



Klapton Reinsurance Limited

ANNUAL REPORT 2025

www.klaptonre.com

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About Us

Klapton Reinsurance Limited (KlaptonRe) is a privately held reinsurance company, incorporated in August 2020 under the Companies Act of Zambia. We are licensed by the Pensions and Insurance Authority (PIA) to operate as both a life and non-life reinsurer.

At KlaptonRe, we provide a comprehensive range of reinsurance solutions tailored to the specific needs of insurers globally. Our expertise spans both facultative and treaty reinsurance, with a strong focus on customized solutions, agile underwriting, and strategic risk management.

SMART Goals Concept

At KlaptonRe, our approach to reinsurance is guided by SMART principles:

Solution Oriented

We proactively develop tailored solutions to meet evolving industry needs.

Motivated

Our team is driven by a passion for excellence and client success.

Adaptive

We embrace change, responding swiftly to industry shifts and emerging risks.

Resilient

We maintain strength and stability in an ever-changing financial landscape.

Technologically Savvy

We leverage advanced technology to enhance underwriting, claims processing, and risk assessment.



Our Core Values

Our values guide the way we do things to ensure we fulfill our vision, mission and objectives. The solid foundation of KlaptionRe's culture is based on the following values:

Knowledge

KlaptionRe is a knowledge-focused and datadriven organisation that strives to be a centre of excellence. We will be a learning organisation.

Long Term

We will take a long-term approach to run the business, building partnerships, and serving our clients.

Accountability

Our commitment is to be transparent and accountable in all our actions and decisions. We will promote good corporate governance.

Proactivity

We will endeavour to effectively serve our clients by anticipating their needs and proactively offering solutions through innovation.

Togetherness

We will collaborate with our stakeholders in the value chain, beginning with our employees, insurers, customers, shareholders, regulators and the public.



KlaptonRe Culture

At KlaptonRe, our corporate culture is grounded in a strong sense of purpose and integrity. We view Corporate Social Responsibility (CSR) as a core component of our identity, closely aligned with our strategic objective of being a responsible and impactful corporate citizen in every region where we operate. We are committed to creating sustainable value by prioritising social impact, environmental stewardship, and sound economic performance.

Our team brings together extensive experience and professional expertise across all key business areas. Our underwriting and claims operations are well-supported by dedicated functions in finance, investments, administration, and information technology, ensuring a fully integrated approach to service delivery.

We nurture a high-performance organisational culture underpinned by strategic leadership, performance-based recognition, and a commitment to continuous growth.

Transparency and open communication are embedded in our operations through an inclusive open-door policy.

A cornerstone of KlaptonRe's success is our alignment with client needs and our shared commitment to the company's mission and vision.

Our people are dedicated to ensuring that every client interaction is handled with professionalism, fairness, and integrity, cultivating long-term relationships built on trust and accountability.



The Board Chairmans Report

Elmo Jayetileke

Board Chairman

The 2025 financial year represents another year of solid progress for Klaption Reinsurance Limited, as the Company continued to build on the momentum established in prior periods and further strengthen its position across its core markets.

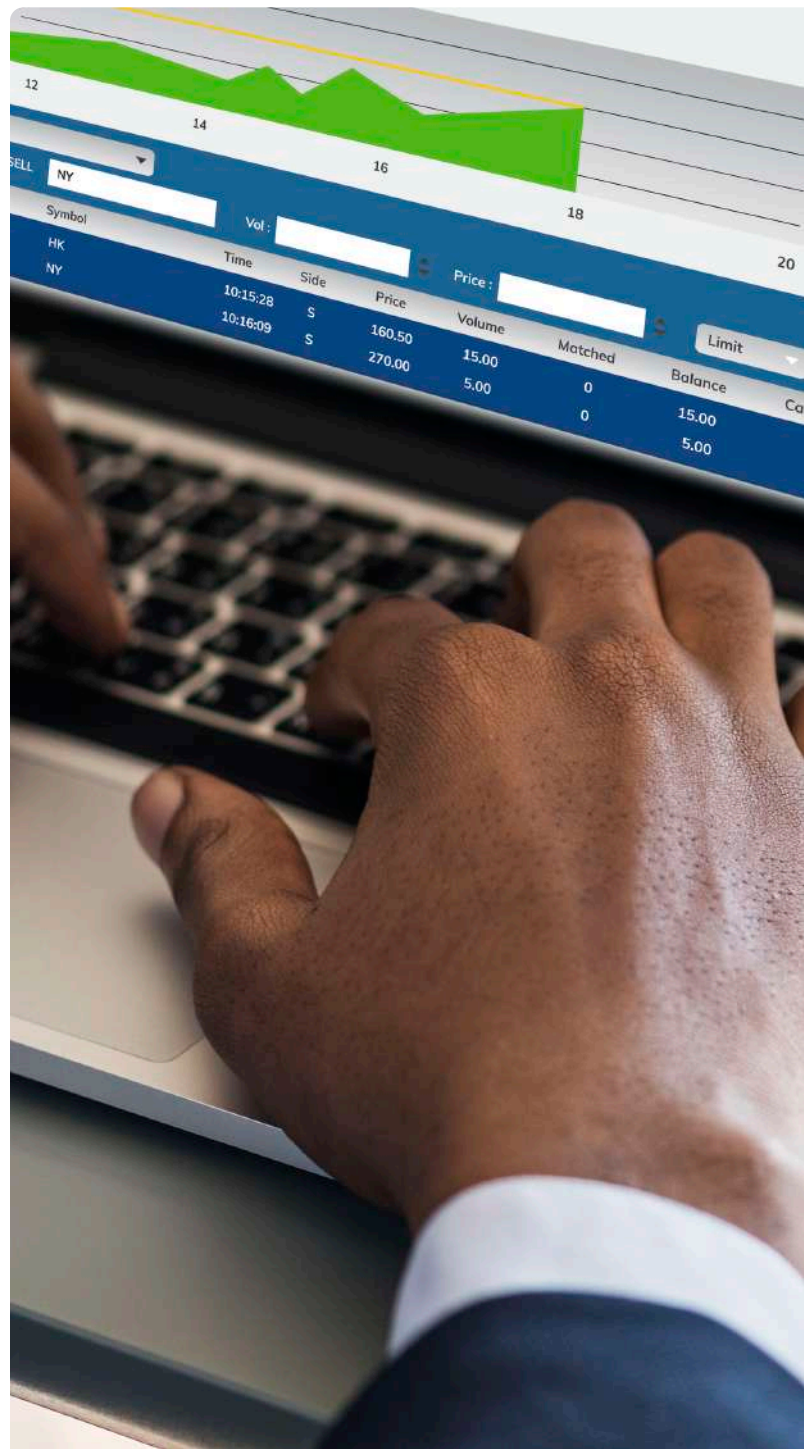
During the year, the Group delivered a strong financial performance, supported by a 3% growth in insurance revenue to ZMW 3 billion and a disciplined underwriting approach. The quality of the portfolio remains a key area of focus, with Management maintaining strict underwriting standards while expanding the business across multiple regions. This approach has enabled the Group to achieve a combined ratio of 78% and profit after tax of ZMW 388 million representing a 65% growth from 2024 while preserving the integrity of its risk selection.

The strength of the balance sheet continues to improve, underpinned by growth in total assets to ZMW 3.8 billion and shareholders' equity to ZMW 696 million. This reflects the Company's deliberate strategy to reinforce its capital position in line with its expanding underwriting activities and evolving regulatory requirements.

KlaptionRe continues to operate within an evolving regulatory environment across its jurisdictions. During the year, the Company maintained full compliance with all applicable legal and regulatory requirements, while continuing to engage proactively with regulators. This remains a key priority for the Board, particularly as the business expands into new territories and operates across increasingly complex markets.

The Group has also continued to make progress in diversifying its portfolio geographically and by line of business. This diversification is critical in enhancing the resilience of the Company and reducing concentration risk, particularly in a global environment characterised by economic uncertainty, inflationary pressures, and increasing catastrophe exposure.

“The strength of the balance sheet continues to improve, underpinned by growth in total assets to ZMW 3.8 billion and shareholders' equity to ZMW 696 million. This reflects the Company's deliberate strategy to reinforce its capital position in line with its expanding underwriting activities and evolving regulatory requirements.”



Beyond financial performance, the Company continued to demonstrate its commitment to responsible business practices through its Corporate Social Responsibility initiatives under the Triple P framework : People, Planet, and Profit. During the year, KlaptionRe actively supported community focused initiatives, including contributions towards education, youth development, and social upliftment programs within the markets in which it operates.

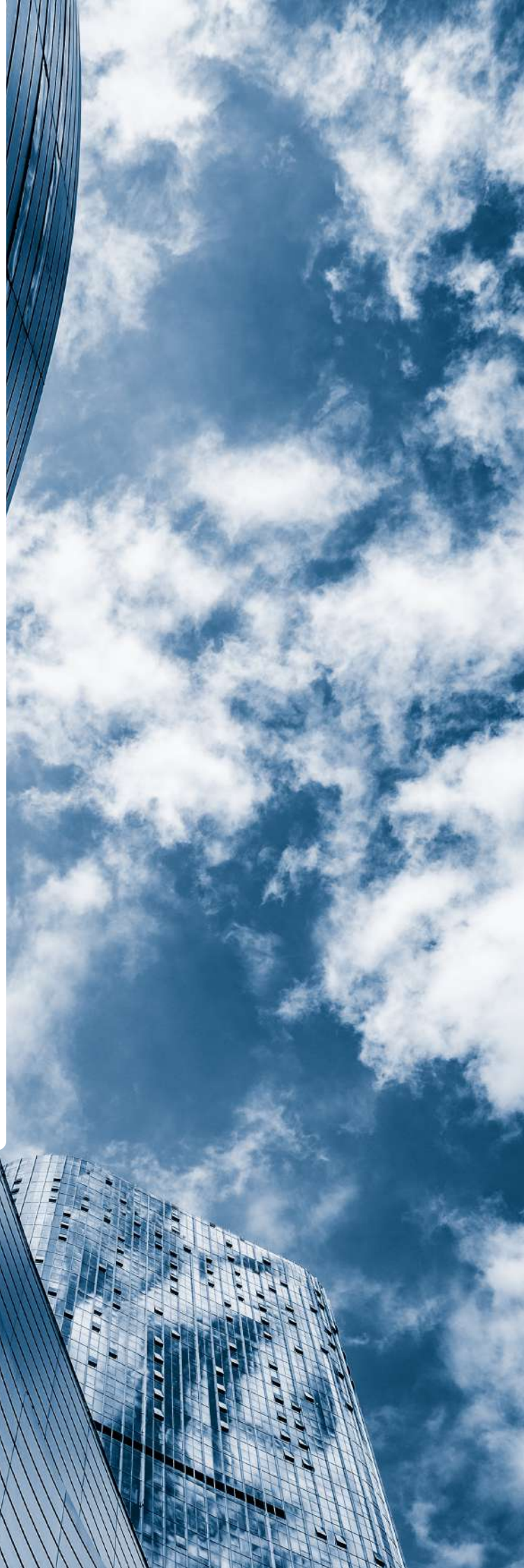
The Company also maintained its focus on environmental awareness, participating in initiatives aimed at promoting sustainability and responsible corporate behaviour. In addition, KlaptionRe continued to engage meaningfully with industry stakeholders through knowledge sharing platforms, training initiatives, and market engagements, contributing to the broader development of the insurance and reinsurance ecosystem.

These efforts reflect the Company's belief that long-term success is closely linked to the well-being of the communities it serves and the sustainability of the environments in which it operates.

The progress achieved during the year is a reflection of the dedication and professionalism of Management and staff, as well as the continued support of our shareholders, clients, and business partners.

As we look ahead, the Company remains focused on sustaining profitable growth, strengthening its capital base, and enhancing its presence in key strategic markets. With a clear strategy and a disciplined approach to execution, KlaptionRe is well positioned to continue delivering value to its stakeholders.

On behalf of the Board, I extend my sincere appreciation to all stakeholders for their continued trust and support.



A large container ship is shown from a high-angle, rear-quarter perspective, sailing on the open ocean. The ship's deck is densely packed with colorful shipping containers in shades of red, blue, and orange. The ship's white superstructure and bridge are visible at the top of the frame. The ocean is a deep blue, with white foam from the ship's wake churning behind it. The sky is filled with large, white, fluffy clouds, and the overall lighting suggests a bright, sunny day.

Marine Reinsurance

Under marine reinsurance, we offer a wide range of products that protect against damage to the ship and cargo at sea or inland waterways in transit. In addition, we have extended cover risks that other reinsurers may be reluctant to cover, such as oil spillage and pollution. This also broadens to cover risks affiliated with war. Offering a wide range of Marine Hull, War and P&I, Marine Cargo product protection against damage shipment of cargo at sea or inland waterways, including extended coverage that most reinsurers are reluctant to cover, such as oil spillage and pollution.

Visit our website:
www.klaptonre.com



Chief Executive Officer's Statement

Kudzai Bingepinge

Chief Executive Officer

Introduction

The 2025 financial year marked a further step in the maturation of KlaptionRe, not in terms of where we operate, but in terms of how we have chosen to shape the business within those markets.

In earlier years, progress was most visible through expansion. We entered new territories, built relationships across jurisdictions, and demonstrated that a Zambian-headquartered reinsurer could participate credibly in a global market. That phase was necessary. It established access and relevance. What becomes increasingly clear over time, however, is that access is not the objective.

The more important work begins once access has been achieved, and it lies in shaping the business deliberately. It requires clarity on what belongs in the portfolio, what does not, and how the organisation behaves when the environment becomes more selective. In reinsurance, scale without discipline does not create value. It introduces variability that will eventually need to be absorbed.

That understanding has guided our approach throughout 2025. This has been a year in which the business has become more deliberate, more selective, and more aligned in how underwriting, claims, capital, and relationships interact.

Global Economic Environment

The global economic environment during 2025 was more stable than in the preceding period, although that stability should be understood within context. Inflation moderated across major economies and monetary policy began to normalise. At the same time, growth remained uneven, shaped by geopolitical fragmentation, shifting trade dynamics, and the increasing economic impact of climate-related events.

For financial institutions, this has changed how capital behaves.

Capital remains available, but it is more discerning.

There is greater emphasis on earnings quality, governance, and resilience. The tolerance for ambiguity has reduced, particularly in businesses where outcomes are deferred and risk accumulates over time.

For reinsurance, this reinforces a fundamental discipline. It is no longer sufficient to demonstrate that business can be written. There must be clarity on how that business will perform, how it is structured, and how it fits within the broader portfolio.

Reinsurance Market Trends

The reinsurance market has continued to evolve into a more discriminating environment.

Capacity remains present, but it is increasingly conditional. Participation is now more closely linked to underwriting quality, contract certainty, data transparency, and counterparty behaviour. Pricing remains important, but it is no longer the sole determinant of participation.

Within Africa, the market continues to grow while remaining concentrated among a limited number of reinsurers. This concentration reflects where trust has accumulated over time.

For KlaptionRe, this has reinforced a disciplined approach to participation. We are focused on those parts of the market where we can understand the risk, where structures are clear, and where outcomes can be managed with confidence.

“*Within Africa, the market continues to grow while remaining concentrated among a limited number of reinsurers. This concentration reflects where trust has accumulated over time.*”

Operating Environment

KlaptionRe remains anchored in Zambia, while operating within a portfolio that is economically global in nature.

The majority of our underwriting, claims, and capital

flows are denominated in United States dollars, which creates a structural distinction between domicile and economic substance. Movements in the Kwacha influence reported outcomes but do not define the underlying performance of the business. Within this context, the operating environment during the year can be summarised as follows:

- Zambia provided a stable regulatory and operational base, supported by improving macroeconomic conditions and a strengthening currency, which influenced reported results without altering underlying economics
- The business continued to manage a globally diversified portfolio across North America, Asia, the Middle East, and Africa, requiring consistent application of underwriting and governance standards across jurisdictions
- Currency translation effects became more visible in reporting, reinforcing the importance of interpreting performance through the lens of economic exposure rather than presentation

This dual operating model continues to be a source of both strength and complexity, requiring disciplined capital management and clarity in communication.

Underwriting and Portfolio Construction

The most important development during the year has been the continued transition from underwriting as participation to underwriting as deliberate portfolio construction.

This has required a more exacting approach to how business is selected and retained:

- Reduction in participation where alignment between pricing, behaviour, and contract certainty is insufficient
- Strengthening of relationships where counterparties demonstrate consistency and reliability over time
- Increased emphasis on premium certainty, credit discipline, and enforceable contract structures
- Continued refinement of the portfolio toward fewer, higher-quality exposures that contribute to overall balance

These actions reflect a clear shift in orientation. The portfolio is no longer being expanded as an aggregate. It is being shaped as a system, where each component must contribute to stability, predictability, and long-term value creation.

Claims and Governance

Claims remain the clearest test of underwriting discipline, and during the year, the Business continued to strengthen how claims are managed and integrated into the broader operating model.

The key areas of focus have included:

- Consistent application of contract terms, ensuring that coverage and exclusions are enforced as written
- Active management of recoveries, with a clear focus on maintaining the integrity of retrocession and counterparty relationships
- Closer integration between claims and underwriting, allowing loss experience to inform forward risk selection and contract design
- Strengthening of governance processes to ensure consistency of decision-making across jurisdictions

This approach reinforces credibility and creates a feedback loop through which experience is embedded into future decisions, improving the overall quality of the underwriting platform.

United States Portfolio

Our United States portfolio remains a central component of the business's strategy, both in terms of scale and in the standards, it imposes on the organisation.

The collateralised portfolio has continued to perform strongly, providing a stable and transparent earnings base aligned with high-quality counterparties. In addition, the successful renewal of key quota share arrangements reinforces the strength of our relationships and the credibility



of our underwriting framework within one of the most competitive reinsurance markets globally. Importantly, this portfolio is not only a source of premium. It is a structural anchor.

It provides diversification, earnings visibility, and exposure to developed market practices. It also reinforces the discipline required to operate at a higher standard, which in turn influences how the broader portfolio is managed.

Our continued investment in underwriting assessment capabilities, including analytics, data integration, and portfolio insights, further strengthens our ability to participate in this market with discipline. This positions us to continue growing this portfolio selectively, ensuring that expansion remains aligned with quality and control.

Data and Decision-Making

One of the most significant developments during the year has been the evolution of our data and analytics capability from a reporting function to a core decision-making infrastructure.

This has involved a deeper integration of IFRS insights, actuarial analysis, and portfolio analytics into how the business is governed. The objective has been to move beyond retrospective reporting and toward a system in which data actively informs decisions.

This includes:

- Real-time visibility into portfolio composition and performance, enabling earlier identification of trends and emerging risks
- Use of IFRS-based insights to assess earnings quality at a more granular level, distinguishing between durable and transient profitability
- Integration of claims data into underwriting decisions, improving risk selection and contract structuring
- Deployment of analytics tools to support portfolio steering, concentration management, and capital allocation
- Strengthening of internal dashboards and decision frameworks to ensure consistency across underwriting, claims, and management functions

This shift is foundational. It allows the organisation to see more clearly, respond more quickly, and make decisions with greater confidence. Over time, it reduces variability and strengthens the predictability of outcomes.

MOODY'S RATINGS

Ratings and External Perspective

The upgrade by Moody's Ratings during the year reflects the continued strengthening of the Business's business profile, diversification, and earnings quality.

More importantly, it affirms the strategic direction we have taken in improving the quality of the balance sheet, including the deliberate growth of our asset base in higher-rated jurisdictions.

This approach will remain a priority.

Ratings are not viewed as an endpoint, but as a disciplined external perspective that informs how we manage the business. They highlight both progress and constraint, and they reinforce the importance of aligning underwriting growth with capital strength and balance sheet quality.

In addition, we will continue to deepen relationships within our core markets, ensuring that our positioning reflects both technical capability and long-term commitment.

Strategic Partnerships

Our strategic partnerships continue to play an important role in how we position the business beyond conventional reinsurance participation.

Building on our engagement with the African Risk Capacity, we are increasingly focused on aligning ourselves with institutions and initiatives that shape how risk is understood and managed at a structural level.

This includes a deliberate intent to:

- Participate in regionally aligned networks across our core markets, including academic institutions and universities, to support research and knowledge development
- Engage in ESG-aligned initiatives that contribute to sustainable risk solutions and broader economic resilience
- Support capacity-building efforts within the

markets in which we operate, strengthening local ecosystems and technical capability

- Develop thematic products aligned with economic development priorities, particularly in areas such as renewable energy and climate resilience

These partnerships are not transactional. They are designed to position Klaption Re within the systems that will define the future of risk transfer, particularly across emerging markets.

People and Capability

The progress achieved during the year reflects the continued strengthening of capability across the organisation.

We have seen increasing depth in underwriting, claims, actuarial, and analytics functions, supported by a more integrated way of working across teams. There is greater collaboration between functions, a clearer understanding of expectations, and a stronger sense of accountability for outcomes.

This has been complemented by continued investment in technology and systems, enabling better visibility, improved coordination, and more consistent execution.

The result is an organisation that is not only more capable, but more aligned.

