effect of diminishing the proportion of the total votes exercisable at a General Meeting of the Company by the existing members of that class or reducing the proportion of the dividends or other distributions payable to the existing shareholders of that class..
- 3.9. (i) Subject to the Act and the Securities Act, the company may make payments by way of brokerage or commission on the issue of shares.
- (iii) such payment shall not exceed the rate of 10 percent of the price at which the shares are issued or an amount equal to 10 percent of that price, as the case may be.
- (iv) such payments may be made in cash, by the allotment if fully or partly paid shares or partly by the payment of cash and partly by the allotment or partly paid in shares.
- 3.10. (i) Except as required by law, the company shall not recognize a person as holding a share upon any trust.

(ii) The company shall not be bound by or compelled in any way to recognize (whether or not it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any share or unit of a share or (except as otherwise provided by these Article or by law) any other right in respect of a share except an absolute right of ownership in the registered holder.

3.11. (i) A person whose name is entered as a member in the register of members shall be entitled without payment to receive a certificate in respect of the share under the seal of the company in accordance with the Act but, in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate.

(ii) Delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

(iii) If a share certificate is defaced, lost or destroyed, it may be renewed on payment of the fee allowed by the Act, or such lesser sum, and on such terms (if any) as to evidence and the payment cost to the company of investigating evidence as the directors decide.

#### **4. Register of Members and Register of Beneficial Owners**

4.1. The Directors shall cause to be kept the Register of Members and a Register of Beneficial Owners that shall record the shares issued by the Company and the particulars and information required to be recorded therein by section 195 of the Act.

4.2. Subject to the provisions of section 196 of the Act, if the Directors consider it necessary or appropriate, the Company may establish and maintain a branch Register of Members at such location outside Zambia as the Directors think fit.

4.3. The Company shall not be bound to register more than four persons as the joint holders of a share. 4.4. Except as required by law or as ordered by a court of competent jurisdiction, and provided that notice of such trust has been notified to the Company and duly entered in the Beneficial Ownership Register the Company shall not recognise a person as holding a share upon any trust whether expressed, implied or constructive, or any equitable, contingent, future or partial interest in any share.

4.5. Each Member of the Company who is entered on the Register and is not the beneficial owner of a share of the Company shall make such declaration to the Company in the form prescribed and as required under section 123 of the Act specifying the name and other particulars of the beneficial owner required under the Act or as the Board may determine from time to time. Where a change occurs in the beneficial ownership of a member, the member shall make a declaration of such change to the Company in the form required under the Act within fourteen days from the date of the change.

#### **5. Dematerialization and maintenance of shares**

5.1. All shares issued by the Company shall be in a dematerialized form as required under section 82(1) (a) of the Securities Act.

5.2. Pursuant to the provisions of section 82 (1)(b) and (c) of the Securities Act, the Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the Articles and regularly reconciled with the Central Securities Depository register of securities are a complete and accurate reproduction of the particulars entered in the Central Securities Depository register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance on such assumptions. In particular, any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the Register shall be construed so as to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

#### **6. Calls on Shares**

6.1. The directors may from time to time make calls upon the members in respect of any money unpaid on the shares of the members (whether on account of the nominal value of the shares or by way of premium) and not by the terms of issue of those shares made payable at fixed times, except that no call shall exceed one-quarter of the sum of nominal values of the shares or be payable earlier than one month from the date fixed for the payment of the last proceeding call.

6.2. Each member shall, upon receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified the amount called on his shares.

- 6.3. The directors may revoke or postpone a call in whole or in part.
- 6.4. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call were passed and may be required to be paid by instalments.
- 6.5. The joint holders of a share are jointly and severally liable to pay all calls in respect of the share.
- 6.6. If a sum called in respect of a share is not paid before or on the day before or on the day appointed for payment of the sum, the person from whom the sum is due shall pay interest on the sum not exceeding the prescribed rate of interest as the directors determine, provided that the directors may waive payment of that interest wholly or in part.
- 6.7. Any sum that, by the terms of issue of a share, becomes payable on allotment or at a fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable, and, in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.
- 6.8. The directors may, on the issue of shares, differentiate between the holders (other than holders of the same class of shares) as to the amount on calls to be paid and the times of payment.
- 6.9. (i) The directors may accept from a member the whole or a part of the amount unpaid on a share although no part and the times of payment.
- (ii) The directors may authorize payment by the company of interest upon the whole or any part of an amount so accepted, until the amount becomes payable, at a rate agreed upon between the directors and the member paying the sum subject to sub-Article.
- (iii) For the purpose of sub-Article, the rate of interest shall not be greater than —
- (a) if the company has, by resolution, fixed a rate—rate the so fixed; and
- (b) in any other case the prescribed rate of interest.

## 7. **Lien**

- 7.1. The company has a first and paramount lien on every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share to the extent permitted by the Act and the Articles.
- 7.2. The company also has a first and paramount lien on all shares (other than fully paid shares) registered in the name of a sole holder for all money presently payable by him or his estate to the company standing registered in the name of a single member for all the debts and liabilities of such member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member and whether the period for the payment or discharge of the same shall have actually arrived or not and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether a member of the Company or not.
- 7.3. The directors may at any time exempt a share wholly or in part from the provisions of this Article.
- 7.4. The company's lien (if any) on a share extends to all dividends payable in respect of the share.
- 7.5. The Board may sell all or any of the shares subject to any lien at such time or times and in such manner as it may determine. However, no sale shall be made until such time as any money in respect of which such lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, and until notice in writing shall have been served on the holder or the person (if any) entitled by transmission to the shares, demanding the amount due or specifying the liability or engagement and demanding payment or fulfilment or discharge thereof and giving notice of intention to sell if default in payment, fulfilment or discharge shall continue for fourteen days after service of such notice. For giving effect to any such sale, the Board may authorise some person to execute an instrument of transfer of the shares sold in the name and on behalf of the holder or the person (if any) entitled by transmission in favour of the purchaser or as the purchaser may direct. The purchaser shall not be bound to see to the application of any purchase consideration nor shall his title to the shares be affected by any act, omission, irregularity or invalidity relating to or connected with the proceedings in reference to the sale.

## **8. Forfeiture of Shares**

- 8.1 The Board may accept a surrender of any share liable to be forfeited. In such case, references in these Articles to forfeiture shall include surrender.
- 8.2 If a member fails to pay a call or instalment of a call on the day appointment for payment of the call or instalment, the directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest that has accrued.
- 8.3 The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made shall state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
- 8.5. If the requirements of a notice served under Article 17 are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.
- 8.6 Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
- 8.7 A forfeiture share may be sold or re allotted otherwise disposed of on such terms and in such manner as the directors think fit, and subject to the applicable tax laws and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the directors think fit.
- 8.8 When any share has been forfeited, notice of the forfeiture shall be served on the person who was before forfeiture the holder of the share or the person entitled to such share by transmission (as the case may be). An entry of such notice having been given and of the forfeiture with the date thereof shall forthwith be made in the Register in respect of such share. However, no forfeiture shall be invalidated by any omission to give such notice or to make such entry as aforesaid.
- 8.9. Every share which is forfeited shall on forfeiture become the property of the Company. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall remain liable to pay to the company all money that, at the date of forfeiture, was payable by him to the company in respect of the shares (including interest at the prescribed rate of interest from the date of forfeiture on the money for the time being unpaid if the directors think fit to enforce payment of the interest), but his liability shall cease if and when the company receives payment in full of all the money (including interest) so payable in respect of the share.
- 9.10. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the holder if any whose share is forfeited or the person entitled by transmission to the forfeited share (as the case may be) and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past members.
- 9.11 A statement in writing declaring that the person making the statement is a director or a secretary of the company, and that a share in the company has been duly forfeited on a date stated in the statement, shall be prima facie evidence of the facts stated in the statement as against all persons claiming to be entitled to the share.
- 9.13 (i) The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the share and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (ii) Upon the execution of the transfer, the company shall register the transferee as the holder of the share.
- (iii) The transferee shall not be bound to see to the application of any money paid as consideration.
- (iv) The title of the transferee to the share shall not be affected by any irregularity or invalidity in connection with the forfeiture, sale or disposal of the share.
- 9.14. The consideration referred in Article 22 shall be applied by the company in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue (if any) shall (subject to any like lien for sums

not presently payable that existed upon the shares before the sale) be paid to the person entitled to the shares immediately before the transfer.

- 9.15. The provisions of these Article as to forfeiture shall apply in the case of non- payment of any sum that, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the shares or by way of premium, as if that sum had been payable by virtue of a call duly made and notified.

## **10. Transfer of Shares**

- 10.1. The shares of the company shall be freely transferable subject only to applicable law and any restrictions imposed by the Securities and Exchange Commission or the Lusaka Securities Exchange Listing Rules.
- 10.2. Subject to the requirements of the Securities Exchange Commission with respect to the shares, every instrument of transfer of shares shall be left at the transfer office of the Company at which it is presented for registration accompanied by the certificate of the securities to be transferred and or such other evidence as the Company may require to prove the title of the transferor or his rights to transfer the securities. All authorities to sign transfer instruments granted by Members for the purpose of transferring securities which may be lodged, produced or exhibited with or to the Company and the grantor of such authorities shall as between the Company and the grantor of such authorities be taken and deemed to continue and remain in full force and effect and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices the Company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the Company as being in order before the giving and lodging of such notice.
- 10.3. The Directors may, in their absolute discretion but subject to the Act, resolve to refuse or delay the registration of any transfer of shares unless the instrument of transfer: is deposited at the Office or such other place as the Directors may appoint, duly stamped and, in the case of shares, is accompanied by the certificate for the shares to which it relates (unless a certificate has not been issued) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; or is in respect of only one class of shares; and is in favour of not more than four joint transferees.
- 10.4. Without prejudice to the above, the Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Articles and the relevant system. 10.5 A member may transfer all or any of his/her shares, provided that shares have been fully paid for. Shares that have not been fully paid for shall not be transferable.
- 10.6. The Directors shall expressly refuse to register any transfer of shares or Beneficial Interests which would result in the Company being in breach of any shareholding requirements under the held by the Company or any applicable legislation.
- 10.7. If the Board refuses to register or delays the registration of a transfer of a share it shall, as soon as practicable and in any event within seven days of passing the resolution refusing to register the transfer, send notice of the refusal to the transferee. At the same time as it sends the transferee notice of the refusal to register a transfer, the Board will provide the transferee with its reasons for the refusal. Any instrument of transfer which the Board refuses to register shall (except in the case of suspected or actual fraud) be returned to the person depositing it.
- 10.8. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any shares or any Beneficial Interests or otherwise making any entry in the Register relating to any shares or Beneficial Interests as the case may be.
- 10.9. Subject to the Act, the registration of transfer may be suspended at such times and for such periods as the directors from time to time determine, provided that the periods do not exceed in the aggregate thirty days in any year.
- 10.10. All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors refuse to register shall (except in the case of fraud) be returned to the person by whom it was lodged for registration. If the Directors exercise any power given to them by these Articles to sell, re-allot or otherwise dispose of a share: Directors may authorise any person to execute an instrument of transfer of the share to, or in accordance with the directions of, the person to whom it is disposed of;

10.11 the person to whom the share is transferred or re-allotted shall be registered as the holder of the share and not be bound to see to the application of the consideration (if any) for its disposal and his title to the share shall not be affected by any irregularity in or invalidity of the proceedings relating to the disposal; and a statutory declaration by a Director or the Secretary of the Company that the share has been sold, re-allotted or otherwise disposed of on a specified date in accordance with the provisions of these Articles shall be conclusive evidence of the facts stated in the declaration against any person claiming to be entitled to the share.

## **11. Transmission of Shares**

11.1. In the case of the death of a member, the survivor where the deceased was a joint holder, or a beneficial owner and the legal personal representative of the deceased where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares, but this Article does not release the estate of a deceased joint holder from any liability in respect of a share that had been jointly held by him with other person.

11.2. (1) Subject to any written law relating to bankruptcy, a person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such information being produced as is properly required by the directors, elect either to be registered himself as holder of the share or to have some other person nominated by him registered as the transferee of the share.

(2) If a person becoming entitled elects to be registered himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(3) If he elects to have another person registered, he shall execute a transfer of the share to that other person.

11.3 (i) Where the registered holder of a share dies or becomes bankrupt, his personal representatives or the trustee of his estate, as the case may be, shall be upon the production of such information as is properly required by the directors, entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the company, or to voting or otherwise), as the registered holder would have been entitled to if he had not died or become bankrupt.

(ii) Where two or more persons are jointly entitled to any share in consequence of the death of the registered holder, they shall, for the purposes of these Article, be deemed to be joint holders of the shares.

## **12. Conversion of Shares into Stock**

12.1. The company may, by resolution, convert all or any of its paid-up shares into stock and reconvert any stock into paid up shares of any nominal value.

12.2.1. Subject to sub-Article (2), where shares have been converted into stock, the provisions of these rules relating to the transfer of shares apply, so far as they are capable of application, to the transfer of the stock or of any part of the stock.

12.2.2 The directors may fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the aggregate of the nominal value of the shares from which the stock arose.

12.2.3 The holders of stock shall have, according to the amount of the stock held by them, the same rights, privileges and advantages as regards dividends, voting at meetings of the company and other matters as they would have if they held the shares from which the stock arose.

12.2.4 No privilege or advantage shall be conferred by any amount of stock that would not, if existing in shares, have conferred that privilege or advantage.

12.3 The provisions of these Article that are applicable to paid up shares shall apply to stock, and references in those provisions to share and share hold shall be read as including references to stock and stockholder, respectively.

## **13. Alteration of Capital**

13.1 The company may by Special resolution—

- 13.1.1 increase its authorized share capital by the creation of new shares of such amount as is specified in the resolution;
  - 13.1.2 consolidate and divide all or any of its authorized share capital into shares of larger amount than its existing shares;
  - 13.1.3 subdivide all or any of its shares into shares of smaller amount than is fixed by the certificate of share capital, but so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and
  - 13.1.4. cancel shares that, at the date of passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited, and reduce its authorized share capital by the amount of the shares so cancelled.
- 13.2 Subject to any resolution to the contrary, all unissued shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion, as nearly as the circumstances allow, to the sum of the nominal values of the shares already held by them.
- 13.3 The offer shall be made by notice specifying the number of shares offered and delimiting a period within which the offer, if not accepted, will be deemed to be declined 13.4 After the expiration of that period or on being notified by the person to whom the offer is made that he declines to accept the shares offered, the directors may issue those shares in such manner as they think most beneficial to the company.
- 13.4 Where, by reason of the proportion that shares proposed to be issued bear to shares already held, some of the first-mentioned shares cannot be offered in accordance with sub-Article (1), the directors may issue the shares that cannot be so offered in such manner as they think most beneficial to the company.
- 13.5 Subject to the Act, the company may, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account Without departing from the generality of the foregoing, the Company may, subject to the provisions of the Act: convert shares of par value into shares of no par value and vice versa; and purchase its shares if the Directors resolve that it should purchase its shares.
- 13.6 The Special Resolution by which any share is sub-divided may determine that, as between the shares resulting from the sub-division, any share shall have any preference or restriction attached to it in accordance with the same rules governing the Company's power to attach the same to un-issued new shares.
- 13.7 In the event of an issue of a fraction of share, that fraction may be sold for the benefit of the shareholder in such manner as the Directors may, subject to the Articles and practices of the relevant system, determine.

#### **14. General Meetings**

- 14.1 The Company shall hold, within three months after the end of each financial year of the Company and Annual General Meeting each calendar year in accordance with the Companies Act.
- 14.2 A director may, whenever he thinks, fit convene a general meeting.
- 14.3 If no director is present within Zambia, two or more members holding not less than twenty-five percent (25%) total votes may convene a general meeting in the same manner, or as nearly as possible, as that in which such meetings may be convened by a director.
- 14.4 A general meeting shall be held in Zambia unless all the members entitled to vote at that meeting agree in writing to a meeting at a place outside Zambia.
- 14.5 A notice of a general meeting shall specify the place, the day and the hour of meeting and, except as provided by sub-Article (2), shall state the general nature of the business to be transacted at the meeting.
- 14.6 It shall not be necessary for a notice of an annual general meeting to state that the business to be transacted as the meeting includes the declaring of a dividend, the consideration of annual accounts and the reports of the directors and auditors, the election of directors in the place of those retiring or the appointment and fixing of the remuneration of the auditors.

**15. Proceedings at General Meetings**

- 15.1 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. A quorum shall be formed by two or more members holding not less than twenty-five percent (25%) of the total votes.
- 15.2 For the purpose of determining whether a quorum is present, a person attending as a proxy, or as representing a body corporate or association that is a member, shall be deemed to be a member.
- 15.3 If a quorum is not present within half an hour after the appointed for the meeting—
- (a) Where the meeting was convened upon the requisition of members—the meeting shall be dissolved; or
  - (b) In any case—
    - (i) the meeting shall stand adjourned to such day, and at such time and place, as the directors determine or, if no determination is made by the directors, to the same day in the next week at the same time and place;
    - (ii) and if a quorum is not present at the adjourned meeting within half an hour after the time appointed for the meeting—
      - (a) Two members shall constitute a quorum; or
      - (b) The meeting shall be dissolved, if two members are not present.
- 15.4 If the directors have elected one of their number as chairman of their meetings, he shall preside as chairman at every general meeting
- 15.5 Where a general meeting is held and—
- (a) a chairman has not been elected as provided by sub-Article (1); or
  - (b) the chairman is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act.;
- the member present shall elect one of their number to be chairman of the meeting.
- 15.6 The chairman may with the consent of any meeting at which a quorum is present, and shall if so, directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 15.7.1 When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- 15.7.2 Except as provided by sub-Article (2), it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 15.8.1. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded—
- (a) by the chairman;
  - (b) by at least three members present in person or by proxy;
  - (c) by a member or members present in person or by proxy and representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting; or
  - (d) by a member or members holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right.
- 15.8.2 The demand for a poll may be withdrawn.

- 15.9.1 If a poll is duly demanded, it shall be taken in such manner and (subject to sub-Article (2) either at once or after an interval or adjournment or otherwise as the chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded.
- 15.9.2 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith.
- 15.10. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, in addition to his deliberative vote (if any), shall have a casting vote.
- 15.11 Subject to any rights or restrictions for the time being attached to any class or classes of shares at meetings of members or classes of members—
- (a) each—
- (i) registered member, or registered member of that class;
- (ii) person on whom the ownership of a share of such a registered member has evolved by operation of law;
- (iii) proxy or attorney of a person referred to in paragraph (i) or (ii), if the person is not present at the meeting; shall be entitled to vote; on a show of hands, each person present who is entitled to vote shall have one vote; and on a poll, every person present who is entitled to vote shall have votes.
- 15.12 In case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy or by attorney, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members.
- 15.13 If a member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, his committee or trustee or such other person as properly has the management of his estate may exercise any rights of the member in relation to a general meeting as is the committee, trustee or other person were the member.
- 15.14 A member shall not be entitled to vote at a general meeting unless all polls and other sums presently payable by him in respect of shares in the company have been paid.
- 15.15.1 An objection may be raised to the qualification of a voter only at the meeting of adjourned meeting at which the vote objected to is given or tendered
- 15.15.2 Any such objection shall be referred to the chairman of the meeting, whose decision shall be final.
- 15.15.3 A vote not disallowed pursuant to such an objection shall be valid for all purposes.
- 15.15.4 Any person (whether a member of the Company or not) may be appointed to act as a proxy and more than one proxy may be appointed provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member.
- 15.16.1 An instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a body corporate, either under seal or under the hand of an officer or attorney duly authorized.
- 15.16.2 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so
- (a) Provides the proxy shall not be entitled to vote in the resolution except as specified in the instrument.
- (b) An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- (c) A proxy need not be member of the company
- (d) An instrument appointing a proxy shall be in the following form or in as similar a form as the circumstances allow.

(e) Every proxy who has been appointed by one or more members entitled to vote on the resolution shall, on a show of hands, have one vote.

(f) Every proxy who has been appointed by more than one member entitled to vote on the resolution shall, on a show of hands, have two votes, one vote for and one against the resolution if:

(g) one or more of the members instructed him to vote for and one or more of the members instructed him to vote against the resolution; or

(h) one or more of the members instructed him to vote for the resolution and one or more of the members gave him discretion as to how to vote and he exercises his discretion by voting against the resolution; or

(i) one or more of the members instructed him to vote against the resolution and one or more of the members gave him discretion as to how to vote and he exercises his discretion by voting for the resolution.

(j) Every proxy who has been appointed by a member entitled to vote on the resolution shall, on a poll, have one vote for each share held by that member (or, where a proxy has been appointed to exercise the rights attached to some only of the shares held by that member, one vote, on a poll, for each such share).

(k) The appointment of a proxy shall not preclude a member from attending and voting in person on a show of hands or on a poll on any matters in respect of which the proxy is appointed. In the event that and to the extent that a member personally votes his shares, his proxy shall not be entitled to vote and any vote cast by a proxy in such circumstances shall be ignored.

(l) When two or more valid but differing appointments of proxy are received in respect of the same share for use at the same meeting and in respect of the same matter, the one which is last validly received (regardless of its date or of the date of its execution or submission) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly received, none of them shall be treated as valid in respect of that share.

(m) Notwithstanding the provisions of these Articles, a director appointed as a proxy on behalf of a member shall not vote on the following business transacted at an annual general meeting:

i. declaration of a dividend;

ii. consideration of the accounts and the directors' and auditors' reports;

iii. election and fixing of remuneration of directors; and appointment and fixing of remuneration of auditors.

15.7 An instrument appointing a proxy shall not be treated as valid unless the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of that power or authority, is on are deposited, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, at the registered office of the company or at such other place in Zambia as is specified for that purpose in the notice convening the meeting.

15.8 A vote given in accordance with the term of an instrument of proxy or of a power of attorney shall be valid notwithstanding the previous death or unsoundness of mind of the principal, the revocation of instrument (or of the authority under which the instrument was executed) or of the transfer of the share in respect of which the instrument or power is given, unless notice in writing of the death, unsoundness of mind, revocation or transfer has been received by the company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised. –

## **16. Appointment and Number of Directors**

16.1. There shall be a Board of directors of the Company which shall comprise of not less than five (5) Directors and no more than such number as the Company may from time to time determine by ordinary resolution (of which one (1) Director at any one time shall be the Chief Executive Officer or Managing Director appointed in accordance with the provisions of these Articles from time to time appointed by a member having more than 50% voting rights.

- 16.2 Without prejudice to the power of the Company under these Articles to appoint any person to be a director, the Directors shall have the power at any time to nominate a person as an additional Director or to fill a vacancy but so that the total number of Directors shall at all times be an odd number and shall not exceed the maximum authorized by or in accordance with these Articles. Any person so nominated shall be confirmed at the next Annual General Meeting or retired from office but shall be eligible for election by the Company at that meeting and thereafter, as a Director.
- 16.3 Subject to the provisions of the Act, the Board, or any committee authorized by the Board, may from time to time appoint one or more Directors to hold any employment or executive office (including that of Chief Executive Officer or Managing Director) for such term and subject to such other conditions as the Board, or any committee authorised by the Board, thinks fit. The Board, or any committee authorised by the Board, may revoke or terminate any such appointment without prejudice to any claim for damages for breach of any contract between the Director and the Company.
- 16.4 The company may by special resolution fix a share qualification for directors, but unless and until a qualification is so fixed, there shall be no share qualification.
- 16.5 In addition to the circumstances in which the office of a director becomes vacant by virtue of the Act, the office of a director shall become vacant if the director makes any arrangement or composition with his creditors generally.

#### **17. Retirement and Removal of Directors**

- 17.1 In addition to any power of removal conferred by the Act, the Company may by ordinary resolution remove any Director before the expiration of his period of office, but without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, and may (subject to these Articles) by ordinary resolution appoint another person who is willing to act to be a Director in his place.
- 17.2 Any person so appointed shall be treated, for the purposes of determining the time at which he or any other Director is to retire, as if he had become a Director on the day on which the person in whose place he is appointed was last appointed or re appointed a Director.
- 17.3 A member shall not less than twenty-eight days before the meeting at which the resolution for removal of a director is to be passed, give the secretary notice of intention to move a resolution to remove a director.
- 17.4 The secretary shall on receipt of the notice referred to above, send a copy of the notice to the director concerned and the director shall be entitled to be heard at the meeting;
- 17.4.1 submit a written statement to the company regarding the notice for their removal from office; and
- 17.4.2 require that the written statement made in accordance with (b), be read at the meeting.
- 17.4.3 Any notice of appointment and/or removal of any Director shall be in writing and shall, subject to the requirements of the Act, become effective on lodgement thereof at the Office of the Company or upon it being produced to a duly convened meeting of the Directors.
- 17.5 The Directors (except the Chief Executive Officer or Managing Director) shall retire by rotation as provided in these Articles.
- 17.6 At all Annual General Meetings held by the Company, one third of the Directors (except Executive Directors), or if one third is not a whole number, the whole number next largest than one third, shall retire from office.
- 17.7 The directors to retire under this Article shall, first be those Directors who are subject to rotation but who wish to retire and not offer themselves for re election and secondly, those Directors who have been the longest in office, but as between those who were appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 17.8 The Company may, at the meeting at which a director retires, fill the vacancy by re-electing the retiring Director or some other person who is eligible for appointment and willing to act as a Director by Ordinary Resolution. If the Company does not do so, the retiring Director shall (if willing) be deemed to have been re-elected except in the following circumstances:
- 17.8.1 it is expressly resolved not to fill the vacancy; or

17.8.2 a resolution for the re-election of the Director is put to the meeting and lost.

17.8.3 Without prejudice to the provisions for retirement (by rotation or otherwise) contained in these Articles, the office of a Director shall be vacated if:

- (a) he resigns by notice in writing delivered to, or, if in electronic form, received by, the secretary at the Office or tendered at a Board meeting;
- (b) he ceases to be a director by virtue of any provision of the Act, is removed from office pursuant to these Articles or the Act, or becomes prohibited by law from being a director;
- (c) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement or enters into any analogous or similar procedure in any jurisdiction;
- (d) by reason of his mental health a court makes an order which wholly or partly prevents him from personally exercising any powers or rights he would otherwise have;
- (e) he is being treated by a registered medical practitioner who gives a written opinion to the Company stating that the Director has become physically or mentally incapable of acting as a director and may remain so for more than three months
- (f) both he and his alternate Director appointed pursuant to the provisions of these Articles (if any) are absent without the permission of the Board, from Board meetings for six consecutive months or, if during a shorter period, for six consecutive Board meetings and the Board recommends to the members that he be removed; or
- (g) he is removed from office in accordance with the procedure above.
- (h) A resolution of the Board declaring a director to have vacated office under the terms of the Articles shall be conclusive as to the fact and grounds of vacation stated in the resolution.

## **18. Powers of the Board**

18.1 Subject to the provisions of the Act and these Articles, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business or not. No alteration of these Articles and no such direction given by the Company shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. Provisions contained elsewhere in these Articles as to any specific power of the Board shall not be deemed to limit the general powers given by this Article.

18.2 the Directors may exercise the powers of the Company to borrow money, to charge any property or business of the Company or all, or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or any other person.

18.3 The amount of any borrowings outstanding at any time shall not exceed US\$5,000,000 the amount of issued share capital of the Company at the time.

18.4 The Board shall at all times be required to exercise its powers and duties in accordance with the fiduciary duties as provided for under Part VII of the Act (as amended from time to time).

18.5 The Board may from time to time delegate or entrust to and confer on any Director holding executive office (including a Chief Executive Officer or Managing Director) such of its powers, authorities and discretions (with power to sub delegate) for such time, on such terms and subject to such conditions as it thinks fit, and the Board may from time to time revoke, withdraw, alter or vary all or any of such powers.

## **19. Remuneration of Directors**

19.1 The directors shall be entitled to such remuneration as the company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

## **20. Director's Expenses Committees**

20.1 The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors, or of directors or general meetings or separate meetings of holders of any class of shares or of debentures of the company or otherwise in connection with the discharge of their duties.

## **21. Delegation to Committees**

21.1 The Board may delegate to any committee appointed by the Board (consisting of one or more Directors and (if thought fit) one or more other persons) any of its powers, authorities and discretions (including, without prejudice to the generality of the foregoing, all powers, authorities and discretions the exercise of which involves or may involve the payment of remuneration to or the conferring of any other benefit on all or any of the Directors) for such time, on such terms and subject to such conditions as it thinks fit.

21.2 Any such committee shall, unless the Board otherwise resolves, have power to sub-delegate to sub-committees any of the powers, authorities or discretions delegated to it.

21.3 A majority of the members of any committee or sub-committee shall be Directors and no resolution of a committee or sub-committee shall be effective unless a majority of those present and voting on the resolution when it is passed are Directors or alternate Directors.

21.4 The Board may confer any of its powers, authorities and discretions either collaterally with, or to the exclusion of and in substitution for, all or any of the powers, authorities and discretions of the Board in that respect and may from time to time revoke, withdraw, alter or vary any of such powers, authorities and discretions and discharge any such committee or sub-committee in whole or in part. Insofar as any power, authority or discretion is so delegated, any reference in these Articles to the exercise by the Board of such power, authority or discretion shall be construed as if it were a reference to the exercise of such power, authority or discretion by such committee or sub-committee.

21.5 The meetings and proceedings of any such committee or sub-committee consisting of more than one person shall be governed mutatis mutandis by the provisions of these Articles regulating the meetings and proceedings of the Board, so far as the same are not superseded by any regulations made by the Board under this Article.

21.6 The Board may entrust to and confer upon a Director any of its powers, authorities and discretions (with power to sub-delegate) upon such terms (subject to the Act) and subject to such conditions and with such restrictions as it may decide and either collaterally with, or to the exclusion of and in substitution for, its own powers, authorities and discretions. The Board may from time-to-time revoke or vary any of such powers, authorities and discretions but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

21.7 The Board shall, where it delegates any power, in accordance with this Article 19, be responsible for the exercise of that power, as if the power had been exercised by the Board itself as provided under section 88(2) of the Act.

## **22. Proceedings of Directors**

22.1 The provisions of section one hundred and seven of the Act (providing that a director who is materially interested in a contract or arrangement to be considered at a meeting of the company or of the directors should not be counted in the quorum or vote on the matter) may be suspended or relaxed, whether generally or in respect of a particular transaction, by a special resolution of the company.

22.2 (1) A director may, if the other directors approve, appoint a person as an alternate director in accordance with the Act.

(2) An alternate director shall be entitled to notice of meetings of the directors.

(3) An alternate director may, subject to the instrument of appointment, exercise any powers that the appointer may exercise.

22.3 At a meeting of directors, the quorum shall be two, or such larger number as is determined by resolution of the company.

22.4 In the event of a vacancy or vacancies in the office of a director or offices of directors, the remaining directors may act but, if the number of remaining directors is not sufficient to constitute a quorum at a meeting of directors, they may act only for the purpose of increasing the number of directors to a number sufficient to constitute such a quorum or of convening a general meeting of the company.

- 22.5 (1) The directors shall elect one of their number as chairman of their meetings and may determine the period for which he shall hold office.
- (2) Where meeting of directors is held and –
- (a) a chairman has not been elected as provided by sub-Article (1); or
  - (b) the chairman appointed under sub-Article (1) is not present within fifteen (15) minutes after the time appointed for the holding of the meeting or is unwilling to act.;
  - (c) the directors present shall elect one of their number to be a chairman of the meeting.

- 22.6 (1) The directors shall exercise their powers subject to the reserved matters in the schedule hereto.
- (2) The Directors may delegate any of their powers to a committee or committees consisting of such of their numbers as they think fit
- (3) A committee to which any powers have been so delegated shall exercise the power delegated in accordance with any directions of the directors and a power so exercised shall be deemed to have been exercised by the directors.
- (4) The members of such a committee may elect one of their number as chairman of their meetings
- (5) Where such a meeting is held and—
- (a) a chairman has not been elected as provided by sub-Article (3); or
  - (b) the chairman is not present within ten minutes after the time appointed for the holding of the meeting or is unwilling to act;

The members present may elect one of their number to be chairman of the meeting

- (6) A committee may meet and adjourn as it thinks proper.
- (7) Questions arising at a meeting of a committee shall be determined by a majority of votes of the members present and voting.
- (8) In the case of an equality of votes, the chairman, in addition to his deliberative vote (if any), has a casting vote.

### **23. Managing Director**

- 23.1. The directors may, upon such terms and conditions and with such restrictions as they think fit, appoint a Managing Director in accordance with the Act and confer upon him any of the powers exercisable by them.
- 23.2 Any powers so conferred may be concurrent with or be to the exclusion of the powers of the directors.
- 23.3 The directors may at any time withdraw or vary any of the powers so conferred on a Managing Director.

### **24. Associate Directors**

- 24.1 The directors may from time to time appoint any person to be an associate director and may from time to time terminate any such appointment.
- 24.2 The directors may from time to time determine the power, duties and remuneration of any person so appointed.
- 24.3 A person so appointed shall not be required to hold any shares to qualify him for appointment but, except by the invitation and with the consent of the directors, shall not have any right to attend or vote at any meeting of directors.

### **27. Inspection of Records**

- 27.1 Subject to the Act, the directors shall determine whether and to what extent, and at what time and places and under what conditions, the accounting records and other documents of the company or any of them will be open to the

inspection of members other than directors, and a member other than a director shall not have the right to inspect any document of the company except as provided by law or authorized by the directors or by a resolution of the company.

## **28. Dividends and Reserves**

- 28.1 The company by resolution may declare a dividend if, and only if, the directors have recommended a dividend.
- 28.2 A dividend shall not exceed the amount recommended by the directors.
- 28.3 The directors may authorize the payment by the company to the members of such interim dividends as appear to the directors to be justified by the profits of the company.
- 28.4 Interest shall not be payable by the company in respect of any dividend.
- 28.5 A dividend shall not be paid except out of profit of the company.
- 28.6.1 The directors may, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as reserves, to be applied, at the discretion of the directors, for any purpose for which the profits of the company may be properly applied.
- 28.6.2 Pending any such application, the reserves may, at the discretion of the directors, be used in the business of the company or be invested in such investment as the directors think fit.
- 28.6.3 The directors may carry forward so much of the profits remaining as they consider out not to be distributed as dividends without transferring those profits to a reserve.
- 28.7.1 Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid.
- 28.7.2 All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but, if any share is issued on terms providing that it will rank for dividend as from a particular date, that share shall rank for dividend accordingly.
- 28.7.3 An amount paid or credited as paid on a share in advance of a call shall not be taken for purpose of this Article to be paid or credited as paid on the share.
- 28.8 The directors may deduct from any dividend payable to a member all sums of money (if any) presently payable by him to the company on account of calls or otherwise in relation to shares in the company.
- 28.9.1 If the company declares a dividend, it may by resolution direct the directors to pay the dividend wholly or partly by the distribution of specific assets, including paid up shares in, or debentures of, any other corporation.
- 28.9.2 Where a difficulty arises in regard to such a distribution, the directors may settle the matter as they consider expedient and in particular may issue fractional certificates and fix the value for distribution of the specific assets or any part of those assets, and may determine that cash payments will be made to any member on the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as the directors consider expedient.
- 28.10.1 Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque sent through the post directed to—
- 28.10.2 the registered address of the holder or, in the case of joint holders, to the registered address of the joint holder named first in the register of member; or
- 28.10.3 to such other address as the holder or joint holders in writing directs or direct.
- 28.10.4 Any one of the two or more joint holders may give effectual receipts for any dividends, interests or other money payable in respect of the shares held by them as joint holders.
- 28.11. All dividends or other sums payable and unclaimed shall be deposited in a separate special dividends payment accounts in the name of the company until claimed.

28.12. If a dividend under Article 28.11 remains unclaimed, a member can claim from the company within fifteen years from the date on which the dividend became payable.

28.13. Any dividend that remains unclaimed after fifteen years from the date on which the dividend became payable shall be transferred to the Securities Exchange Commission.

## **29. Capitalization of Profits**

29.1 Subject to sub-Article (2), the company may resolve—

29.1.1 to capitalize any sum, being the whole or a part of the amount for the time being standing to the credit of any reserve account or the profit and loss account or otherwise available for distribution to members; and

29.1.2 to apply the sum, in any of the ways mentioned in sub-Article (3), for the benefit of members in the proportions to which those members would have been entitled in a distribution of that sum by way of dividend.

29.1.2 The company shall not pass a resolution under sub-Article (1) unless it has been recommended by the directors.

29.1.3 The ways in which a sum may be applied for the benefit of members under sub-Article (1) shall be—

29.1.3.1 in paying up any amounts unpaid on shares held by members;

29.1.3.2 in paying up in full unissued share or debentures to be issued to members as fully paid; or

a. partly under paragraph (a) and partly under paragraph (b).

29.1.4 The directors shall do all things necessary to give effect to the resolution and, in particular, to the extent necessary to adjust the rights of the members among themselves, may—

29.1.4.1 issue fractional certificates or make cash payments in cases where shares or debentures become issuable in fractions; and

29.1.4.2 authorize any person to make, on behalf of all the members entitled to any further shares or debentures upon the capitalization, an agreement with the company providing for the issue to them, credited as fully paid up, of any such further shares or debentures or for the paying up by the company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalized; and any agreement made under an authority referred to in paragraph (b) shall be effective and binding on all members concerned.

## **30. Financial Disclosure and Auditing**

30.1 The Company's financial statements shall be audited annually by an independent auditor approved in accordance with the Companies Act and the Securities Act.

## **31. Issue of Securities to the Public**

i. The Company may, subject to the Companies Act and the Securities Act and these Article, issue shares or debentures to the public through a prospectus or other approved offer document.

## **32. Compliance with the Securities and Exchange Rules**

ii. The Company shall comply with the listing requirements, disclosure obligations, and corporate governance rules of the Lusaka Securities Exchange and the Securities and Exchange Commission.

## **33. Winding up**

(1) If the company is wound up, the liquidator may, with the sanction of a special resolution, divide among the members in kind the whole or any part of the property of the company and may for that purpose set such value as he considers fair upon any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.

- (2) The liquidator may, with the sanction of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no member is compelled to accept any shares or other securities in respect of which there is any liability.

**34. Indemnity**

Every officer, auditor or agent of the company shall be indemnified out of the property of the company against any liability incurred by him in his capacity as officer, auditor or agent in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in relation to any such proceedings in which relief is under the Act granted to him by the court.

**35. Conforming Amendments**

All provisions of the Articles of Association inconsistent with the foregoing amendments are hereby deleted or amended to ensure conformity with the provisions of the Companies Act governing public limited companies.

## ANNEXURE 2: THE COMPANY'S CORPORATE GOVERNANCE

Principle	Reference	Apply	Do not apply	Practice
There must be a policy detailing the procedures for appointments to the board. Such appointments must be formal and transparent, and a matter for the board, assisted where appropriate by a nomination committee. The nomination committee must constitute only non-executive directors, of whom the majority must be independent as defined in paragraph 7.F.6 (f) (iii), and should be chaired by the board chairperson.	7.F.6(a)		✓	There is no policy in place that details the procedures for appointment to the Board. Klaption Reinsurance Plc followed the procedure under the companies act and later incorporated into the Articles of Association approved by Shareholders' resolution dated.
There must be a policy evidencing a clear division of responsibilities at board level to ensure a balance of power and authority, such that that no one individual has unfettered powers of decision-making.	7.F.6(b)		✓	There is no policy dividing the responsibilities at Board level. However, Klaption Reinsurance has a Board Charter that spells out the responsibilities of the Board.
The chief executive officer must not also hold the position of chairperson.	7.F.6 (c)	✓		This is currently the position.
The audit committee must set the principles for recommending the use of the external auditors for non-audit services.	7.F.6(d)	✓		This is currently the position.
A brief CV of each director must be provided.	7.F.6(e)	✓		Provided.
The capacity of each director must be categorised as executive, nonexecutive or independent, using the following as guidelines to determine which category is most applicable to each director:	7.F.6(f)			

<p>(i) executive directors: are directors that are involved in the day to day management and running of the business and are in full time salaried employment of the company and/or any of its subsidiaries;</p>	7.F.6(f)(i)	✓		This is the position.
<p>(ii) non-executive directors: are directors that are not involved in the day to day management of the business and are not full-time salaried employee of the company and/or any of its subsidiaries;</p>	7.F.6(f)(ii)	✓		This is the position.

## ANNEXURE 3: OTHER DIRECTORSHIP OF THE BOARD OF DIRECTORS OF KLAPTON REINSURANCE PLC

Full Name:		Anthony Elmo Vinitha Jayetileke	
Nationality:		Zambian	
Residential Address:		Suite 12B, Green City Office Park, Stand 2374, Kelvin Siwale Road, Rhodes Park, Lusaka, Zambia.	
Zambian Resident:		Yes	
Name of Organisation	Nature of Business	Designation	Status
LOLC Finance Limited, Malawi	Other credit granting services	Director	Non-Executive
LOLC Tanzania Financial Services Limited	Non-banking financial services	Director	Non-Executive
LOLC Kenya Microfinance Bank	Non-banking financial services	Director	Non-Executive
Browns Manufacturing Limited (Zambia)	Manufacturing of plastics products	Director	Non- Executive
Klapton Business Park Limited (Zambia)	Real Estate Activities	Director/ Chairperson	Non-Executive
Kuala Tech Limited (Zambia)	ICT Services	Director/ Chairperson	Non-Executive

Full Name:		Michael Lawson	
Nationality:		British	
Residential Address:		Suite 12B, Green City Office Park, Stand 2374, Kelvin Siwale Road, Rhodes Park, Lusaka, Zambia.	
Zambian Resident:		No	
Name of Organisation	Nature of Business	Designation	Status
SLA Consolidated Limited	Investment holding company.	Managing Director/ Chief Executive Officer	Executive

Full Name:		Evans David Wala Chabala	
Nationality:		Zambian	
Residential Address:		Suite 12B, Green City Office Park, Stand 2374, Kelvin Siwale Road, Rhodes Park, Lusaka, Zambia.	
Zambian Resident:		Yes	
Name of Organisation	Nature of Business	Designation	Status
Romanzo Advisory	Management consulting services	Managing Consultant	Executive
Romanzo Zambia Limited	Management consulting services	Director	Non-Executive
SolidarInvest Limited	Construction	Director	Non-Executive

## ANNEXURE 4: MATERIAL AGREEMENTS OF KLAPTON RE

Material Agreement	Brief Description
Klapton Insurance Company Limited (KIC) Business Transfer Agreement	<p>Klapton Re entered into a Portfolio Transfer Agreement with Klapton Insurance Company Limited pursuant to which KIC transferred to Klapton Re its material damage and liability reinsurance portfolio previously underwritten in the Asia, Latin America and Middle East regions prior to the incorporation of Klapton Re.</p> <p>The Agreement became effective on 31 December 2021 and shall remain in force for a period of five (5) years from the Effective Date. The rate of the transfer fee is 0.5% on gross written premiums in Asia, Latin America and Middle East regions and is payable upon collection of premiums by Klapton Re.</p>
Klapton Management Africa SARL (KMA) Hub Agreement	<p>Klapton Re entered into a Brokerage Services Agreement with KMA for the provision of intermediary services in connection with its reinsurance business operations.</p> <p>Pursuant to the Agreement, KMA as the broker is mandated to, inter alia:</p> <ul style="list-style-type: none"> <li>• Identify potential reinsurance opportunities on behalf of Klapton Re;</li> <li>• bind reinsurance business for and on behalf of Klapton Re; and</li> <li>• receive premiums on behalf of Klapton Re in respect of such business.</li> </ul> <p>The Agreement became effective on 28 September 2021 and shall remain in force unless terminated by either party in accordance with the terms and provisions set out therein. The rate of the Hub fee is 10% of gross written premiums generated and is payable upon collection of premiums by Klapton Re.</p>
Klapton Reinsurance Brokers Hub Agreement	<p>Klapton Re entered into a Brokerage Services Agreement with Klapton Reinsurance Brokers (KRB) for the provision of brokerage services.</p> <p>Pursuant to the Agreement, KRB as the broker is mandated to, inter alia:</p> <ul style="list-style-type: none"> <li>• Identifying potential reinsurance opportunities;</li> <li>• Binding reinsurance for Klapton Re; and</li> <li>• Receiving premiums on behalf of Klapton Re.</li> </ul> <p>The agreement commenced on 28 September 2021 and shall remain in force unless terminated by either party in accordance with the provisions of the agreement. The rate of the Hub fee is 10% of gross written premiums generated and is payable upon collection of premiums by Klapton Re.</p>
Klapton Administration Limited Terms of Business Agreement	<p>Klapton Re entered into a Terms of Business Agreement with Klapton Administration Limited, pursuant to which Klapton Administration Limited is obligated to:</p> <ul style="list-style-type: none"> <li>• Refer risks to Klapton Re for placement, where the Company will be the reinsurer;</li> <li>• Provide Klapton Re with information about all risks referred and bound; and</li> <li>• Cooperate with Klapton Re in the coordination of reinsured's claims.</li> </ul> <p>The agreement commenced on 1 January 2022 and shall remain in force unless terminated by either party in accordance with the provisions of the agreement. The rate of the Administration fee is 1% of gross written premiums generated and is payable upon collection of premiums by Klapton Re.</p>

<p>Klapton Business Park Limited Shareholders Agreement</p>	<p>Through its nominee, Klapton Re entered into a Shareholders Agreement with Skyview Hotel Chingola Limited to govern the rights and obligations of the parties as shareholders in Klapton Business Park Limited.</p> <p>Under the Shareholders' Agreement, Klapton Re became entitled to 75% in the equity of Klapton Business Park Limited and its obligations include providing shareholder loans for the purchase of Chainama Hotel now wholly owned by Klapton Business Park Limited and development cost to be treated appropriately in the books of the holding company. As a shareholder, Klapton Re also has obligations of funding the operational cost of Klapton Business Park Limited.</p> <p>Klapton Re has providing funding amounting to ZMW 85 million from 2023 to 31 December 2025.</p>
<p>Global Bouquet Retrocession Agreement with Klapton Insurance Company Limited</p>	<p>Klapton Re entered into a Global Bouquet Retrocession Agreement with Klapton Insurance Company Limited as retrocessionaire to indemnify Klapton Re in respect of liability which may accrue to it under facultative and treaty reinsurance, covering all lines as defined.</p> <p>Under the Agreement, Klapton Re is indemnified by the retrocessionaire against:</p> <ul style="list-style-type: none"> <li>• Any losses paid but un-covered under excess of loss and stop loss retro treaties; due to technical default faced by the Reinsured; and</li> <li>• Accumulated retained losses exceeding the stop loss retro treaties limit.</li> </ul> <p>The agreement is effective 1 January 2025 and is renewable annually unless terminated in line with the applicable provisions. The 2025 annual cost of the agreement was 3% of Gross written premium.</p>
<p>Kuala Tech Limited Master Service Agreement</p>	<p>Klapton Re as majority shareholder entered into an agreement with its subsidiary Kuala Tech Limited for the provision of maintenance and support services for the Klapton Re's ICT Infrastructure, Internal Core Business Systems and Digital Platforms (Website, social media).</p> <p>The agreement is renewable annually unless terminated in line with the applicable provisions. The current annual cost of the agreement is ZMW 1.4 million.</p>