Over time, this alignment is what allows the business to operate consistently, even as complexity increases.

The Decision to List

The decision to pursue a direct listing on the LuSe, reflects a natural progression in the development

of the business which has reached the appropriate level of commercial and operational maturity.

A successful listing enhances access to capital, broadens the shareholder base, and introduces a higher standard of transparency and accountability. Accelerating our global positioning and credibility as an African institution, actively underwriting the world.

More importantly, it aligns the organisation with public market discipline, reinforcing the standards that we have been building internally.

Outlook for 2026

As we look ahead, the priority is to deepen the quality of execution across the business.

We will continue to build in areas where alignment is clear and where we have confidence in the structure and behaviour of the portfolio. At the same time, we will maintain the discipline to step back from areas where uncertainty persists.

A key area of focus will be the continued refinement of our market approach, ensuring that we engage more closely with the needs of our broker and cedent universe. This will involve tailoring our participation, strengthening relationships, and enhancing the relevance of our value proposition in a more focused and deliberate way.

The expectation for 2026 is therefore not simply growth, but a business that becomes more consistent, more aligned, and more predictable in how it operates.



Closing Reflection

As we reflect on the year, it is important to recognise that the progress achieved has been the result of collective effort.

I would like to extend my sincere thanks to our partners, our Board, and our employees for their continued commitment and discipline in delivering a strong year for the business. The results achieved are not incidental. They reflect the quality of decisions made across the organisation and the consistency with which those decisions have been executed.

They also position us well.

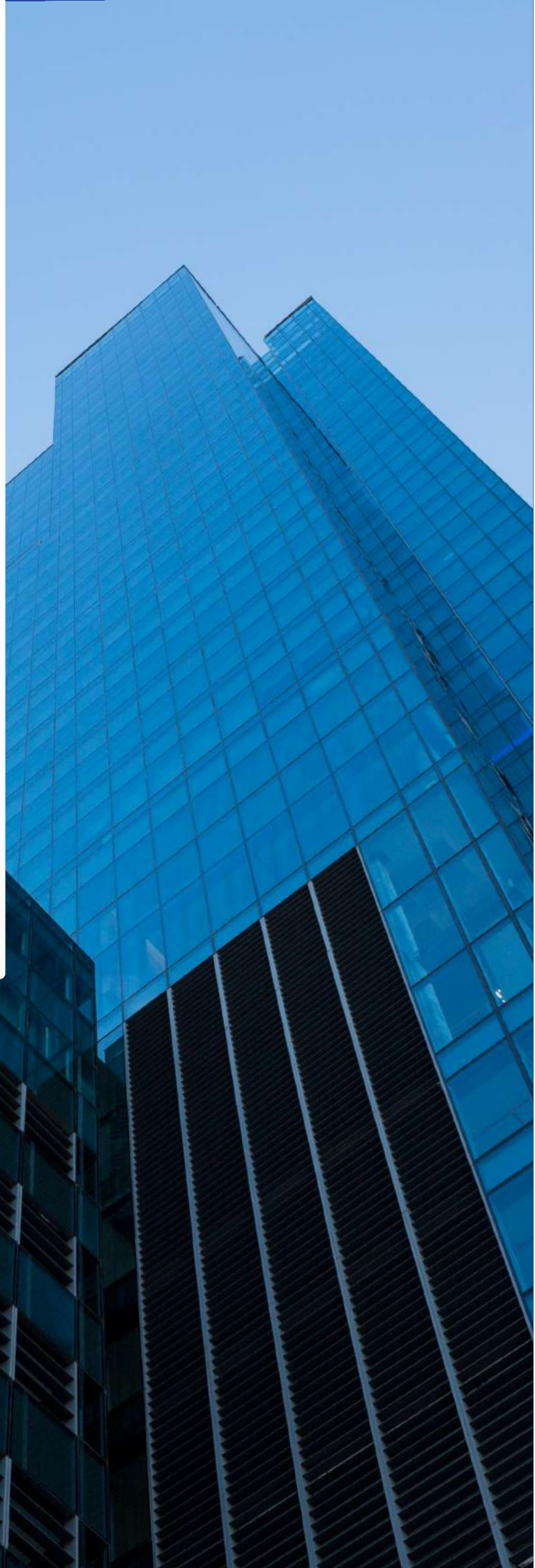
We enter 2026 with a stronger, more coherent portfolio, a clearer strategic direction, and a business that is better aligned in how it operates. This provides a solid foundation on which to build, and we remain focused on carrying that momentum forward with the same discipline that has defined the past year.

Ultimately, the work remains the same.

To build a business that can be relied upon, not only in favourable conditions, but across cycles.

Yours sincerely,

Kudzai Bingepinge
Managing Director & Chief Executive Officer.



A smiling Black man in a firefighter's uniform, including a black jacket with reflective yellow and silver stripes and a brown leather belt with silver buckles. He is holding a white fire helmet in his left hand. The background is a blurred indoor setting, possibly a fire station.

Fire Reinsurance

Our fire reinsurance provides protection against incidents of accidental fire, lightning, explosions, etc. Fire accidents are unexpected and can cause enormous destruction in terms of finances and dealing with the aftermath. We work hand in hand with our clients to provide products and policies that meet their needs. Our fire protection includes business interruption and consequential loss of profits.

Visit our website:
www.klaptonre.com

Year in Photos

India Rendezvous 2025: Strengthening Partnerships for Future Growth

In January 2025, our participation in India Rendezvous provided a valuable platform to strengthen partnerships, engage in meaningful dialogue, and explore new opportunities for growth. The series of productive engagements reaffirmed our commitment to collaboration and set the foundation for future strategic initiatives.



CSR 2025: Investing in Education, Empowering Communities

In 2025, Klaption Reinsurance reaffirmed its commitment to meaningful, long-term impact through a flagship Corporate Social Responsibility initiative focused on the transformation of Mukupa Katandula School in Kaputa District.

Located over 1,000 kilometres from Lusaka, the school holds both historical and national significance as the early learning institution of Zambia's Vice President, Her Honour Mrs. W.K. Mutale Nalumango. Inspired by her journey and the role education played in shaping it, KlaptionRe recognised an opportunity to invest in a space that represents both heritage and future potential.

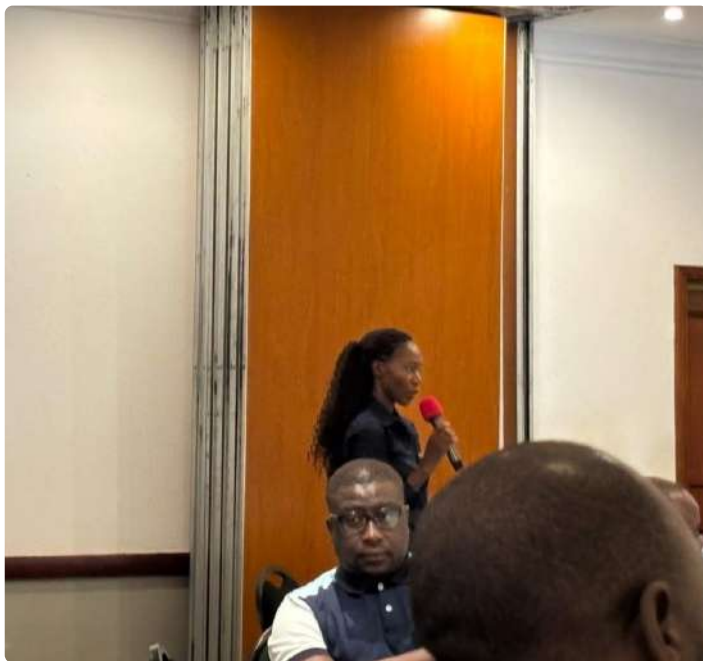
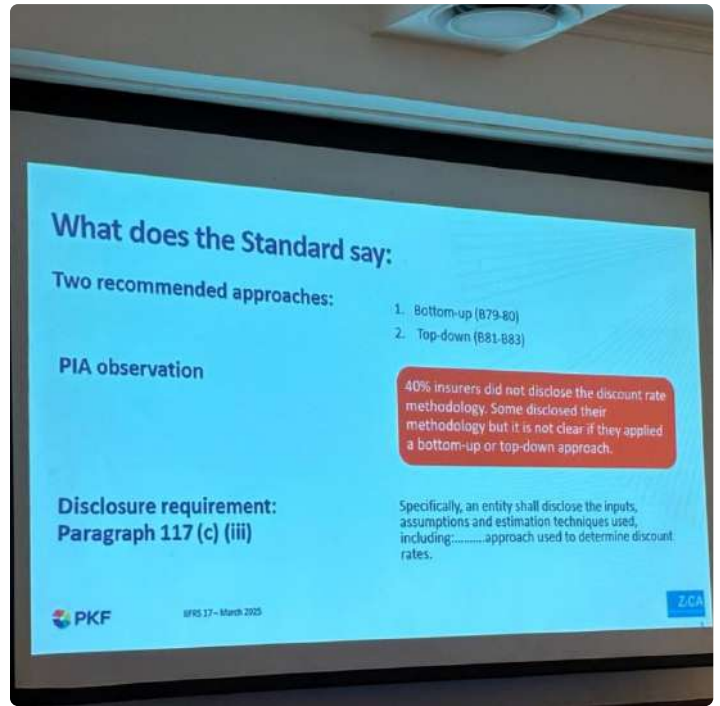
The initiative centres on the comprehensive rehabilitation and modernisation of the school, including the construction of new classroom blocks, a computer laboratory, improved sanitation facilities, staff housing, and essential water and electricity infrastructure, alongside the renovation of existing structures. Beyond infrastructure, the project reflects a broader vision of community upliftment, enhancing learning conditions for pupils, creating dignified environments for educators, and generating employment and skills development opportunities for the local community.

Through this initiative, KlaptionRe continues to build on its purpose of strengthening resilience across communities, demonstrating that its impact extends far beyond the insurance sector and into the foundations of future generations.



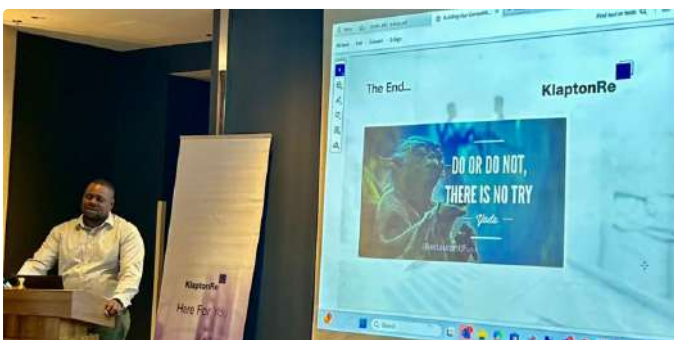
Strengthening Financial Reporting Expertise: IFRS 17 Training

On March 14, 2025, KlaptonRe enhanced its financial reporting capabilities by participating in the IFRS 17 Capacity Building Training organised by the Pensions and Insurance Authority (PIA) and ZICA. The session deepened our understanding of IFRS 17 implementation, strengthened regulatory compliance, and reinforced our commitment to transparency and excellence in the reinsurance sector.



Underwriting & Strategic Development Workshop

On May 13, 2025, KlaptonRe hosted a dynamic underwriting workshop focused on enhancing technical expertise across claims, compliance, finance, and market development, reinforcing our commitment to stronger underwriting standards and deeper market insight.



Advancing Data Protection in Insurance

On May 26, 2025, Diana Mbandama and Joan Bwalya represented KlaptonRe at the Data Act Compliance Workshop at M'kango Golf View Hotel. The session focused on applying the Data Protection Act No. 3 of 2021 to insurance, pensions, and reinsurance operations, emphasizing transparency, accountability, and secure management of client data. This engagement reinforces KlaptonRe's commitment to robust data governance, regulatory compliance, and customer trust.



KlaptonRe at the 2025 ZICA AGM



Klapton Re was represented by Chalwe Sandala and Geoffrey Makumba at the 2025 ZICA Pre-AGM Workshop and AGM, held from 21–23 May at Radisson Blu and Avani Hotels.

The event highlighted the evolving role of accountants, with speakers emphasising the need for innovation and adaptability, particularly in response to AI, and the profession’s expansion into areas such as tax, ESG, the green economy, mental health, and corporate governance.

51st African insurance organization (AIO) 2025 Conference, Addis Ababa

KlaptonRe showcased its expertise at the 51st African insurance organization (AIO) 2025 conference in Addis Ababa, engaging with industry leaders from across Africa and beyond.





Engineering Reinsurance

Our engineering policy covers a wide range of engineering-related products. It provides complete protection against risks associated with erection, resting, and working of any machinery, plant, or equipment, and it also provides protection against ongoing projects such as construction.

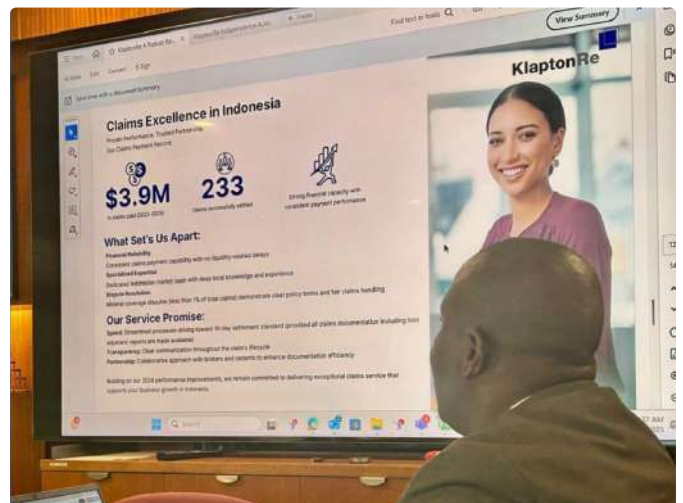
Klapton Re offers a wide range of engineering-related products, such as plant all risks, contractors all risks, single projects / annual projects, erection all risks, machinery breakdown, heavy equipment all risks and electronic equipment.

Visit our website:
www.klaptonre.com

KlaptonRe Strengthens Partnerships in Indonesia.

Klapton Reinsurance concluded a successful market visit to Jakarta, engaging with local insurers and brokers to explore market needs and reinforce collaborative approaches to supporting growth in Southeast Asia.

This visit highlights KlaptonRe’s ongoing commitment to providing flexible capacity, innovative solutions, and long-term partnerships that are responsive to local markets.



IAZ Conference 2025: Driving Innovation and Sustainable Growth

On August 22, 2025, KlaptionRe participated in the IAZ Conference 2025, reaffirming our commitment to turning industry discussions into action. We continue to drive innovation, strengthen resilience, and partner for sustainable growth across Africa's insurance landscape



KlaptonRe at the HLB Tax Indaba.



Klapton Reinsurance was honoured to sponsor and participate in the HLB Tax Indaba held at Neelkanth Sarovar Hotel in Lusaka. The event convened leaders from government, industry, and professional practice to discuss Zambia's evolving tax environment.

The programme, officially opened by Ms Pamela Kauseni of the Ministry of Finance and National Planning, featured insightful sessions on transfer pricing, tax reforms, international tax developments, the Tax Appeals Tribunal, and incentives within the green economy.

The Indaba provided a valuable platform for collaboration between taxpayers, practitioners, regulators, and policymakers. For KlaptonRe, such engagements are essential to staying aligned with local and international tax regulations and reinforcing our commitment to responsible corporate citizenship and robust compliance across all jurisdictions in which we operate.

Annual Risk Conference 2025: Navigating Uncertainty.

KlaptonRe highlights key insights from the Annual Risk Conference 2025, held in Livingstone. The event brought together business, government, and academic leaders to explore strategies for building organisational and national resilience.

Discussions focused on the strategic role of risk management, the impact of AI, ESG integration, leadership development, and emerging challenges such as cyber threats. A key takeaway: risk management is now central to innovation, sustainability, and competitiveness, turning potential threats into opportunities for growth.



Gralix Insurtech Conference 2025

On 19 September 2025, KlaptionRe proudly confirmed its Gold sponsorship of the Gralix Insurtech Conference 2025 in Lusaka. Our COO participated in the panel on “Unlocking Innovation in Insurance: Collaboration is Key,” sharing KRL’s insights on driving progress across Africa’s insurance landscape. The sponsorship highlights our commitment to engaging with industry leaders, fostering collaboration, and shaping the future of insurance.



KlaptionRe as Gold Sponsor at the Gralix Insurtech Conference 2025.



KlaptionRe was pleased to serve as a Gold Sponsor at the Gralix Insurtech Conference 2025 (GIC25), a key platform showcasing innovation and emerging opportunities within the African insurance sector.



Our Chief Operating Officer, Saulose Lemphane, participated in a panel discussion alongside industry leaders, sharing insights on the future of insurance and reinsurance and the role of technology in transforming the market. The conference offered valuable opportunities to engage with peers, clients, and partners, fostering conversations that inspire progress across the industry.



As a global reinsurer, KlaptionRe remains committed to collaboration, knowledge-sharing, and supporting initiatives that drive a more resilient and forward-thinking insurance ecosystem.

Giving Back: Breast Cancer Awareness Month.

In October, KlaptonRe visited the Zambian Cancer Society to engage with those making a meaningful difference in the fight against cancer. The company donated to support their work, and several staff members contributed personally, adding to the collective effort. This outpouring of support reflects the genuine passion and commitment our team has for causes that truly matter.





Agriculture Reinsurance

We offer various protection coverage for material damage loss to crops and livestock from perils such as disease, flood, fire, drought, storm, hail and wind, to name a few.

Visit our website:
www.klaptonre.com

Klapton Reinsurance at AIO's 29th African Reinsurance Forum.

Klapton Reinsurance participated at of the 29th African Reinsurance Forum in Harare, Zimbabwe, joining industry leaders to explore new frontiers in African reinsurance and strengthen partnerships across the continent.

KlaptonRe was represented by Pious Ngolwe (Facultative Underwriter) and Vainess Mwale Banda (Claims Manager), who engaged in key discussions contributing to the future direction of reinsurance in Africa.



KlaptonRe at the 21st Singapore International Reinsurance Conference 2025 (SIRC).

Klapton Reinsurance took part in the Singapore International Reinsurance Conference (SIRC) 2025, one of the industry's most influential global gatherings. The event brought together leading insurers, reinsurers, brokers, and regulators to discuss emerging market trends, risk solutions, and the evolving landscape of global reinsurance.

Participating in SIRC 2025 reaffirmed KRL's commitment to expanding our global footprint and ensuring that our strategies remain aligned with international best practice. It was a significant milestone as we continue to build credibility, visibility, and strong partnerships across the reinsurance industry.





Zambia's Independence Day: Celebrating **Unity** and **Progress**.

On 24th October, Zambia commemorated its Independence Day, a moment of national pride and reflection. For KlaptionRe, it was an opportunity to honour the resilience, unity, and cultural richness that define our nation. This year, our team celebrated the day together, embracing the spirit of freedom and collective purpose that continues to shape Zambia's journey.

As you browse through the images of our employees taken on the day, we hope they capture the joy, solidarity, and dedication that drive our organisation. Independence Day reminds us not only of how far we have come as a country, but also of the shared responsibility we hold in contributing to its continued growth.

KlaptionRe remains committed to supporting Zambia's development through integrity, collaboration, and excellence. Happy Independence Day to all our colleagues, partners, and clients.





Motor Reinsurance

Accidents on the road are unexpected and can cause both financial and mental strain. Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc. We cover both private and commercial vehicles.

Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc., covering both private and commercial vehicles under the following categories; RVI, Motor Vehicles, MV TPL and MV Casco Cover.

Learn more:
www.klaptonre.com



Financial Highlights

Our financial highlights reflect a year of disciplined strategy, sustained growth, and value creation. They underscore KlaptonRe's strength, resilience, and continued commitment to delivering long-term returns for our stakeholders.

FINANCIAL YEAR 2025 HIGHLIGHTS

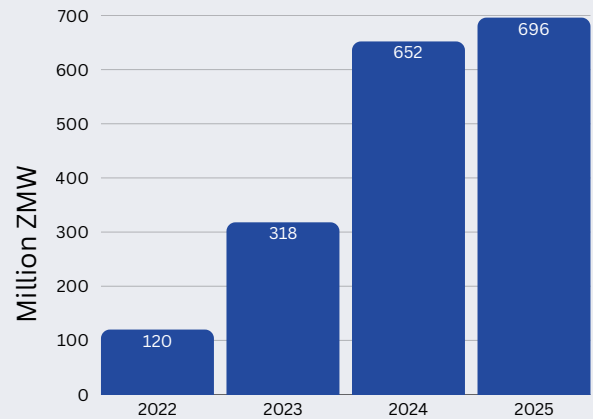
INSURANCE REVENUE

ZMW 3.07 B



From ZMW 2.97 B in 2024

CONSOLIDATED EQUITY



INSURANCE SERVICE RESULT

ZMW 668 M



From ZMW 370 M in 2024

GROUP PROFIT AFTER TAX

ZMW 388 M

2025

ZMW 236 M

2024

65% Increase



PROFIT AFTER TAX

ZMW 389 M



From ZMW 175M in 2024

COMBINED RATIO



78% 2025

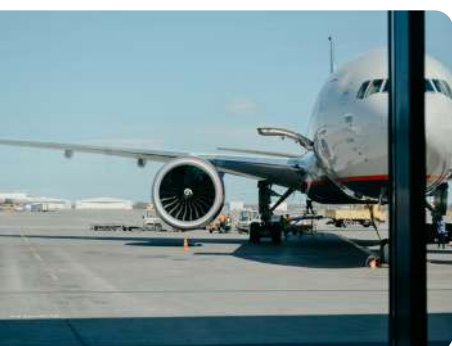
88% 2024

Product and Service Offering



Agriculture

We offer various protection coverage for material damage loss to crops and livestock from perils such as disease, flood, fire, drought, storm, hail and wind, to name a few.



Aviation

Flying creates unique risks to businesses that own or use aeroplanes or helicopters for business purposes. This incorporates risks such as fire, theft, floods, hailstorms, wars etc. Because we understand that the risks associated with aviation can be catastrophic, we offer products tailored to cover your needs. We offer Aviation Hull, War and P&I, Aviation Cargo material damage cover and Liability risks protection for aeroplanes or helicopters for private and business purposes.



Engineering

Our engineering policy covers a wide range of engineering-related products. It provides complete protection against risks associated with erection, resting, and working of any machinery, plant, or equipment, and it also provides protection against ongoing projects such as construction.

KlaptonRe offers a wide range of engineering-related products, such as plant all risks, contractors all risks, single projects / annual projects, erection all risks, machinery breakdown, heavy equipment all risks and electronic equipment.

Product and Service Offering



Fire

Our fire reinsurance provides protection against incidents of accidental fire, lightning, explosions, etc. Fire accidents are unexpected and can cause enormous destruction in terms of finances and dealing with the aftermath.

We work hand in hand with our clients to provide products and policies that meet their needs. Our fire protection includes business interruption and consequential loss of profits.



Marine

Under marine reinsurance, we offer a wide range of products that protect against damage to the ship and cargo at sea or inland waterways in transit. In addition, we have extended cover risks that other reinsurers may be reluctant to cover, such as oil spillage and pollution. This also broadens to cover risks affiliated with war. Offering a wide range of Marine Hull, War and P&I, Marine Cargo product protection against damage shipment of cargo at sea or inland waterways, including extended coverage that most reinsurers are reluctant to cover, such as oil spillage and pollution.



Motor

Accidents on the road are unexpected and can cause both financial and mental strain. Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc. We cover both private and commercial vehicles. Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc., covering both private and commercial vehicles under the following categories; RVI. Motor Vehicles, MV TPL and MV Casco Cover.

Product and Service Offering



Bonds & Trade Credit

Klapton Re offers reinsurance solutions for Bonds and Trade Credit, providing vital protection to insurers supporting clients in managing credit and performance risks. Our Trade Credit cover safeguards businesses against the risk of non-payment by buyers, helping to ensure stable cash

flow and secure trading relationships in both domestic and international markets. We also reinsure Surety Bonds, which offer financial security by guaranteeing the performance of contractual and regulatory obligations.

From bid bonds in tender processes to performance bonds in large-scale projects, we provide the capacity needed to support critical undertakings and enable confidence in commercial and infrastructure ventures.



Liability

We provide Liability reinsurance that covers a wide range of exposures where an insured party may be held legally responsible for causing harm to third parties, whether through injury, property damage, or financial loss. This includes general liability, professional liability, public liability, products liability, and other specialized lines. Our coverage supports insurers in protecting businesses, professionals, and individuals against compensation claims arising from negligence or failure to meet legal obligations. Through our liability solutions, we help ensure continuity and protection in environments where legal accountability and risk exposure are high.



Political Violence and Terrorism

Given the ever-changing nature of political violence and terrorism threats, Klapton Re offers reinsurance solutions that provide protection against these complex and unpredictable risks. Our Political Violence and Terrorism cover includes exposure to events such as terrorism and sabotage (T&S), strikes, riots and civil commotion (SRCC), malicious damage, and related perils. We support insurers by covering property damage, loss of income, and business interruption resulting from such incidents. With a clear understanding of the challenges in today's risk environment, Klapton Re stands ready to provide the necessary protection against politically driven unrest.

Company Advisors, the Board of Directors, and Management Team

Company Advisors

Auditors

PricewaterhouseCoopers

Lawyers

Equitas Legal Practitioners

Bankers

First National Bank(FNB), Indo Zambia Bank, Ecobank, Stanbic Bank, Guaranty Trust Bank Cote d'Ivoire, BGFI Cote d'Ivoire, BGFI Cameroun, Banque Atlantique - Cameroun US Bank

Tax Consultants

HLB Zambia

Company Secretary

Equitas Legal Practitioners

The Board of Directors

Board Chairman

Elmo Jayetileke

Board Director - Chief Executive Officer

Kudzai Bingepinge

Board Non-Executive Director

Michael James Lawson

Board Director - Chief Financial Officer

Musonda Chisanga

Board Non-Executive Director

Dr Evans Chabala

The Management Team

Chief Executive Officer

Kudzai Bingepinge

Deputy Chief Executive Officer

Lynn Lucasta Harrod

Chief Financial Officer

Musonda Chisanga

Chief Operations Officer

Saulose Lemphane

Board of Directors



Anthony Elmo Vinitha
Jayetileke

Board Chairman

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.

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.



Dr Evans Chabala

Board Non - Executive
Director

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), 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.

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.



Michael Lawson

Board Non - Executive
Director

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.

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.

Board of Directors



Kudzai Bingepinge

Chief Executive Officer

Mr. Kudzai Bingepinge, Chief Executive Officer and Principal Officer of KlaptionRe. 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.

As CEO, he leads KlaptionRe's growth strategy, ensuring disciplined underwriting and long-term profitability. Kudzai's focus is on building sustainable partnerships and positioning.



Musonda Chisanga

Chief Financial Officer

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 KlaptionRe, 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.

His approach ensures that KlaptionRe remains financially sound while maintaining flexibility to support its long-term expansion into new markets.



Corporate Governance

KlaptonRe 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.

The Board of Directors

The Board is appointed to establish policies for the management and to provide oversight of the company.

The Board's function is guided by a board charter. The Board represents and protects the interests of the shareholders and other stakeholders. Some of their functions are delegated to advisory committees who assist in ensuring these interests are protected.

The Board consists of one independent director, two non-executive directors and two executive directors.

Audit, Finance and Investments Committee

This committee oversees the audit, finance and investments activity of the company.

Board Advisory Committees

The Board of Directors has delegated authority to advisory committees to guide the operations of the company. 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 performance of the company and provide the necessary guidance where required.



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 provides guidance in preparation of submissions to regulators, auditors and rating agencies.

Risk and Compliance Committee

The Committee is further responsible for reviewing the company's quality and risk management framework and linkage to the company Risk Management strategy. The committee reviews regular assurance reports for management and provides guidance to the Quality & Risk Management function and Internal Audit covering services quality and risk management, regulatory compliance, business resilience.

Reinsurance, Claims and ICT Committee

This committee focuses on the core business operations of the company. It provides oversight and guidance regarding underwriting philosophy, claims management and the procedures and standards governing the same. This committee also reviews the company's marketing activities in line with the established marketing objectives set from time to time. This committee also governs policies guiding the company's ICT infrastructure to ensure adherence to best practice around data protection and ensuring the company is protected against possible cyber attacks.

Remuneration and Human Resource Committee

The Remuneration and Human Resource Committee is responsible for implementing the Human resource policy through Management and makes recommendations to the Board, on remuneration, recruitments, appointments, terminations, competencies, skills development and incentive policies and procedures. The Committee is also responsible for the development of a process of evaluation of the performance of the Board and its Committees.

Management Team



Kudzai Bingepinge

Chief Executive Officer

Mr. Kudzai Bingepinge, Chief Executive Officer and Principal Officer of KlaptionRe. 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.

As CEO, he leads KlaptionRe's growth strategy, ensuring disciplined underwriting and long-term profitability. Kudzai's focus is on building sustainable partnerships and positioning.



Lynn Lucasta Harrod

Deputy Chief Executive Officer

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.

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.



Musonda Chisanga

Chief Financial Officer

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 KlaptionRe, 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.

His approach ensures that KlaptionRe remains financially sound while maintaining flexibility to support its long-term expansion into new markets.



Saulose Lemphane

Chief Operations Officer

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.

His expertise in underwriting, portfolio construction, and strategic management across multiple territories and lines of business are critical as KlaptionRe 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.



Aviation Reinsurance

Flying creates unique risks to businesses that own or use aeroplanes or helicopters for business purposes. This incorporates risks such as fire, theft, floods, hailstorms, wars etc. Because we understand that the risks associated with aviation can be catastrophic, we offer products tailored to cover your needs. We offer Aviation Hull, War and P&I, Aviation Cargo material damage cover and Liability risks protection for aeroplanes or helicopters for private and business purposes.

Learn more:
www.klaptonre.com

A blurred office scene featuring a desk with a computer monitor displaying charts, a potted plant with yellow flowers, and several pens in a mesh holder. The background shows a brick wall and a window.

Directors' Report

Making a lasting impact on communities and people's lives is an expression of our values in action and something we care deeply

KLAPTON REINSURANCE LIMITED
(Registration number 12020006362)
Group and Company annual financial statements
Directors' report
Year ended 31 December 2025

The Directors submit their report together with the Group and Company annual financial statements for the year ended 31 December 2025, which disclose the state of affairs of Klaption Reinsurance Limited ("the Company") and its subsidiary Klaption Business Park Limited (together "the Group").

1 Principal activities

Klaption Reinsurance Limited is a private limited company incorporated and domiciled in Zambia. The principal activity of the Company is to provide reinsurance business to complement insurers and reinsurers and focuses on Africa, the Middle East, Asia and America. The Company is licensed under the Insurance Act No. 38 of 2021 to provide these services.

Klaption Business Park Limited (KBP), a subsidiary of Klaption Reinsurance Limited is a private limited company incorporated and domiciled in Zambia. The principal activity of the Company is to invest and develop real estate.

2 Share capital

During the year ended 31 December 2025, the Group's authorised, issued and fully paid share capital increased from ZMW 78.75 million to ZMW 84.66 million, following an additional capital contribution of ZMW 5.91 million.

There were no changes to the Group's share premium of ZMW 15.7 million. Details of the Group's authorised and issued share capital are disclosed in note 26 to the annual financial statements.

3 Shareholding information

Klaption Reinsurance Limited shareholding comprises the following:

- Klaption Management Limited (32.56%)
- SLA Consolidated Limited (32.56%)
- Shay Reches (27.91%)
- Assaf Reches (1.86%)
- Yuval Reches (1.86%)
- Robert Bygrave (1.40%)
- K.M.A Administration Limited (0.93%)
- Michael Lawson (0.93%)

Klaption Reinsurance Limited has 75% shareholding in Klaption Business Park Limited and has control over the Company.

4 Financial results

The Group and Company financial results are set out in the annual financial statements and are summarised as follows:

	Group		Company	
	2025	2024	2025	2024
	ZMW	ZMW	ZMW	ZMW
Insurance revenue	3,065,881,885	2,968,288,479	3,065,881,885	2,968,288,479
Insurance service result	668,023,262	369,575,036	668,023,262	369,575,036
Profit for the year	387,732,417	236,288,656	389,447,320	175,085,356
Total comprehensive income	38,352,091	333,625,903	20,814,955	279,774,985

There were no dividends paid or declared during the year (2024: Nil)

5 Directors

The Directors who held office during the year and to the date of this report were:

Name	Position	Appointed/resigned
Elmo Jayetileke	Chairperson	Appointed as Chairperson on 30 September 2025
Michael Lawson	Non- Executive Director	Rotated as Chairperson on 30 September 2025
Evans Chabala	Non- Executive Director	
Kudzai Bingepinge	Managing Director	
Musonda Chisanga	Executive Director	

6 Staff remuneration

The total remuneration of employees during the year for the Group and the Company amounted to ZMW 65.1 million (2024: ZMW 42.8 million) and ZMW 63.2 million (2024: ZMW 41.1 million) respectively, as disclosed in note 14 to the annual financial statements. The Group and the Company had 60 employees (2024: 49) and 53 employees (2024: 46), respectively as at 31 December 2025.

7 Investments

The Group and Company had financial investments amounting to ZMW 358.8 million as at 31 December 2025 (2024: ZMW 411.7 million). The investment portfolio comprised of fixed term deposits, government bonds, treasury bills and corporate bonds. During the year, the Company recorded investment income of ZMW 58.4 million (2024: ZMW 61.5 million).

8 Property and equipment

The Group and Company acquired assets amounting to ZMW 3.1 million (2024: ZMW 6.6 million) and ZMW 3.0 million (2024: ZMW 6.2 million) respectively. The Group and Company did not dispose of any assets in 2025 as disclosed in note 21 to the annual financial statements.

In the opinion of the Directors, there was no significant difference between the carrying value of property and equipment and its market value.

9 Investment property

Investment property owned by the Company's subsidiary Klapton Business Park Limited was revalued to a market value of ZMW 229.7 million (2024: ZMW 227.8 million). This was determined by an external independent valuer and details of the fair value gains are disclosed in note 22 to the annual financial statements.

10 Intangible assets and research and development

The Group did not invest in additional user licenses for its core business system, SICS NT during the year (2024: Nil) and did not conduct research and development activities during the year.

11 Significant events during the year

During the year, the company changed the par value of its shares from ZMW 1 to ZMW 0.01 through a share split. This resulted in the number of authorised shares being 7.875 billion from 78.75 million. Subsequent to the share split, the company increased its number of authorised shares from 7.875 billion to 11.2875 billion.

12 Directors emoluments and interests

The Group and the Company Directors' emoluments amounted to ZMW 2.0 million (2024: ZMW 1.6 million) and ZMW 1.7 million (2024: ZMW 1.4 million) respectively and are disclosed as part of the related party transactions in note 34 to the annual financial statements. There were no loans issued to or outstanding from Directors as at 31 December 2025.

13 Corporate social responsibility and donations

During the year, the Group and the Company made donations amounting to ZMW 0.05 million (2024: ZMW 0.01 million) and contributed ZMW 0.5 million (2024: ZMW 0.21 million) to corporate social responsibility causes.

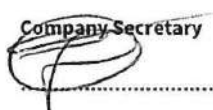
14 Risk management and control

The Group, through its normal operations, is exposed to a number of risks, the most significant of which are underwriting risk, credit risk, liquidity risk and market risk. The Group's risk management objectives and strategies are disclosed in note 33 to the annual financial statements.

15 Auditors and remuneration

The Auditor, PricewaterhouseCoopers Zambia, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the annual general meeting. The Auditor's remuneration for the year was ZMW 1.7 million (2024: ZMW 1.8 million) which was in respect of audit services rendered to the Company. No other services were rendered.

By order of the Board


..... 2026

Statement of Directors' responsibilities in respect of the preparation of the Group and Company annual financial statements

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Group and the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and the Company. They are also responsible for safeguarding the assets of the Group and the Company. The Directors are further required to ensure the Group and the Company adhere to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors accept responsibility for the Group and Company annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and Insurance Act, 2021 of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the Group and Company annual financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of the consolidated and separate annual financial statements that are free from material misstatement whether due to fraud or error.


The Directors are of the opinion that the Group and Company annual financial statements set out on pages 57 - 119 give a true and fair view of the state of the financial affairs of the Group and the Company and of its financial performance in accordance with IFRS issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors are confident that, the Group and the Company will continue to generate sufficient resources from operations to discharge its liabilities in the normal course of business for at least 12 months from date of these annual financial statements. On this basis, the preparation of the annual financial statements under the going concern basis is appropriate.

The Directors are also responsible for ensuring that the Group complies with the regulatory capital requirements prescribed by the Pensions and Insurance Authority. These include maintaining a minimum solvency margin of 10% and a Capital Adequacy Ratio (CAR) of at least 150% as at 31 December 2025. Further details are disclosed in note 38 to the annual financial statements.



.....
Elmo Jayetileke
Board Chairman



.....
Kudzai Bingepinge
Director



Independent Auditors Report

We will collaborate with our stakeholders in the value chain, beginning with our employees, insurers, customers, shareholders, regulators, and the public.



Independent auditor's report

To the Shareholders of Klaption Reinsurance Limited

Report on the audit of the Group and Company annual financial statements

Our opinion

In our opinion, the Group and Company annual financial statements give a true and fair view of the Group and Company financial position of Klaption Reinsurance Limited (the "Company") and its subsidiary (together the "Group") as at 31 December 2025, and of the Group and Company financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB), and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia.

What we have audited

Klaption Reinsurance Limited's Group and Company annual financial statements are set out on pages 57 to 119 and comprise:

- the Group and Company statement of financial position as at 31 December 2025;
 - the Group and Company statement of profit or loss and other comprehensive income for the year then ended;
 - the Group and Company statement of changes in equity for the year then ended;
 - the Group and Company statement of cash flows for the year then ended; and
 - the notes to the Group and Company annual financial statements, comprising material accounting policies and other explanatory information.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Group and Company annual financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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P.O. Box 30942, Lusaka, Zambia
T: +260 211 334 000, +260 978 777 724

www.pwc.com/zm

A list of Partners is available from the address aboveN

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Company annual financial statements of the current period. These matters were addressed in the context of our audit of the Group and Company annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="167 672 654 705">Valuation of insurance contract liabilities</p> <p data-bbox="167 728 758 795">Insurance contract liabilities comprise liability for remaining coverage and liability for incurred claims.</p> <p data-bbox="167 817 805 884">We considered insurance contract liabilities as a significant area of focus because:</p> <ul data-bbox="215 907 813 1612" style="list-style-type: none"><li data-bbox="215 907 813 1131">• The estimation of the liability for incurred claims involves significant judgment given the inherent uncertainty in estimating expected future outflows in relation to claims incurred. In addition, the liabilities are adjusted for the time value of money based on historical settlement patterns. Judgment is applied in estimating this future settlement pattern and in determination of the discount rate.<li data-bbox="215 1142 813 1344">• Determination of liability for incurred claims requires calculation of risk adjustment for non-financial risk which represents the compensation for bearing the uncertainty about the timing and amount of the risk insured. This calculation involves significant judgment in determining the confidence level and assumption that future development of claims will follow past patterns.<li data-bbox="215 1355 813 1467">• For onerous contracts, calculation of loss component involves judgment in estimating fulfillment cash flows relating to the remaining coverage period of insurance contracts.<li data-bbox="215 1478 813 1612">• The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience and involve engagement of internal and external actuarial experts	<p data-bbox="837 672 1236 705">We performed the following procedures:</p> <ul data-bbox="885 728 1412 1500" style="list-style-type: none"><li data-bbox="885 728 1412 817">• Assessed the appropriateness of the judgements and supporting estimates used to determine use of the PAA measurement model;<li data-bbox="885 828 1412 884">• Tested on a sample basis the reliability of the data used as the basis for making estimates;<li data-bbox="885 896 1412 1086">• Performed validation of certain new models by evaluating the testing performed by management to assess its appropriateness and performed independent validation testing using sample scenarios and comparing the output between our calculations and those produced by management's models;<li data-bbox="885 1097 1412 1232">• Evaluated the appropriateness of methodologies and assumptions used in determining loss components recognised, and tested the accuracy of the loss component calculation through reperformance;<li data-bbox="885 1243 1412 1321">• Tested the appropriateness of the split of expenses between attributable and non-attributable;<li data-bbox="885 1332 1412 1444">• Tested the mathematical accuracy and completeness of the supporting calculations and adjustments used to determine the insurance contract liabilities balances; and<li data-bbox="885 1456 1412 1500">• Performed testing over key data flows within the IFRS 17 business processes.

Key audit matter

How our audit addressed the key audit matter

Valuation of insurance contract liabilities

- Evaluated and tested controls around claims handling, settling, and reserving;
- Tested a sample of claim payments and reserves to confirm the amounts recorded in the claims systems agree to the source data;
- Tested the appropriateness of the methodology and assumptions used by the external actuary and management in estimation of reserves as at 31 December 2025 and performed rejections for a sample of reserves to validate estimates;
- Tested the methodology and assumptions used by management in estimating the risk adjustment;
- Reconciled the claims data used by management to calculate reserves to the audited claims data; and
- Assessed the adequacy of disclosures in the financial statements.

Fair value of investment property

As disclosed in Note 22, the Group has an investment property valued at 230 million (2024: 228 million).

The investment property was valued using the direct comparison method of valuation. This approach involves determining market values by referencing prices paid for similar properties in a free and open market within the relevant sub-market. Recent transactions of comparable properties are analysed, with adjustments made to account for differences in condition, age, location, size, design, and timing of sale relative to the valuation date.

We considered this a significant area of focus on account of the significant judgement and high estimation uncertainty involved in the determination of the appropriate fair value of the investment property.

With the assistance of our independent valuation expert, we performed the following procedures:

- assessed reasonableness of the assumptions utilised and consistency in the application of judgements;
- reviewed the methodologies applied by management for consistency with the requirements of IFRS 13: Fair Value;
- tested mathematical accuracy of the; and
- computation and reconciled the results of the valuation performed by the expert to the financial statements.