## ANNEXURE 5: DIRECTORY OF BROKERS

<p><b>Autus Securites Zambia Limited</b> 34 Khola Road, Woodlands, P.O. Box 32308 Lusaka, Zambia</p>	<p><b>Finance Securities Limited</b> 2110/2111 Sepele Road, Opposite Finance House P.O. Box 32507 Lusaka, Zambia</p>
<p><b>Hobbiton Investment Management</b> 4th Floor, Godfrey House Cnr Kabelenga and Longolongo Roads P.O Box 30163 Lusaka, Zambia</p>	<p><b>Madison Asset Management Company Limited</b> Mlife Building, Dar es Salaam Place Cairo Road P.O Box 30163 Lusaka, Zambia</p>
<p><b>Longhorn Associates</b> Ground floor Garden View Office Park, Plot 1146/15, Lagos Road Rhodes Park Lusaka, Zambia</p>	<p><b>Stockbrokers Zambia Limited</b> 32 Lubu Road, Longacres P.O.Box 38956 Lusaka, Zambia</p>
<p><b>Equity Capital Resources PLC</b> 4th Floor Godfrey House, Cnr Kabelenga/Longolongo Roads P.O. Box 37184 Lusaka, Zambia</p>	<p><b>Pangaea Securities Limited</b> 1st Floor, Pangaea Office Park Great East Road P.O. Box 30163 Lusaka, Zambia</p>

## ANNEXURE 6: BROKERAGE ACCOUNT OPENING REQUIREMENTS

The following is a sample of the information typically requested by Brokers registered with the SEC when opening a brokerage account. This may vary from one broker to another:

Individuals (if domiciled in a foreign jurisdiction the equivalent can be submitted)	Institutions (if domiciled in a foreign jurisdiction the equivalent can be submitted)
New account application form (Broker Specific)	New account application form (Broker Specific)
Completed brokerage agreement form	Completed brokerage agreement form
Certified Copy of National Registration Card or Passport	Certified Copy of Certificate of Incorporation
1 passport size photo	Articles of Association
Proof of residence	Anti-Money Laundering Policy or Compliance Manual
Reference from employer or professional authority that they have known you for at least 12 months	Tax Identification Number or equivalent from regulator
Account opening fee (Broker specific)	List of Directors and their identification details.
	Letter of Reference from the Bank
	Certificate of good standing or equivalent
	Specimen signatures and Certified copy of National Registration Card or Passport of authorized Signatories
	Shareholding structure of the company

Table 31 Brokerage Account Opening Requirements

**ANNEXURE 7: INDEPENDENT REPORTING ACCOUNTANTS' REPORT FOR THE FINANCIAL YEAR 2022, FINANCIAL YEAR 2023, FINANCIAL YEAR 2024, AND MANAGEMENT ACCOUNTS 2025**

The Independent Reporting Accountants Report begins on the following page.



**Klaption Reinsurance Plc**

Final Independent Reporting Accountant's Report on Profit Forecast  
Information

17 March 2026

20 March 2026

The Directors  
Klapton Reinsurance Plc  
Suite 12B, Green City Office Park  
Stand 2374  
Kelvin Siwale Road  
Rhodespark  
Lusaka  
Zambia

Dear Sirs,

## **Independent Reporting Accountant's Report on the Profit Forecast Information for the year ending 31 December 2026**

Klapton Reinsurance Plc ("Klapton Re" or the "Group") intends to undertake a direct listing of its shares on the Lusaka Securities Exchange Plc ("LuSE").

We have undertaken a limited review in respect of the Directors' assumptions used to prepare and present the accompanying forecast Statement of Comprehensive Income and Statement of Financial Position for Klapton Re for the financial year ending and 31 December 2026 (collectively "forecast information").

### **Directors' Responsibility**

The Directors are responsible for the preparation and presentation of the forecast information and for the reasonableness of the assumptions used to prepare the forecast information as set out in the notes to the forecast information in accordance with paragraph 8.43 of the LuSE Listing Rules. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the forecast information on the basis of those assumptions that are free from material misstatement, whether due to fraud or error.

### **Inherent Limitations**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that these forecasts may not be appropriate for purposes other than described in the purpose of the report paragraph below.

### **Reporting Accountants' Responsibility**

Our responsibility is to provide a limited review conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the forecast information in accordance with the LuSE Listing Rules for forecast information, based on the procedures we have performed and the evidence we have obtained.

### **Reporting Accountant's Responsibility (continued)**

We conducted our limited review engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, The Examination of Prospective Financial Information (ISAE 3400), issued by the

International Auditing and assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the forecast information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions and agreeing or reconciling with underlying records.

Our procedures included evaluating the Directors' best-estimate assumptions on which the forecast information is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on the forecast information.

### **Conclusion**

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that:

- (i) The assumptions, barring unforeseen circumstances, the underlying assumptions do not provide a reasonable basis for the forecast;
- (ii) The forecast has not been properly compiled on the basis stated;
- (iii) The forecast has not been properly presented, and all material assumptions are not adequately disclosed; and
- (iv) The forecast is not presented on a basis consistent with the accounting policies of the Klapton Re.

### **Purpose of the Report**

This report has been prepared for the purpose of satisfying the requirements of paragraphs 8.48(c) of the LuSE Listing Rules and for no other purpose.

### **Consent**

We consent to the inclusion of this report, which will form part of the Prospectus to be issued on or about 24<sup>th</sup> March 2026, in the form and context in which it appears.

### **Deloitte & Touche**



**Humphrey Mulenga**  
Partner  
AUD/F000533

**Estimate and forecast statements of comprehensive income for the years ending 31 December 2025 and 31 December 2026**

	<b>Estimate 2025 ZMW'000s</b>	<b>Forecast 2026 ZMW'000s</b>
<b>Statement of comprehensive income</b>		
Insurance revenue	3 065 882	3 429 594
Insurance service expense	(2 144 845)	(2 839 995)
Net (expense)/income from reinsurance contracts	(316 493)	78 907
<b>Insurance service result</b>	<b>604 544</b>	<b>668 506</b>
Interest revenue from financial assets not measured at Fair Value Through Profit or Loss (“FVTPL”)	58 318	64 150
Net gains from fair value adjustments to investment properties	1 522	22 998
Net credit impairment income/(losses) on financial assets not measured at FVTPL	727	(1 388)
<b>Net investment income</b>	<b>60 567</b>	<b>85 760</b>
Finance expense from reinsurance contracts held	(8 410)	(19 487)
<b>Net insurance finance income/ (expenses)</b>	<b>(8 410)</b>	<b>(19 487)</b>
<b>Net insurance and investment result</b>	<b>656 701</b>	<b>734 779</b>
Other finance expense	(39 368)	(13 365)
Other income	21 742	23 916
Administrative expenses	(65 256)	(103 452)
<b>Profit before taxation</b>	<b>573 819</b>	<b>641 878</b>
Income tax expense	(172 510)	(192 563)
<b>Profit for the year</b>	<b>401 309</b>	<b>449 315</b>
<b>Other comprehensive income (net of tax)</b>		
Foreign currency translation loss	(398 818)	(135 398)
<b>Total comprehensive income</b>	<b>2 491</b>	<b>313 917</b>
<b>Earnings per share (“EPS”)</b>	<b>4.74</b>	<b>5.31</b>

Source: Management information; Klaption Re – Group Forecast Q&A

**1. Principal assumptions that are under the control of the Directors**

- a. General:** The principal assumptions utilized in the profit estimate and forecasts for the financial years ending 31 December 2025 and 31 December 2026 respectively, which are considered by Management to be significant or are key factors on which the results of Klaption Re will depend are disclosed below.

The assumptions disclosed are not intended to be an exhaustive list. The actual results achieved during the forecast period may vary from the forecast and the variations may or may not be material.

**b. Insurance revenue**

Total insurance revenue comprises Group’s gross written premiums (“GWP”) from motor, fire, engineering, miscellaneous, liability, marine, bond and other insurance policies, as well as movements in unearned premium reserves. The Group’s GWPs are distributed across multiple countries, currencies, and lines of business. GWP represents the total premiums written before deductions for reinsurance or retrocession. Movements in unearned premium reserves refer to the portion of previously deferred premiums that are released and recognized as revenue in the current period.

The largest contribution to GWP comes from the United States (“US”), particularly within the motor and general liability insurance lines. The motor and fire classes of business accounted for the largest shares of GWP in 2025, at 65% and 14% respectively. Management does not expect the Group’s portfolio mix to change over the forecast period.

Main class of business	2025 share of total GWP
Motor	65%
Fire	14%
Engineering	6%
Miscellaneous (including theft)	5%
Liability	4%
Marine	3%
Bond	2%
Others	1%
<b>Total</b>	<b>100%</b>

Source: Klaption Re Group Forecasts

The Group has identified expansion opportunities in Malaysia, Maldives, Ghana, Singapore, Armenia, Kuwait, Kenya, Oman, Jordan, Uganda, Ethiopia and Nepal.

Management expects an insurance revenue growth rate of 12% in 2026 underpinned by portfolio growth from the 2025 base and the Group’s diversified portfolio. The Group has a presence in over 120 countries. Additionally, this expectation is based on growth of 3% in the Group’s US business portfolio and mainstream total business of ZMW 1.2bn (USD 60mn at Management’s expected exchange rate of USD 1 to ZMW 20 in 2026) in mainstream markets which they expect to be driven by:

- Strategic expansion into new markets including China, India and Latin America;
- Increased focus on proven growth markets with existing cedent relationships, with a target retention rate of 85% in 2026; and
- Strengthening of top cedent partnerships.

Country	Expected GWP 2026 ZMW’000s	Share of total gross written premium	Management assumption
United States	2 141 087	64%	Growth in US business by 3%
Other countries	1 200 000	36%	Mainstream business of USD 60 m
	<b>3 341 087</b>	<b>100.00%</b>	

Source: Klaption Re Group Forecasts

\*Total Insurance revenue is made up of GWP and movements in unearned premium reserves which amount to ZMW 3.3bn and ZMW 88.5mn, respectively.

### c. Insurance service expenses

The components of insurance service expenses are outlined in the table below.

Insurance service expenses	Forecast 2026 ZMW'000
Gross paid claims	(1 109 424)
Insurance acquisition cashflow amortization	(1 025 048)
Gross other reserves	(340 661)
Gross claim provision	(247 187)
Losses on onerous contracts	(121 817)
Gross IBNR/IBNER	(65 567)
Directly attributable admin expenses	(63 722)
PIA levy, KMA and KIC commission	(42 819)
Discounting	42 255
Gross risk adjustment	25 500
Reversals on onerous contracts	108 496
<b>Total insurance service expense</b>	<b>2 839 994</b>

Source: Klaption Reinsurance Group Forecasts

Insurance service expenses are projected to increase by 32% in 2026 mainly due to:

- A 40% rise in gross paid claims relative to insurance revenue, with contingency measures in place to address adverse potential market conditions, including retrocession programme adjustments, capacity reallocation, and withdrawal from unprofitable markets.
- Growth in the Pensions and Insurance (“PIA”) levy, expected at 0.8% of GWP, in line with the planned business growth.
- A 25% increase in losses on onerous contracts, consistent with 2025 experience.

### d. Net income from reinsurance contracts

Net income from reinsurance contracts comprises the following:

Net income from reinsurance contracts	Estimate 2025 ZMW'000	Forecast 2026 ZMW'000
Insurance recoveries on paid claims	395 704	444 287
Reinsurance commission earned amortization	49 859	113 466
Adjustments in FCF relating to LIC	(54 509)	61 201
Losses on onerous contracts	32 613	36 617
IBNR recovery	31 284	35 125
Insurance recoveries on provisions	22 506	25 270
Other reserves recovery	(309 692)	12 140
Discounting	(10 611)	(14 897)
Bad debts expense	(46 552)	(51 207)
Reversals on onerous contracts	(63 580)	(63 580)
Retrocession expenses	(218 483)	(163 542)
Allocation of reinsurance premium	(145 033)	(355 973)
<b>Net (expense)/income from reinsurance contracts</b>	<b>(316 493)</b>	<b>78 907</b>

Source: Klaption Re Group Forecasts

#### d. Net income from reinsurance contracts (continued)

Management expects a turnaround from a net expense position of ZMW 270mn in 2025 to a net income position of ZMW 130mn in 2026 driven by:

- Increased allocation of reinsurance premiums due to higher business ceded.
- Higher reinsurance commission amortization, projected at 30% of earned premiums.
- Improved insurance recoveries on paid claims, supported by an upgraded retrocessionaire panel (85% A-rated), enabling faster settlements (60 to 90 days).
- A swing in other reserves recovery, shifting from expense to income, primarily from retrocession income as US retrocession is expected to normalize.
- Reduced retrocession expenses following reviews and adjustments to retrocession agreements in 2025 in line with the Group's risk management objectives.
- Based on these reviews, 16% of the US business will be ceded in 2026, while facultative and Klaption Insurance Company ("KIC") retrocession arrangements are expected to grow in line with GWP.

#### e. Insurance service result

The Group's insurance service result is forecast to increase by 11% in 2026, primarily due to higher insurance revenue, an anticipated net income from reinsurance contracts, and favorable reserve movements.

In 2026, the retrocession position is expected to normalize following the revisions to the quota share agreements for US business, resulting in the recognition of retrocession income and a positive contribution to Other Reserves Recovery.

While insurance service expenses are expected to increase by 32%, management anticipates that this will be offset by revenue growth and improved reinsurance and reserve outcomes.

Year	Insurance revenue ZMW'000	Insurance service expenses ZMW'000	Net income from reinsurance contracts ZMW'000	Insurance service results ZMW'000	Insurance service result growth rate
2025	3 065 882	(2 144 845)	(316 493)	604 544	64%
2026	3 429 594	(2 839 995)	78 907	668 506	11%

Source: Klaption Reinsurance Group Forecasts

#### f. Net investment income

Klaption Re is forecast to receive net investment income of ZMW 87mn from the following sources:

Income source	2026 ZMW'000s	Income type
Government securities	40 171	Interest
Deposits with financial institutions	23 979	Interest
<b>Interest revenue from financial assets not measured at FVTPL</b>	<b>64 150</b>	
Other	22 998	Fair value adjustments to investment properties
<b>Total investment income</b>	<b>87 148</b>	

Source: Klaption Reinsurance Group Forecasts

**f. Net investment income (continued)**

Fair value adjustments to investment properties relate to the fair value of Klaption Business Park.

Management expects these adjustments to increase by 10% annually, in line with inflation. This projection does not account for any property improvements during the period.

The property is located approximately 8 kilometers east of the Central Business District of Lusaka, along the Great East Road. Currently, all lettable spaces are occupied with no additional improvements to the structure being made.

**g. Finance expense from insurance contracts held**

Finance expense from insurance contracts relates to foreign exchange gains arising from the translation of foreign currency denominated insurance contracts at the reporting date.

In 2026, the Group forecasts an exchange rate of USD 1 to ZMW 20, based on the appreciation of the Kwacha against the US Dollar observed in late 2025. Consequently, finance expense from insurance contracts is expected to increase by 132%, from ZMW 8mn in 2025 to ZMW 19mn in 2026.

The Group currently writes business in over 80 currencies, with the US Dollar being the most significant as shown in the table below.

Currency name	Currency code	Country/Region	Gross written premium in 2025 %
US Dollar	US	United States	78%
Turkish Lira	TRY	Turkey	4%
Indonesian Rupiah	IDR	Indonesia	3%
West African Franc	XOF	Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo	2%
Nepalese Rupee	NPR	Nepal	2%
Pound Sterling	GBP	United Kingdom	2%
Euro	EUR	Eurozone countries	1%
Central African Franc	XAF	Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon	1%
Ngultrum	BTN	Bhutan	1%
Philippine Peso	PHP	Philippines	1%
Rufiyaa	MVR	Maldives	1%
Others			4%
<b>Total</b>			<b>100%</b>

Source: Klaption Reinsurance Group Forecasts

**h. Finance expenses**

Finance expenses comprise interest expense on lease liabilities and foreign exchange losses. The Group has lease agreements for office space, residential properties, and office equipment, with lease terms ranging from 2 to 5 years.

### i. Other income

The table below provides a breakdown of the Group's other income.

Other income	Forecast 2026 ZMW'000s
Rental income (office spaces)	942
Interest on bank and call accounts	22 974
<b>Total</b>	<b>23 916</b>

Source: Klaption Reinsurance Group Forecasts

Interest income on bank and call accounts is calculated using the effective interest method, which applies a rate that discounts expected future cash flows to the carrying amount of the financial asset.

### j. Administrative expenses

Administrative expenses comprise both directly attributable and non-directly attributable administrative expenses. Directly attributable administrative expenses relate to costs incurred in the initial selling, underwriting, or commencement of an insurance contract. Non-directly attributable administrative expenses include staff costs, software maintenance costs, professional fees, travel and marketing expenses, amortization and depreciation, other expenses, and impairment costs.

Administrative expenses	Forecast 2026 ZMW'000s
Non-directly attributable expenses	(167 174)
Directly attributable expenses	63 722
<b>Total</b>	<b>(103 452)</b>

Source: Klaption Reinsurance Group Forecasts

Growth in administrative expenses is expected to be managed through a cost-saving strategy, including procurement controls and oversight of overheads.

Administrative expenses are forecast to increase from an estimated ZMW 65mn in 2025 to ZMW 103mn in 2026. With all other administrative costs rising as well, this increase is expected to be due to higher impairment charges.

The Group further anticipates an increase in directly attributable administrative expenses in line with GWP growth.

## 2. Principal assumptions that are not under the control of the Directors

Details	2026
a. USD/ZMW exchange rate	USD1 to ZMW 20
b. Bank of Zambia policy rate	13%
c. Corporate tax rate	30%
d. Inflation rate	10%
e. PIA gross written premium levy rate	0.8%

Source: Klaption Reinsurance Group Forecasts

**Deloitte.**



**KLAPTON REINSURANCE LIMITED**

Final Historical Reporting Accountant's Report

17 March 2026

The Directors  
Klapton Reinsurance Limited  
Suite 12B, Green City Office Park  
Stand 2374, Kelvin Siwale Road  
Rhodespark  
**Lusaka, Zambia**

Dear Sirs,

### **Independent Reporting Accountant's report**

We have reviewed the accompanying financial statements of Klapton Reinsurance Limited ("Klapton" or the "Group") that comprise the statement of financial position as at 30 November 2025, 31 December 2024, 31 December 2023, 31 December 2022, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, and the notes thereto, including material accounting policies and other explanatory information.

PwC Zambia are the auditors for the Group and have issued an unmodified opinion in the audit report on the financial statements for the years ended 31 December 2024, 31 December 2023, 31 December 2022, from which the information set out below was extracted.

The financial information set out takes into account any adjustments we believe were necessary. The audited financial statements are prepared based on the accounting policies set out below, which conform to operative International Financial Reporting Standards (IFRS) accounting standards as issued by the International Accounting Standards Board (IASB).

### **Directors' responsibility for the historical information**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards, the requirements of the Companies Act, 2017 and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are responsible for the contents of the Prospectus in which this report is included in accordance with the Lusaka Securities Exchange Plc ("LuSE") Listing Rules.

### **Reporting Accountants' responsibility for the historical information**

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (revised) is a limited assurance engagement. Our procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Our work also included an assessment of evidence obtained by the Group's auditor relevant to the amounts and disclosures in the financial information for the periods ended 30 November 2025, 31 December 2024, 31 December 2023, and 31 December 2022. It also includes an assessment of significant judgements and estimates made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

**Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position of Klapton as at 30 November 2025, 31 December 2024, 31 December 2023, and 31 December 2022 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2017.

**Consent**

We consent to the inclusion of this report which will form part of the Prospectus to be issued on or about 24th March 2026, in the form and content in which it appears.