In addition, we assessed the independence, objectivity and competence of the management's valuation expert.

Other information

The Directors are responsible for the other information. The other information comprises the Annual Report but does not include Group and Company the annual financial statements and our auditor's report thereon.

Our opinion on the Group and Company annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Group and Company annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group and Company annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Group and Company annual financial statements

The Directors are responsible for the preparation of the Group and Company annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards, as issued by the IASB, and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of the Group and Company annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company annual financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Group and Company annual financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company annual financial statements.

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

- Identify and assess the risks of material misstatement of the Group and Company annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company's annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Company annual financial statements, including the disclosures, and whether the Group and Company annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other legal and regulatory requirements

The Companies Act, 2017 of Zambia

The Companies Act, 2017 of Zambia requires that in carrying out our audit of Klaption Reinsurance Limited, we report on whether:

- a) as required by Section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Group Company Auditor, have in the Company;
- b) as required by Section 259 (3)(b), there are serious breaches by the Group and Company's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia; and
- c) in accordance with Section 250 (2), as regards loans made to a Group and Company Officer (a director, group or company secretary or executive officer of the company), the Group and Company does not state the:
 - particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or
 - amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

In respect of the foregoing requirements, we have no matters to report.

Report on other legal and regulatory requirements

The Insurance Act, 2021 of Zambia

The Insurance Act, 2021 of Zambia requires that in carrying out our audit of Klaption Reinsurance Limited, we report on whether as required by Section 98 (1):

- a) express whether, in the external auditor's opinion, the licensed insurer made available all information necessary for the external auditor to comply with the requirements of this Act or other relevant written law;
- b) state whether, in the external auditor's opinion, any of the statements in the Group and Company annual financial statements:
- c) exhibits a true and fair statement of the licensed insurer's financial condition; and
 - requires an explanation or information from the board, senior officer or agent of the licensed insurer or receives a satisfactory response;
 - state whether in the external auditor's opinion the licensed insurer has complied with this Act and any other relevant written law; and
- d) state the transactions or conditions that have come to the attention of the auditor affecting the well-being of the licensed insurer that, in the opinion of the external auditor, are not satisfactory and require rectification including:
 - a transaction of the licensed insurer that has come to the attention of the external auditor and which in the opinion of the external auditor, has not been within the powers of the licensed insurer or which was contrary to the Act or any other relevant written law; and
 - a non-performing loan that is outstanding, is restructured or the terms of repayment are extended, if the principal amount of the loan is five percent or more of the regulatory capital of the licensed insurer.

In respect of the foregoing requirements, we have no matters to report.


PricewaterhouseCoopers
Chartered Accountants
Lusaka



Martin Bamukunde
Practicing Certificate Number: AUD/F009933
Partner signing on behalf of the firm

23 March 2026

A pair of dark-rimmed glasses is positioned over a financial chart. The chart features a grid with blue bars and a line graph. A semi-transparent blue rectangle is overlaid on the bottom left of the image, containing the title and a short paragraph. The background is a soft-focus view of the same chart, with a light blue and white color palette.

Annual Financial Statements


Our claims philosophy is rooted in timely settlements, guided by a framework that upholds quality assurance and fair handling principles.

KLAPTON REINSURANCE LIMITED
(Registration number 12020006362)
Group and Company annual financial statements
Statement of financial position as at 31 December 2025

Group	Notes	2025	2024
		ZMW	ZMW
Assets			
Cash and cash equivalents	16	248,241,220	249,982,932
Financial investments at amortised cost	17	358,761,119	411,665,190
Other assets	18	2,017,172,698	1,495,307,364
Reinsurance contract assets	29	783,676,877	808,984,254
Investment in associate	20	-	9,000
Property and equipment	21	7,076,176	7,300,973
Investment property	22	229,660,000	227,793,199
Intangible assets	23	2,124,244	4,362,011
Right-of-use assets	24	718,147	3,631,282
Deferred tax	25	111,181,469	62,134,877
Total assets		3,758,611,950	3,271,171,082
Equity			
Share capital	26	84,656,250	78,750,000
Share premium	26	15,704,926	15,704,926
Retained earnings		733,561,293	345,400,150
Non-distributable reserves	26	(173,554,628)	180,638,708
Equity attributable to owners of the Company		660,367,841	620,493,784
Non-controlling interests	19	35,896,969	31,512,685
Total equity		696,264,810	652,006,469
Liabilities			
Other payables	27	186,379,173	157,536,675
Insurance contract liabilities	29	2,531,149,463	2,393,095,975
Reinsurance contract liabilities	29	343,355,394	63,440,930
Lease liabilities	28	1,463,110	5,091,033
Total liabilities		3,062,347,140	2,619,164,613
Total equity and liabilities		3,758,611,950	3,271,171,082

The notes on pages 65 to 119 are an integral part of these annual financial statements.

These annual financial statements were approved for issue by the Board of Directors on 23 March 2026 and signed by:



 Elmo Jayetileke
 Chairman



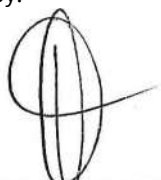
 Kudzaï Bingepinge
 Director

KLAPTON REINSURANCE LIMITED
(Registration number 120200006362)
Group and Company annual financial statements
Statement of financial position as at 31 December 2025

Company	Notes	2025	2024
		ZMW	ZMW
Assets			
Cash and cash equivalents	16	248,157,543	249,544,540
Financial investments at amortised cost	17	358,761,119	411,665,190
Other assets	18	2,102,610,882	1,569,158,064
Reinsurance contract assets	29	783,676,877	808,984,254
Investment in subsidiary	19	11,250	11,250
Investment in associate	20	-	9,000
Property and equipment	21	6,679,433	6,925,471
Intangible assets	23	2,124,244	4,362,011
Right-of-use assets	24	718,147	3,631,282
Deferred tax	25	111,181,469	62,134,877
Total assets		<u>3,613,920,964</u>	<u>3,116,425,939</u>
Equity			
Share capital	26	84,656,250	78,750,000
Share premium	26	15,704,926	15,704,926
Retained earnings		619,638,355	230,191,035
Non-distributable reserves	26	(167,311,347)	201,321,018
Total equity		<u>552,688,184</u>	<u>525,966,979</u>
Liabilities			
Other payables	27	185,264,813	128,831,022
Insurance contract liabilities	29	2,531,149,463	2,393,095,975
Reinsurance contract liabilities	29	343,355,394	63,440,930
Lease liabilities	28	1,463,110	5,091,033
Total liabilities		<u>3,061,232,780</u>	<u>2,590,458,960</u>
Total equity and liabilities		<u>3,613,920,964</u>	<u>3,116,425,939</u>

The notes on pages 65 to 119 are an integral part of these annual financial statements.

These annual financial statements were approved for issue by the Board of Directors on 23 March 2026 and signed by:



 Elmo Jayetileke
 Chairman



 Kudzai Bingepinge
 Director

KLAPTON REINSURANCE LIMITED**(Registration number 120200006362)****Group and Company annual financial statements****Statement of profit or loss and other comprehensive for the year ended 31 December 2025**

Group	Notes	2025	2024
		ZMW	ZMW
Insurance revenue	8	3,065,881,885	2,968,288,479
Insurance service expense	8	(1,920,929,009)	(3,060,142,474)
Net (expense)/ income from reinsurance contracts	8	(476,929,614)	461,429,031
Insurance service result		668,023,262	369,575,036
Interest revenue at amortised cost using the effective interest rate method	9	58,364,304	61,540,960
Net gains from fair value adjustments to investment properties	22	1,522,373	64,740,531
Net credit impairment reversal/(loss) on financial assets	17	1,815,873	(1,986,201)
Net investment income		61,702,550	124,295,290
Finance (expense)/ income from insurance contracts held	10	(90,754,738)	58,567,651
Finance income from reinsurance contracts held	10	13,616,532	-
Net insurance finance (expense)/ income		(77,138,206)	58,567,651
Net insurance and investment result		652,587,606	552,437,977
Other finance expense	11	(11,526,835)	(23,382,581)
Other income	12	21,741,957	9,066,403
Administrative expenses	13	(111,535,903)	(221,938,491)
Profit before taxation		551,266,825	316,183,308
Income tax expense	15	(163,534,408)	(79,894,652)
Profit for the year		387,732,417	236,288,656
Other comprehensive income (net of tax)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation (loss)/ gain		(349,380,326)	97,337,247
Total comprehensive income		38,352,091	333,625,903

The notes on pages 65 to 119 are an integral part of these annual financial statements.

KLAPTON REINSURANCE LIMITED

(Registration number 120200006362)

Group and Company annual financial statements**Statement of profit or loss and other comprehensive income for the year ended 31 December 2025**

Company	Notes	2025	2024
		ZMW	ZMW
Insurance revenue	8	3,065,881,885	2,968,288,479
Insurance service expense	8	(1,920,929,009)	(3,060,142,474)
Net (expense)/ income from reinsurance contracts	8	(476,929,614)	461,429,031
Insurance service result		668,023,262	369,575,036
Interest revenue at amortised cost using the effective interest rate method	9	58,364,304	61,540,960
Net credit impairment reversal/(loss) on financial assets	17	1,815,873	(1,986,201)
Net investment income		60,180,177	59,554,759
Finance (expense)/ income from insurance contracts held	10	(90,754,738)	58,567,651
Finance income from reinsurance contracts held	10	13,616,532	-
Net insurance finance (expense)/ income		(77,138,206)	58,567,651
Net insurance and investment result		651,065,233	487,697,446
Other finance expense	11	(11,526,835)	(23,382,581)
Other income	12	20,885,352	8,847,389
Administrative expenses	13	(107,442,022)	(218,182,246)
Profit before taxation		552,981,728	254,980,008
Income tax expense	15	(163,534,408)	(79,894,652)
Profit for the year		389,447,320	175,085,356
Other comprehensive income (net of tax)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation (loss)/ gain		(368,632,365)	104,689,629
Total comprehensive income		20,814,955	279,774,985

The notes on pages 65 to 119 are an integral part of these annual financial statements.

KLAPTON REINSURANCE LIMITED
(Registration number 120200006362)
Group and Company annual financial statements
Statement of changes in equity as at 31 December 2025

Group	Share capital	Share premium	Accumulated profit	Non-distributable reserves	Non-controlling interests	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
2025						
Opening balance	78,750,000	15,704,926	345,400,150	180,638,708	31,512,685	652,006,469
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	388,161,143	-	(428,726)	387,732,417
Other comprehensive loss	-	-	-	(354,193,336)	4,813,010	(349,380,326)
Total comprehensive income for the year	-	-	388,161,143	(354,193,336)	4,384,284	38,352,091
Transactions with owners of the Company						
<i>Contributions and distributions</i>						
Issue of ordinary shares	5,906,250	-	-	-	-	5,906,250
Total	5,906,250	-	-	-	-	5,906,250
Balance as at 31 December 2025	84,656,250	15,704,926	733,561,293	(173,554,628)	35,896,969	696,264,810
2024						
Opening balance	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
Total comprehensive income for the year	-	-	220,987,830	99,175,343	13,462,730	333,625,903
Transactions with owners of the Company						
<i>Contributions and distributions</i>						
Issue of ordinary shares	-	-	-	-	-	-
Total	-	-	-	-	-	-
Balance as at 31 December 2024	78,750,000	15,704,926	345,400,150	180,638,708	31,512,685	652,006,469

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 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.

The notes on pages 65 to 119 are an integral part of these annual financial statements.

KLAPTON REINSURANCE LIMITED
(Registration number 120200006362)
Group and Company annual financial statements
Statement of changes in equity as at 31 December 2025

Company	Share capital	Share premium	Accumulated profit	Non-distributable reserves	Total
	ZMW	ZMW	ZMW	ZMW	ZMW
2025					
Opening balance	78,750,000	15,704,926	230,191,035	201,321,018	525,966,979
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	389,447,320	-	389,447,320
Other comprehensive loss	-	-	-	(368,632,365)	(368,632,365)
Total comprehensive income for the year	-	-	389,447,320	(368,632,365)	20,814,955
Transactions with owners of the Company					
<i>Contributions and distributions</i>					
Issue of ordinary shares	5,906,250	-	-	-	5,906,250
Total	5,906,250	-	-	-	5,906,250
Balance as at 31 December 2025	84,656,250	15,704,926	619,638,355	(167,311,347)	552,688,184
2024					
	Share capital	Share premium	Accumulated profit	Non-distributable reserves	Total
	ZMW	ZMW	ZMW	ZMW	ZMW
Opening balance	78,750,000	15,704,926	55,105,679	96,631,389	246,191,994
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	175,085,356	-	175,085,356
Other comprehensive income	-	-	-	104,689,629	104,689,629
Total comprehensive income for the year	-	-	175,085,356	104,689,629	279,774,985
Transactions with owners of the Company					
<i>Contributions and distributions</i>					
Issue of ordinary shares	-	-	-	-	-
Total	-	-	-	-	-
Balance as at 31 December 2024	78,750,000	15,704,926	230,191,035	201,321,018	525,966,979

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 profits 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 and presentation currency translation differences.

The notes on pages 65 to 119 are an integral part of these annual financial statements.

KLAPTON REINSURANCE LIMITED
(Registration number 120200006362)
Group and Company annual financial statements
Statement of cashflow as at 31 December 2025

Group	Notes	2025	2024
		ZMW	ZMW
Cashflow from operating activities			
Profit for the year		387,732,417	236,288,656
<i>Adjustments for:</i>			
- Depreciation	21/24	6,259,715	4,869,940
- Amortisation	23	2,237,767	2,428,465
- Interest expense on lease liabilities	28	254,723	394,596
- Effect of movements in exchange rates		57,620,753	(16,278,932)
- Net credit impairment (reversal)/loss on financial assets	17	(1,815,873)	1,986,201
- Income tax expense	15	163,534,408	79,894,652
- Investments handling fee		297,617	194,160
- Profit on disposal		-	(269,422)
- Accrued interest on investments	9	(58,364,304)	(61,540,960)
- Net gains from fair value adjustments to investment properties	22	(1,522,373)	(64,740,531)
<i>Changes in:</i>			
- Reinsurance contract assets		25,307,377	(440,514,846)
- Other assets		(521,865,334)	(1,471,277,096)
- Insurance contract liabilities		138,053,488	1,730,042,624
- Reinsurance contract liabilities		279,914,464	63,357,978
- Other payables less current tax payable		(80,237,805)	6,169,193
Movement in foreign currency translations		(349,380,326)	97,337,247
Cash used in operating activities			
Income taxes paid		(103,500,697)	(45,346,422)
Net cash (used in)/from operating activities		(55,473,983)	122,995,503
Cash flows from investing activities			
Acquisition of property and equipment	21	(3,121,783)	(6,561,637)
Proceeds from disposal of property, plant and equipment		-	1,537,635
Net acquisition of investment property		(344,428)	(6,089,623)
Disposal of associate	20	9,000	-
Proceeds from issue of share capital	26	5,906,250	-
Acquisition of investments at amortised cost	17	(336,661,028)	(288,812,581)
Maturities of investments at amortised cost		377,354,729	203,462,512
Interest received on investments		64,735,804	52,689,557
Net cash from/(used in) investing activities		107,878,544	(43,774,137)
Cash flows from financing activities			
Repayments of principal on lease liabilities		(2,900,325)	(2,085,115)
Repayments of interest on lease liabilities		(254,723)	(394,596)
Net cash used in financing activities	28	(3,155,048)	(2,479,711)
Net increase in cash and cash equivalents		49,249,513	76,741,655
Cash and cash equivalents at the beginning of the year			
Effect of movements in exchange rates on cash and cash equivalents held		(50,991,225)	12,655,440
Total cash and cash equivalents at the end of the year	16	248,241,220	249,982,932

The notes on pages 65 to 119 are an integral part of these annual financial statements.

KLAPTON REINSURANCE LIMITED
(Registration number 120200006362)
Group and Company annual financial statements
Statement of cashflow as at 31 December 2025

Company	Notes	2025	2024
		ZMW	ZMW
Cashflow from operating activities			
Profit for the year		389,447,320	175,085,356
<i>Adjustments for:</i>			
- Depreciation	21/24	6,132,115	4,683,773
- Amortisation	23	2,237,767	2,428,465
- Interest expense on lease liabilities	28	254,723	394,596
- Foreign exchange differences		57,620,753	(16,216,895)
- Net credit impairment (reversal)/loss on financial assets	17	(1,815,873)	1,986,201
- Income tax expense	15	163,534,408	79,894,652
- Investments handling fee		297,617	194,160
- Profit on disposal		-	(208,970)
- Accrued interest on investments	9	(58,364,304)	(61,540,960)
<i>Changes in:</i>			
- Reinsurance contract assets		25,307,377	(440,514,846)
- Other assets		(533,452,818)	(1,516,592,382)
- Insurance contract liabilities		138,053,488	1,730,042,624
- Reinsurance contract liabilities		279,914,464	63,357,978
- Other payables less current tax payable		(52,646,512)	34,146,892
Movement in foreign currency translations		(368,632,365)	104,689,629
Cash used in operating activities			
Income taxes paid		(103,500,697)	(45,346,422)
Net cash (used in)/from operating activities		(55,612,537)	116,483,851
Cash flows from investing activities			
Acquisition of property and equipment	21	(2,972,942)	(6,157,863)
Proceeds from disposal of property, plant and equipment		-	1,179,535
Disposal of associate	20	9,000	-
Proceeds from issue of share capital	26	5,906,250	-
Acquisition of investments at amortised cost	17	(336,661,028)	(288,812,581)
Maturities of investments at amortised cost		377,354,729	203,462,512
Interest received and WHT on investments		64,735,804	52,689,557
Net cash from/(used in) investing activities		108,371,813	(37,638,840)
Cash flows from financing activities			
Repayments of principal on lease liabilities		(2,900,325)	(2,085,115)
Repayments of interest on lease liabilities		(254,723)	(394,596)
Net cash used in financing activities	28	(3,155,048)	(2,479,711)
Net increase in cash and cash equivalents		49,604,228	76,365,300
Cash and cash equivalents at beginning of year		249,544,540	160,585,837
Effect of movements in exchange rates on cash and cash equivalents held		(50,991,225)	12,593,403
Total cash and cash equivalents at the end of the year	16	248,157,543	249,544,540

The notes on pages 65 to 119 are an integral part of these annual 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 its 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 IFRIC Interpretations 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)).
- (e) Separation of components within insurance contracts.

Information about assumptions and estimation uncertainties at 31 December 2025 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 22).
- (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

During the current reporting period, the following amendment to existing standards became effective and was adopted by the Group:

- Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (Amendments to IAS 21).

The new accounting standard effective for reporting periods beginning on or after 1 January 2025 did not have any impact on the Group's accounting policies and did not require retrospective adjustments to the annual financial statements.

(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) Amendment to IFRS 9 *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures* - Classification and Measurement of Financial Instruments.
- (ii) *Amendment to IAS 21, Translation to a Hyperinflationary presentation currency.*
- (iii) IFRS 18 *Presentation and Disclosure in Financial Statements.*
- (iv) IFRS 19 *Subsidiaries without Public Accountability* .

Management is currently assessing the detailed implications of applying the new standards to the annual financial statements. Furthermore, the Group does not expect a significant change in the information disclosed in the notes, as the requirement to disclose material information remains unchanged. However, the presentation of the information may change due to the aggregation and disaggregation principles of IFRS 18.

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 a subsidiary is 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.

(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.

7 Summary of material accounting policies (continued)

(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.

(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.

7 Summary of material accounting policies (continued)

(b) Insurance and reinsurance contracts (continued)

(iii) Insurance acquisition cash flows (continued)

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 group.

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 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.

In 2025, the Group carried out a qualitative analysis of the PAA eligibility criteria for all classes of business which have coverage periods of more than one year. A proportional difference materiality threshold of 5% of the GMM LRC was adopted. This threshold is consistent with prior reporting methodology and reflects management's materiality. Under this approach, the maximum proportional difference between the PAA and GMM LRC over the projection horizon is compared to the 5% threshold to determine eligibility. Based on the quantitative analysis performed, the differences between the Liability for Remaining Coverage (LRC) calculated under the PAA and the LRC calculated under the GMM were not considered material under the base scenario or under any of the stressed scenarios tested (increase in Ultimate Loss Ratio, Expense Ratio, and Risk Adjustment) as there were no classes of business with a difference above the 5% threshold. All classes of business are thereby 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.

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.

7 Summary of material accounting policies (continued)

(b) Insurance and reinsurance contracts (continued)

(iv) Measurement (continued)

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
2025	3.7378%	3.5979%	3.5417%	3.5199%	3.5088%
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 gamma 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).

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.

7 Summary of material accounting policies (continued)

(b) Insurance and reinsurance contracts (continued)

(iv) Measurement (continued)

Claim reserves (continued)

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 third 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 31.

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.

(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.

7 Summary of material accounting policies (continued)

(b) Insurance and reinsurance contracts (continued)

(v) Presentation (continued)

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.

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.

Accordingly, exchange differences arising on insurance contracts are recognised as part of insurance finance income or expenses.

(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.

7 Summary of material accounting policies (continued)

(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.

(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) 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.

7 Summary of material accounting policies (continued)

(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 are solely payments of principal and interest (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 are 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
- 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.

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.

7 Summary of material accounting policies (continued)

(ii) Financial assets classification and subsequent measurement (continued)

- 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.

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.

7 Summary of material accounting policies(continued)

(h) Impairment of financial assets (continued)

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.

(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.

7 Summary of material accounting policies(continued)

(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.

(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.

7 Summary of material accounting policies(continued)

(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.

(r) Leases

(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.

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.

7 Summary of material accounting policies(continued)

(r) Leases (continued)

(i) As a lessee (continued)

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 commencement date;
- (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.

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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 and Company
2025

	Liability ZMW	Fire ZMW	Motor ZMW	Other ZMW	Total ZMW
Total insurance revenue	117,680,832	451,991,566	1,976,171,502	520,037,985	3,065,881,885
Insurance service expenses					
Incurred claims	(101,608,210)	(429,717,514)	(623,892,073)	(279,511,230)	(1,434,729,027)
Insurance directly attributable expenses	(2,850,842)	(10,443,444)	(49,771,968)	(13,200,641)	(76,266,895)
Insurance changes in the FCF related to past service	220,066,064	176,533,243	72,973,520	(31,883,319)	437,689,508
Insurance losses on onerous contracts and reversals	-	19,945,540	-	21,601,223	41,546,763
Insurance acquisition cashflow amortisation	(39,095,587)	(127,836,518)	(551,183,242)	(171,054,011)	(889,169,358)
Total insurance service expenses	76,511,425	(371,518,693)	(1,151,873,763)	(474,047,978)	(1,920,929,009)
Reinsurance expenses - contracts measured under the PAA					
Allocation of reinsurance premium	225,920,471	(5,901,237)	(313,107,783)	(51,944,600)	(145,033,149)
Reinsurance expenses	(8,166,839)	(29,917,458)	(142,582,332)	(37,816,042)	(218,482,671)
Amounts recovered from reinsurance contracts					
Reinsurance commission earned amortisation	(64,929,281)	1,591,152	95,153,514	18,043,549	49,858,934
Amounts recoverable for incurred claims	(206,759,126)	21,453,136	31,216,075	74,242,444	(79,847,471)
Risk of non performance of the reinsurer	(3,426,372)	326,135	496,055	1,223,434	(1,380,748)
Reinsurance changes in FCF related to past service	(25,665,435)	(24,762,386)	(15,960,984)	2,778,313	(63,610,492)
Reinsurance losses on onerous contracts and reversals	-	(16,725,311)	-	(1,708,706)	(18,434,017)
Total net expense from reinsurance contracts	(83,026,582)	(53,935,969)	(344,785,455)	4,818,392	(476,929,614)
Insurance service result	111,165,675	26,536,904	479,512,284	50,808,399	668,023,262

Group and Company
2024

	Liability ZMW	Fire ZMW	Motor ZMW	Other ZMW	Total ZMW
Total insurance revenue	876,385,086	749,992,539	719,461,806	622,449,048	2,968,288,479
Insurance service expenses					
Incurred claims	(522,529,099)	(592,781,385)	(529,894,672)	(294,368,521)	(1,939,573,677)
Insurance directly attributable expenses	(19,838,720)	(15,519,324)	(16,954,384)	(13,085,906)	(65,398,334)
Insurance changes in the FCF relating to LIC	(51,562,339)	(25,453,836)	(43,705,392)	(8,032,928)	(128,754,495)
Insurance losses on onerous contracts and reversals	1,531,548	(41,020,713)	62,209	(47,010,234)	(86,437,190)
Insurance acquisition cashflow amortisation	(267,806,773)	(189,087,885)	(192,829,285)	(190,254,835)	(839,978,778)
Total insurance service expenses	(860,205,383)	(863,863,143)	(783,321,524)	(552,752,424)	(3,060,142,474)
Reinsurance expenses - contracts measured under the PAA					
Allocation of reinsurance premium	(410,931,835)	(3,585,001)	(324,226,932)	(95,742,209)	(834,485,977)
Reinsurance expenses	(60,036,904)	(46,965,335)	(51,308,186)	(39,601,208)	(197,911,633)
Amounts recovered from reinsurance contracts					
Reinsurance commission earned amortisation	132,373,511	436,283	95,775,704	35,684,013	264,269,511
Amounts recoverable for incurred claims	265,090,225	539,982,597	268,042,748	35,781,681	1,108,897,251
Reinsurance adjustments in FCF relating to LIC	26,526,421	24,463,011	4,939,617	24,001,237	79,930,286
Reinsurance losses on onerous contracts and reversals	-	41,453,437	-	(723,844)	40,729,593
Total net income from reinsurance contracts	(46,978,582)	555,784,992	(6,777,049)	(40,600,330)	461,429,031
Insurance service result	(30,798,879)	441,914,388	(70,636,767)	29,096,294	369,575,036

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	Group and Company 2025 ZMW	Group and Company 2024 ZMW
9 Interest revenue at amortised cost using the effective interest rate method		
See accounting policy in note 7 (d)		
Interest from government securities	29,642,203	32,998,506
Interest from deposits with financial institutions	28,722,101	28,542,454
	58,364,304	61,540,960

10 Finance income/expenses on insurance and reinsurance contracts
 See accounting policy in note 7 (b) and (m)
 An analysis of net insurance finance expenses by reporting group is presented below:

**Group and Company
2025**

	Liability ZMW	Fire ZMW	Motor ZMW	Other ZMW	Total ZMW
Finance income/(expenses) from insurance contracts held					
Interest accreted on present value cashflows	566,573	(13,263,559)	936,343	(5,018,175)	(16,778,818)
The effect of financial risk and changes in financial risk	215,824	(5,052,463)	356,679	(1,911,564)	(6,391,524)
Exchange gain/(loss)	(5,569,580)	(38,536,009)	13,097,401	(36,576,208)	(67,584,396)
Finance income/(expense) from insurance contracts	(4,787,183)	(56,852,031)	14,390,423	(43,505,947)	(90,754,738)

Finance income/(expense)s from reinsurance contracts held

Interest accreted on present value cashflows	(350,608)	7,755,028	(333,589)	3,064,778	10,135,609
The effect of financial risk and changes in financial risk	(120,411)	2,663,348	(114,566)	1,052,552	3,480,923
Finance income/(expense) from reinsurance contracts	(471,019)	10,418,376	(448,155)	4,117,330	13,616,532

**Group and Company
2024**

	Liability	Fire	Motor	Other	Total
Finance income from insurance contracts held					
Exchange gain	4,351,918	30,740,687	(4,700,774)	28,175,820	58,567,651
Finance income from insurance contracts held	4,351,918	30,740,687	(4,700,774)	28,175,820	58,567,651

	Group and Company 2025 ZMW	Group and Company 2024 ZMW
11 Other finance expense		
See accounting policy in note 7 (m) and (r)		
Interest expense on lease liabilities	(254,723)	(394,596)
Foreign exchange loss	(11,272,112)	(22,987,985)
	(11,526,835)	(23,382,581)

	Group		Company	
	2025 ZMW	2024 ZMW	2025 ZMW	2024 ZMW
12 Other income				
See accounting policy in note 7 (d)				
Staff loan interest	109,059	3,946	109,059	3,946
Interest on bank and call accounts	20,776,293	8,634,473	20,776,293	8,634,473
Rental income (office spaces)	856,605	158,562	-	-
Gain on disposal	-	269,422	-	208,970
	21,741,957	9,066,403	20,885,352	8,847,389

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	Group		Company	
	2025	2024	2025	2024
	ZMW	ZMW	ZMW	ZMW
13 Administrative expenses				
Personnel expenses (note 14)	65,077,815	42,816,118	63,176,229	41,086,279
Software maintenance costs	13,328,668	6,013,029	13,046,304	5,828,043
Legal and professional fees	13,523,887	21,854,606	12,904,953	21,685,482
Ratings and license fees	4,548,050	2,748,730	4,548,050	2,748,730
Marketing and advertising costs	612,776	1,505,981	611,876	1,474,937
Travel	14,748,201	10,748,748	14,743,070	10,746,579
Directors fees (note 34)	2,036,507	1,640,608	1,749,140	1,401,601
Impairment*	11,967,656	148,996,495	11,967,656	148,996,495
Amortisation of intangible assets (note 23)	2,237,767	2,428,465	2,237,767	2,428,465
Depreciation (note 21 & 24)	6,259,715	4,869,940	6,132,115	4,683,773
Other expenses	15,324,796	8,157,128	14,454,797	6,943,219
	149,665,838	251,779,848	145,571,957	248,023,603
Non-directly attributable administrative expenses	111,535,903	221,938,491	107,442,022	218,182,246
Directly attributable administrative expenses*	38,129,935	29,841,357	38,129,935	29,841,357
Total administrative expenses	149,665,838	251,779,848	145,571,957	248,023,603

* Impairment relates to Expected Credit Loss (ECL) recognised on receivables and claim recoveries from reinsurers.

* Directly attributable administrative expenses largely consist of fixed and variable costs such as personnel expenses, travel, professional fees incurred by the underwriting department. These are included as part of overall directly attributable expenses in note 29.

	Group		Company	
	2025	2024	2025	2024
	ZMW	ZMW	ZMW	ZMW
14 Personnel expenses				
See accounting policy in note 7 (t)				
The following items are included in employee benefits expense:				
Salaries	37,923,185	21,485,703	36,384,257	20,169,977
Recruitment expenses	2,092,996	6,704,313	2,092,996	6,704,313
Employee gratuity accrual	7,064,508	4,402,445	6,789,169	4,163,190
Other staff costs	17,997,126	10,223,657	17,909,807	10,048,799
	65,077,815	42,816,118	63,176,229	41,086,279
15 Income tax expense				
See accounting policy in note 7 (q)				
(i) Income tax expense				
Income tax charge comprises of:				
Current tax charge	212,581,000	93,797,531	212,581,000	93,797,531
Recognised deferred taxation (note 25)	(49,046,592)	(13,902,879)	(49,046,592)	(13,902,879)
	163,534,408	79,894,652	163,534,408	79,894,652
(ii) Reconciliation of tax charge				

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	552,981,728	254,980,008	552,981,728	254,980,008
Taxation applicable rate - 30% (2024: 30%)	165,894,518	76,494,002	165,894,518	76,494,002
Tax effect of:				
Permanent differences	480,074	817,506	480,074	817,506
Over provision	214,437	2,583,144	214,437	2,583,144
Prior year adjustment	(3,054,621)	-	(3,054,621)	-
Income tax expense	163,534,408	79,894,652	163,534,408	79,894,652
(iii) Current tax payable				
Current income tax movement in the statement of financial position				
At 1 January	50,993,192	34,211,216	50,993,192	34,211,216
Current year tax charge	212,581,000	93,797,531	212,581,000	93,797,531
Withholding tax on interest (at source)	(7,384,590)	(3,343,206)	(7,384,590)	(3,343,206)
Current and provisional tax paid	(96,116,107)	(73,672,349)	(96,116,107)	(73,672,349)
Current tax payable	160,073,495	50,993,192	160,073,495	50,993,192

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	Group		Company	
	2025	2024	2025	2024
	ZMW	ZMW	ZMW	ZMW
16 Cash and cash equivalents				
See accounting policy in note 7 (l)				
Cash on hand and at bank	84,422,737	198,756,218	84,339,060	198,317,826
Cash in trust accounts	163,818,483	51,226,714	163,818,483	51,226,714
	<u>248,241,220</u>	<u>249,982,932</u>	<u>248,157,543</u>	<u>249,544,540</u>

Cash in trust accounts relates to funds withheld on collateralised business. These funds are withheld until the tenure of the insurance contracts.

	Group and Company		Group and Company	
	2025		2024	
	ZMW		ZMW	
17 Financial investments at amortised cost				
See accounting policy in note 7 (g)				
Financial investments at amortised cost		359,893,083		414,613,027
Less: Impairment		(1,131,964)		(2,947,837)
		<u>358,761,119</u>		<u>411,665,190</u>
<i>Financial investments</i>				
Government bonds		109,151,508		127,977,270
Government treasury bills		43,294,323		92,855,686
Fixed term deposits		161,249,674		155,323,109
Corporate bonds		18,594,781		14,675,776
Commercial papers		27,602,797		23,781,186
		<u>359,893,083</u>		<u>414,613,027</u>
<i>ECL impairment analysis</i>				
Balance at 1 January		2,947,837		961,636
Impairment (reversal)/loss		(1,815,873)		1,986,201
Balance at 31 December		<u>1,131,964</u>		<u>2,947,837</u>
<i>Reconciliation</i>				
Opening balance		411,665,190		309,231,867
Additions during the year		336,661,028		288,812,581
Interest accrued during the year		58,364,304		61,540,960
Maturities during the year		(436,398,110)		(246,891,722)
Effects of exchange rate movements		(7,357,125)		4,420,671
ECL reversal/(loss)		1,815,873		(1,986,201)
WHT on accrued interest		(5,990,041)		(3,462,966)
At 31 December		<u>358,761,119</u>		<u>411,665,190</u>

	Group		Company	
	2025	2024	2025	2024
	ZMW	ZMW	ZMW	ZMW
18 Other assets				
See accounting policy in note 7 (g)				
Staff loan	394,914	160,080	394,914	160,080
Prepayments	3,991,576	7,115,910	3,991,576	7,115,910
Other receivables	289,245,783	264,296,477	374,683,967	338,147,177
Funds withheld	1,723,540,425	1,223,734,897	1,723,540,425	1,223,734,897
	<u>2,017,172,698</u>	<u>1,495,307,364</u>	<u>2,102,610,882</u>	<u>1,569,158,064</u>

18 Other assets (continued)

See accounting policy in note 7 (g)

Other receivables in the Company accounts includes related party receivables from Klaption Business Park (ZMW 85.6 million) and from Klaption Insurance Company Limited (ZMW 203 million). These have been disclosed in note 34.

The other balance comprises recoveries on paid claims of ZMW 15.5 million and WHT receivable of ZMW 4.4 million. The carrying amounts of other assets are considered to be the same as their fair values due to their short-term nature.

The related party receivable from Klaption Business Park Limited has been eliminated in the Group accounts.

Funds withheld relate to premiums collected from policy holders being withheld by cedants for purposes of fulfilling obligations on behalf of the Group.

19 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.

	2025	2024
	ZMW	ZMW
<i>Subsidiary and percentage holding</i>		
KBP- 75% shareholding	<u>11,250</u>	<u>11,250</u>

During the year, the Company provided funding to KBP amounting to ZMW 11.7 million and the accumulated balance is disclosed in other assets and related party note.

Non-controlling interests (NCI) in subsidiaries

The following table summarises the information about the Group's subsidiaries NCI carrying amount, after intra-group eliminations.

	2025	2024
	ZMW	ZMW
NCI percentage	<u>25%</u>	<u>25%</u>
Share capital	3,750	3,750
Accumulated profit allocated to NCI	37,974,313	38,403,039
Accumulated OCI allocated to NCI	<u>(2,081,094)</u>	<u>(6,894,104)</u>
Carrying amount of NCI	<u>35,896,969</u>	<u>31,512,685</u>

20 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. During the year ended 31 December 2025, the Group disposed of its entire 25% shareholding in Kuala Tech Limited. The Group therefore no longer holds any interest in Kuala Tech as at 31 December, 2025.

During the year, Kuala Tech Limited provided ICT services to Klaption Reinsurance Limited amounting to ZMW 1.4 million (2024: ZMW 1.4 million) and is included in legal and professional fees.

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	ZMW	ZMW	ZMW	ZMW
21 Property and equipment				
See accounting policy in note 7 (f)				
Group				
2025	Furniture and fittings	Motor vehicles	Computer and office equipment	Total
Cost				
Opening balance	2,730,324	5,182,705	5,024,058	12,937,087
Additions	62,624	-	3,059,159	3,121,783
Disposals	-	-	-	-
Total costs	2,792,948	5,182,705	8,083,217	16,058,870
Accumulated depreciation				
Opening balance	(1,404,620)	(1,510,380)	(2,721,114)	(5,636,114)
Charge for the year	(553,061)	(1,272,539)	(1,520,980)	(3,346,580)
Disposals	-	-	-	-
Total accumulated depreciation	(1,957,681)	(2,782,919)	(4,242,094)	(8,982,694)
Carrying amount 31 December 2025	835,267	2,399,786	3,841,123	7,076,176
2024	Furniture and fittings	Motor vehicles	Computer and office equipment	Total
Cost				
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)
Total costs	2,730,324	5,182,705	5,024,058	12,937,087
Accumulated depreciation				
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
Total accumulated depreciation	(1,404,620)	(1,510,380)	(2,721,114)	(5,636,114)
Carrying amount 31 December 2024	1,325,704	3,672,325	2,302,944	7,300,973
Company				
2025	Furniture and fittings	Motor vehicles	Computer and office equipment	Total
Cost				
Opening balance	2,620,191	5,182,705	4,653,645	12,456,541
Additions	62,624	-	2,910,318	2,972,942
Disposals	-	-	-	-
Total costs	2,682,815	5,182,705	7,563,963	15,429,483
Accumulated depreciation				
Opening balance	(1,384,106)	(1,510,381)	(2,636,583)	(5,531,070)
Charge for the year	(531,034)	(1,272,539)	(1,415,407)	(3,218,980)
Disposals	-	-	-	-
Total accumulated depreciation	(1,915,140)	(2,782,920)	(4,051,990)	(8,750,050)
Carrying amount 31 December 2025	767,675	2,399,785	3,511,973	6,679,433

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	ZMW	ZMW	ZMW	ZMW
21 Property and equipment (continued)				
See accounting policy in note 7 (f)				
Company				
2024	Furniture and fittings	Motor vehicles	Computer and office equipment	Total
Cost				
Opening balance	1,910,494	3,400,383	2,912,701	8,223,578
Additions	709,697	3,610,309	1,837,857	6,157,863
Disposals	-	(1,827,987)	(96,913)	(1,924,900)
Total costs	<u>2,620,191</u>	<u>5,182,705</u>	<u>4,653,645</u>	<u>12,456,541</u>
Accumulated depreciation				
Opening balance	(939,028)	(1,242,261)	(1,676,277)	(3,857,566)
Charge for the year	(445,078)	(1,182,114)	(1,000,650)	(2,627,842)
Disposals	-	913,994	40,344	954,338
Total accumulated depreciation	<u>(1,384,106)</u>	<u>(1,510,381)</u>	<u>(2,636,583)</u>	<u>(5,531,070)</u>
Carrying amount 31 December 2024	<u>1,236,085</u>	<u>3,672,324</u>	<u>2,017,062</u>	<u>6,925,471</u>

22 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. Klapton Business Park is situated on Stand No. 10445, Great East Road, Lusaka, Zambia.

Group

	2025 ZMW	2024 ZMW
a. Reconciliation of carrying amount		
Balance at 1 January	227,793,199	156,963,046
Work in progress	344,428	6,089,622
Net gain in fair value	1,522,373	64,740,531
Balance at 31 December	<u>229,660,000</u>	<u>227,793,199</u>

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 0.86 million (2024: 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, being Klapton Business Park, situated on Stand No. 10445, Great East Road, Lusaka was determined on 31 December 2025 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)).

There were no transfers between the stages during the period.

The valuation technique and significant inputs are disclosed in Note 22 b (ii).

22 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>Sales comparable approach: 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>Comparable values: Comparable market values and land sales values for properties situated near the investment property were used to arrived at a rate per square meter (ZMW 4,370.00 /sqm for land and ZMW 43,600 /sqm for similar buildings).</p> <p>Inflation rate: An inflation adjustment rate of 12.6 % per annum.</p>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - The rates per square meter were higher (lower). An increase of 5% in the rates per square meter would result in an estimated increase in the fair value by ZMW 11.5 million and vice versa. - The inflation rate was higher (lower). An increase of 5% in the inflation rate would result in an estimated increase in the fair value by ZMW 40.4 million. A decrease of 5% in the inflation rate would result in an estimated increase in the fair value by ZMW 17.5 million.

Details of the Group's investment property fair value hierarchy as at 31 December 2025 and 2024 are disclosed below.