**Deloitte & Touche**

Per Humphrey Mulenga

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Consolidated Statement Of Financial Position**

<b>Group</b>	<b>Notes</b>	<b>2024 ZMW</b>	<b>2023 ZMW</b>	<b>2022 ZMW</b>
<b>Assets</b>				
Cash and cash equivalents	17	249 982 932	160 585 837	58 013 550
Financial investments at amortised cost	18	411 665 190	309 231 867	119 307 095
Other assets	19	1 495 307 364	24 030 268	3 800 929
Reinsurance contract assets	30	808 984 254	368 469 408	9 767 452
Investment in associate	21	9 000	9 000	-
Property and equipment	22	7 300 973	4 821 554	5 396 657
Investment property	23	227 793 199	156 963 046	-
Intangible assets	24	4 362 011	6 790 476	9 290 788
Right-of-use assets	25	3 631 282	3 097 876	4 460 032
Deferred tax	26	62 134 877	48 231 998	4 703 234
<b>Total assets</b>		<b>3 271 171 082</b>	<b>1 082 231 330</b>	<b>214 739 737</b>
<b>Equity</b>				
Share capital	27	78 750 000	78 750 000	78 750 000
Share premium	27	15 704 926	15 704 926	15 704 926
Retained earnings		345 400 150	124 412 320	28 229 481
Non-distributable reserves	27	180 638 708	81 463 365	(2 278 557)
<b>Equity attributable to owners of the Company</b>		<b>620 493 784</b>	<b>300 330 611</b>	<b>120 405 850</b>
<b>Non-controlling interests</b>	20	<b>31 512 685</b>	<b>18 049 955</b>	<b>-</b>
<b>Total equity</b>		<b>652 006 469</b>	<b>318 380 566</b>	<b>120 405 850</b>
<b>Liabilities</b>				
Other payables	28	157 536 675	96 924 829	23 078 695
Insurance contract liabilities	30	2 393 095 975	663 053 351	67 373 894
Reinsurance contract liabilities	30	63 440 930	82 952	-
Lease liability	29	5 091 033	3 789 632	3 881 298
<b>Total liabilities</b>		<b>2 619 164 613</b>	<b>763 850 764</b>	<b>94 333 887</b>
<b>Total equity and liabilities</b>		<b>3 271 171 082</b>	<b>1 082 231 330</b>	<b>214 739 737</b>
<b>Net assets per share (cents)</b>		<b>8.28</b>	<b>4.04</b>	<b>1.53</b>

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**Consolidated Statement Of Profit Or Loss And Other Comprehensive Income**

<b>Group</b>	<b>Notes</b>	<b>2024 ZMW</b>	<b>2023 ZMW</b>	<b>2022 ZMW</b>
Insurance revenue	8	2 968 288 479	1 054 242 228	361 805 038
Insurance service expense	8	(3 060 142 474)	(1 196 780 741)	(232 236 417)
Net income from reinsurance contracts	8	461 429 031	180 835 981	(36 999 305)
<b>Insurance service result</b>		<b>369 575 036</b>	<b>38 297 468</b>	<b>92 569 316</b>
Interest at amortised cost using the effective interest rate method	9	61 540 960	28 764 083	7 262 972
Net gains from fair value adjustments to investment properties	23	64 740 531	93 200 250	-
Net credit impairment losses on financial assets	18	(1 986 201)	(575 631)	-
<b>Net investment income</b>		<b>124 295 290</b>	<b>121 388 702</b>	<b>7 262 972</b>
Finance income from insurance contracts held	10	58 567 651	72 670 852	-
<b>Net insurance finance income</b>		<b>58 567 651</b>	<b>72 670 852</b>	<b>-</b>
<b>Net insurance and investment result</b>		<b>552 437 977</b>	<b>232 357 022</b>	<b>99 832 288</b>
Finance income	11	-	14 126 980	283 882
Finance expense	12	(23 382 581)	(349 487)	-
Other income	13	9 066 403	29 899	67 113
Administrative expenses	14	(221 938 491)	(114 205 000)	(34 140 387)
<b>Profit before taxation</b>		<b>316 183 308</b>	<b>131 959 414</b>	<b>66 042 896</b>
Income tax expense	16	(79 894 652)	(12 288 357)	(14 586 006)
<b>Profit for the year</b>		<b>236 288 656</b>	<b>119 671 057</b>	<b>51 456 890</b>
<b>Earnings per share (cents)</b>		<b>3.00</b>	<b>1.51</b>	<b>0.65</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Consolidated Statement Of Changes In Equity**

<b>Group</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Accumulated profit</b>	<b>Non-distributable reserves</b>	<b>Non-controlling interests</b>	<b>Total</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>2024</b>						
<b>Opening balance</b>	78 750 000	15 704 926	124 412 320	81 463 365	18 049 955	318 380 566
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	220 987 830	-	15 300 826	236 288 656
Other comprehensive income	-	-	-	99 175 343	(1 838 096)	97 337 247
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>220 987 830</b>	<b>99 175 343</b>	<b>13 462 730</b>	<b>333 625 903</b>
<b>Transactions with owners of the Company</b>						
<i>Contributions and distributions</i>						
Issue of ordinary shares	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2024</b>	<b>78 750 000</b>	<b>15 704 926</b>	<b>345 400 150</b>	<b>180 638 708</b>	<b>31 512 685</b>	<b>652 006 469</b>
<b>2023</b>						
<b>Restated balance as at 1 January 2023</b>	78 750 000	15 704 926	28 229 481	(2 278 557)	-	120 405 850
Adjustment on initial application of IFRS 9	-	-	(386 005)	-	-	(386 005)
<b>Balance as at 1 January 2023</b>	<b>78 750 000</b>	<b>15 704 926</b>	<b>27 843 476</b>	<b>(2 278 557)</b>	<b>-</b>	<b>120 019 845</b>
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	96 568 844	-	23 102 213	119 671 057
Other comprehensive income	-	-	-	83 741 922	(5 056 008)	78 685 914
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>96 568 844</b>	<b>83 741 922</b>	<b>18 046 205</b>	<b>198 356 971</b>
<b>Transactions with owners of the Company</b>						
<i>Contributions and distributions</i>						
Issue of ordinary shares	-	-	-	-	3 750	3 750
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 750</b>	<b>3 750</b>
<b>Balance as at 31 December 2023</b>	<b>78 750 000</b>	<b>15 704 926</b>	<b>124 412 320</b>	<b>81 463 365</b>	<b>18 049 955</b>	<b>318 380 566</b>

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>Group</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Accumulated profit/(losses)</b>	<b>Non-distributable reserves</b>	<b>Non-controlling interests</b>	<b>Total</b>
<b>2022</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Opening balance as previous reported</b>	70 000 000	7 185 576	(23 509 752)	(5 739 483)	-	47 936 341
Adjustment on initial application of IFRS 17 (2021)	-	-	282 343	-	-	282 343
<b>Restated opening balance</b>	<b>70 000 000</b>	<b>7 185 576</b>	<b>(23 227 409)</b>	<b>(5 739 483)</b>	<b>-</b>	<b>48 218 684</b>
<i>Total comprehensive income for the year</i>						
Adjustment on initial application of IFRS 17 (2022)	-	-	(13 830 931)	(7 256 227)	-	(21 087 158)
Profit for the year	-	-	65 287 821	-	-	65 287 821
Other comprehensive income	-	-	-	10 717 153	-	10 717 153
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>51 456 890</b>	<b>3 460 926</b>	<b>-</b>	<b>54 917 816</b>
<b>Transactions with owners of the Company</b>						
<i>Contributions and distributions</i>						
Issue of ordinary shares	8 750 000	8 519 350	-	-	-	17 269 350
<b>Total</b>	<b>8 750 000</b>	<b>8 519 350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 269 350</b>
<b>Restated balance as at 31 December 2022</b>	<b>78 750 000</b>	<b>15 704 926</b>	<b>28 229 481</b>	<b>(2 278 557)</b>	<b>-</b>	<b>120 405 850</b>

**Share capital**

This represents the nominal share capital of the Company from the issue of shares.

**Share premium**

This arose from the issue of shares and represents amounts paid by shareholders in excess of the nominal value of the shares.

**Accumulated profit**

Accumulated profit represents the brought forward income net of expenses less dividends paid and transfers to other reserves.

**Non-distributable reserves**

Included in non-distributable reserves are operational items which are not included in the calculation of distributable income. These include functional to presentation currency translation differences excluding the portion attributable to non-controlling interests.

**Non-controlling interests**

This represents the proportionate share of minority shareholders interests in a subsidiary in which the Company has control.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Consolidated Statement Of Cashflows**

<b>Group</b>	<b>Notes</b>	<b>2024 ZMW</b>	<b>2023 ZMW</b>	<b>2022 ZMW</b>
<b>Cashflow from operating activities</b>				
Profit for the year		236 288 656	119 671 057	51 456 890
<i>Adjustments for:</i>				
- Depreciation	22/25	4 869 940	3 700 099	3 558 437
- Amortisation	24	2 428 465	2 500 312	2 458 957
- Interest expense on lease liabilities	29	394 596	349 487	381 789
- Effect of movements in exchange rates		(16 278 932)	(57 362 568)	(5 501 753)
- Net credit impairment losses on financial assets		1 986 201	575 631	-
- Income tax expense		79 894 652	12 288 357	14 586 006
- Investments handling fee		194 160	98 273	-
- Profit on disposal		(269 422)	-	12 159
- Accrued interest on investments	9	(61 540 960)	(28 764 083)	(7 262 972)
- Net gains from fair value adjustments to investment properties	23	(64 740 531)	(93 200 250)	-
<i>Changes in:</i>				
- Reinsurance contract assets		(440 514 846)	(358 619 004)	(10 219 738)
- Other assets		(1 471 277 096)	(20 225 583)	758 334
- Insurance contract liabilities		1 730 042 624	595 596 505	68 123 124
- Reinsurance contract liabilities		63 357 978	82 952	(143 127)
- Other payables less current tax payable		6 169 193	39 634 918	3 460 926
Movement in foreign currency translations		97 337 247	78 685 914	
<b>Cash used in operating activities</b>				
Income taxes paid		(45 346 422)	(21 499 151)	(1 019 806)
<b>Net cash from operating activities</b>		<b>122 995 503</b>	<b>273 512 866</b>	<b>120 649 226</b>
<b>Cash flows from investing activities</b>				
Acquisition of property and equipment		(6 561 637)	(2 457 169)	(3 268 312)
Proceeds from disposal of property, plant and equipment		1 537 635	694 327	-
Net acquisition of investment property		(6 089 623)	(63 762 796)	-
Investment in associate	21	-	(9 000)	(1 722 160)
Acquisition of investments at amortised cost		(288 812 581)	(292 711 485)	(128 165 498)
Maturities of investments at amortised cost		203 462 512	128 341 580	37 357 033
Interest received on investments		52 689 557	16 424 261	3 803 140
<b>Net cash used in investing activities</b>		<b>(43 774 137)</b>	<b>(213 480 282)</b>	<b>(91 995 797)</b>
<b>Cash flows from financing activities</b>				
Repayments of principal on lease liabilities		(2 085 115)	(1 021 488)	17 269 350
Repayments of interest on lease liabilities		(394 596)	(349 487)	(1 196 551)
<b>Net cash used in financing activities</b>	29	<b>(2 479 711)</b>	<b>(1 370 975)</b>	<b>16 072 799</b>
<b>Net increase in cash and cash equivalents</b>		<b>76 741 655</b>	<b>58 661 609</b>	<b>44 726 228</b>
<b>Cash and cash equivalents at beginning of year</b>				
Effect of movements in exchange rates on cash and cash equivalents held		160 585 837	58 013 550	8 427 240
		12 655 440	43 910 678	4 860 082
<b>Total cash and cash equivalents at the end of the year</b>	17	<b>249 982 932</b>	<b>160 585 837</b>	<b>58 013 550</b>

## **KLAPTON REINSURANCE LIMITED**

### **Reporting Accountant's Report**

#### **Notes to the financial statements**

---

##### **1 Reporting entity**

Klapton Reinsurance Limited ("the Company") and its subsidiary Klapton Business Park Limited (together "the Group") are private limited companies incorporated and domiciled in Zambia. Principal activity of the Company is to provide reinsurance business to complement insurers and reinsurers and focusses on Africa, the Middle East, Asia and America. The Company is licensed under the Insurance Act No. 38 of 2021 to provide these services and it's registered office is:

Suite 12B, Green City Office Park  
Stand 2374, Kelvin Siwale Road  
Lusaka, Zambia

Klapton Business Park Limited's principal activity is to invest and develop real estate.

##### **2 Basis of preparation**

The Group and Company annual financial statements have been prepared in accordance with IFRS accounting standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

The Group and Company annual financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

##### **3 Foreign currencies**

###### **(i) Functional and presentation currency**

Items included in the Group and Company annual financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The functional currency and presentation currency were assessed to be United States Dollar (USD) and the Zambian Kwacha (ZMW), respectively.

###### **(ii) Transactions and balances**

In preparing the annual financial statements, transactions in currencies other than the Group'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. All exchange differences that arise from the translation of balances from the functional currency to the presentation currency are recognised in other comprehensive income and accounted for separately in a non-distributable translation reserve within the statement of changes in equity.

##### **4 Critical estimates and judgements**

In preparing these Group annual financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

###### **(i) Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- (a) Measurement of insurance and reinsurance contracts (note 7 (b) (iv)).
- (b) Level of aggregation of insurance and reinsurance contracts (note 7 (b) (ii)).
- (c) Impairment of financial assets (note 7 (h)).
- (d) Classification of financial assets (note 7 (g) (ii)).

Information about assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

- (a) Impairment of financial assets (note 7 (h)).
- (b) Measurement of the fair value of investment properties with significant unobservable inputs (note 23).
- (c) Estimation of current and deferred income tax (note 7 (q)).

## **5 Changes in material accounting policies and disclosures**

The Group has consistently applied the accounting policies as set in note 7 to all periods presented in the annual financial statements.

## **6 New standards, amendments and interpretations**

### **(a) New standards, amendments, interpretations adopted by the Group**

A number of new or amended standards became applicable for the current reporting period and these are the following standards;

- (i) Amendments to IAS 1 *Presentation of Financial Statements* - Non-current liabilities with covenants
- (ii) Amendment to IFRS 16 *Leases* - Sale and leaseback
- (iii) Amendments to Supplier Finance Arrangements (IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosure*)

The above did not have an impact on the Group.

### **(b) New Standards, amendments, interpretations issued but not yet effective and not early adopted**

The following are the new standards and amendments to existing standards that have been issued by the IASB, which will be mandatory after 2025.

- (i) Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* - Lack of Exchangeability (Amendments to IAS 21)
- (ii) Amendment to IFRS 9 *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures* - Classification and Measurement of Financial Instruments
- (iii) IFRS 18 *Presentation and Disclosure in Financial Statements*
- (iv) IFRS 19 *Subsidiaries without Public Accountability*

With the exception of IFRS 18, which applies for annual periods beginning on or after 1 January 2027, which replaces IAS 1 *Presentation of Financial Statements*, the remaining new and amended accounting standards listed above are not expected to have a significant impact on the Group and Company annual financial statements.

## **7 Summary of material accounting policies**

### **(a) Basis of consolidation**

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### (ii) Non-controlling interests (NCI)

NCI are initially measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### (iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### (iv) Interests in equity-accounted investees

The Group's interests in equity-accounted investees can comprise interests in a joint venture and associates that are not underlying items of participating contracts. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in joint ventures and associates that are not underlying items of participating contracts are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which joint control or significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part of that investment, is reduced to zero. Additional losses are provided for only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

**7 Summary of material accounting policies (continued)**

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

**(b) Insurance and reinsurance contracts**

For the purpose of these financials, insurance contracts held refer to reinsurance contracts while reinsurance contracts refer to retrocession contracts issued.

(i) Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued and initiated by the Group, unless otherwise stated. All insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

(ii) Aggregation and recognition of insurance and reinsurance contracts

*Insurance contracts*

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the annual cohort.

An insurance contract issued by the Group is recognised from the earliest of:

- The beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- When the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- When facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

The Group first aggregates its insurance contracts issued by main class of business where each product line includes contracts that are subject to similar risks. All insurance contracts within a class represent a portfolio of contracts. Refer to Note 8 for the reportable groups determined by the Group.

As prescribed by the Regulator, the Groups' classes of insurance business are aligned to those defined in the insurance general regulations that the Group underwrites.

*Reinsurance contracts*

Groups of reinsurance contracts are established such that each group comprises a single contract. Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups. Refer to Note 8 for reportable groups determined by the Group.

A group of reinsurance contracts is recognised on the following date.

- *Reinsurance contracts initiated by the Group that provide proportionate coverage:* Later of the beginning of the coverage period of the group and the date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.

- *Other reinsurance contracts initiated by the Group:* The beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under (v)). This applies to the Group's excess of loss and stop loss reinsurance contracts.

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

(iii) Insurance acquisition cash flows

The Groups insurance acquisition cashflows comprise of commissions as well as directly attributable administrative expenses. To determine directly attributable administrative expenses, Management analyse the nature of each particular expense line to assess whether the cost is related to the initial selling, underwriting or starting of an insurance contract. Where an expense line has both direct and indirect components, Management allocates this using activity based costing methods which are systematic and rational. The Group uses supportable information that is available without undue cost or effort.

The Group allocates commission costs to individual contracts whilst administrative expenses are allocated to groups of contracts based on the gross written premiums. The Group does not allocate acquisition cashflows to future contracts expected to be issued because of the recurrent nature of most of the expenses and uncertainty of the renewals.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts (see (v)).

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

- Recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- If the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss prior.

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

(iv) Measurement

The Group uses the Premium Allocation Approach (PAA) to simplify the measurement of groups of contracts when the following criteria are met at inception.

- The Group expects the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the General Measurement Method (GMM).
- The coverage period of each contract in the group is one year or less.

The Group uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for all insurance classes other than fire, bonds and engineering as each of the contracts in other classes have a coverage period of one year or less.

Post transition, the Group carried out a qualitative analysis of the PAA eligibility criteria for fire, bonds and engineering which have coverage periods of more than one year and concluded that there is no significant difference between the carrying amount of insurance contract liability determined under the GMM and PAA method. A quantitative test was not carried out as there have been no changes in the characteristics of the insurance reporting groups from prior period. As a result, these classes also qualify to be measured under the PAA and no classes of the Group are measured using the GMM.

The excess of loss and stop loss reinsurance contracts held provide coverage for insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

*Initial measurement*

For insurance contracts, the carrying amount of the liability for remaining coverage (LRC) is measured at the premiums, less any insurance acquisition cash flows paid and adjusted for any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the financial statements**

---

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

(iv) Measurement (continued)

*Subsequent measurement*

For insurance contracts, the carrying amount for the LRC is:

- Increased by any premiums received.
- Increased for the amortisation of insurance acquisition cash flows recognised as expenses.
- Decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period.
- Decreased for insurance acquisition cash flows paid in the period.

For Reinsurance contracts held, the remaining coverage is:

- Increased for ceded premiums paid in the period.
- Increased for broker fees paid in the period.
- Decreased for the expected amounts of ceded premiums and broker fees recognised as reinsurance expenses for the services received in the period.

*Discounting*

The Group applies discounting to the liability for incurred claims (LIC) for lines of business where claims settlement typically exceeds twelve months after they have been incurred. Discounting reflects the time value of money, reducing the carrying amount of future claims payments to their present value.

As claims are predominantly settled in USD, discounting is applied using the USD risk-free discount rates. Using the bottom-up approach, the discount rates were derived from US government bond yields at different maturity time points. The Nelson-Siegel methodology was used to construct a yield curve, ensuring a smooth and consistent representation of discount rates across various maturities.

The yield curve was interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. The Group used the following USD yield curves to discount cashflows.

Year	1 month	5 months	10 months	15 months	20 months
2024	4.4108%	4.2283%	4.2021%	4.1999%	4.1997%

*Loss components*

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses the main class level as the level of granularity to assess whether a portfolio of contracts have become onerous. As all the Groups insurance contracts are measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Group uses judgement in the profitability grouping of contracts into onerous contracts, non-onerous contracts (with no significant possibility of becoming onerous) and other contracts. Using judgement, the Group selected the combined loss ratio (based on financial information of the recent four fiscal years) being claims ratio, commission ratio, expenses ratio and the additional risk adjustment ratio as the measure of profitability. A best estimate combined ratio greater than 100% indicates onerous group and less than 100% represents profitable and in between contracts.

*Risk adjustment*

Risk adjustment is the compensation that the Group requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk. The Groups risks covered by the risk adjustment for non financial risk are insurance risk and other non financial risks such as expense risks. The Group estimates an adjustment for non-financial risk separately from all other estimates.

In order to determine the Risk Adjustment (RA) and to calibrate it to a specific confidence level, a distribution of the loss ratio experience had been derived by leveraging the approach adopted by other solvency regimes such as SAM and Solvency II which calibrate the Solvency Capital Requirement (SCR) and Risk Margin (RM) distributions to a normal distribution. A 75% target confidence interval was applied to the standard deviation of the Groups loss ratio experience in line with guidance issued by the Pensions and Insurance Authority (PIA).

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

(iv) Measurement (continued)

*Risk adjustment (continued)*

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer. The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non performance if this is deemed material.

*Claim reserves*

The Group estimates insurance liability reserves in relation to claims incurred for all products. Estimates are performed on an accident quarter basis. Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contract.

The most common methods used to estimate general insurance claims incurred are the chain-ladder and the Bornhuetter-Ferguson methods, which are the industry standards for this type of business.

The chain-ladder (CL) technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident quarter that is not yet fully developed, to produce an estimated ultimate claims cost for each accident quarter.

The Bornhuetter-Ferguson (BF) method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure, such as gross loss ratio; the latter is based on the paid or incurred claims to date. The two estimates are combined, using a formula that gives more weight to the experience-based estimate as time passes.

In developing the claim reserves, the Group uses internal and external data obtained from management accounts and market data.

Where the contracts measured under PAA become onerous and GMM must be applied to estimate the loss component, the Group estimates the future expected claims. This is done using the average loss ratio of the recent three fiscal years, obtained from the management accounts.

This is the second year that the Group has adopted actuarial techniques such as the chain ladder and BF methods to estimate the claim reserves. As noted above, depending on the maturity of a given accident years, the Group either applied the CL or BF method. The Group's choice of the method was dependent on the maturity of the particular accident year, in terms of the percentage developed. The Group's claims development is disclosed in note 32.

*Contract boundary*

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

In determining which cashflows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Group determines that cashflows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policy holder to pay the premiums or the Group has a substantive obligation to provide the policy holder 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 a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Group must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders. The Group's pricing must not take into account any risks beyond the next reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For Group's of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

(v) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- The LRC; and
- The LIC, comprising the fulfilment cash flows (FCF) related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- The remaining coverage; and
- The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

The Group disaggregates amounts recognised in the statement of profit or loss into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses are recognised as follows.

*Insurance revenue*

Based on the PAA model, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

*Insurance service expenses*

Insurance service expenses include the following:

- Incurred claims and benefits, excluding investment components reduced by loss component allocations.
- Other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition.
- Insurance acquisition cash flows amortisation.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

The Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.

*Net income/expenses from reinsurance contracts held*

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- Reinsurance expenses.
- Broker fees are included within reinsurance expenses.
- Incurred claims recovery, excluding investment components reduced by loss-recovery component allocations.
- Other incurred directly attributable expenses.
- Losses on onerous contracts and reversals of such losses.
- Changes to past service relating to incurred claims recovery.
- Effect of changes in the risk of reinsurers' non-performance.
- Amounts relating to accounting for onerous groups of underlying insurance contracts issued.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. Additionally, as the reinsurance contracts held are measured under the PAA, broker fees are included in reinsurance expenses.

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

(v) Presentation (continued)

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

*Insurance finance income and expense*

As the contracts are measured under the PAA, the main amounts within insurance finance income or expenses are:

- Interest accreted on the LIC; and
- The effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses. The Group includes all insurance finance income or expenses for the year in profit or loss (that is, the profit or loss option) is applied.

**(c) Revenue**

Revenues comprise:

- Insurance revenue (see (b) (v))
- Interest calculated using the effective interest method (see (d));
- Other investment income, which includes fair value gains from investment property and lease income.

**(d) Interest on financial instruments**

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is calculated on initial recognition of a financial instrument and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

**(e) Intangible assets - computer software**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life of the software.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- (i) It is technically feasible to complete the software so that it will be available for use;
- (ii) Management intends to complete the software and use or sell it;
- (iii) There is an ability to use or sell the software;
- (iv) Adequate technical, financial and other resources to complete the development and to use or sell;
- (v) The software are available; and
- (vi) The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- |                                  |           |
|----------------------------------|-----------|
| (i) Licenses                     | 3-5 years |
| (ii) IT development and software | 3-5 years |

Costs associated with maintaining software programmes are recognised as an expense as incurred.

## **7 Summary of material accounting policies (continued)**

### **(f) Property and equipment**

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost, net of their residual values, over their estimated useful lives as follows:

(i) Furniture and fittings	5 years
(ii) Computer equipment	3 years
(iii) Office equipment	2-4 years
(iv) Other assets	2-4 years
(v) Motor vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### **(g) Financial assets and financial liabilities**

#### **(i) Recognition and initial measurement**

The Group recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### **(ii) Financial assets classification and subsequent measurement**

##### *Classification*

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cashflow that one SPPI.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by collecting contractual cashflows and from selling financial assets; and
- Its contractual terms give rise on specified dates to cashflow that one SPPI.

##### *Business model assessment*

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

## **KLAPTON REINSURANCE LIMITED**

### **Reporting Accountant's Report**

#### **Notes to the financial statements**

---

#### **7 Summary of material accounting policies (continued)**

- The frequency, volume and timing of sales in prior periods, if any, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

##### *Business model assessment (continued)*

For all debt investments, the objective of the Group's business model is to hold till maturity. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

##### *Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)*

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

Interest is defined as 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 (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Leverage features;
- Prepayment and extension features;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

##### *Subsequent measurement and gains and losses*

- Financial assets at FVTPL: Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.