2025	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	ZMW	ZMW	ZMW	ZMW
Property				
Klapton Business Park	-	-	229,660,000	229,660,000

2024	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	ZMW	ZMW	ZMW	ZMW
Property				
Klapton Business Park	-	-	227,793,199	227,793,199

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23 Intangible assets	2025	2024
See accounting policy in note 7 (e)	ZMW	ZMW
Group and Company		
2025	Software and licenses	Software and licenses
Cost		
Opening balance	11,976,469	11,976,469
Additions	-	-
Total costs	11,976,469	11,976,469
Accumulated amortisation		
Opening balance	(7,614,458)	(5,185,993)
Charge for the year	(2,237,767)	(2,428,465)
Total accumulated amortisation	(9,852,225)	(7,614,458)
Carrying amount 31 December	2,124,244	4,362,011

24 Right-of-use assets
See accounting policy in note 7 (r)

	ZMW	ZMW	ZMW
Group and Company			
2025	Office and residential leases	Office equipment	Total
Cost			
Opening balance	8,766,331	-	8,766,331
Additions	-	-	-
Disposals	-	-	-
Total costs	8,766,331	-	8,766,331
Accumulated depreciation			
Opening balance	(5,135,049)	-	(5,135,049)
Charge for the year	(2,913,135)	-	(2,913,135)
Disposals	-	-	-
Total accumulated depreciation	(8,048,184)	-	(8,048,184)
Carrying amount 31 December 2025	718,147	-	718,147
Group and Company			
2024	Office and residential leases	Office equipment	Total
Cost			
Opening balance	6,176,995	317,454	6,494,449
Additions	2,589,336	-	2,589,336
Disposals	-	(317,454)	(317,454)
Total costs	8,766,331	-	8,766,331
Accumulated depreciation			
Opening balance	(3,140,845)	(255,727)	(3,396,572)
Charge for the year	(1,994,204)	(61,727)	(2,055,931)
Disposals	-	317,454	317,454
Total accumulated depreciation	(5,135,049)	-	(5,135,049)
Carrying amount 31 December 2024	3,631,282	-	3,631,282

25 Deferred tax

See accounting policy in note 7 (q)

Group and Company
Movement in deferred tax balance

	ZMW	ZMW	ZMW	ZMW
2025	Net opening balance	Current year movement	Net recognised balance as at 31 December	Recognised deferred tax assets/ (liability)
Excess of capital allowances over depreciation	(762,649)	146,893	(615,756)	(615,756)
Unrealised exchange gain	(27,833,067)	27,833,067	-	-
Unrealised exchange loss	875,246	25,687,159	26,562,405	26,562,405
Gratuity provision	273,428	78,336	351,764	351,764
Leave provision	219,923	8,963	228,886	228,886
Right-of-use assets	(1,089,385)	873,941	(215,444)	(215,444)
Lease liability	(1,527,310)	1,966,243	438,933	438,933
IBNR provision	22,683,234	8,813,726	31,496,960	31,496,960
Discounting impact on LIC	(2,522,992)	(1,736,336)	(4,259,328)	(4,259,328)
Loss on onerous contracts	26,909,879	(6,933,823)	19,976,056	19,976,056
Risk adjustment estimate	29,982,768	1,470,178	31,452,946	31,452,946
Provision for doubtful debts	14,041,451	(9,031,218)	5,010,233	5,010,233
Impairment- Financial investments	884,351	(544,762)	339,589	339,589
Risk on non performance of the reinsurer	-	414,225	414,225	414,225
	62,134,877	49,046,592	111,181,469	111,181,469

Recognition of deferred tax credit

	2025	2024
	ZMW	ZMW
Current year movement	49,046,592	13,902,879
Total recognised deferred tax credit	49,046,592	13,902,879

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
	48,231,998	13,902,879	62,134,877	62,134,877

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	2025	2024	2025	2024
	ZMW	ZMW	ZMW	ZMW
26 Share capital and reserves				
See accounting policy in note 7 (s)				
Authorised:				
11,287,500,000 ordinary shares of ZMW 0.01 each	112,875,000	78,750,000	112,875,000	78,750,000
Issued and fully paid				
8,465,625,000 ordinary shares of ZMW 0.01 each	84,656,250	78,750,000	84,656,250	78,750,000
Reconciliation				
Opening balance	78,750,000	78,750,000	78,750,000	78,750,000
Ordinary shares issued during the year	5,906,250	-	5,906,250	-
	84,656,250	78,750,000	84,656,250	78,750,000
Share premium				
This represents the excess of capital contributions after full payment of issued shares	15,704,926	15,704,926	15,704,926	15,704,926
Non-distributable reserves				
Translation reserve	(173,554,628)	180,638,708	(167,311,347)	201,321,018
Reconciliation				
Opening balance	180,638,708	81,463,365	201,321,018	96,631,389
Foreign currency translation gain for the year excluding NCI portion	(354,193,336)	99,175,343	(368,632,365)	104,689,629
	(173,554,628)	180,638,708	(167,311,347)	201,321,018
27 Other payables				
See accounting policy in note 7 (n)				
a Accruals and creditors				
Trade payables	363,926	28,156,350	14,385	-
Accruals	6,430,224	4,117,200	6,074,391	3,864,866
Related parties	14,687,981	69,790,894	14,687,981	69,790,894
	21,482,131	102,064,444	20,776,757	73,655,760
b Employee related liabilities				
Contract gratuity provision	1,505,940	1,123,321	1,172,545	911,427
Leave accrual	793,805	772,451	762,954	733,077
	2,299,745	1,895,772	1,935,499	1,644,504
c Statutory obligations				
Withholding taxes	777,061	931,143	777,061	931,143
Payroll statutory taxes	1,746,741	1,652,124	1,702,001	1,606,423
Current tax payable	160,073,495	50,993,192	160,073,495	50,993,192
	162,597,297	53,576,459	162,552,557	53,530,758
	186,379,173	157,536,675	185,264,813	128,831,022

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28 Lease liabilities

See accounting policy in note 7 (r)

a Leases as lessee

The Group has lease agreements as a lessee for office space and residential space on lease terms ranging from 1 to 5 years. The information for which the Group is a lessee is presented below.

		Group and Company	
		2025	2024
		ZMW	ZMW
(i)	Amounts recognised in the statement of financial position relating to leases		
	Right-of-use assets		
	Office and residential leases (<i>note 24</i>)	718,147	3,631,282
		<u>718,147</u>	<u>3,631,282</u>
	Lease liabilities		
	Office and residential leases (<i>note 28 (iv)</i>)	1,463,110	5,091,033
		<u>1,463,110</u>	<u>5,091,033</u>
(ii)	Amounts recognised in the statement of profit or loss		
	Depreciation charge of right-of-use assets (<i>note 24</i>)	(2,913,135)	2,055,931
	Interest expense (<i>note 11</i>)	254,723	394,596
	Exchange differences	(727,598)	797,180
(iii)	Amounts recognised in the statement of cashflow		
	Repayment of principal and interest on lease liabilities	3,155,048	2,479,711
	Rental deposit	-	234,987
		<u>3,155,048</u>	<u>2,714,698</u>
(iv)	Lease liabilities reconciliation		
	<i>Office and residential leases</i>		
	Opening balance	5,091,033	3,745,389
	Additions	-	2,589,336
	Interest expense for the year	254,723	393,014
	Rental payments made during the year	(3,155,048)	(2,399,221)
	Exchange loss	(727,598)	762,515
		<u>1,463,110</u>	<u>5,091,033</u>
	Current	1,463,110	3,498,574
	Non-current	-	1,592,459
		<u>1,463,110</u>	<u>5,091,033</u>
	<i>Office equipment</i>		
	Opening balance	-	44,243
	Interest expense for the year	-	1,582
	Rental payments made during the year	-	(80,490)
	Exchange loss	-	34,665
		<u>-</u>	<u>-</u>
	Current	-	-
	Non-current	-	-
		<u>-</u>	<u>-</u>
	Total lease liabilities	<u>1,463,110</u>	<u>5,091,033</u>

(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 12.

29 Insurance contract liabilities
See accounting policy in note 7 (b)

Group and Company

(i) Composition of the statement of financial position- Insurance and Reinsurance 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:

Insurance contracts		2025	2024
Reportable group	Insurance contract liabilities	Insurance contract liabilities	Insurance contract liabilities
	ZMW	ZMW	ZMW
Liability	371,048,680	564,101,286	
Fire	990,615,147	892,923,678	
Motor	561,938,482	513,550,815	
Other	607,547,154	422,520,196	
Total	2,531,149,463	2,393,095,975	
Current portion	2,531,149,463	2,393,095,975	
Non-current portion	-	-	
Total	2,531,149,463	2,393,095,975	

Reinsurance contracts		2025	
Reportable group	Net reinsurance contract asset	Reinsurance contract assets	Reinsurance contract liabilities
	ZMW	ZMW	ZMW
Liability	82,093,527	-	82,093,527
Fire	(692,077,362)	(692,077,362)	-
Motor	261,261,867	-	261,261,867
Other	(91,599,515)	(91,599,515)	-
Total	(440,321,483)	(783,676,877)	343,355,394
Current portion	(440,321,483)	(783,676,877)	343,355,394
Non-current portion	-	-	-
Total	(440,321,483)	(783,676,877)	343,355,394

Reinsurance contracts		2024	
Reportable group	Net reinsurance contract asset	Reinsurance contract assets	Reinsurance contract liabilities
	ZMW	ZMW	ZMW
Liability	26,260,781	-	26,260,781
Fire	(789,350,492)	(789,350,492)	-
Motor	37,180,149	-	37,180,149
Other	(19,633,762)	(19,633,762)	-
Total	(745,543,324)	(808,984,254)	63,440,930
Current portion	(745,543,324)	(808,984,254)	63,440,930
Non-current portion	-	-	-
Total	(745,543,324)	(808,984,254)	63,440,930

Detailed reconciliations of changes in insurance contract balances during the reporting periods are included in the subsequent notes.

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29 Insurance contract liabilities
See accounting policy in note 7 (b)

Group and Company

(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).

2025

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
Opening (assets)/liabilities as at 1 Jan	(190,437,009)	153,279,952	2,203,262,367	226,990,665	2,393,095,975
Insurance revenue	(3,065,881,885)	-	-	-	(3,065,881,885)
Insurance service expenses					
Claims incurred	-	-	1,051,603,740	383,125,287	1,434,729,027
Directly attributable expenses	14,331,031	-	61,935,864	-	76,266,895
Insurance acquisition cashflow amortisation	889,169,358	-	-	-	889,169,358
Changes in the FCF related to past service	-	-	-	(437,689,508)	(437,689,508)
Losses on onerous contracts and reversals	-	(41,546,763)	-	-	(41,546,763)
Total	903,500,389	(41,546,763)	1,113,539,604	(54,564,221)	1,920,929,009
Finance expense					
Impact of changes in discount rates	-	-	6,391,524	-	6,391,524
Interest accretion	-	-	16,778,818	-	16,778,818
Effects of movements in exchange rates (P/I)	67,584,396	-	-	-	67,584,396
Total	67,584,396	-	23,170,342	-	90,754,738
Impairment reversal	(9,579,056)	-	-	-	(9,579,056)
Total changes in the statement of profit or loss	(2,104,376,156)	(41,546,763)	1,136,709,946	(54,564,221)	(1,063,777,194)
Effects of movements in exchange rates (OCI)	62,997,168	-	-	-	62,997,168
Cash flows					
Net premiums received	2,161,429,071	-	-	-	2,161,429,071
Claims incurred paid	-	-	(969,346,066)	-	(969,346,066)
Other directly attributable expenses paid	(15,119,556)	-	(38,129,935)	-	(53,249,491)
Total cash flows	2,146,309,515	-	(1,007,476,001)	-	1,138,833,514
Insurance contract liabilities as at 31 Dec	(85,506,482)	111,733,189	2,332,496,312	172,426,444	2,531,149,463

2024

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
Opening (assets)/liabilities as at 1 Jan	(142,176,477)	66,842,762	640,150,896	98,236,170	663,053,351
Insurance revenue	(2,968,288,479)	-	-	-	(2,968,288,479)
Insurance service expenses					
Claims incurred	-	-	1,939,573,677	-	1,939,573,677
Directly attributable expenses	12,186,805	-	53,211,529	-	65,398,334
Insurance acquisition cashflow amortisation	839,978,778	-	-	-	839,978,778
Reclassification from LRC to LIC	(9,617,520)	-	9,617,520	-	-
Changes in the FCF relating to LIC	-	-	-	128,754,495	128,754,495
Losses on onerous contracts and reversals	-	86,437,190	-	-	86,437,190
Total	842,548,063	86,437,190	2,002,402,726	128,754,495	3,060,142,474

29 Insurance contract liabilities

Group and Company

(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	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
Finance income					
Effects of movements in exchange rates (P/I)	(58,567,651)	-	-	-	(58,567,651)
Total	(58,567,651)	-	-	-	(58,567,651)
Impairment	148,996,495	-	-	-	148,996,495
Total changes in the statement of profit or loss	(2,035,311,572)	86,437,190	2,002,402,726	128,754,495	182,282,839
Effects of movements in exchange rates (OCI)	(34,718,042)	-	-	-	(34,718,042)
Cash flows					
Net premiums received	2,033,268,940	-	-	-	2,033,268,940
Claims incurred paid	-	-	(407,442,237)	-	(407,442,237)
Other directly attributable expenses paid	(11,499,858)	-	(31,849,018)	-	(43,348,876)
Total cash flows	2,021,769,082	-	(439,291,255)	-	1,582,477,827
Insurance contract liabilities as at 31 Dec	(190,437,009)	153,279,952	2,203,262,367	226,990,665	2,393,095,975
2025					
Liability					
	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
Opening liabilities as at 1 Jan	2,070,487	-	508,954,835	53,075,964	564,101,286
Insurance revenue	(117,680,832)	-	-	-	(117,680,832)
Insurance service expenses					
Claims incurred	-	-	(91,023,489)	192,631,699	101,608,210
Directly attributable expenses	535,691	-	2,315,151	-	2,850,842
Insurance acquisition cashflow amortisation	39,095,587	-	-	-	39,095,587
Changes in the FCF relating to LIC related to past service	-	-	-	(220,066,064)	(220,066,064)
Losses on onerous contracts and reversals	-	-	-	-	-
Total	39,631,278	-	(88,708,338)	(27,434,365)	(76,511,425)
Finance expense					
Impact of changes in discount rates	-	-	(215,824)	-	(215,824)
Interest accretion	-	-	(566,573)	-	(566,573)
Effects of movements in exchange rates (P/I)	5,569,580	-	-	-	5,569,580
Total	5,569,580	-	(782,397)	-	4,787,183
Impairment	(12,572,386)	-	-	-	(12,572,386)
Total changes in the statement of profit or loss	(85,052,360)	-	(89,490,735)	(27,434,365)	(201,977,460)
Effects of movements in exchange rates (OCI)	5,191,549	-	-	-	5,191,549
Cash flows					
Net premiums received	74,327,711	-	-	-	74,327,711
Claims incurred paid	-	-	(68,603,951)	-	(68,603,951)
Other directly attributable expenses paid	(565,166)	-	(1,425,289)	-	(1,990,455)
Total cash flows	73,762,545	-	(70,029,240)	-	3,733,305
Insurance contract liabilities as at 31 Dec	(4,027,779)	-	349,434,860	25,641,599	371,048,680

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29 Insurance contract liabilities

Group and Company

(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

2024	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
Fire					
Opening (assets)/liabilities as at 1 Jan	(55,244,826)	34,853,548	428,680,051	66,142,733	474,431,506
Insurance revenue	(749,992,539)	-	-	-	(749,992,539)
Insurance service expenses					
Claims incurred	-	-	592,781,385	-	592,781,385
Directly attributable expenses	2,891,985	-	12,627,339	-	15,519,324
Insurance acquisition cashflow amortisation	189,087,885	-	-	-	189,087,885
Reclassification from LRC to LIC	(5,273,499)	-	5,273,499	-	-
Changes in the FCF relating to LIC	-	-	-	25,453,836	25,453,836
Losses on onerous contracts and reversals	-	41,020,713	-	-	41,020,713
Total	186,706,371	41,020,713	610,682,223	25,453,836	863,863,143
Finance income					
Effects of movements in exchange rates (P/I)	(30,740,687)	-	-	-	(30,740,687)
Total	(30,740,687)	-	-	-	(30,740,687)
Impairment	63,649,543	-	-	-	63,649,543
Total changes in the statement of profit or loss	(530,377,312)	41,020,713	610,682,223	25,453,836	146,779,460
Effects of movements in exchange rates (OCI)	(18,222,626)	-	-	-	(18,222,626)
Cash flows					
Net premiums received	456,448,526	-	-	-	456,448,526
Claims incurred paid	-	-	(156,226,302)	-	(156,226,302)
Other directly attributable expenses paid	(2,728,969)	-	(7,557,917)	-	(10,286,886)
Total cash flows	453,719,557	-	(163,784,219)	-	289,935,338
Insurance contract liabilities as at 31 Dec	(150,125,207)	75,874,261	875,578,055	91,596,569	892,923,678
2025					
Motor					
Opening liabilities as at 1 Jan	37,202,722	-	431,302,194	45,045,899	513,550,815
Insurance revenue	(1,976,171,502)	-	-	-	(1,976,171,502)
Insurance service expenses					
Claims incurred	-	-	560,015,739	63,876,334	623,892,073
Directly attributable expenses	9,352,468	-	40,419,500	-	49,771,968
Insurance acquisition cashflow amortisation	551,183,242	-	-	-	551,183,242
Changes in the FCF relating to LIC related to past service	-	-	-	(72,973,520)	(72,973,520)
Losses on onerous contracts and reversals	-	-	-	-	-
Total	560,535,710	-	600,435,239	(9,097,186)	1,151,873,763
Finance expense					
Impact of changes in discount rates	-	-	(356,679)	-	(356,679)
Interest accretion	-	-	(936,343)	-	(936,343)
Effects of movements in exchange rates (P/I)	(13,097,401)	-	-	-	(13,097,401)
Total	(13,097,401)	-	(1,293,022)	-	(14,390,423)
Impairment	13,463,079	-	-	-	13,463,079
Total changes in the statement of profit or loss	(1,415,270,114)	-	599,142,217	(9,097,186)	(825,225,083)
Effects of movements in exchange rates (OCI)	(12,208,428)	-	-	-	(12,208,428)
Cash flows					
Net premiums received	1,429,084,604	-	-	-	1,429,084,604
Claims incurred paid	-	-	(508,512,674)	-	(508,512,674)
Other directly attributable expenses paid	(9,867,061)	-	(24,883,691)	-	(34,750,752)
Total cash flows	1,419,217,543	-	(533,396,365)	-	885,821,178
Insurance contract liabilities as at 31 Dec	28,941,723	-	497,048,046	35,948,713	561,938,482

29 Insurance contract liabilities

Group and Company

(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

2024 Other	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
Opening (assets)/liabilities as at 1 Jan	(78,581,976)	30,395,457	193,016,245	29,239,305	174,069,031
Insurance revenue	(622,449,048)	-	-	-	(622,449,048)
Insurance service expenses					
Claims incurred	-	-	294,368,521	-	294,368,521
Directly attributable expenses	2,438,523	-	10,647,383	-	13,085,906
Insurance acquisition cashflow amortisation	190,254,835	-	-	-	190,254,835
Reclassification from LRC to LIC	(3,560,896)	-	3,560,896	-	-
Changes in the FCF relating to LIC	-	-	-	8,032,928	8,032,928
Losses on onerous contracts and reversals	-	47,010,234	-	-	47,010,234
Total	189,132,462	47,010,234	308,576,800	8,032,928	552,752,424
Finance income					
Effects of movements in exchange rates (P/I)	(28,175,820)	-	-	-	(28,175,820)
Total	(28,175,820)	-	-	-	(28,175,820)
Impairment	85,559,823	-	-	-	85,559,823
Total changes in the statement of profit or loss	(375,932,583)	47,010,234	308,576,800	8,032,928	(12,312,621)
Effects of movements in exchange rates (OCI)	(16,702,212)	-	-	-	(16,702,212)
Cash flows					
Net premiums received	393,932,829	-	-	-	393,932,829
Claims incurred paid	-	-	(107,792,920)	-	(107,792,920)
Other directly attributable expenses paid	(2,301,069)	-	(6,372,842)	-	(8,673,911)
Total cash flows	391,631,760	-	(114,165,762)	-	277,465,998
Insurance contract liabilities as at 31 Dec	(79,585,011)	77,405,691	387,427,283	37,272,233	422,520,196

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30 Reinsurance contract (assets)/liabilities
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.

2025

All classes

	Assets 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	
Opening liabilities/(assets) as at 1 Jan	601,369,438	(63,580,354)	(1,156,284,303)	(127,048,105)	(745,543,324)
Allocation of reinsurance premium	145,033,149	-	-	-	145,033,149
Insurance service income					
Reinsurance commission earned amortisation	(49,858,934)	-	-	-	(49,858,934)
Adjustments in FCF relating to LIC related to past service	-	-	-	63,610,492	63,610,492
Losses on onerous contracts and reversals	-	18,434,017	-	-	18,434,017
Total	(49,858,934)	18,434,017	-	63,610,492	32,185,575
Net income from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	83,993,149	(4,145,678)	79,847,471
Risk of non performance of the reinsurer	-	-	1,380,748	-	1,380,748
Retrosession expenses	-	-	218,482,671	-	218,482,671
Total	-	-	303,856,568	(4,145,678)	299,710,890
Total net income from reinsurance contracts	95,174,215	18,434,017	303,856,568	59,464,814	476,929,614
Finance income					
Impact of changes in discount rates	-	-	(3,480,923)	-	(3,480,923)
Interest accretion	-	-	(10,135,609)	-	(10,135,609)
Total	-	-	(13,616,532)	-	(13,616,532)
Total changes in the statement of profit or loss	95,174,215	18,434,017	290,240,036	59,464,814	463,313,082
Cash flows					
Retro premiums paid	(6,859,789)	-	-	-	(6,859,789)
Retrosession expenses paid	-	-	(233,222,248)	-	(233,222,248)
Effects of movements in exchange rates	(154,713,521)	-	-	-	(154,713,521)
Insurance recoveries on paid claims	-	-	236,704,317	-	236,704,317
Total cash flows	(161,573,310)	-	3,482,069	-	(158,091,241)
Reinsurance contract liabilities/(assets) as at 31 Dec	534,970,343	(45,146,337)	(862,562,198)	(67,583,291)	(440,321,483)
2024					
<i>All classes</i>					
	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	
Opening liabilities/(assets) as at 1 Jan	3,214,601	(22,850,761)	(301,632,477)	(47,117,819)	(368,386,456)
Allocation of reinsurance premium	834,485,977	-	-	-	834,485,977
Insurance service income					
Reinsurance commission earned amortisation	(264,269,511)	-	-	-	(264,269,511)
Adjustments in FCF relating to LIC	-	-	-	(79,930,286)	(79,930,286)
Losses on onerous contracts and reversals	-	(40,729,593)	-	-	(40,729,593)
Total	(264,269,511)	(40,729,593)	-	(79,930,286)	(384,929,390)
Net income/(expenses) from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	(1,108,897,251)	-	(1,108,897,251)
Retrosession expenses	-	-	197,911,633	-	197,911,633
			(910,985,618)	-	(910,985,618)
Total changes in the statement of profit or loss	570,216,466	(40,729,593)	(910,985,618)	(79,930,286)	(461,429,031)
Cash flows					
Retro premiums paid	(5,897,843)	-	-	-	(5,897,843)
Retrosession expenses paid	-	-	(159,781,843)	-	(159,781,843)
Effects of movements in exchange rates	33,836,214	-	-	-	33,836,214
Insurance recoveries on paid claims received	-	-	216,115,635	-	216,115,635
Total cash flows	27,938,371	-	56,333,792	-	84,272,163
Reinsurance contract liabilities/(assets) as at 31 Dec	601,369,438	(63,580,354)	(1,156,284,303)	(127,048,105)	(745,543,324)

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30 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 (continued)

2025

Liability	Assets 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
Opening liabilities/(assets) as at 1 Jan	292,244,235	-	(239,457,033)	(26,526,421)	26,260,781
Allocation of reinsurance premium	(225,920,471)	-	-	-	(225,920,471)
Insurance service income					
Reinsurance commission earned amortisation	64,929,281	-	-	-	64,929,281
Adjustments in FCF relating to LIC related to past service	-	-	-	25,665,435	25,665,435
Losses on onerous contracts and reversals	-	-	-	-	-
Total	64,929,281	-	-	25,665,435	90,594,716
Net income from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	208,431,816	(1,672,690)	206,759,126
Risk of non performance of the reinsurer	-	-	3,426,372	-	3,426,372
Retrocession expenses	-	-	8,166,839	-	8,166,839
Total	-	-	220,025,027	(1,672,690)	218,352,337
Finance income					
Impact of changes in discount rates	-	-	120,411	-	120,411
Interest accretion	-	-	350,608	-	350,608
Total	-	-	471,019	-	471,019
Total changes in the statement of profit or loss	(160,991,190)	-	220,496,046	23,992,745	83,497,601
Cash flows					
Retro premiums paid	(256,418)	-	-	-	(256,418)
Retrocession expenses paid	-	-	(8,717,802)	-	(8,717,802)
Effects of movements in exchange rates	(26,842,220)	-	-	-	(26,842,220)
Insurance recoveries on paid claims	-	-	8,151,585	-	8,151,585
Total cash flows	(27,098,638)	-	(566,217)	-	(27,664,855)
Reinsurance contract liabilities/(assets) as at 31 Dec	104,154,407	-	(19,527,204)	(2,533,676)	82,093,527

2024

Liability	Assets 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
Opening liabilities/(assets) as at 1 Jan	(71,980)	-	(496,007)	-	(567,987)
Allocation of reinsurance premium	410,931,835	-	-	-	410,931,835
Insurance service income					
Reinsurance commission earned amortisation	(132,373,511)	-	-	-	(132,373,511)
Adjustments in FCF relating to LIC	-	-	-	(26,526,421)	(26,526,421)
Losses on onerous contracts and reversals	-	-	-	-	-
Total	(132,373,511)	-	-	(26,526,421)	(158,899,932)
Net income/(expenses) from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	(265,090,225)	-	(265,090,225)
Retrocession expenses	-	-	60,036,904	-	60,036,904
Total	-	-	(205,053,321)	-	(205,053,321)
Total changes in the statement of profit or loss	278,558,324	-	(205,053,321)	(26,526,421)	46,978,582
Cash flows					
Retro premiums paid	(2,904,316)	-	-	-	(2,904,316)
Retrocession expenses paid	-	-	(48,472,374)	-	(48,472,374)
Effects of movements in exchange rates	16,662,207	-	-	-	16,662,207
Insurance recoveries on paid claims	-	-	14,564,669	-	14,564,669
Total cash flows	13,757,891	-	(33,907,705)	-	(20,149,814)
Reinsurance contract liabilities/(assets) as at 31 Dec	292,244,235	-	(239,457,033)	(26,526,421)	26,260,781

30 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 (continued)

2025

Fire

	Assets 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
Opening liabilities/(assets) as at 1 Jan	4,371,584	(55,045,607)	(672,500,634)	(66,175,835)	(789,350,492)
Allocation of reinsurance premium	5,901,237	-	-	-	5,901,237
Insurance service income					
Reinsurance commission earned amortisation	(1,591,152)	-	-	-	(1,591,152)
Adjustments in FCF relating to LIC related to past service	-	-	-	24,762,386	24,762,386
Losses on onerous contracts and reversals	-	16,725,311	-	-	16,725,311
Total	(1,591,152)	16,725,311	-	24,762,386	39,896,545
Net income/(expenses) from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	(19,839,301)	(1,613,835)	(21,453,136)
Risk of non performance of the reinsurer	-	-	(326,135)	-	(326,135)
Retrocession expenses	-	-	29,917,458	-	29,917,458
Total	-	-	9,752,022	(1,613,835)	8,138,187
Finance income					
Impact of changes in discount rates	-	-	(2,663,348)	-	(2,663,348)
Interest accretion	-	-	(7,755,028)	-	(7,755,028)
Total	-	-	(10,418,376)	-	(10,418,376)
Total changes in the statement of profit or loss	4,310,085	16,725,311	(666,354)	23,148,551	43,517,593
Cash flows					
Retro premiums paid	(939,331)	-	-	-	(939,331)
Retrocession expenses paid	-	-	(31,935,789)	-	(31,935,789)
Effects of movements in exchange rates	(204,443)	-	-	-	(204,443)
Insurance recoveries on paid claims	-	-	86,835,100	-	86,835,100
Total cash flows	(1,143,774)	-	54,899,311	-	53,755,537
Reinsurance contract liabilities/(assets) as at 31 Dec	7,537,895	(38,320,296)	(618,267,677)	(43,027,284)	(692,077,362)
2024					
Fire					
	Assets 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
Opening liabilities/(assets) as at 1 Jan	1,102,841	(13,592,170)	(263,074,139)	(41,712,824)	(317,276,292)
Allocation of reinsurance premium	3,585,001	-	-	-	3,585,001
Insurance service income					
Reinsurance commission earned amortisation	(436,283)	-	-	-	(436,283)
Adjustments in FCF relating to LIC	-	-	-	(24,463,011)	(24,463,011)
Losses on onerous contracts and reversals	-	(41,453,437)	-	-	(41,453,437)
Total	(436,283)	(41,453,437)	-	(24,463,011)	(66,352,731)
Net income/(expenses) from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	(539,982,597)	-	(539,982,597)
Retrocession expenses	-	-	46,965,335	-	46,965,335
Total	-	-	(493,017,262)	-	(493,017,262)
Total changes in the statement of profit or loss	3,148,718	(41,453,437)	(493,017,262)	(24,463,011)	(555,784,992)
Cash flows					
Retro premiums paid	(25,338)	-	-	-	(25,338)
Retrocession expenses paid	-	-	(37,916,205)	-	(37,916,205)
Effects of movements in exchange rates	145,363	-	-	-	145,363
Insurance recoveries on paid claims	-	-	121,506,972	-	121,506,972
Total cash flows	120,025	-	83,590,767	-	83,710,792
Reinsurance contract liabilities/(assets) as at 31 Dec	4,371,584	(55,045,607)	(672,500,634)	(66,175,835)	(789,350,492)

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30 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 (continued)

2025

Motor

	Assets 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
Opening liabilities/(assets) as at 1 Jan	239,306,259	-	(197,186,493)	(4,939,617)	37,180,149
Allocation of reinsurance premium	313,107,783	-	-	-	313,107,783
Insurance service income					
Reinsurance commission earned amortisation	(95,153,514)	-	-	-	(95,153,514)
Adjustments in FCF relating to LIC related to past service	-	-	-	15,960,984	15,960,984
Losses on onerous contracts and reversals	-	-	-	-	-
Total	(95,153,514)	-	-	15,960,984	(79,192,530)
Net income/(expenses) from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	(30,175,852)	(1,040,223)	(31,216,075)
Risk of non performance of the reinsurer	-	-	(496,055)	-	(496,055)
Retrocession expenses	-	-	142,582,332	-	142,582,332
Total	-	-	111,910,425	(1,040,223)	110,870,202
Finance income					
Impact of changes in discount rates	-	-	114,566	-	114,566
Interest accretion	-	-	333,589	-	333,589
Total	-	-	448,155	-	448,155
Total changes in the statement of profit or loss	217,954,269	-	112,358,580	14,920,761	345,233,610
Cash flows					
Retro premiums paid	(4,476,714)	-	-	-	(4,476,714)
Retrocession expenses paid	-	-	(152,201,416)	-	(152,201,416)
Effects of movements in exchange rates	(108,703,758)	-	-	-	(108,703,758)
Insurance recoveries on paid claims	-	-	144,229,996	-	144,229,996
Total cash flows	(113,180,472)	-	(7,971,420)	-	(121,151,892)
Reinsurance contract liabilities/(assets) as at 31 Dec	344,080,056	-	(92,799,333)	9,981,144	261,261,867

2024

Motor

	Assets 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
Opening liability as at 1 Jan	-	-	82,954	-	82,954
Allocation of reinsurance premium	324,226,932	-	-	-	324,226,932
Insurance service income					
Reinsurance commission earned amortisation	(95,775,704)	-	-	-	(95,775,704)
Adjustments in FCF relating to LIC	-	-	-	(4,939,617)	(4,939,617)
Losses on onerous contracts and reversals	-	-	-	-	-
Total	(95,775,704)	-	-	(4,939,617)	(100,715,321)
Net income/(expenses) from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	(268,042,748)	-	(268,042,748)
Retrocession expenses	-	-	51,308,186	-	51,308,186
Total	-	-	(216,734,562)	-	(216,734,562)
Total changes in the statement of profit or loss	228,451,228	-	(216,734,562)	(4,939,617)	6,777,049
Cash flows					
Retro premiums paid	(2,291,518)	-	-	-	(2,291,518)
Retrocession expenses paid	-	-	(41,422,290)	-	(41,422,290)
Effects of movements in exchange rates	13,146,549	-	-	-	13,146,549
Insurance recoveries on paid claims	-	-	60,887,405	-	60,887,405
Total cash flows	10,855,031	-	19,465,115	-	30,320,146
Reinsurance contract liabilities/(assets) as at 31 Dec	239,306,259	-	(197,186,493)	(4,939,617)	37,180,149

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30 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 (continued)

2025

Other

	Assets 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
Opening liabilities/(assets) as at 1 Jan	65,447,360	(8,534,747)	(47,140,143)	(29,406,232)	(19,633,762)
Allocation of reinsurance premium	51,944,600	-	-	-	51,944,600
Insurance service income					
Reinsurance commission earned amortisation	(18,043,549)	-	-	-	(18,043,549)
Adjustments in FCF relating to LIC related to past service	-	-	-	(2,778,313)	(2,778,313)
Losses on onerous contracts and reversals	-	1,708,706	-	-	1,708,706
Total	(18,043,549)	1,708,706	-	(2,778,313)	(19,113,156)
Net income/(expenses) from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	(74,423,514)	181,070	(74,242,444)
Risk of non performance of the reinsurer	-	-	(1,223,434)	-	(1,223,434)
Retrosession expenses	-	-	37,816,042	-	37,816,042
Total	-	-	(37,830,906)	181,070	(37,649,836)
Finance income					
Impact of changes in discount rates	-	-	(1,052,552)	-	(1,052,552)
Interest accretion	-	-	(3,064,778)	-	(3,064,778)
Total	-	-	(4,117,330)	-	(4,117,330)
Total changes in the statement of profit or loss	33,901,051	1,708,706	(41,948,236)	(2,597,243)	(8,935,722)
Cash flows					
Retro premiums paid	(1,187,326)	-	-	-	(1,187,326)
Retrosession expenses paid	-	-	(40,367,241)	-	(40,367,241)
Effects of movements in exchange rates	(18,963,100)	-	-	-	(18,963,100)
Insurance recoveries on paid claims	-	-	(2,512,364)	-	(2,512,364)
Total cash flows	(20,150,426)	-	(42,879,605)	-	(63,030,031)
Reinsurance contract liabilities/(assets) as at 31 Dec	79,197,985	(6,826,041)	(131,967,984)	(32,003,475)	(91,599,515)
2024					
Other					
	Assets 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
Opening liabilities/(assets) as at 1 Jan	2,183,740	(9,258,591)	(38,145,285)	(5,404,995)	(50,625,131)
Allocation of reinsurance premium	95,742,209	-	-	-	95,742,209
Insurance service income					
Reinsurance commission earned amortisation	(35,684,013)	-	-	-	(35,684,013)
Adjustments in FCF relating to LIC	-	-	-	(24,001,237)	(24,001,237)
Losses on onerous contracts and reversals	-	723,844	-	-	723,844
Total	(35,684,013)	723,844	-	(24,001,237)	(58,961,406)
Net income/(expenses) from reinsurance contracts					
Insurance recoveries on claims incurred	-	-	(35,781,681)	-	(35,781,681)
Retrosession expenses	-	-	39,601,208	-	39,601,208
Effects of movements in exchange rates	-	-	-	-	-
Total	-	-	3,819,527	-	3,819,527
Total changes in the statement of profit or loss	60,058,196	723,844	3,819,527	(24,001,237)	40,600,330
Cash flows					
Retro premiums paid	(676,671)	-	-	-	(676,671)
Retrosession expenses paid	-	-	(31,970,974)	-	(31,970,974)
Effects of movements in exchange rates	3,882,095	-	-	-	3,882,095
Insurance recoveries on paid claims	-	-	19,156,589	-	19,156,589
Total cash flows	3,205,424	-	(12,814,385)	-	(9,608,961)
Reinsurance contract liabilities/(assets) as at 31 Dec	65,447,360	(8,534,747)	(47,140,143)	(29,406,232)	(19,633,762)

31 Claims development

The table below illustrates how estimates of the cumulative claims for the Group have developed over time on a gross and net of reinsurance basis. Each table shows how the Group's estimates of the total claims for each accident year have developed over time.

Group and Company

Gross	2021	2022	2023	2024	2025	Total
At end of accident year	-	7,492,727	105,876,178	336,734,796	689,586,132	1,139,689,833
One year later	-	25,163,320	92,102,114	135,339,645	-	252,605,079
Two years later	-	5,079,213	138,836,861	-	-	143,916,074
Three years later	-	5,583,428	-	-	-	5,583,428
Cumulative gross claims paid	-	43,318,688	336,815,153	472,074,441	689,586,132	1,541,794,414
Gross outstanding claims - Accident Years from 2021 - 2025	23	187,229,589	344,565,070	1,015,077,266	903,394,956	2,450,266,904
Gross liabilities for incurred claims	23	230,548,277	681,380,223	1,487,151,707	1,592,981,088	3,992,061,318

Net of reinsurance

At end of accident year	-	4,025,057	104,522,444	158,816,875	560,430,482	827,794,858
One year later	-	15,955,541	52,913,484	83,437,481	-	152,306,506
Two years later	-	6,070,129	82,478,827	-	-	88,548,956
Three years later	-	6,294,959	-	-	-	6,294,959
Cumulative net claims paid	-	32,345,686	239,914,755	242,254,356	560,430,482	1,074,945,279
Net outstanding claims - Accident Years from 2021 - 2025	19	29,526,035	156,098,588	610,509,546	693,740,017	1,489,874,205
Net liabilities for incurred claims	19	61,871,721	396,013,343	852,763,902	1,254,170,499	2,564,819,484

32 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 2025 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.

33 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.

(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.

33 Risk management (continued)

(b) Underwriting risk

Underwriting risk comprises insurance risk, policyholder behavior 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
- North 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 PAA only the 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.

Group and Company	ZMW	ZMW	ZMW	ZMW
2025	LIC as at	Impact on	Impact on	Impact on
All classes	31 December	LIC	PBIT	Equity
Insurance contract liabilities	2,504,922,756			
Net reinsurance contract assets	(930,145,489)			
Net Insurance contract liabilities	1,574,777,267			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		125,246,138	(125,246,138)	(87,672,297)
Reinsurance contract assets		(46,507,274)	46,507,274	32,555,092
Net Insurance contract liabilities		78,738,864	(78,738,864)	(55,117,205)

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33 Risk management (continued)

(b) Underwriting risk (continued)
(iii) *Sensitivity analysis (continued)*

	ZMW LIC as at 31 December	ZMW Impact on LIC	ZMW Impact on PBIT	ZMW Impact on Equity
2024				
All classes				
Insurance contract liabilities	2,203,262,367			
Net reinsurance contract assets	<u>(1,156,284,303)</u>			
Net Insurance contract liabilities	<u><u>1,046,978,064</u></u>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		110,163,118	(110,163,118)	(77,114,183)
Reinsurance contract assets		<u>(57,814,215)</u>	<u>57,814,215</u>	<u>40,469,951</u>
Net Insurance contract liabilities		<u><u>52,348,903</u></u>	<u><u>(52,348,903)</u></u>	<u><u>(36,644,232)</u></u>
Group and Company				
2025				
Liability				
Insurance contract liabilities	375,076,459			
Net reinsurance contract assets	<u>(22,060,880)</u>			
Net Insurance contract liabilities	<u><u>353,015,579</u></u>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		18,753,823	(18,753,823)	(13,127,676)
Reinsurance contract assets		<u>(1,103,044)</u>	<u>1,103,044</u>	<u>772,131</u>
Net Insurance contract liabilities		<u><u>17,650,779</u></u>	<u><u>(17,650,779)</u></u>	<u><u>(12,355,545)</u></u>
Group and Company				
2024				
Liability				
Insurance contract liabilities	508,954,835			
Net reinsurance contract assets	<u>(239,457,033)</u>			
Net Insurance contract liabilities	<u><u>269,497,802</u></u>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		25,447,742	(25,447,742)	(17,813,419)
Reinsurance contract assets		<u>(11,972,852)</u>	<u>11,972,852</u>	<u>8,380,996</u>
Net Insurance contract liabilities		<u><u>13,474,890</u></u>	<u><u>(13,474,890)</u></u>	<u><u>(9,432,423)</u></u>
Group and Company				
2025				
Fire				
Insurance contract liabilities	1,002,010,190			
Net reinsurance contract assets	<u>(661,294,961)</u>			
Net Insurance contract liabilities	<u><u>340,715,229</u></u>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		50,100,510	(50,100,510)	(35,070,357)
Reinsurance contract assets		<u>(33,064,748)</u>	<u>33,064,748</u>	<u>23,145,324</u>
Net Insurance contract liabilities		<u><u>17,035,762</u></u>	<u><u>(17,035,762)</u></u>	<u><u>(11,925,033)</u></u>

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33 Risk management (continued)

(b) Underwriting risk (continued)
(iii) *Sensitivity analysis (continued)*

Group and Company	ZMW	ZMW	ZMW	ZMW
2024	LIC as at	Impact on	Impact on	Impact on
Fire	31 December	LIC	PBIT	Equity
Insurance contract liabilities	875,578,055			
Net reinsurance contract assets	(672,500,634)			
Net Insurance contract liabilities	203,077,421			

Unpaid claims- 5% increase

Insurance contract liabilities		43,778,903	(43,778,903)	(30,645,232)
Reinsurance contract assets		(33,625,032)	33,625,032	23,537,522
Net Insurance contract liabilities		10,153,871	(10,153,871)	(7,107,710)

Group and Company	ZMW	ZMW	ZMW	ZMW
2025	LIC as at	Impact on	Impact on	Impact on
Motor	31 December	LIC	PBIT	Equity

Insurance contract liabilities	532,996,759			
Net reinsurance contract assets	(82,818,189)			
Net Insurance contract liabilities	450,178,570			

Unpaid claims- 5% increase

Insurance contract liabilities		26,649,838	(26,649,838)	(18,654,887)
Reinsurance contract assets		(4,140,909)	4,140,909	2,898,636
Net Insurance contract liabilities		22,508,929	(22,508,929)	(15,756,251)

Group and Company	ZMW	ZMW	ZMW	ZMW
2024	LIC as at	Impact on	Impact on	Impact on
Motor	31 December	LIC	PBIT	Equity

Insurance contract liabilities	431,302,194			
Net reinsurance contract assets	(197,186,493)			
Net Insurance contract liabilities	234,115,701			

Unpaid claims- 5% increase

Insurance contract liabilities		21,565,110	(21,565,110)	(15,095,577)
Reinsurance contract assets		(9,859,325)	9,859,325	6,901,528
Net Insurance contract liabilities		11,705,785	(11,705,785)	(8,194,049)

Group and Company	ZMW	ZMW	ZMW	ZMW
2025	LIC as at	Impact on	Impact on	Impact on
Other	31 December	LIC	PBIT	Equity

Insurance contract liabilities	594,839,348			
Net reinsurance contract assets	(163,971,459)			
Net Insurance contract liabilities	430,867,889			

Unpaid claims- 5% increase

Insurance contract liabilities		29,741,967	(29,741,967)	(20,819,377)
Reinsurance contract assets		(8,198,573)	8,198,573	5,739,001
Net Insurance contract liabilities		21,543,394	(21,543,394)	(15,080,376)

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33 Risk management (continued)

(b) Underwriting risk (continued)

(iii) *Sensitivity analysis (continued)*

Group and Company	ZMW	ZMW	ZMW	ZMW
2024	LIC as at	Impact on	Impact on	Impact on
Other	31 December	LIC	PBIT	Equity
Insurance contract liabilities	387,427,283			
Net reinsurance contract assets	<u>(47,140,143)</u>			
Net Insurance contract liabilities	<u>340,287,140</u>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		19,371,364	(19,371,364)	(13,559,955)
Reinsurance contract assets		<u>(2,357,007)</u>	<u>2,357,007</u>	<u>1,649,905</u>
Net Insurance contract liabilities		<u>17,014,357</u>	<u>(17,014,357)</u>	<u>(11,910,050)</u>

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.