- Debt investments at FVOCI: Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- Equity investments at FVOCI: Measured at fair value. Dividends are recognised as income in profit or loss when the Group's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

- Financial assets at amortised cost: Measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **(iii) Financial Liabilities**

##### *Classification*

Financial liabilities are classified as financial liabilities at amortised cost. The Group has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition. These include trade payables, marketing creditors, amount due to related parties and accrued expenses. Trade payables are classified as current liabilities due to their short term nature.

##### *Recognition and measurement*

Financial liabilities are recognised initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

##### *Derecognition*

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### **(h) Impairment of financial assets**

The Group recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL.

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

## **7 Summary of material accounting policies (continued)**

### **(iii) Financial Liabilities (continued)**

Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

#### *Measurement of ECL*

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets measured at amortised cost, debt investments at FVOCI and lease receivables are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or past-due event;
- The restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- The debtor entering bankruptcy or other financial reorganisation becoming probable; or
- The disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in bond yields;
- The rating agencies' assessments of creditworthiness;
- The country's ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

#### *Presentation of loss allowances in the statement of financial position*

Loss allowances for ECL relating to financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Group expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## **7 Summary of material accounting policies(continued)**

### **(i) Fair values**

For financial instruments where there is not an active market, fair value can be determined by using valuation techniques. Such techniques include using recent arm's length transactions, current market value of a another financial instrument which is substantially the same or discounted cash flow analysis. For the discounted cash flow technique, estimated cash flows are based upon management's best estimates and the discount rate used is a market related rate for a similar instrument.

If fair value cannot be measured reliably, the financial instrument should be measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All direct transaction costs directly attributable to the acquisition are also included in the cost of the investment.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

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

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

### **(j) Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation.

### **(k) Impairment of non financial assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **(l) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents, comprise short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Included in cash and cash equivalents are cash in trust accounts which relate to funds withheld on collateralised business. These funds are withheld until the tenure of the insurance contracts.

### **(m) Foreign currency translation and transactions**

Items included in the annual financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual financial statements are presented in Zambian Kwacha (ZMW), which is the Group's presentation currency.

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency are treated as monetary items.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

**7 Summary of material accounting policies (continued)**

**(n) Trade and other payables and other expenses**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

**(o) Provisions**

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

**(p) Investment property**

Investment property is measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Lease income from investment property is recognised as other income on a straight-line basis over the lease term.

**(q) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is accounting for using the liability method i.e. on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in annual financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(i) As a lessee**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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 – i.e. the customer has the rights to:

- Obtain substantially all of the economic benefits from using the asset; and
- Direct the use of the asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. 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 the 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.

**7 Summary of material accounting policies(continued)**

**(r) Leases (continued)**

**(i) As a lessee (continued)**

## **KLAPTON REINSURANCE LIMITED**

### **Reporting Accountant's Report**

#### **Notes to the financial statements**

---

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

- (i) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (ii) Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the
- (iii) Amounts expected to be payable by the Group under residual value guarantees;
- (iv) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (v) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is:

- (i) A change in future lease payments arising from a change in an index or rate;
- (ii) A change in the amounts expected to be payable under a residual value guarantee;
- (iii) A change in the Group's assessment of whether it will exercise a purchase, extension or termination option or
- (iv) A revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### *(ii) As a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. The Group classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are included in other income.

#### **(s) Contributed equity**

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares are expensed to the statement of profit or loss.

#### **(t) Employee benefits**

Short-term obligations such as liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

For defined contribution plans, the Group pays contributions to publicly and privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the financial statements**

**8 Insurance service result**

See accounting policy in note 7 (b)

An analysis of the insurance service result by its components (insurance revenue, insurance service expense, and net income/expenses from reinsurance contracts held) by portfolio is included in the tables below.

**Group**

**2024**

Reportable group

	Insurance revenue (PAA)	Insurance service expense	Net reinsurance income (expenses)	Insurance service result
	ZMW	ZMW	ZMW	ZMW
Liability	876 385 086	(860 205 383)	(46 978 582)	<b>(30 798 879)</b>
Fire	749 992 539	(863 863 143)	555 784 992	<b>441 914 388</b>
Motor	719 461 806	(783 321 524)	(6 777 048)	<b>(70 636 766)</b>
Other	622 449 048	(552 752 424)	(40 600 331)	<b>29 096 293</b>
<b>Total</b>	<b>2 968 288 479</b>	<b>(3 060 142 474)</b>	<b>461 429 031</b>	<b>369 575 036</b>

**Group**

**2023**

Reportable group

	Insurance revenue (PAA)	Insurance service expense	Net reinsurance income (expenses)	Insurance service result
	ZMW	ZMW	ZMW	ZMW
Liability	54 176 438	(33 230 667)	(21 100 706)	<b>(154 935)</b>
Fire	536 543 352	(660 937 693)	249 313 487	<b>124 919 146</b>
Motor	57 560 820	(37 472 372)	(3 735 790)	<b>16 352 658</b>
Other	405 961 618	(465 140 009)	(43 641 010)	<b>(102 819 401)</b>
<b>Total</b>	<b>1 054 242 228</b>	<b>(1 196 780 741)</b>	<b>180 835 981</b>	<b>38 297 468</b>

**Group**

**2022**

Reportable group

	Insurance revenue (PAA)	Insurance service expense	Net reinsurance income (expenses)	Insurance service result
	ZMW	ZMW	ZMW	ZMW
Liability	21 371 590	(7 656 886)	(2 577 057)	<b>11 137 647</b>
Fire	238 245 050	(146 605 093)	(21 838 949)	<b>69 801 008</b>
Motor	7 107 060	(2 770 496)	(584 811)	<b>3 751 753</b>
Other	95 081 338	(75 203 942)	(11 998 488)	<b>7 878 908</b>
<b>Total</b>	<b>361 805 038</b>	<b>(232 236 417)</b>	<b>(36 999 305)</b>	<b>92 569 316</b>

**KLAPTON REINSURANCE LIMITED**
**Reporting Accountant's Report**
**Notes to the financial statements**

	Group		
	2024	2023	2022
	ZMW	ZMW	ZMW
<b>9 Interest at amortised cost using the effective interest rate method</b>			
See accounting policy in note 7 (d)			
Interest from government securities	32 998 506	17 632 231	4 955 182
Interest from deposits with financial institutions	28 542 454	11 131 852	2 307 790
	<b>61 540 960</b>	<b>28 764 083</b>	<b>7 262 972</b>
<b>10 Finance income from insurance contracts held</b>			
See accounting policy in note 7 (b) and (m)			
Foreign exchange gains	58 567 651	72 670 852	-
	<b>58 567 651</b>	<b>72 670 852</b>	<b>-</b>
<b>11 Finance income</b>			
See accounting policy in note 7 (m)			
Foreign exchange gains	-	14 126 980	665 671
Interest expense on lease liabilities	-	-	-
	<b>-</b>	<b>14 126 980</b>	<b>665 671</b>
<b>12 Finance expense</b>			
See accounting policy in note 7 (m) and (r)			
Interest expense on lease liabilities	(394 596)	(349 487)	(381 789)
Foreign exchange loss	(22 987 985)	-	-
	<b>(23 382 581)</b>	<b>(349 487)</b>	<b>(381 789)</b>
<b>13 Other income</b>			
See accounting policy in note 7 (d)			
Staff loan interest and insurance refund	3 946	-	25 810
Interest on bank and call accounts	8 634 473	29 899	41 303
Rental income (office spaces)	158 562	-	-
Gain on disposal	269 422	-	-
	<b>9 066 403</b>	<b>29 899</b>	<b>67 113</b>
<b>14 Administrative expenses</b>			
Personnel expenses (note 15)	42 816 118	17 434 412	15 085 596
Software maintenance costs	6 013 029	4 555 456	2 701 543
Legal and professional fees	21 854 606	7 510 821	1 944 359
Ratings and license fees	2 748 730	2 019 568	1 504 092
Marketing and advertising costs	1 505 981	1 859 021	1 215 417
Travel	10 748 748	7 916 990	4 613 863
Directors fees (note 35)	1 640 608	1 293 764	1 955 816
Impairment	148 996 495	80 789 448	7 367 535
Amortisation of intangible assets (note 24)	2 428 465	2 500 312	2 458 957
Depreciation (note 22 & 25)	4 869 940	3 700 099	3 558 437
Other expenses	8 157 128	5 230 608	3 364 153
	<b>251 779 848</b>	<b>134 810 499</b>	<b>45 769 768</b>
<b>Non-directly attributable admin expenses</b>	221 938 491	114 205 000	34 140 387
<b>Directly attributable admin expenses*</b>	29 841 357	20 605 499	11 629 381
<b>Total administrative expenses</b>	<b>251 779 848</b>	<b>134 810 499</b>	<b>45 769 768</b>

\*Directly attributable admin expenses largely consist of fixed and variable costs such as personnel expenses, travel, professional fees incurred by the underwriting department. In addition, amortisation of the core insurance system is deemed to be directly attributable. These are included as part of overall directly attributable expenses in note 30.

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**Notes to the financial statements**

	<b>Group</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>15 Personnel expenses</b>			
See accounting policy in note 7 (t)			
The following items are included in employee benefits expense:			
Salaries	21 485 703	10 829 644	9 764 854
Recruitment expenses	6 704 313	213 834	-
Employee gratuity accrual	4 402 445	1 279 272	1 204 783
Other staff costs	10 223 657	5 111 662	4 115 959
	<b>42 816 118</b>	<b>17 434 412</b>	<b>15 085 596</b>
<b>16 Income tax expense</b>			
See accounting policy in note 7 (q)			
<b>(i) Income tax expense</b>			
Income tax charge comprises of:			
Current tax charge	93 797 531	55 817 121	19 395 994
Prior year unrecognised current tax asset	-	-	(106 754)
Recognised deferred taxation (note 26)	(13 902 879)	(43 528 764)	(4 703 234)
	<b>79 894 652</b>	<b>12 288 357</b>	<b>14 586 006</b>
<b>(ii) Reconciliation of tax charge</b>			
The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate and is reconciled as follows:			
Taxable profit before tax	254 980 008	39 550 560	66 042 896
Taxation applicable rate - 30% (2023: 30%)	76 494 002	11 865 168	19 812 869
Tax effect of:			
Permanent differences	817 506	48 086	225 893
Over provision	2 583 144	375 103	3 254 954
Prior year unrecognised deferred and current tax asset	-	-	(8 714 241)
<b>Income tax expense</b>	<b>79 894 652</b>	<b>12 288 357</b>	<b>14 579 475</b>
<b>(iii) Current tax payable</b>			
Current income tax movement in the statement of financial position			
At 1 January	34 211 216	18 269 434	(106 754)
Current year tax charge	93 797 531	55 817 121	19 395 994
Withholding tax on interest (at source)	(3 343 206)	(2 423 277)	(564 766)
Current and provisional tax paid	(73 672 349)	(37 452 062)	(455 040)
<b>Current tax payable</b>	<b>50 993 192</b>	<b>34 211 216</b>	<b>18 269 434</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

	<b>Group</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>17 Cash and cash equivalents</b>			
See accounting policy in note 7 (l)			
Cash on hand and at bank	198 756 218	160 585 837	58 013 550
Cash in trust accounts	51 226 714	-	-
	<b>249 982 932</b>	<b>160 585 837</b>	<b>58 013 550</b>
Cash in trust accounts relates to funds withheld on collateralised business. These funds are withheld			
<b>18 Financial investments at amortised cost</b>			
See accounting policy in note 7 (g)			
Financial investments at amortised cost	414 613 027	310 193 503	119 307 095
Less: Impairment	(2 947 837)	(961 636)	-
	<b>411 665 190</b>	<b>309 231 867</b>	<b>119 307 095</b>
<i>Financial investments</i>			
Government bonds	127 977 270	116 237 326	33 385 366
Government treasury bills	92 855 686	35 466 451	28 898 710
Fixed term deposits	155 323 109	119 072 525	57 023 019
Corporate bonds	14 675 776	7 090 204	-
Commercial papers	23 781 186	32 326 997	-
	<b>414 613 027</b>	<b>310 193 503</b>	<b>119 307 095</b>
<i>ECL impairment analysis</i>			
Balance at 1 January	961 636	-	-
ECL allowance at transition	-	386 005	-
Impairment charge post transition	1 986 201	575 631	-
<b>Balance at 31 December</b>	<b>2 947 837</b>	<b>961 636</b>	<b>-</b>
<i>Reconciliation</i>			
Opening balance	309 231 867	119 307 095	24 132 196
Additions during the year	288 812 581	292 711 485	128 165 498
Interest accrued during the year	61 540 960	28 764 083	7 262 972
Maturities during the year	(246 891 722)	(144 970 868)	(41 160 173)
Effects of exchange rate movements	4 420 671	14 381 708	906 602
ECL impairment	(1 986 201)	(961 636)	-
WHT on accrued interest	(3 462 966)	-	-
<b>At 31 December</b>	<b>411 665 190</b>	<b>309 231 867</b>	<b>119 307 095</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**19 Other assets**

	<b>2024</b>	<b>Group 2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
See accounting policy in note 7 (g)			
Staff loan	160 080	-	4 110
Prepayments	7 115 910	1 579 087	1 094 918
Other receivables	264 296 477	22 451 181	2 701 901
Collateralised funds withheld	1 223 734 897	-	-
	<b>1 495 307 364</b>	<b>24 030 268</b>	<b>3 800 929</b>

Other receivables in the Company accounts includes related party receivables from Klaption Business Park Limited (ZMW 73.9 million), Kuala Tech Limited (ZMW 1.1 million), and Klaption Insurance Company (ZMW 49.9 million). The carrying amounts of other assets are considered to be the same as their fair values due to their short-term nature. No impairment was made against these balances as all amounts are considered recoverable due to their nature.

The related party receivable from Klaption Business Park Limited has been eliminated in the Group accounts.

Collateralised funds withheld relate to collateral and reinsurance premium withheld by cedants. These funds are withheld until the insurance contract expires.

**20 Investment in subsidiary**

See accounting policy note 7 (a)

*Subsidiary*

Klaption Business Park Limited (KBP), a subsidiary of the Company was incorporated in Zambia in May 2023 with a nominal share capital of ZMW 15,000. The principal activity of the Company is to invest and develop real estate. The Company has a 75% shareholding in KBP with its initial investment being carried at cost in the Company accounts.

	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<i>Subsidiary and percentage holding</i>			
KBP- 75% shareholding	11 250	11 250	-

During the year, the Company provided funding to KBP amounting to ZMW 28.6 million and the accumulated balance is disclosed in other assets.

*Non-controlling interests (NCI) in subsidiaries*

The following table summarises the information about the Group's subsidiaries NCI carrying amount, after intra-group eliminations.

	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>NCI percentage</b>	25%	25%	-
Share capital	3 750	3 750	-
Accumulated profit allocated to NCI	38 403 039	23 102 213	-
Accumulated OCI allocated to NCI	(6 894 104)	(5 056 008)	-
<b>Carrying amount of NCI</b>	<b>31 512 685</b>	<b>18 049 955</b>	<b>-</b>

**21 Investment in associate**

See accounting policy note 7 (a)

Kuala Tech Limited is a registered technology firm based in Zambia, with a focus on delivering tailored software development, ICT managed services, and digital transformation solutions for the insurance industry. The Company has a nominal share capital of ZMW 36,000 with the Company having a shareholding of 25%.

	<b>Group</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<i>Investee and percentage holding</i>			
Kuala Tech Limited- 25% shareholding	9 000	9 000	-

During the year, Kuala Tech Limited provided ICT services to Klaption Reinsurance Limited amounting to ZMW 1.4 million and is included in legal and professional fees.

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**Notes to the Group annual financial statements**

<b>22 Property and equipment</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
See accounting policy in note 7 (f)				
<b>Group</b>				
<b>2024</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Computer and office</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	1 922 994	3 794 814	2 979 163	8 696 971
Additions	807 330	3 610 309	2 143 998	6 561 637
Disposals	-	(2 222 418)	(99 103)	(2 321 521)
<b>Total costs</b>	<b>2 730 324</b>	<b>5 182 705</b>	<b>5 024 058</b>	<b>12 937 087</b>
<b>Accumulated depreciation</b>				
Opening balance	(939 236)	(1 258 696)	(1 677 485)	(3 875 417)
Charge for the year	(465 384)	(1 264 287)	(1 084 338)	(2 814 009)
Disposals	-	1 012 603	40 709	1 053 312
<b>Total accumulated depreciation</b>	<b>(1 404 620)</b>	<b>(1 510 380)</b>	<b>(2 721 114)</b>	<b>(5 636 114)</b>
<b>Carrying amount 31 December 2024</b>	<b>1 325 704</b>	<b>3 672 325</b>	<b>2 302 944</b>	<b>7 300 973</b>
<b>2023</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Computer and office</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	1 884 510	3 825 614	2 213 298	7 923 422
Additions	38 484	1 596 609	822 076	2 457 169
Disposals	-	(1 627 409)	(56 211)	(1 683 620)
<b>Total costs</b>	<b>1 922 994</b>	<b>3 794 814</b>	<b>2 979 163</b>	<b>8 696 971</b>
<b>Accumulated depreciation</b>				
Opening balance	(561 693)	(1 034 816)	(930 256)	(2 526 765)
Charge for the year	(377 543)	(1 173 202)	(787 198)	(2 337 943)
Disposals	-	949 322	39 969	989 291
<b>Total accumulated depreciation</b>	<b>(939 236)</b>	<b>(1 258 696)</b>	<b>(1 677 485)</b>	<b>(3 875 417)</b>
<b>Carrying amount 31 December 2023</b>	<b>983 758</b>	<b>2 536 118</b>	<b>1 301 678</b>	<b>4 821 554</b>

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**Notes to the Group annual financial statements**

22 Property and equipment (continued)	ZMW	ZMW	ZMW	ZMW
See accounting policy in note 7 (f)				
<b>Group</b>				
<b>2022</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Computer and office</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	1 914 883	1 997 627	2 107 079	6 019 589
Additions	-	3 111 769	187 106	3 298 875
Disposals	(30 373)	(1 283 782)	(80 887)	(1 395 042)
<b>Total costs</b>	<b>1 884 510</b>	<b>3 825 614</b>	<b>2 213 298</b>	<b>7 923 422</b>
<b>Accumulated depreciation</b>				
Opening balance	187 830	192 661	259 242	639 733
Charge for the year	381 458	1 109 609	705 214	2 196 281
Disposals	(7 595)	(267 454)	(34 200)	(309 249)
Total accumulated depreciation	561 693	1 034 816	930 256	2 526 765
<b>Carrying amount 31 December 2022</b>	<b>1 322 817</b>	<b>2 790 798</b>	<b>1 283 042</b>	<b>5 396 657</b>

**23 Investment property**

See accounting policy in note 7 (p)

Investment property comprises commercial property that is owned by the Group and intended to be leased to third parties under operating leases.

Group	2024	2023	2022
<b>a. Reconciliation of carrying amount</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
Balance at 1 January	156 963 046	-	-
Acquisitions	-	63 762 796	-
Work in progress	6 089 622	-	-
Net change in fair value	64 740 531	93 200 250	-
<b>Balance at 31 December</b>	<b>227 793 199</b>	<b>156 963 046</b>	<b>-</b>

Changes in fair values are recognised as gains in profit or loss and is attributable to investment property held at the reporting date. During the year, rental income of ZMW 0.16 million was earned as the Group leased out an office space.

**b. Measurement of fair values**

*i. Fair value hierarchy*

The fair value of investment property was determined on 31 December 2024 by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the investment property valuation comprised of both level 2 and 3 inputs based on the inputs to the valuation technique used (see Note 7(i)).

The valuation technique and significant inputs are disclosed in Note 23 b (ii).

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**Notes to the Group annual financial statements**

**23 Investment property (continued)**

See accounting policy in note 7 (p)

*ii. Valuation technique and significant unobservable inputs*

The valuation had been prepared on the basis of current market value in accordance with the definition of the Royal Institution of Chartered Surveyors (RICS) Global Valuation Standards as recognised by the Surveyor's Institute of Zambia.

In employing an appropriate methodology to arrive at the fair value as defined in IFRS 13, the valuer took cognisance of the objective of IFRS 13 to increase consistency and comparability in the fair value measurements and related disclosures through a fair value hierarchy. The fair value assessment was derived through a combination of both level 2 and level 3 inputs.

The following table shows the valuation technique used in measuring the fair value of investment property and the significant inputs used.

Valuation technique	Significant inputs	Fair value measurement sensitivity to observable inputs
<p><b>Sales comparable approach:</b> Recent sales and listings of comparable assets are gathered. Adjustments, if required, are then applied to these observations for differences in location, time of sale, and physical characteristics to estimate a fair market value in continued use for the subject assets.</p> <p>The comparative analysis performed in this approach focus on similarities and differences among assets and transactions that affects the value, including differences in the assets appraised, the motivations of buyers and sellers and financing terms, market conditions at the time of the sale, size, location, physical features and economic characteristics.</p>	<p><b>Comparable values:</b> Comparable market values and land sales values for properties situated near the investment property were used to arrived at a rate per square meter (USD 255/sqm).</p> <p><b>Inflation rate:</b> An inflation adjustment rate of 2.6% per annum.</p>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>- rates per square meter were higher (lower); and</li> <li>- The inflation rate was higher (lower).</li> </ul>

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**Notes to the Group annual financial statements**

<b>24 Intangible assets</b>	<b>ZMW</b>	<b>ZMW</b>	
See accounting policy in note 7 (e)			
<b>Group</b>			
<b>2024</b>	<b>Software and licenses</b>	<b>Total</b>	
<b>Cost</b>			
Opening balance	11 976 469	11 976 469	
Additions/transfers	-	-	
<b>Total costs</b>	<b>11 976 469</b>	<b>11 976 469</b>	
<b>Accumulated amortisation</b>			
Opening balance	5 185 993	5 185 993	
Charge for the year	2 428 465	2 428 465	
<b>Total accumulated amortisation</b>	<b>7 614 458</b>	<b>7 614 458</b>	
<b>Carrying amount 31 December 2024</b>	<b>4 362 011</b>	<b>4 362 011</b>	
<b>2023</b>	<b>Software and licenses</b>	<b>Total</b>	
<b>Cost</b>			
Opening balance	11 976 469	11 976 469	
Additions/transfers	-	-	
<b>Total costs</b>	<b>11 976 469</b>	<b>11 976 469</b>	
<b>Accumulated amortisation</b>			
Opening balance	2 685 681	2 685 681	
Charge for the year	2 500 312	2 500 312	
<b>Total accumulated amortisation</b>	<b>5 185 993</b>	<b>5 185 993</b>	
<b>Carrying amount 31 December 2023</b>	<b>6 790 476</b>	<b>6 790 476</b>	
<b>2022</b>	<b>Software and licenses</b>	<b>WIP</b>	<b>Total</b>
<b>Cost</b>			
Opening balance	10 080 258	174 051	10 254 309
Additions/transfers	1 896 211	(174 051)	1 722 160
<b>Total costs</b>	<b>11 976 469</b>	<b>-</b>	<b>11 976 469</b>
<b>Accumulated amortisation</b>			
Opening balance	226 724	-	226 724
Charge for the year	2 458 957	-	2 458 957
Total accumulated amortisation	2 685 681	-	2 685 681
<b>Carrying amount 31 December 2022</b>	<b>9 290 788</b>	<b>-</b>	<b>9 290 788</b>

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**Notes to the Group annual financial statements**

**25 Right-of-use assets**

See accounting policy in note 7 (r)

**Group**

**2024**

	<b>Office and residential</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>			
Opening balance	6 176 995	317 453	6 494 448
Additions	2 589 336	-	2 589 336
Disposals	-	(317 453)	(317 453)
<b>Total costs</b>	<b>8 766 331</b>	<b>-</b>	<b>8 766 331</b>
<b>Accumulated depreciation</b>			
Opening balance	3 140 845	255 727	3 396 572
Charge for the year	1 994 204	61 727	2 055 931
Disposal	-	(317 454)	(317 454)
<b>Total accumulated depreciation</b>	<b>5 135 049</b>	<b>-</b>	<b>5 135 049</b>
<b>Carrying amount 31 December 2024</b>	<b>3 631 282</b>	<b>-</b>	<b>3 631 282</b>

**2023**

	<b>Office and residential</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>			
Opening balance	6 176 995	317 453	6 494 448
Additions	-	-	-
<b>Total costs</b>	<b>6 176 995</b>	<b>317 453</b>	<b>6 494 448</b>
<b>Accumulated depreciation</b>			
Opening balance	1 884 507	149 909	2 034 416
Charge for the year	1 256 338	105 818	1 362 156
<b>Total accumulated depreciation</b>	<b>3 140 845</b>	<b>255 727</b>	<b>3 396 572</b>
<b>Carrying amount 31 December 2023</b>	<b>3 036 150</b>	<b>61 726</b>	<b>3 097 876</b>

**2022**

	<b>Office lease</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>			
Opening balance	6 176 995	317 453	6 494 448
Additions	-	-	-
<b>Total costs</b>	<b>6 176 995</b>	<b>317 453</b>	<b>6 494 448</b>
<b>Accumulated depreciation</b>			
Opening balance	628 169	44 091	672 260
Charge for the year	1 256 338	105 818	1 362 156
<b>Total accumulated depreciation</b>	<b>1 884 507</b>	<b>149 909</b>	<b>2 034 416</b>
<b>Carrying amount 31 December 2022</b>	<b>4 292 488</b>	<b>167 544</b>	<b>4 460 032</b>

**KLAPTON REINSURANCE LIMITED**
**Reporting Accountant's Report**
**Notes to the Group annual financial statements**
**26 Deferred tax**

See accounting policy in note 7 (q)

**Group**
**Movement in deferred tax balance**

	ZMW	ZMW	ZMW	ZMW
2024	Net opening balance	Current year movement	Net recognised balance as at 31 December	Recognised deferred tax assets/ (liability)
Excess of capital allowances over depreciation	(646 552)	(116 097)	(762 649)	(762 649)
Unrealised exchange gain	(22 164 419)	(5 668 648)	(27 833 067)	(27 833 067)
Unrealised exchange loss	-	875 246	875 246	875 246
Gratuity provision	325 974	(52 546)	273 428	273 428
Leave provision	173 412	46 511	219 923	219 923
Right-of-use assets	(929 364)	(160 021)	(1 089 385)	(1 089 385)
Lease liability	857 943	(2 385 253)	(1 527 310)	(1 527 310)
IBNR provision	15 346 312	7 336 922	22 683 234	22 683 234
Discounting impact on LIC	-	(2 522 992)	(2 522 992)	(2 522 992)
Loss on onerous contracts	13 197 600	13 712 279	26 909 879	26 909 879
Risk adjustment estimate	15 335 505	14 647 263	29 982 768	29 982 768
Provision for doubtful debts	26 447 096	(12 405 645)	14 041 451	14 041 451
Impairment- Financial investments	288 491	595 860	884 351	884 351
	<b>48 231 998</b>	<b>13 902 879</b>	<b>62 134 877</b>	<b>62 134 877</b>

**Recognition of deferred tax credit**

	2024 ZMW	2023 ZMW	2022 ZMW
Unrecognised deferred tax credit in prior year			8607487
Current year movement	13 902 879	43 528 764	(3 904 253)
Total recognised deferred tax credit	<b>13 902 879</b>	<b>43 528 764</b>	<b>4 703 234</b>

**2023**

	Net opening balance	Current year movement	Net recognised balance as at 31 December	Recognised deferred tax assets/ (liability)
Excess of capital allowances over depreciation	(739 667)	93 115	(646 552)	(646 552)
Unrealised exchange gain	(4 186 125)	(17 978 294)	(22 164 419)	(22 164 419)
Gratuity provision	488 429	(162 455)	325 974	325 974
Leave provision	56 488	116 924	173 412	173 412
Right-of-use assets	(1 338 010)	408 646	(929 364)	(929 364)
Lease liability	1 164 389	(306 446)	857 943	857 943
IBNR provision	4 211 876	11 134 436	15 346 312	15 346 312
IBNER provision	357 209	(357 209)	-	-
Loss on onerous contracts	1 233 547	11 964 053	13 197 600	13 197 600
Risk adjustment estimate	1 129 035	14 206 470	15 335 505	15 335 505
Provision for doubtful debts	2 210 261	24 236 835	26 447 096	26 447 096
Impairment- Financial investments	115 802	172 689	288 491	288 491
	<b>4 703 234</b>	<b>43 528 764</b>	<b>48 231 998</b>	<b>48 231 998</b>

**KLAPTON REINSURANCE LIMITED**

**Reporting Accountant's Report**

**Notes to the Group annual financial statements**

**26 Deferred tax (Continued)**

<b>2022</b>	<b>Net opening</b>	<b>Current year</b>	<b>Net</b>	<b>Recognised</b>
Excess of capital allowances over depreciation	(848 563)	108 896	(739 667)	(739 667)
Unrealised exchange gain	(187 478)	(3 998 647)	(4 186 125)	(4 186 125)
Gratuity provision	235 574	252 855	488 429	488 429
Leave provision	53 533	2 955	56 488	56 488
Trading losses	9 354 421	(9 354 421)	-	-
Right-of-use assets	-	(1 338 010)	(1 338 010)	(1 338 010)
Lease liability	-	1 164 389	1 164 389	1 164 389
IBNR provision	-	4 211 876	4 211 876	4 211 876
IBNER provision	-	357 209	357 209	357 209
Loss on onerous contracts	-	1 233 547	1 233 547	1 233 547
Risk adjustment estimate	-	1 129 035	1 129 035	1 129 035
Provision for doubtful debts	-	2 210 261	2 210 261	2 210 261
Impairment- Financial investments	-	115 802	115 802	115 802
	<b>8 607 487</b>	<b>(3 904 253)</b>	<b>4 703 234</b>	<b>4 703 234</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

	Group		
	2024	2023	2022
	ZMW	ZMW	ZMW
<b>27 Share capital and reserves</b>			
See accounting policy in note 7 (s)			
<b>Authorised:</b>			
78,750,000 ordinary shares of ZMW 1.00 each	<u>78 750 000</u>	<u>78 750 000</u>	<u>78 750 000</u>
<b>Issued and fully paid</b>			
78,750,000 ordinary shares of ZMW 1.00 each	<u>78 750 000</u>	<u>78 750 000</u>	<u>78 750 000</u>
<b>Share premium</b>			
This represents the excess of capital contributions after full payment of issued shares	<u>15 704 926</u>	<u>15 704 926</u>	<u>15 704 926</u>
<b>Reconciliation</b>			
Opening balance	15 704 926	15 704 926	7 185 576
Cash contribution	-	-	17 269 350
Ordinary shares issued during the year	-	-	(8 750 000)
	<u>15 704 926</u>	<u>15 704 926</u>	<u>15 704 926</u>
<b>Non-distributable reserves</b>			
Translation reserve	<u>180 638 708</u>	<u>81 463 365</u>	<u>(2 278 557)</u>
<b>Reconciliation</b>			
Opening balance	81 463 365	(2 278 557)	(5 739 483)
Foreign currency translation gain for the year excluding NCI portion	99 175 343	83 741 922	3 460 926
	<u>180 638 708</u>	<u>81 463 365</u>	<u>(2 278 557)</u>
<b>28 Other payables</b>			
See accounting policy in note 7 (n)			
<b>a Accruals and creditors</b>			
Trade payables	28 156 350	56 472 714	-
Accruals	4 117 200	3 745 835	698 152
Related parties	69 790 894	20 109	0
	<u>102 064 444</u>	<u>60 238 658</u>	<u>698 152</u>
<b>b Employee related liabilities</b>			
Contract gratuity provision	1 123 321	1 101 216	1 628 097
Leave accrual	772 451	585 013	188 292
	<u>1 895 772</u>	<u>1 686 229</u>	<u>1 816 389</u>
<b>c Statutory obligations</b>			
Withholding taxes	931 143	396 158	1 434 057
Payroll statutory taxes	1 652 124	392 568	860 663
Current tax payable	50 993 192	34 211 216	18 269 434
	<u>53 576 459</u>	<u>34 999 942</u>	<u>20 564 154</u>
	<u>157 536 675</u>	<u>96 924 829</u>	<u>23 078 695</u>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**29 Leases**

See accounting policy in note 7 (r)

**a Leases as lessee**

The Group has lease agreements as a lessee for office space, residential and office equipment on lease terms ranging from 2 to 5 years. The information for which the Group is a lessee is presented below.

	<b>Group</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
(i) Amounts recognised in the statement of financial position			
The balance sheet shows the following amounts			
Right-of-use assets			
Office and residential lease (note 25)	3 631 282	1 779 812	4 292 488
Office equipment (note 25)	-	(44 092)	167 544
	<b>3 631 282</b>	<b>1 735 720</b>	<b>4 460 032</b>
Lease liabilities			
Office and residential lease (note 29 (iv))	5 091 033	3 745 389	3 741 645
Office equipment (note 29 (iv))	-	44 243	139 653
	<b>5 091 033</b>	<b>3 789 632</b>	<b>3 881 298</b>
(ii) Amounts recognised in the statement of profit or loss			
Depreciation charge of right-of-use assets (note 25)	2 055 931	1 362 156	1 362 156
Interest expense (note 12)	394 596	349 487	381 789
Exchange differences	797 180	929 822	264 939
(iii) Amounts recognised in the statement of cashflow			
Repayment of principal and interest on lease liabilities	2 479 711	1 370 975	1 196 551
Rental deposit	234 987	120 134	77 830
	<b>2 714 698</b>	<b>1 491 109</b>	<b>1 274 381</b>
(iv) Lease liability reconciliation			
<i>Office and residential lease</i>			
Opening balance	3 745 389	3 741 645	4 198 391
Additions	2 589 336	-	-
Interest expense for the year	393 014	338 577	362 088
Rental payments made during the year	(2 399 221)	(1 242 221)	(1 087 865)
Exchange loss	762 515	907 388	269 031
	<b>5 091 033</b>	<b>3 745 389</b>	<b>3 741 645</b>
Current	3 498 574	817 746	927 152
Non-current	1 592 459	2 931 387	2 814 493
	<b>5 091 033</b>	<b>3 749 133</b>	<b>3 741 644</b>
<i>Office equipment</i>			
Opening balance	44 243	139 653	232 730
Interest expense for the year	1 582	10 910	19 701
Rental payments made during the year	(80 490)	(128 754)	-
Exchange loss	34 665	22 434	-
	<b>-</b>	<b>44 243</b>	<b>139 653</b>
Current	-	44 243	84 264
Non-current	-	-	55 389
	<b>-</b>	<b>44 243</b>	<b>139 653</b>
Total lease liability	<b>5 091 033</b>	<b>3 789 632</b>	<b>3 881 298</b>

(v) Extension options

The leases do not have extension options exercisable by the Company.

**b Leases as lessor**

The Group leases out part of its investment property under short term operating leases. Lease income from investment property is included in other income as disclosed in note 13.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**30 Insurance contract liabilities**

See accounting policy in note 7 (b)

**Group**

**(i) Composition of the statement of financial position- Insurance contracts**

Analysis of the amounts presented on the statement of financial position for insurance contracts is shown in the table below, along with the presentation of current and non-current portions of balances:

Reportable group	2024		
	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
	ZMW	ZMW	ZMW
Liability	564 101 286	-	26 260 781
Fire	892 923 678	(789 350 492)	-
Motor	513 550 815	-	37 180 149
Other	422 520 196	(19 633 762)	-
<b>Total</b>	<b>2 393 095 975</b>	<b>(808 984 254)</b>	<b>63 440 930</b>
Current portion	2 393 095 975	(808 984 254)	63 440 930
Non-current portion	-	-	-
<b>Total</b>	<b>2 393 095 975</b>	<b>(808 984 254)</b>	<b>63 440 930</b>
Reportable group	2023		
	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
	ZMW	ZMW	ZMW
Liability	5 072 946	(567 987)	-
Fire	474 431 506	(317 276 262)	-
Motor	9 479 868	-	82 952
Other	174 069 031	(50 625 159)	-
<b>Total</b>	<b>663 053 351</b>	<b>(368 469 408)</b>	<b>82 952</b>
Current portion	663 053 351	(368 469 408)	82 952
Non-current portion	-	-	-
<b>Total</b>	<b>663 053 351</b>	<b>(368 469 408)</b>	<b>82 952</b>

**KLAPTON REINSURANCE LIMITED****Group annual financial statements****Notes to the Group annual financial statements**

---

**30 Insurance contract liabilities**

See accounting policy in note 7 (b)

**Group****(i) Composition of the statement of financial position- Insurance contracts**

Detailed reconciliations of changes in insurance contract balances during the reporting periods are included in the subsequent notes.

<b>Reportable group</b>	<b>2022</b>	
	<b>Insurance contract liabilities</b>	<b>Reinsurance contract assets</b>
	Restated	Restated
	<b>ZMW</b>	<b>ZMW</b>
Liability	1 841 200	(486 991)
Fire	47 486 201	2 748 476
Motor	(2 693 323)	(173 419)
Other	20 739 816	7 679 386
<b>Total</b>	<b>67 373 894</b>	<b>9 767 452</b>
Current portion	67 373 894	9 767 452
Non-current portion	-	-
<b>Total</b>	<b>67 373 894</b>	<b>9 767 452</b>

Detailed reconciliations of changes in insurance contract balances during the reporting periods are included in the subsequent notes.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**30 Insurance contract liabilities**  
See accounting policy in note 7 (b)

**Group**

**(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims**

The table below provides a consolidated reconciliation from the opening to the closing balances of the Liability for remaining coverage (LRC) and Liability for incurred claims (LIC). The reconciliation excludes insurance acquisition cashflow assets and other pre-recognition cashflows and are disclosed in note 30 (iii).

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening (asset)/liabilities as at 1 Jan</b>	<b>(142 176 477)</b>	<b>66 842 762</b>	<b>640 150 896</b>	<b>98 236 170</b>	<b>663 053 351</b>
<b>Insurance revenue</b>	<b>(2 968 288 479)</b>	-	-	-	<b>(2 968 288 479)</b>
<b>Insurance service expenses</b>					
Claims incurred	-	-	1 939 573 677	-	<b>1 939 573 677</b>
Directly attributable expenses	12 186 805	-	53 211 529	-	<b>65 398 334</b>
Insurance acquisition cashflow amortisation	839 978 778	-	-	-	<b>839 978 778</b>
Reclassification from LRC to LIC	(9 617 520)	-	9 617 520	-	-
Changes in the FCF relating to LIC	-	-	-	128 754 495	<b>128 754 495</b>
Losses on onerous contracts and reversals	-	86 437 190	-	-	<b>86 437 190</b>
<b>Total</b>	<b>842 548 063</b>	<b>86 437 190</b>	<b>2 002 402 726</b>	<b>128 754 495</b>	<b>3 060 142 474</b>
Effects of movements in exchange rates (P/L)	(58 567 651)	-	-	-	<b>(58 567 651)</b>
Impairment	148 996 495	-	-	-	<b>148 996 495</b>
<b>Total changes in the statement of profit or loss</b>	<b>(2 035 311 572)</b>	<b>86 437 190</b>	<b>2 002 402 726</b>	<b>128 754 495</b>	<b>182 282 839</b>
<b>Effects of movements in exchange rates (OCI)</b>	<b>(34 718 042)</b>	-	-	-	<b>(34 718 042)</b>
<b>Cash flows</b>					
Net premiums received	2 033 268 940	-	-	-	<b>2 033 268 940</b>
Claims incurred paid	-	-	(407 442 237)	-	<b>(407 442 237)</b>
Other directly attributable expenses paid	(11 499 858)	-	(31 849 018)	-	<b>(43 348 876)</b>
<b>Total cash flows</b>	<b>2 021 769 082</b>	-	<b>(439 291 255)</b>	-	<b>1 582 477 827</b>
<b>Insurance contract liabilities as at 31 Dec</b>	<b>(190 437 009)</b>	<b>153 279 952</b>	<b>2 203 262 367</b>	<b>226 990 665</b>	<b>2 393 095 975</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**30 Insurance contract liabilities (continued)**

**Group**

**(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

2023 All classes	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component ZMW	Loss Component ZMW	Present value of future cashflows ZMW	Risk adjustment for non-fin risk ZMW	ZMW
<b>Opening (asset)/liabilities as at 1 Jan</b>	<b>(21 919 638)</b>	<b>4 701 030</b>	<b>79 639 733</b>	<b>4 952 769</b>	<b>67 373 894</b>
<b>Insurance revenue</b>	<b>(1 054 242 228)</b>	-	-	-	<b>(1 054 242 228)</b>
<b>Insurance service expenses</b>					
Claims incurred	-	-	686 794 525	-	<b>686 794 525</b>
PIA levy and other commissions	18 568 686	-	-	-	<b>18 568 686</b>
Insurance acquisition cashflow amortisation	315 386 898	-	-	-	<b>315 386 898</b>
Directly attributable admin expenses	20 605 499	-	-	-	<b>20 605 499</b>
Changes in the FCF relating to LIC	-	-	-	93 283 401	<b>93 283 401</b>
Losses on onerous contracts and reversals	-	62 141 732	-	-	<b>62 141 732</b>
	<b>354 561 083</b>	<b>62 141 732</b>	<b>686 794 525</b>	<b>93 283 401</b>	<b>1 196 780 741</b>
	Assets for remaining coverage		Asset for incurred claims		Total
	Excluding loss component ZMW	Loss Component ZMW	Present value of future cashflows ZMW	Risk adjustment for non-fin risk ZMW	ZMW
Effects of movements in exchange rates (P/L)	(72 670 852)	-	-	-	<b>(72 670 852)</b>
Impairment	80 789 448	-	-	-	<b>80 789 448</b>
<b>Total changes in the statement of profit or loss</b>	<b>(691 562 549)</b>	<b>62 141 732</b>	<b>686 794 525</b>	<b>93 283 401</b>	<b>150 657 109</b>
<b>Effects of movements in exchange rates (OCI)</b>	<b>(50 618 807)</b>	-	-	-	<b>(50 618 807)</b>
<b>Cash flows</b>					
Net premiums received	658 454 743	-	-	-	<b>658 454 743</b>
Claims incurred paid	-	-	(126 283 362)	-	<b>(126 283 362)</b>
Other directly attributable expenses paid	(36 530 226)	-	-	-	<b>(36 530 226)</b>
<b>Total cash flows</b>	<b>621 924 517</b>	-	<b>(126 283 362)</b>	-	<b>495 641 155</b>
<b>Insurance contract liabilities as at 31 Dec</b>	<b>(142 176 477)</b>	<b>66 842 762</b>	<b>640 150 896</b>	<b>98 236 170</b>	<b>663 053 351</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**30 Insurance contract liabilities (continued)**

**Group**

**(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

2022 All classes	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening (asset)/liabilities as at 1 Jan</b>	<b>(925 892)</b>	<b>-</b>	<b>166 375</b>	<b>10 287</b>	<b>(749 230)</b>
<b>Insurance revenue</b>	<b>(361 805 038)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(361 805 038)</b>
<b>Insurance service expenses</b>					
Claims incurred	-	-	87 286 540	-	87 286 540
PIA levy and other commissions	27 527 195	-	-	-	27 527 195
Insurance acquisition cashflow amortisation	96 149 789	-	-	-	96 149 789
Directly attributable admin expenses	11 629 381	-	-	-	11 629 381
Changes in the FCF relating to LIC	-	-	-	4 942 482	4 942 482
Losses on onerous contracts and reversals	-	4 701 030	-	-	4 701 030
	<b>135 306 365</b>	<b>4 701 030</b>	<b>87 286 540</b>	<b>4 942 482</b>	<b>232 236 417</b>
	Assets for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
Effects of movements in exchange rates (P/I)	1 255 753	-	-	-	1 255 753
Impairment	7 367 535	-	-	-	7 367 535
<b>Total changes in the statement of profit or loss</b>	<b>(217 875 385)</b>	<b>4 701 030</b>	<b>87 286 540</b>	<b>4 942 482</b>	<b>(120 945 333)</b>
<b>Effects of movements in exchange rates (OCI)</b>	<b>88 710</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88 710</b>
<b>Cash flows</b>					
Net premiums received	227 657 922	-	-	-	227 657 922
Claims incurred paid	-	-	(7 813 182)	-	(7 813 182)
Other directly attributable expenses paid	(30 864 993)	-	-	-	(30 864 993)
<b>Total cash flows</b>	<b>196 792 929</b>	<b>-</b>	<b>(7 813 182)</b>	<b>-</b>	<b>188 979 747</b>
<b>Insurance contract liabilities as at 31 Dec</b>	<b>(21 919 638)</b>	<b>4 701 030</b>	<b>79 639 733</b>	<b>4 952 769</b>	<b>67 373 894</b>

**(iii) Reconciliation of insurance acquisition cash flow assets**

The Company did not pay for directly attributable acquisition costs such as non refundable expenses to originate insurance contracts before they were recognised. As such, no insurance acquisition cash flow asset was recognised during the year.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**31 Reinsurance contract assets**  
See accounting policy in note 7 (b)

**Group and Company**

**(i) Reconciliation of the reinsurance asset for remaining coverage and asset for incurred claims**

The table below provides a reconciliation from the opening to the closing balances of the reinsurance asset for remaining coverage (LRC) and asset for incurred claims.

<b>2024</b>	<b>Assets for remaining coverage</b>		<b>Asset for incurred claims</b>		<b>Total</b>
	<b>Excluding loss component</b>	<b>Loss recovery Component</b>	<b>Present value of future cashflows</b>	<b>Risk adjustment for non-fin risk</b>	
<b>All classes</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Opening (asset)/liability as at 1 Jan</b>	<b>3 214 601</b>	<b>(22 850 761)</b>	<b>(301 632 477)</b>	<b>(47 117 819)</b>	<b>(368 386 456)</b>
<b>Allocation of reinsurance premium</b>	<b>834 485 977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>834 485 977</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(264 269 511)	-	-	-	<b>(264 269 511)</b>
Adjustments in FCF relating to LIC	-	-	-	(79 930 286)	<b>(79 930 286)</b>
Losses on onerous contracts and reversals	-	(40 729 593)	-	-	<b>(40 729 593)</b>
	<b>(264 269 511)</b>	<b>(40 729 593)</b>	<b>-</b>	<b>(79 930 286)</b>	<b>(384 929 390)</b>
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(1 108 897 251)	-	<b>(1 108 897 251)</b>
Retrocession expenses	-	-	197 911 633	-	<b>197 911 633</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(910 985 618)</b>	<b>-</b>	<b>(910 985 618)</b>
<b>Total changes in the statement of profit or loss</b>	<b>570 216 466</b>	<b>(40 729 593)</b>	<b>(910 985 618)</b>	<b>(79 930 286)</b>	<b>(461 429 031)</b>
<b>Cash flows</b>					
Retro premiums paid	(5 897 843)	-	-	-	<b>(5 897 843)</b>
Retrocession expenses paid	-	-	(159 781 843)	-	<b>(159 781 843)</b>
Effects of movements in exchange rates	33 836 214	-	-	-	<b>33 836 214</b>
Insurance recoveries on paid claims	-	-	216 115 635	-	<b>216 115 635</b>
<b>Total cash flows</b>	<b>27 938 371</b>	<b>-</b>	<b>56 333 792</b>	<b>-</b>	<b>84 272 163</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>601 369 438</b>	<b>(63 580 354)</b>	<b>(1 156 284 303)</b>	<b>(127 048 105)</b>	<b>(745 543 324)</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**31 Reinsurance contract assets**

See accounting policy in note 7 (b)

**Group**

**(i) Reconciliation of the reinsurance asset for remaining coverage and asset for incurred claims (continued)**

2023 All classes	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening liability as at 1 Jan</b>	<b>(2 230 560)</b>	<b>(589 206)</b>	<b>(5 758 368)</b>	<b>(1 189 318)</b>	<b>(9 767 452)</b>
<b>Allocation of reinsurance premium</b>	<b>10 354 619</b>	-	-	-	<b>10 354 619</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(4 339 498)	-	-	-	<b>(4 339 498)</b>
Adjustments in FCF relating to LIC	-	-	-	(45 928 501)	<b>(45 928 501)</b>
Losses on onerous contracts and reversals	-	(22 261 555)	-	-	<b>(22 261 555)</b>
	<b>(4 339 498)</b>	<b>(22 261 555)</b>	-	<b>(45 928 501)</b>	<b>(72 529 554)</b>
<b>Insurance service result</b>					
Insurance recoveries on claims incurred	-	-	(298 767 694)	-	<b>(298 767 694)</b>
Retrocession expenses	-	-	180 106 648	-	<b>180 106 648</b>
	-	-	<b>(118 661 046)</b>	-	<b>(118 661 046)</b>
<b>Total changes in the statement of profit or loss</b>	<b>6 015 121</b>	<b>(22 261 555)</b>	<b>(118 661 046)</b>	<b>(45 928 501)</b>	<b>(180 835 981)</b>
<b>Cash flows</b>					
Net retro premiums paid	(569 960)	-	-	-	<b>(569 960)</b>
Retrocession expenses paid	-	-	(187 774 576)	-	<b>(187 774 576)</b>
Insurance recoveries on paid claims received	-	-	10 561 513	-	<b>10 561 513</b>
<b>Total cash flows</b>	<b>(569 960)</b>	-	<b>(177 213 063)</b>	-	<b>(177 783 023)</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>3 214 601</b>	<b>(22 850 761)</b>	<b>(301 632 477)</b>	<b>(47 117 819)</b>	<b>(368 386 456)</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**31 Reinsurance contract assets**

See accounting policy in note 7 (b)

**Group**

**(i) Reconciliation of the reinsurance asset for remaining coverage and asset for incurred claims (continued)**

**2022**

**All classes**

	<b>Asset for remaining coverage</b>		<b>Asset for incurred claims</b>		<b>Total</b>
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Opening liability as at 1 Jan</b>	-	-	<b>452 286</b>	-	<b>452 286</b>
<b>Allocation of reinsurance premium</b>	<b>2 602 198</b>	-	-	-	<b>2 602 198</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(1 230 241)	-	-	-	(1 230 241)
Adjustments in FCF relating to LIC	-	-	-	(1 189 318)	(1 189 318)
Losses on onerous contracts and reversals	-	(589 206)	-	-	(589 206)
	<b>(1 230 241)</b>	<b>(589 206)</b>	-	<b>(1 189 318)</b>	<b>(3 008 765)</b>
<b>Insurance service result</b>					
Insurance recoveries on claims incurred	-	-	(22 240 105)	-	<b>(22 240 105)</b>
Retrocession expenses	-	-	59 645 977	-	<b>59 645 977</b>
	-	-	<b>37 405 872</b>	-	<b>37 405 872</b>
<b>Total changes in the statement of profit or loss</b>	<b>1 371 957</b>	<b>(589 206)</b>	<b>37 405 872</b>	<b>(1 189 318)</b>	<b>36 999 305</b>
<b>Cash flows</b>					
Net retro premiums paid	(3 602 517)	-	-	-	<b>(3 602 517)</b>
Retrocession expenses paid	-	-	(47 084 196)	-	<b>(47 084 196)</b>
Insurance recoveries on paid claims received	-	-	3 467 670	-	<b>3 467 670</b>
<b>Total cash flows</b>	<b>(3 602 517)</b>	-	<b>(43 616 526)</b>	-	<b>(47 219 043)</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>(2 230 560)</b>	<b>(589 206)</b>	<b>(5 758 368)</b>	<b>(1 189 318)</b>	<b>(9 767 452)</b>

**(ii) Reconciliation of reinsurance acquisition cash flow assets**

The Company receive any directly attributable re-insurance acquisition costs such as non refundable commissions to originate reinsurance contracts before they were recognised. As such, no reinsurance acquisition cash flow liability was recognised during the year.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**32 Claims development**

<b>Group Gross</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>Total</b>
Two years later	-	-	5 079 213	<b>5 079 213</b>
Three years later	-	-	-	-
Gross outstanding claims - Accident Years from 2021 - 2024	608 218 041	425 738 071	64 729 905	<b>1 098 686 017</b>
<b>Gross liabilities for incurred claims</b>	<b>944 952 837</b>	<b>623 716 363</b>	<b>102 465 165</b>	<b>1 671 134 365</b>
At end of accident year	2 024	52 913 484	15 955 541	<b>68 871 049</b>
One year later	-	2 023	6 070 129	<b>6 072 152</b>
Two years later	-	-	6 070 129	<b>6 070 129</b>
Three years later	-	-	-	-
Net outstanding claims - Accident Years from 2021 - 2024	119 880 387	231 624 756	45 957 469	<b>397 462 612</b>
<b>Net Liabilities for Incurred Claims</b>	<b>119 882 411</b>	<b>284 540 263</b>	<b>74 053 268</b>	<b>478 475 942</b>

**33 Fair value of financial instruments**

See accounting policy in note 7 (i)

***Fair value classification and hierarchy***

The Group's financial instruments as at 31 December 2024 were all measured at amortised cost. Management considers the carrying amount of financial assets and financial liabilities recognised in the annual financial statements to be a reasonable approximation of their fair value.

**34 Risk Management**

**Introduction and overview**

Insurance and reinsurance contracts expose the Group to underwriting risk, which comprises insurance risk, policyholder behaviour risk and expense risk.

In addition, the Group is exposed to financial and operational risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk and other price risk.

This note presents information about the Group's risk exposures, and the Group's objectives, policies and processes for measuring and managing risks and for managing capital.

**34 Risk Management (continued)**

**(a) Risk management framework**

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Risk management Framework. The Board of Directors have established the Audit, Finance and Investments Committee, Risk and Compliance Committee, Human Resource and Remuneration and Reinsurance, Claims and Information and Communications Technology Committee, which are responsible for approving and monitoring the Group's risk management policies.

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. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Committees oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the organisation. The Committees are assisted in their oversight by the Risk and Compliance function which performs internal audit checks for both regular and ad hoc reviews of risk management controls and procedures. The results of which are reported to the Group's Committee.

**34 Risk management (continued)**

**(b) Underwriting risk**

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- Insurance risk: the risk transferred from the policyholder to the Group, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

- Policyholder behavior risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk) or increase or reduce premiums.

- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

*(i) Management of underwriting risk*

The Board of Directors sets the Group's strategy for accepting and managing underwriting risk. Specific underwriting objectives – e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters – are prepared by the Group's Chief Operating Officer and approved by the Board as part of the Group's financial plan for the year. The Board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves.

The Group has developed a detailed underwriting manual covering risk acceptance criteria, pricing, authority levels, and reinsurance protection amongst others. It guides the underwriters in their acceptances, on the principals of prudence and professionalism within the overall objective of diversifying the types of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Group uses reinsurance to mitigate the risk of incurring significant losses linked to single events, including excess of loss and stop loss reinsurance. This allows the Group to control exposure to potential losses from large risks, provides for greater diversification of business and provides additional capacity for growth. Prior to renewing any annual reinsurance business, the Group carries out a detailed review of the financial stability of the reinsurer. Therefore the Group ensures that reinsurance is placed only with a select group of financially secure and experienced companies in the industry and their rating. Where an individual exposure exceeds the Group's risk appetite, additional facultative reinsurance is also purchased.

The Group's insurance contracts are renewable annually. The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk – e.g. the use of deductibles and capping on the maximum permitted loss or number of claims.

There were no significant changes in the Group's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous year.

*(ii) Concentration of underwriting risk*

The Group has a number of cedants with a wide geographical dispersal which reduces concentration risk preventing over-exposure in any one geographic region. In addition, concentration risk is reduced through underwriting of business in various classes and types of business.

The Group underwrites business in the following geographical regions:

- |                                     |                          |                            |
|-------------------------------------|--------------------------|----------------------------|
| - Central, East and Southern Africa | - Asia and Latin America | - United States of America |
| - West and North Africa             | - Middle East and Europe |                            |

*(iii) Sensitivity analysis*

The sensitivity of profit or loss and equity to the changes in underwriting risk variables arises mainly from the changes in fulfilment cash flows relating to loss components. As contracts are measured under the Premium Allocation Approach only the liability for incurred claims (LIC) component of insurance liabilities is sensitive to possible changes in underwriting risk variables. The table below analyses how profit or loss and equity would have increased if changes in underwriting risk relating to the material variable of the Group being, claims incurred, that were reasonably possible at the reporting date had occurred.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**34 Risk Management (continued)**

**(b) Underwriting risk (continued)**

(iii) *Sensitivity analysis (continued)*

<b>Group</b>	<b>ZMW LIC as at 31 December</b>	<b>ZMW Impact on LIC</b>	<b>ZMW Impact on PBIT</b>	<b>ZMW Impact on Equity</b>
<b>2024</b>				
Insurance contract	2 203 262 367			
Net reinsurance contract	(1 156 284 303)			
<b>Net Insurance contract</b>	<b>1 046 978 064</b>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract		110 163 118	(110 163 118)	(77 114 183)
Reinsurance contract		(57 814 215)	57 814 215	40 469 951
<b>Net Insurance contract liabilities</b>		<b>52 348 903</b>	<b>(52 348 903)</b>	<b>(36 644 232)</b>
	<b>ZMW LIC as at 31 December</b>	<b>ZMW Impact on LIC</b>	<b>ZMW Impact on PBIT</b>	<b>ZMW Impact on Equity</b>
<b>2023</b>				
Insurance contract liabilities	640 150 896			
Net reinsurance contract assets	(301 632 477)			
<b>Net Insurance contract liabilities</b>	<b>338 518 419</b>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		32 007 545	(32 007 545)	(22 405 281)
Reinsurance contract assets		(15 801 624)	15 801 624	10 557 137
<b>Net Insurance contract liabilities</b>		<b>16 205 921</b>	<b>(16 205 921)</b>	<b>(11 848 144)</b>

It should be noted that a significant portion of the Group's directly attributable expenses such as personnel costs and amortisation charges on the core insurance system are fixed costs in nature and as such no material sensitivity is expected from expenses.

<b>Group</b>	<b>ZMW LIC as at 31 December</b>	<b>ZMW Impact on LIC</b>	<b>ZMW Impact on PBIT</b>	<b>ZMW Impact on Equity</b>
<b>2022</b>				
Insurance contract	79 639 733			
Reinsurance contract	(5 758 368)			
<b>Net Insurance contract</b>	<b>73 881 365</b>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract		3 981 987	(3 981 987)	(2 787 391)
Reinsurance contract		(287 918)	287 918	201 543
<b>Net Insurance contract liabilities</b>		<b>3 694 069</b>	<b>(3 694 069)</b>	<b>(2 585 848)</b>

It should be noted that a significant portion of the Groups directly attributable expenses such as personnel costs and amortisation charges on the core insurance system are fixed costs in nature and as such no material sensitivity is expected from expenses.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**34 Risk Management (continued)**

**(c) Financial risk management (continued)**

**Credit risk (continued)**

- Reinsurance is used to manage insurance risk. However, this does not discharge the Group's liability as the primary insurer. If for any reason the reinsurer fails to pay a claim, the Group remains liable for the claims payment to the cedent. The creditworthiness of reinsurers is reviewed annually as a way of establishing and reviewing their financial strength prior to our renewal of the excess of loss and stop loss retrocession agreements.

-The Group also ensures that it has retrocession agreements signed up covering the various geographical regions and industry segments it underwrites through separate retro programs per region. The Group ensures that the retro share allocation is based on the strength of the risk carriers credit rating to limit concentration risk.

- The Group enters into premium payment warranties and credit terms to monitor payment obligations. The Group also has the ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations. This assists in mitigating the credit risk associated with future premium inflows.

- The Group as part of onboarding financial institutions it plans to place financial investments with, evaluates credit worthiness of financial institutions. Subsequently, the financial institutions are monitored by periodically reviewing/ examining the financial statements of investees, and employing financial ratios to determine the likelihood of debt repayment and or interest/coupon payments.

- The Group's investment policy has approved maximum authorisation, allocation and diversification limits relating to the different types of financial investments.

(ii) *Credit quality analysis*

The amounts that best represent the maximum exposure to credit risk in reinsurance contract assets, in relation to claim recovery amounts, at the reporting dates are analysed below. The credit quality analysis is based on international rating categories by agencies such as Moody's, AM Best, Fitch Corporation, GCR and Standard & Poor's.

**Group**

Reinsurance contract assets-Claims recoveries

*Based on International rating agencies*

	<b>2024</b>	<b>2023</b>	<b>2022</b>
A- rated	-	-	-
B- rated	130 472 055	70 445 139	5 930 673
Below B rated	570 751 350	142 440 612	12 841 763
<b>Total claim recoveries</b>	<b>701 223 405</b>	<b>212 885 751</b>	<b>18 772 436</b>

(iii) *Amounts arising from Expected Credit Loss (ECL) on financial assets*

Inputs, assumptions and techniques used for estimating impairment

See accounting policies in Note 7 (h) for recognition and measurement of impairment of financial assets

*Significant increase in credit risk (SICR)*

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, expert credit assessment and forward-looking information.

Quantitatively, the Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Qualitatively, for debt instruments securities, if the instrument meets one or more of the following criteria:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower; and
- Significant change in collateral value (secured facilities only) that is expected to increase risk of default.

**34 Risk Management (continued)**

**(c) Financial risk management (continued)**

**Credit risk (continued)**

The assessment of a SICR incorporates forward-looking information and is performed at the borrower level and on a periodic basis. The criteria used to identify a SICR are monitored and reviewed periodically for appropriateness by the Finance team.

As a backstop, a debt financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

*Low credit risk debt instruments*

The Group has used the low credit risk exemption for financial instruments when they meet the following conditions:

- the financial instrument has a low risk of default;
- the borrower is considered to have a strong capacity to meet its obligations in the near term; and
- the Group expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations

For low credit risk financial assets, the SICR is not assessed, and the impairment allowance is calculated and the financial asset is measured using the 12M ECL, provided that the financial asset meets the criteria above.

*Definition of default*

The Group considers a financial instrument to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The borrower is more than 90 days past due.

An instrument is considered to no longer be in default (that is, to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after cure, using different possible cure definitions. Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

*Incorporation of forward-looking information*

The assessment of a SICR and the calculation of the ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and the ECL for its investment portfolio.

Where applicable, the Group formulates three economic scenarios: a baseline scenario, a best-case scenario, and a worst-case scenario. The baseline scenario assumes the macroeconomic variables stay constant or fluctuate in a non-significant manner; The best-case scenario assumes a situation where the macroeconomic variables decrease by one standard deviation of their historical distribution; and The worst-case scenario thus assumes a situation where the macroeconomic variables increase by one standard deviation of their historical distribution.

The Group's financial investments comprise of low credit risk assets which include Government Bonds, Treasury Bills, Fixed Term Deposits, Corporate Bonds and Commercial Papers. For such assets, the forward-looking information is derived from reputable rating agencies as the external ratings agencies account for all available information including economic factors that could influence future default events in determining the ratings of sovereign and corporate entities. The ECL parameters (PD and LGD) as determined by these ratings agencies are therefore forward-looking in nature.

*Sensitivity of ECL to future economic conditions*

ECL are sensitive to judgements and assumptions made regarding the formulation of forward looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets that do not have a low credit risk.

As at period end, the Group's financial investments comprise of low credit risk assets which included Government Bonds, Treasury Bills, Fixed Term Deposits, Corporate Bonds and Commercial Papers and as such the sensitivity analysis performed does not have a material adjustment to the carrying amounts of assets and liabilities that would be expected within the next financial year.

**34 Risk Management (continued)**

**(c) Financial risk management (continued)**

**Credit risk (continued)**

*Measuring ECL – Explanation of inputs, assumptions and estimation techniques*

The ECL is measured on either a 12-month (12M) or lifetime basis, depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of default (PD): This represents the likelihood of a borrower defaulting on its financial obligation (according to the definition of default and credit-impaired assets above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.

- Loss given default (LGD): Represents the Group's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of borrower, type and seniority of claim, and availability of collateral or other credit support. The LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The LGD is calculated on a 12M or lifetime basis, where the 12M LGD is the percentage of loss expected to be made if the default occurs in the next 12 months, and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

- Exposure at default (EAD): Is based on the amounts that the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

*Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)*

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (that is, the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a financial instrument portfolio from the point of initial recognition throughout the lifetime of the financial instrument. The maturity profile is based on historical observed data, and it is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Forward-looking economic information is also included in determining the 12M and Lifetime PD, EAD and LGD. To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by international rating agencies based on the default history of obligors in the same industry and geographic region with the same credit rating. For financial instruments such as Government Bonds and Treasury Bills, the rating grade applied to the financial instrument is the rating of the Sovereign issuer as per international rating agencies. The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

The assumptions underlying the ECL calculation are monitored and reviewed periodically.

*Loss allowance*

The following table explain the changes in the loss allowance for debt securities measured at amortised cost between the beginning and the end of the annual period:

<b>Group</b>	<b>ZMW 2024</b>	<b>ZMW 2023</b>	<b>ZMW 2022</b>
<b>Balance as at 1 January</b>	961 636	-	-
ECL allowance at transition	-	386 005	-
Impairment charge post	1 986 201	575 631	-
<b>Total ECL allowance as at 31 December</b>	<b>2 947 837</b>	<b>961 636</b>	<b>-</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**34 Risk Management (continued)**

**(ii) Financial risk management (continued)**

**Maturity of financial liabilities and assets**

The table below summarizes the maturity profile of the Group's financial liabilities and financial assets at 31 December based on contractual undiscounted cash flows. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its insurance and reinsurance contracts and financial liabilities that are settled by delivering cash or another financial asset as and when they fall due. Liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profile of assets and liabilities.

The Group's investment guidelines prescribe minimum levels of financial assets to be held in cash and cash instruments. Liquidity is monitored on a daily basis by the Finance department lead by the Chief Financial Officer and controlled as far as possible by ensuring that mismatches between liabilities following due and investments of funds are kept at a minimum.

The Group's objective in managing liquidity risk is to ensure, as far as possible, that it will 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. The key elements of the Group's liquidity strategy are as follows:

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity, that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Matching, to the maximum extent possible, the cash flows of the Group's financial assets with the cash flows of insurance and investment contracts and other financial liabilities.
- Monitoring liquidity ratios.
- The Group maintains a pool of short-term liquid assets that is intended to provide sufficient liquidity in the Group as a whole to cover short-term fluctuations in the liquidity requirements of any business units. Longer-term funding is used to manage structural liquidity requirements.

**Maturity of financial liabilities and assets**

The table below summarizes the maturity profile of the Group's financial liabilities and financial assets at 31 December based on contractual undiscounted cash flows. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

<b>Group</b>	<b>Up to 1 year</b>	<b>Between 1-2</b>	<b>Over 2 years</b>	<b>Total</b>
	<b>ZMW</b>	<b>years</b> <b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>2024</b>				
<b>Assets</b>				
Cash and cash equivalents	249 982 932	-	-	<b>249 982 932</b>
Other assets (excluding prepayments)	1 488 191 454	-	-	<b>1 488 191 454</b>
Liability for remaining coverage (Insurance receivables)	526 059 308	191 817 330	-	<b>717 876 638</b>
Financial investments at amortised cost	324 100 985	93 975 006	-	<b>418 075 991</b>
<b>Total financial assets</b>	<b>2 588 334 679</b>	<b>285 792 336</b>	-	<b>2 874 127 015</b>
<b>Liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	632 532 378	-	-	<b>632 532 378</b>
Lease liabilities	3 498 574	1 592 459	-	<b>5 091 033</b>
Other liabilities	157 536 675	-	-	<b>157 536 675</b>
Liability for incurred claims (Net outstanding claims incurred)	428 372 178	-	-	<b>428 372 178</b>
<b>Total financial liabilities</b>	<b>1 221 939 805</b>	<b>1 592 459</b>	-	<b>1 223 532 264</b>
<b>Liquidity gap</b>	<b>1 366 394 874</b>	<b>284 199 877</b>	-	<b>1 650 594 751</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**34 Risk Management (continued)**

**(ii) Financial risk management (continued)**

**Group**

**2023**

	<b>Up to 1 year</b>	<b>Between 1-2 years</b>	<b>Over 2 years</b>	<b>Total</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Assets</b>				
Cash and cash equivalents	160 585 837	-	-	160 585 837
Other assets (excluding prepayments)	22 451 181	-	-	22 451 181
Liability for remaining coverage (Insurance receivables)	563 513 363	63 386 529	-	626 899 892
Financial investments at amortised cost	216 344 508	74 734 000	54 517 369	345 595 877
<b>Total financial assets</b>	<b>962 894 889</b>	<b>138 120 529</b>	<b>54 517 369</b>	<b>1 155 532 787</b>
<b>Liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	-	-	-	-
Lease liabilities	1 752 624	1 672 227	696 761	4 121 612
Other liabilities	66 127 966	25 662 615	-	91 790 581
Liability for incurred claims (Net outstanding claims incurred)	494 903 657	-	-	494 903 657
<b>Total financial liabilities</b>	<b>562 784 247</b>	<b>27 334 842</b>	<b>696 761</b>	<b>590 815 850</b>
<b>Liquidity gap</b>	<b>400 110 642</b>	<b>110 785 687</b>	<b>53 820 608</b>	<b>564 716 937</b>

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**34 Risk Management (continued)**

**(ii) Financial risk management (continued)**

<b>Group</b>	<b>Up to 1 year</b>	<b>Between 1-2</b>	<b>Over 2 years</b>	<b>Total</b>
<b>2022</b>	<b>ZMW</b>	<b>years</b> <b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Assets</b>				
Cash and cash equivalents	58 013 550	-	-	58 013 550
Other assets (excluding prepayments)	2 706 011	-	-	2 706 011
Insurance receivables	255 645 710	4 777 984	8 096 852	268 520 546
Financial investments at amortised cost	99 314 742	27 060 000	3 955 000	130 329 742
<b>Total financial assets</b>	<b>415 680 013</b>	<b>31 837 984</b>	<b>12 051 852</b>	<b>459 569 849</b>
<b>Liabilities</b>				
Retrocessions payable	13 242 607	-	-	13 242 607
Lease liabilities	1 341 472	1 321 831	1 854 361	4 517 664
Other liabilities	29 284 168	1 628 097	-	30 912 265
Net outstanding claims incurred	45 637 014	-	-	45 637 014
<b>Total financial liabilities</b>	<b>89 505 261</b>	<b>2 949 928</b>	<b>1 854 361</b>	<b>94 309 550</b>
<b>Liquidity gap</b>	<b>326 174 752</b>	<b>28 888 056</b>	<b>10 197 491</b>	<b>365 260 299</b>

**Market risk**

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Market risk principally arises from the Group's financial assets and financial liabilities denominated in foreign currencies.

*Currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency transaction risk to the extent that the currencies in which insurance and reinsurance contracts and financial instruments are denominated differ from the functional currency. The Group holds both assets and liabilities in different currencies and therefore is exposed to the risk of exchange rate movements associated with assets and liabilities matching. Although the Group does not apply hedging techniques to mitigate its currency risk, it does ensure that the net exposure to this risk is mitigated by constantly monitoring the net exposure to this risk is within acceptable levels.

As shown in the section below, the Group is primarily exposed to the United States Dollar and as such, 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.

*Foreign currency exposures*

The Group's financial assets and liabilities exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha, was as follows:

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**34 Risk Management (continued)**

**Market risk (continued)**

*Foreign currency exposures (continued)*

<b>2024</b>	<b>USD ZMW</b>	<b>XOF/XAF ZMW</b>	<b>Others ZMW</b>	<b>Total ZMW</b>
<b>Financial assets</b>				
Cash and cash equivalents	90 648 373	128 431 280	-	<b>219 079 653</b>
Liability for remaining coverage (Insurance receivables)	339 613 477	56 422 109	316 980 263	<b>713 015 849</b>
Financial investments at amortised cost	51 401 857	-	-	<b>51 401 857</b>
Other assets (Collateralised funds withheld)	1 223 734 897	-	-	<b>1 223 734 897</b>
<b>Total assets</b>	<b>1 705 398 604</b>	<b>184 853 389</b>	<b>316 980 263</b>	<b>2 207 232 256</b>
<b>Financial liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	632 532 378	-	-	<b>632 532 378</b>
Lease liabilities	5 091 033	-	-	<b>5 091 033</b>
Other liabilities	31 567 435	-	-	<b>31 567 435</b>
Liability for incurred claims (Net outstanding claims incurred)	32 247 136	12 902 223	372 267 404	<b>417 416 763</b>
<b>Total liabilities</b>	<b>701 437 982</b>	<b>12 902 223</b>	<b>372 267 404</b>	<b>1 086 607 609</b>
<b>Net position</b>	<b>1 003 960 622</b>	<b>171 951 166</b>	<b>(55 287 141)</b>	<b>1 120 624 647</b>

**Key to currency abbreviations:**

United States Dollars; West African Franc; Other includes various currencies such as the Euro, Philippine Peso, Vietnamese Dong, United Arab Emirates Dirham, South African Rand and British Pound.

**Group**

<b>2023</b>	<b>USD ZMW</b>	<b>ZAR ZMW</b>	<b>Other ZMW</b>	<b>Total ZMW</b>
<b>Financial assets</b>				
Cash and cash equivalents	103 785 388	51 100 625	-	154 886 013
Liability for remaining coverage (Insurance receivables)	284 646 169	48 597 882	293 159 268	626 403 319
Financial investments at amortised cost	31 265 051	-	-	31 265 051
<b>Total assets</b>	<b>419 696 608</b>	<b>99 698 507</b>	<b>293 159 268</b>	<b>812 554 383</b>
<b>Financial liabilities</b>				
Lease liabilities	3 789 632	-	-	3 789 632
Other liabilities	64 956 922	-	-	64 956 922
Liability for incurred claims (Net outstanding claims incurred)	132 195 934	8 229 581	138 882 481	279 307 996
<b>Total liabilities</b>	<b>200 942 488</b>	<b>8 229 581</b>	<b>138 882 481</b>	<b>348 054 550</b>
<b>Net position</b>	<b>218 754 120</b>	<b>91 468 926</b>	<b>154 276 787</b>	<b>464 499 833</b>

**Key to currency abbreviations:**

United States Dollars; West African Franc; Other includes various currencies such as the Euro, Philippine Peso, Vietnamese Dong, United Arab Emirates Dirham, South African Rand and British Pound.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**34 Risk Management (continued)**

Group	USD	ZAR	Other	Total
	ZMW	ZMW	ZMW	ZMW
<b>2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	38 571 868	17 413 931	-	55 985 799
Insurance receivables	129 268 484	12 011 983	123 692 230	264 972 697
Financial investments at amortised cost	3 636 778	-	-	3 636 778
<b>Total assets</b>	<b>171 477 130</b>	<b>29 425 914</b>	<b>123 692 230</b>	<b>324 595 274</b>
<b>Financial liabilities</b>				
Retrocessions payable	13 242 607	-	-	13 242 607
Lease liabilities	3 881 298	-	-	3 881 298
Other liabilities	648 096	-	-	648 096
Net outstanding claims incurred	18 597 931	251 225	25 147 401	43 996 557
<b>Total liabilities</b>	<b>36 369 932</b>	<b>251 225</b>	<b>25 147 401</b>	<b>61 768 558</b>
<b>Net position</b>	<b>135 107 198</b>	<b>29 174 689</b>	<b>98 544 829</b>	<b>262 826 716</b>

**Key to currency abbreviations:**

United States Dollars; West African Franc; Other includes various currencies such as the Euro, Philippine Peso, Vietnamese Dong, United Arab Emirates Dirham, South African Rand and British Pound.

*Sensitivity analysis*

As shown in the foreign exchange exposure table, the Group is primarily exposed to changes in the USD/ZMW exchange rates. The sensitivity of profit or loss to the changes in the exchange rates arises mainly from US dollar-denominated financial instruments and the impact of the strengthening/weakening on the profit or loss based on the foreign currency net position at reporting date, assuming that all variables remain constant, is presented below.

Group	2024		2023		2022	
	Profit or loss		Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
USD/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	(85 336 653)	85 336 653	(93 009 459)	93 009 459	(13 510 720)	13 510 720
XOF/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	(14 615 849)	14 615 849	(38 874 293)	38 874 293	(2 917 469)	2 917 469
Other/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	4 699 407	(4 699 407)	(65 567 635)	65 567 635	(9 854 483)	9 854 483

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the future profitability or fair values of financial instruments.

The Group has no borrowings and as such is primarily exposed to this risk on its fixed income portfolio. The Group limits this risk by monitoring changes in interest rates in the currencies in which the fixed income portfolio are denominated. As at 31 December, the Group did not hold floating rate financial assets and liabilities and as such, the effect/sensitivity of the assumed changes in interest rates on the Group's profit for the year would not have an effect.

**35 Related party transactions**

	2024	2023	2022
	ZMW	ZMW	ZMW
(i) Shareholding			
The Company's shareholding comprises of the following:			
- Klaption Management Limited (35%)			
- SLA Consolidated Limited (35%)			
- Shay Rechtes (30%)			
Shareholder equity contribution	-	-	17 269 350

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**35 Related party transactions (continued)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
(ii) Transactions with related parties			
The following transactions occurred with the respective related parties:			
a) Klaption Insurance Company Limited			
- Ceded premium	832 609 144	-	-
- Business transfer commissions	8 102 624	7 009 997	13 198 609
- Claim recoveries	47 514 696	-	-
- Reinsurance commission	245 337 024	-	-
- Retrocession fees	77 851 026	46 648 552	6 546 886
- Consultancy fees	144 000	120 000	20 000
- Premium retroceded	11 920 966	641 494	-
b) Klaption Reinsurance Brokers Limited			
- Premiums written by Klaption Reinsurers Brokers on behalf of the Company	45 127 847	168 867 329	77 375 565
- Commission expense on premiums written by Klaption Reinsurers Brokers Limited	17 856 875	67 088 522	7 737 557
c) SARL Klaption Management Africa Limited			
- Premiums written by Klaption Management Africa on behalf of the Company	138 012 957	113 030 757	27 030 166
- Commission expense on premiums written by SARL Klaption Management Africa	56 197 111	46 600 754	2 703 017
d) Klaption Insurance Zambia Limited			
- Premium retroceded to the Company by Klaption Insurance Zambia	6 479 382	3 743 365	-
- Disposal of assets	-	-	1 055 051
e) Kuala Tech Limited			
- ICT services by Kuala Tech Limited to the Company	1 369 464	3 855 742	-
f) Klaption Business Park Limited			
- Funds advanced to Klaption Business Park Limited by the Company	45 328 736	28 550 414	-
g) K.M.A Administration Limited			
- Premiums written by K.M.A Admin on behalf of the Company	-	-	386 172 463
- Commission expense on premiums written by K.M.A Admin	-	-	9 096 773
h) Key Management			
In accordance with IAS 24, Key management personnel are individuals with authority for planning, directing and controlling the activities of the entity, including all directors (executive and non- executive). The transactions with Klaption Re key management personnel are as below:			
- Disposal of assets to key management personnel by the company	1 127 569	681 840	-
- Directors fees Group	1 640 608	1 293 764	-
- Directors fees Company	1 401 601	1 293 764	1 955 816
- Key management personnel compensation (note 35 (iii)) Group	19 565 311	7 577 260	6 886 736
(iii) Key management and personnel compensation Group			
Short term employee benefits	15 532 451	6 297 988	5 681 953
Post -employment benefits	4 032 860	1 279 272	1 204 783
	<b>19 565 311</b>	<b>7 577 260</b>	<b>6 886 736</b>
(iv) Loans to key management personnel			
Beginning of the year	-	-	312 008
Loans advanced	-	-	-
Interest charged	-	-	15 600
Loan repayments made inclusive of interest	-	-	(327 608)
At 31 December	-	-	-
Loans to key management personnel are for a period of 12 to 18 months, repayable in monthly instalments			

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**35 Related party transactions (continued)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
(v) Amounts directly due to related parties			
Below are the amounts due to the respective related parties:			
a) Klaption Insurance Company Limited			
- Ceded premium	879 242 483	-	-
- Business transfer commission payable	1 705 825	-	2 575 962
- Retrocession fees payable	14 732 107	545 122	-
- Collateral advance payable	69 790 894	-	-
b) Klaption Reinsurance Brokers Limited			
- Hub commission payable	30 617 851	18 687 710	6 831 745
c) SARL Klaption Management Africa Limited			
- Hub commission payable	27 883 836	9 173 609	2 164 358
d) K.M.A Administration Limited			
- Commission payable	-	-	1 476 196
(v) Amounts due from related parties			
Below are the amounts due from the respective related parties			
a) Klaption Insurance Company Limited			
- Claim recoveries	49 941 023	-	-
- Reinsurance commission	258 827 150	-	-
b) Klaption Insurance Zambia Limited			
- Insurance premium due	6 342 472	3 083 631	-
- Disposal of assets	-	-	1 043 073
c) Kuala Tech Limited			
- Advance ICT fees paid	1 107 809	2 486 275	-
d) Klaption Business Park Limited			
- Funds advanced by the Company	73 879 150	28 539 164	-

**36 Capital commitments**

There was no significant capital expenditure contracted for at the end of the reporting period not recognised as liabilities.

**37 Contingent liabilities**

The Group did not have any contingent liabilities at 31 December 2024, 31 December 2023, and 31 December 2022.

**38 Events occurring after the reporting period**

There were no events after reporting date which could have a material impact on the annual financial statements for the Group which have not been adequately adjusted for.

**39 Capital management**

The Group's management uses regulatory capital ratios to monitor the Group's capital base. The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Group's regulator, the Pensions and Insurance Authority (PIA), monitors capital requirements for the Group as a whole. The Regulator prescribed revised solvency margin and capital adequacy requirements through the coming into effect of the Insurance Act No. 38 of 2021 on 30 December 2022. There is a three-year transitional period, running from December 2022 to December 2025, for compliance with the new capital adequacy requirements.

During the transition period, the solvency margin is the available capital over total liabilities as per the prescribed insurance account template applicable as at 31 December 2024. A licensed insurer or reinsurer shall have a solvency margin of at least 10% and as at 31 December 2024, the Group had a solvency margin of 31% and 22% respectively.

**KLAPTON REINSURANCE LIMITED**  
**Reporting Accountant's Report**  
**Notes to the Group annual financial statements**

**39 Capital management (continued)**

**Insurance account solvency statement**

	Group		
	2024 ZMW	2023 ZMW	2022 ZMW
<b>Part A: Calculation of Available Capital Requirement</b>			
<b>1 Total value of assets</b>	<b>2 923 081 198</b>	1 288 306 394	530 806 674
<b>2 Less: Total disallowed assets</b>	<b>127 978 729</b>	<b>164 314 402</b>	<b>98 798 651</b>
2.1 Goodwill & other intangible assets	4 362 012	6 790 476	9 290 788
2.2 Deferred tax asset	15 958 161	29 938 351	2 557 126
2.3 Current tax assets	-	-	-
2.4 Branding	-	-	-
2.5 Assets pledged to support related parties	-	-	-
2.6 Asset titles held by another person	-	-	-
2.7 Any asset that is mortgaged to benefit others	-	-	-
2.8 Guarantee given to insurer other than by a reinsurer	-	-	-
2.9 Loans to shareholders, directors, employees, Agents	-	-	-
2.10 Surplus/deficit of right of use assets over liability	(1 459 750)	(691 755)	578 734
2.11 Prepayments	7 115 910	1 579 087	1 099 028
2.12 Receivables from related parties	7 450 281	5 569 906	1 043 073
2.13 Merchandise inventory & corporate stationery	-	-	-
2.14 Any implicit accounting assets	-	-	-
2.15 Deferred acquisition costs	94 552 115	121 128 337	84 229 902
2.16 Any other assets as the Authority may determine	-	-	-
<b>3 Net allowable assets: (1) - (2)</b>	<b>2 795 102 469</b>	<b>1 123 991 992</b>	<b>432 008 023</b>
<b>4 Total value of liabilities</b>	<b>2 133 788 008</b>	<b>876 090 710</b>	<b>389 596 009</b>
<b>5 Policy holder liabilities</b>			
Unearned premium reserve	346 401 269	413 803 985	280 234 530
Outstanding claims reserves	905 321 299	282 017 906	45 637 014
Incurred but not reported claims	75 610 777	51 154 375	15 230 283
<b>6 Current liabilities</b>	<b>806 454 663</b>	<b>129 114 444</b>	<b>48 494 182</b>
<b>7 Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Available capital requirement: (3) - (4)</b>	<b>661 314 461</b>	<b>247 901 282</b>	<b>42 412 014</b>
<b>Solvency margin = Part A (8) ÷ Part A (4)</b>	<b>31%</b>	<b>28%</b>	<b>11%</b>

**KLAPTON REINSURANCE LIMITED**  
**Interim unaudited financial information for the eleven months ended to November 2025**  
**Consolidated statement of income**

Group	Notes	2025
		ZMW
Insurance revenue	1	2 728 256 396
Insurance service expenses	17	(1 874 958 485)
Net expenses from reinsurance contracts	18	<u>(373 383 594)</u>
<b>Insurance service result</b>		<u>479 914 317</u>
Interest revenue from financial assets not measured at FVTPL	2	54 189 577
Net gains from fair value adjustments to investment properties		1 522 372.99
Net credit impairment losses on financial assets not measured at FVTPL		658 274
<b>Net investment income</b>		<u>56 370 223</u>
Finance expense from reinsurance contracts held (Interest accretion)		(8 409 971)
Finance expense from reinsurance contracts held (forex)		(40 351 086)
<b>Net insurance finance expenses</b>		<u>(48 761 057)</u>
<b>Net insurance and investment result</b>		<u>487 523 484</u>
Other finance income	3	17 675 256
Other finance expense		-
Interest revenue from financial assets		15 826 494
Other income	4	893 759
Administrative expenses	5	(56 624 863)
<b>Profit before taxation</b>		<u>465 294 130</u>
Income tax expense	7	(139 880 535)
<b>Profit for the year</b>		<u>325 413 595</u>
<b>Other comprehensive income (net of tax)</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Foreign currency translation loss		(313 852 502)
<b>Total comprehensive income</b>		<u>11 561 093</u>
<b>Basic and diluted earnings per share (cents)</b>		4.13

**KLAPTON REINSURANCE LIMITED**

Interim unaudited financial information for the eleven months ended to November 2025

**Consolidated statement of financial position**

<b>Group</b>	<b>30 November 2025</b>
	<b>ZMW</b>
<b>Assets</b>	
Cash and cash equivalents	268 091 042
Financial investments at amortised cost	367 289 727
Other assets	2 198 677 845
Reinsurance contract assets	343 735 337
Investment in associate	-
Property and equipment	7 102 129
Investment property	229 660 000
Intangible assets	2 310 725
Right-of-use assets	960 909
Deferred tax	86 476 208
<b>Total assets</b>	<b>3 504 303 922</b>
<b>Equity</b>	
Share capital	78 750 000
Share premium	15 704 926
Retained earnings	671 057 326
Non-distributable reserves	(137 342 878)
<b>Equity attributable to owners of the Company</b>	<b>628 169 374</b>
<b>Non-controlling interests</b>	<b>35 398 188</b>
<b>Total equity</b>	<b>663 567 562</b>
<b>Liabilities</b>	
Other payables	147 154 597
Insurance contract liabilities	2 691 938 010
Lease liability	1 643 753
<b>Total liabilities</b>	<b>2 840 736 360</b>
<b>Total equity and liabilities</b>	<b>3 504 303 922</b>
<b>Net assets per share (cents)</b>	<b>8.43</b>

**KLAPTON REINSURANCE LIMITED**

Interim unaudited financial information for the eleven months ended to November 2025

**Statement of cashflow**

<b>Group</b>	<b>2025</b>
	<b>ZMW</b>
<b>Cashflow from operating activities</b>	
Profit for the year	325 413 595
<i>Adjustments for:</i>	-
- Depreciation	5 707 346
- Amortisation	2 051 287
- Interest expense on lease liabilities	244 724
- FX on cash, investments and lease liabilities	48 592 084
- Net credit impairment losses on financial assets not measured at FVTPL	(658 274)
- Income tax expense	139 880 535
- Investments handling fee	263 959
- Loss on disposal	-
- Accrued interest on investments	(54 189 577)
- Net gains from fair value adjustments to investment properties	-
<i>Changes in:</i>	
- Retrocession assets	401 807 987
- Other assets	(703 370 481)
- Insurance contract liabilities	298 842 035
- Other payables less current tax payable	(34 723 409)
Movement in foreign currency translations	(313 853 206)
<b>Cash used in operating activities</b>	
Income taxes paid	(139 880 535)
<b>Net cash from operating activities</b>	<b>(23 871 930)</b>
<b>Cash flows from investing activities</b>	
Net acquisition of property and equipment	(2 838 129)
Net acquisition of investment property	(1 866 801)
Disposal of associate	9 000
Acquisition of intangible assets	-
Acquisition of investments at amortised cost	(300 298 881)
Maturities of investments at amortised cost	331 891 429
Interest received on investments	60 655 940
<b>Net cash used in investing activities</b>	<b>87 552 559</b>
<b>Cash flows from financing activities</b>	
Proceeds from issue of share capital	-
Payment of lease liabilities	(3 018 612)
<b>Net cash from financing activities</b>	<b>(3 018 612)</b>
<b>Net increase in cash and cash equivalents</b>	<b>60 662 017</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>249 982 932</b>
Effect of movements in exchange rates on cash and cash equivalents held	(42 553 907)
<b>Total cash and cash equivalents at the end of the year</b>	<b>268 091 042</b>



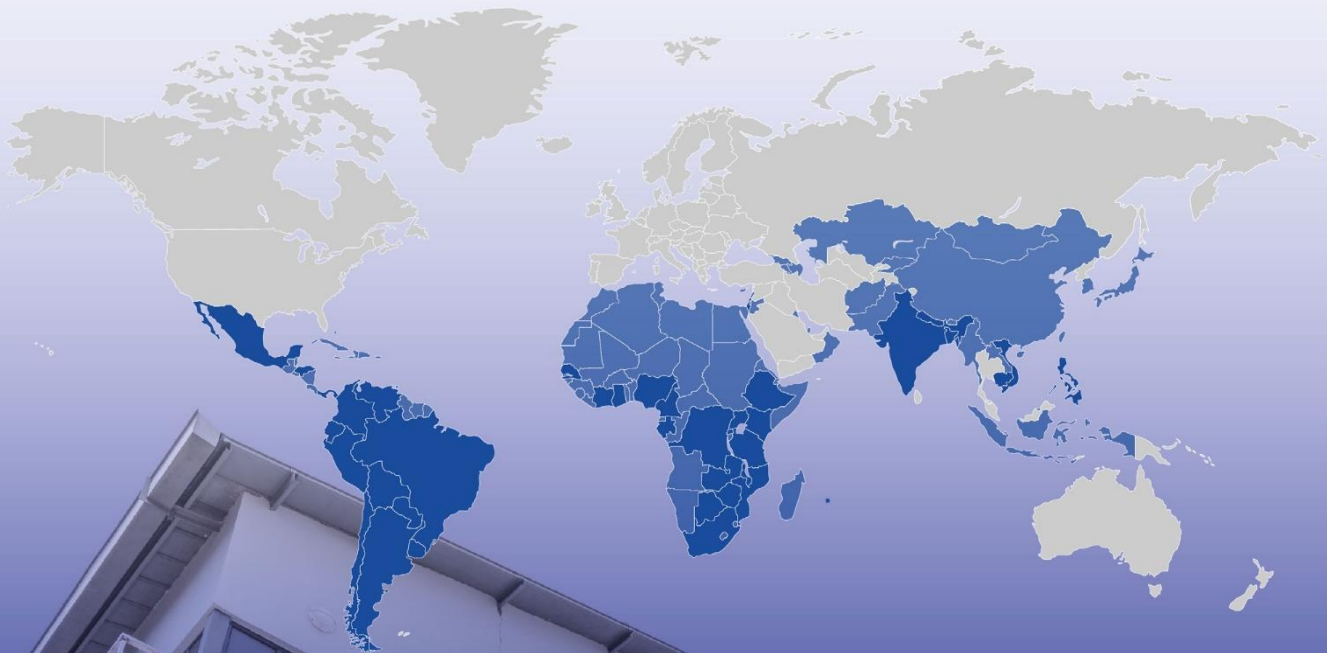
# KlaptonRe

## **Klapton Reinsurance Limited**

Green City Office Park, Kelvin Siwale Road  
Rhodespark, Lusaka, Zambia

**+260 211 222 696**

**[info@klaptonre.com](mailto:info@klaptonre.com)**



**[www.KlaptonRe.com](http://www.KlaptonRe.com)**