(c) Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, fixed income investments and reinsurance contract assets. The Group does not enter into derivative contracts.

As a result of the financial instruments held by the Group, it has exposures to the following risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations, and arises principally from the Group's reinsurance contract assets and investments in debt securities.

(i) *Credit risk management*

Credit risk is mitigated by the following:

- Establishing the authorisation structure for the approval and renewal of contracts in line with credit policies, authorisation limits are allocated to the business with large exposures being approved according to set financial authority guidelines. The Group has a large number of cedants with a wide geographical dispersal which reduces concentration risk. In addition, concentration risk is reduced through underwriting of business in various industries.

- 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.

33 Risk management (continued)

(c) Financial risk management (continued)

Credit risk (continued)

(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 and Company

Reinsurance contract assets-Claims recoveries

Based on International rating agencies

	2025	2024
A- rated	7,311,426	-
B- rated	316,696,071	130,472,055
Below B rated	<u>388,464,557</u>	<u>570,751,350</u>
Total claims recoveries	<u>712,472,054</u>	<u>701,223,405</u>

(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.

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.

33 Risk management (continued)

(c) Financial risk management

Credit risk (continued)

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.

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.

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.

33 Risk management (continued)

(c) Financial risk management
Credit risk (continued)

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:

Group and Company	ZMW 2025	ZMW 2024
Balance as at 1 January	2,947,837	961,636
Impairment (reversal)/charge for the year	<u>(1,815,873)</u>	<u>1,986,201</u>
Total ECL allowance as at 31 December	<u>1,131,964</u>	<u>2,947,837</u>

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.

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33 Risk management (continued)

(c) 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.

Group	Up to 1 year	Between 1-2 years	Over 2 years	Total
	ZMW	ZMW	ZMW	ZMW
2025				
Assets				
Cash and cash equivalents	248,241,220	-	-	248,241,220
Other assets (excluding prepayments)	2,013,181,122	-	-	2,013,181,122
Liability for remaining coverage (insurance receivables)	527,161,407	880,949	-	528,042,356
Financial investments at amortised cost	317,982,898	76,562,461	10,455,127	405,000,486
Total financial assets	3,106,566,647	77,443,410	10,455,127	3,194,465,184
Liabilities				
Liability for remaining coverage (reinsurance payable)	565,861,074	-	-	565,861,074
Lease liabilities	1,347,593	-	-	1,347,593
Other liabilities	186,379,173	-	-	186,379,173
Liability for incurred claims (net outstanding claims incurred)	624,516,458	-	-	624,516,458
Total financial liabilities	1,378,104,298	-	-	1,378,104,298
Liquidity gap	1,728,462,349	77,443,410	10,455,127	1,816,360,886
Group				
2024				
Assets				
Cash and cash equivalents	249,982,932	-	-	249,982,932
Other assets (excluding prepayments)	1,488,191,454	-	-	1,488,191,454
Liability for remaining coverage (insurance receivables)	526,059,308	191,817,330	-	717,876,638
Financial investments at amortised cost	324,100,985	93,975,006	-	418,075,991
Total financial assets	2,588,334,679	285,792,336	-	2,874,127,015
Liabilities				
Liability for remaining coverage (reinsurance payable)	632,532,378	-	-	632,532,378
Lease liabilities	3,498,574	1,592,459	-	5,091,033
Other liabilities	157,536,675	-	-	157,536,675
Liability for incurred claims (net outstanding claims incurred)	428,372,178	-	-	428,372,178
Total financial liabilities	1,221,939,805	1,592,459	-	1,223,532,264
Liquidity gap	1,366,394,874	284,199,877	-	1,650,594,751

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33 Risk management (continued)

(c) Financial risk management (continued)

Maturity of financial liabilities and assets

The table below summarizes the maturity profile of the Company'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.

Company	Up to 1 year	Between 1-2 years	Over 2 years	Total
2025	ZMW	ZMW	ZMW	ZMW
Assets				
Cash and cash equivalents	248,157,543	-	-	248,157,543
Other assets (excluding prepayments)	2,098,619,306	-	-	2,098,619,306
Liability for remaining coverage (insurance receivables)	527,161,407	880,949	-	528,042,356
Financial investments at amortised cost	317,982,898	76,562,461	10,455,127	405,000,486
Total financial assets	3,191,921,154	77,443,410	10,455,127	3,279,819,691
Liabilities				
Liability for remaining coverage (reinsurance payable)	565,861,074	-	-	565,861,074
Lease liabilities	1,347,593	-	-	1,347,593
Other liabilities	185,264,813	-	-	185,264,813
Liability for incurred claims (net outstanding claims incurred)	624,516,458	-	-	624,516,458
Total financial liabilities	1,376,989,938	-	-	1,376,989,938
Liquidity gap	1,814,931,216	77,443,410	10,455,127	1,902,829,753

Company	Up to 1 year	Between 1-2 years	Over 2 years	Total
2024	ZMW	ZMW	ZMW	ZMW
Assets				
Cash and cash equivalents	249,544,540	-	-	249,544,540
Other assets (excluding prepayments)	1,562,042,154	-	-	1,562,042,154
Liability for remaining coverage (insurance receivables)	526,059,308	191,817,330	-	717,876,638
Financial investments at amortised cost	324,100,985	93,975,006	-	418,075,991
Total financial assets	2,661,746,987	285,792,336	-	2,947,539,323
Liabilities				
Liability for remaining coverage (reinsurance payable)	632,532,378	-	-	632,532,378
Lease liabilities	3,498,574	1,592,459	-	5,091,033
Other liabilities	128,831,022	-	-	128,831,022
Liability for incurred claims (net outstanding claims incurred)	428,372,178	-	-	428,372,178
Total financial liabilities	1,193,234,152	1,592,459	-	1,194,826,611
Liquidity gap	1,468,512,835	284,199,877	-	1,752,712,712

33 Risk management (continued)

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:

Group

2025	USD ZMW	XOF/XAF ZMW	Others ZMW	Total ZMW
Financial assets				
Cash and cash equivalents	196,833,162	39,610,506	-	236,443,668
Liability for remaining coverage (insurance receivables)	232,056,579	38,505,015	249,269,999	519,831,593
Financial investments at amortised cost	17,919,835	-	-	17,919,835
Other assets (funds withheld)	1,723,540,425	-	-	1,723,540,425
Total assets	2,170,350,001	78,115,521	249,269,999	2,497,735,521
Financial liabilities				
Liability for remaining coverage (reinsurance payable)	565,861,074	-	-	565,861,074
Lease liabilities	1,463,110	-	-	1,463,110
Other liabilities	21,327,541	-	-	21,327,541
Liability for incurred claims (Net outstanding claims incurred)	87,334,436	6,360,823	523,329,215	617,024,474
Total liabilities	675,986,161	6,360,823	523,329,215	1,205,676,199
Net position	1,494,363,840	71,754,698	(274,059,216)	1,292,059,322

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.

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33 Risk management (continued)

Market risk

Foreign currency exposures (continued)

Group

2024	USD ZMW	ZAR ZMW	Other ZMW	Total ZMW
Financial assets				
Cash and cash equivalents	90,648,373	128,431,280	-	219,079,653
Liability for remaining coverage (insurance receivables)	339,613,477	56,422,109	316,980,263	713,015,849
Financial investments at amortised cost	51,401,857	-	-	51,401,857
Other assets (funds withheld)	1,223,734,897	-	-	1,223,734,897
Total assets	1,705,398,604	184,853,389	316,980,263	2,207,232,256
Financial liabilities				
Liability for remaining coverage (reinsurance payable)	632,532,378	-	-	632,532,378
Lease liabilities	5,091,033	-	-	5,091,033
Other liabilities	31,567,435	-	-	31,567,435
Liability for incurred claims (net outstanding claims incurred)	32,247,136	12,902,223	372,267,404	417,416,763
Total liabilities	701,437,982	12,902,223	372,267,404	1,086,607,609
Net position	1,003,960,622	171,951,166	(55,287,141)	1,120,624,647

Company

2025	USD ZMW	XOF/XAF ZMW	Others ZMW	Total ZMW
Financial assets				
Cash and cash equivalents	196,771,622	39,610,506	-	236,382,128
Liability for remaining coverage (insurance receivables)	232,056,579	38,505,015	249,269,999	519,831,593
Financial investments at amortised cost	17,919,835	-	-	17,919,835
Other assets (funds withheld)	1,723,540,425	-	-	1,723,540,425
Total assets	2,170,288,461	78,115,521	249,269,999	2,497,673,981
Financial liabilities				
Liability for remaining coverage (reinsurance payable)	565,861,074	-	-	565,861,074
Lease liabilities	1,463,110	-	-	1,463,110
Other liabilities	21,327,541	-	-	21,327,541
Liability for incurred claims (net outstanding claims incurred)	87,334,436	6,360,823	523,329,215	617,024,474
Total liabilities	675,986,161	6,360,823	523,329,215	1,205,676,199
Net position	1,494,302,300	71,754,698	(274,059,216)	1,291,997,782

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.

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33 Risk management (continued)

Market risk

Foreign currency exposures (continued)

Company

2024	USD ZMW	XOF/XAF ZMW	Other ZMW	Total ZMW
Financial assets				
Cash and cash equivalents	90,648,373	128,431,280	-	219,079,653
Liability for remaining coverage (insurance receivables)	339,613,477	56,422,109	316,980,263	713,015,849
Financial investments at amortised cost	51,401,857	-	-	51,401,857
Other assets (funds withheld)	1,223,734,897	-	-	1,223,734,897
Total assets	<u>1,705,398,604</u>	<u>184,853,389</u>	<u>316,980,263</u>	<u>2,207,232,256</u>
Financial liabilities				
Liability for remaining coverage (reinsurance payable)	632,532,378	-	-	632,532,378
Lease liabilities	5,091,033	-	-	5,091,033
Other liabilities	3,429,671	-	-	3,429,671
Liability for incurred claims (net outstanding claims incurred)	32,247,136	12,902,223	372,267,404	417,416,763
Total liabilities	<u>673,300,218</u>	<u>12,902,223</u>	<u>372,267,404</u>	<u>1,058,469,845</u>
Net position	<u>1,032,098,386</u>	<u>171,951,166</u>	<u>(55,287,141)</u>	<u>1,148,762,411</u>

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 and other comprehensive income 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	2025		2024	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
USD/ZMW exchange rate- (20.5%) movement (Prior year: 8.5%)	(306,344,587)	306,344,587	(85,336,653)	85,336,653
XOF/ZMW exchange rate- (20.5%) movement (Prior year: 8.5%)	(14,709,713)	14,709,713	(14,615,849)	14,615,849
Other/ZMW exchange rate- (20.5%) movement (Prior year: 8.5%)	56,182,139	(56,182,139)	4,699,407	(4,699,407)
Company				
	2025		2024	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
USD/ZMW exchange rate- (20.5%) movement (Prior year: 8.5%)	(306,331,972)	306,331,972	(87,728,363)	87,728,363
XOF/ZMW exchange rate- (20.5%) movement (Prior year: 8.5%)	(14,709,713)	14,709,713	(14,615,849)	14,615,849
Other/ZMW exchange rate- (20.5%) movement (Prior year: 8.5%)	56,182,139	(56,182,139)	4,699,407	(4,699,407)

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.

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34	Related party transactions	2025	2024
(i)	Shareholding	Shareholding %	Shareholding %
	The Company's shareholding comprises of the following:		
	- Klapton Management Limited	32.56%	35%
	- SLA Consolidated Limited	32.56%	35%
	- Shay Reches	27.91%	30%
	- Assaf Reches	1.86%	-
	- Yuval Reches	1.86%	-
	- Robert Bygrave	1.40%	-
	- K.M.A Administration Limited	0.93%	-
	- Michael Lawson	0.93%	-
(ii)	Nature of relationship		
	With the exception of Klapton Business Park Limited, which is a subsidiary, Klapton Re is affiliated to the following entities through common shareholding by both SLA Consolidated Limited and Klapton Management Limited:		
	- Klapton Insurance Company Limited		
	- Klapton Insurance Zambia Limited		
	- Klapton Reinsurance Brokers Limited		
	- Klapton Management Africa SARL		
	- Kuala Tech Limited		
	- K.M.A Administration Limited		
		2025	2024
		ZMW	ZMW
(iii)	Transactions with related parties		
	The following transactions occurred with the respective related parties:		
	a) Klapton Insurance Company Limited		
	- Ceded premium	101,792,070	832,609,144
	- Business transfer commission	9,377,356	8,102,624
	- Claim recoveries	180,397,553	47,514,696
	- Reinsurance commission	35,266,180	245,337,024
	- Retrocession fees	78,440,839	77,851,026
	- Premium retroceded	6,698,358	11,920,966
	b) Shay Reches		
	- Consultancy fees	180,000	144,000
	c) Klapton Reinsurance Brokers Limited		
	- Premiums written by Klapton Reinsurers Brokers on behalf of the Company	18,219,471	45,127,847
	- Commission expense on premiums written by Klapton Reinsurers Brokers Limited	6,910,845	17,856,875
	d) Klapton Management Africa Limited SARL		
	- Premiums written by Klapton Management Africa SARL on behalf of the Company	93,969,298	138,012,957
	- Commission expense on premiums written by Klapton Management Africa SARL	39,517,859	56,197,111
	e) Klapton Insurance Zambia Limited		
	- Premium retroceded to the Company by Klapton Insurance Zambia	10,900,854	6,479,382
	f) Kuala Tech Limited		
	- ICT services by Kuala Tech Limited to the Company	1,369,464	1,369,464
	g) Klapton Business Park Limited		
	- Funds advanced to Klapton Business Park Limited by the Company	11,660,154	45,328,736
	h) K.M.A Administration Limited		
	- Business transfer commission	4,953,675	4,084,181

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34 Related party transactions (continued)

i) 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 Klapton Re key management personnel are as below:			
		2025	2024
		ZMW	ZMW
	- Directors fees Group	2,036,507	1,640,608
	- Directors fees Company	1,749,140	1,401,601
	- Key management personnel compensation (note 34 (iv)) Group and Company	39,130,968	19,565,311
(iv)	Key management and personnel compensation group and company		
	Short-term employee benefits	33,335,235	15,532,451
	Post -employment benefits	5,795,733	4,032,860
		39,130,968	19,565,311
(v)	Amounts directly due to related parties		
	Below are the amounts due to the respective related parties:		
	a) Klapton Insurance Company Limited		
	- Ceded premium	755,757,504	879,242,483
	- Business transfer commission payable	810,629	1,705,825
	- Retrocession fees payable	6,223,171	14,732,107
	- Collateral advance payable	14,687,981	69,790,894
	b) Klapton Reinsurance Brokers Limited		
	- Hub commission payable	13,251,917	30,617,851
	c) Klapton Management Africa Limited SARL		
	- Hub commission payable	6,439,116	27,883,836
	d) K.M.A Administration Limited		
	- Business transfer commission payable	409,936	303,266
(vi)	Amounts due from related parties		
	Below are the amounts due from the respective related parties:		
	a) Klapton Insurance Company Limited		
	- Claim recoveries	203,950,927	49,941,023
	- Reinsurance commission	240,650,647	258,827,150
	b) Klapton Insurance Zambia Limited		
	- Insurance premium due	8,019,374	6,342,472
	c) Kuala Tech Limited		
	- Advance ICT fees paid	-	1,107,809
	d) Klapton Business Park Limited		
	- Funds advanced by the Company	85,539,304	73,879,150

35 Capital commitments

There was no significant capital expenditure contracted for at the end of the reporting period not recognised as liabilities.

36 Contingent liabilities

The Group and Company did not have any contingent liabilities at 31 December 2025.

37 Events occurring after the reporting period

In January 2026, the company announced its intention to list its authorised shares on the Lusaka Stock Exchange (LuSE) through a Direct placement. The listing has been approved by the Shareholders but is yet to be approved by the regulatory authorities. Approvals and the listing is expected to be completed by end of March 2026.

38 Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, share premium, reserves and retained earnings as disclosed in the statement of changes in equity.

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 23 December 2022 which had a three-year transitional period to comply with the requirements. In accordance with the Act, a licensed insurer or reinsurer shall have a minimum solvency margin and capital adequacy ratio of 10% and 150% respectively as at 31 December 2025.

The Group as at 31 December 2025 had a solvency and capital adequacy ratio of 19% and 138% respectively. A shareholders letter of undertaking outlining the strategies to meet the Capital Adequacy Ratio (CAR) target has been submitted to the regulator.

An important element of the Group's capital enhancement programme to improve its CAR is the conversion of Klaption Re into a Public Limited Company (PLC) and the subsequent listing on the Lusaka Securities Exchange (LuSE). As disclosed in note 37, in January 2026, the Company announced its intention to list its authorised shares on the LuSE through a direct placement.

The shareholders of Klaption Re approved the Board's recommendation to list 100% shareholding of the Company (with a 25% float) on the LuSE. The process has formally commenced but is yet to be approved by the regulators.

Listing Klaption Re will provide access to a diversified investor base (institutional, retail, pension funds). This reduces dependence on concentrated shareholders, thus improving capital stability and ultimately improving capital quality and permanence, supporting regulator confidence in capital adequacy. Completion of the Listing is expected in Q1 2026 and as such, it is anticipated that Klaption Re's CAR ratio will exceed 150% during Q2 of 2026.

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38 Capital management (continued)

Insurance account solvency statement	Group		Company	
	2025 ZMW	2024 ZMW	2025 ZMW	2024 ZMW
Part A: Calculation of Available Capital Requirement				
1 Total value of assets	3,758,611,950	3,271,171,082	3,613,920,964	3,116,425,939
2 Less: Total disallowed assets	122,130,479	79,603,328	207,669,783	153,482,480
2.1 Goodwill & other intangible assets	2,124,244	4,362,011	2,124,244	4,362,012
2.2 Deferred tax asset	111,181,469	62,134,877	111,181,469	62,134,877
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	394,914	-	394,914	-
2.10 Surplus/deficit of right-of-use assets over liability	(744,963)	(1,459,751)	(744,963)	(1,459,750)
2.11 Prepayments	3,991,576	7,115,910	3,991,576	7,115,910
2.12 Receivables from related parties	5,183,239	7,450,281	90,722,543	81,329,431
2.13 Merchandise inventory & corporate stationery	-	-	-	-
2.14 Any implicit accounting assets	-	-	-	-
2.15 Deferred acquisition costs	-	-	-	-
2.16 Any other assets as the Authority may determine	-	-	-	-
3 Net allowable assets: (1) - (2)	3,636,481,471	3,191,567,754	3,406,251,181	2,962,943,459
4 Total value of liabilities	3,062,347,140	2,619,164,613	3,061,232,780	2,590,458,960
5 Policy holder liabilities	2,874,504,857	2,456,536,905	2,874,504,857	2,456,536,905
Insurance contract liabilities	2,531,149,463	2,393,095,975	2,531,149,463	2,393,095,975
Reinsurance contract liabilities	343,355,394	63,440,930	343,355,394	63,440,930
6 Current liabilities	187,842,283	162,627,708	186,727,923	133,922,055
7 Non-current liabilities	-	-	-	-
8 Available capital requirement: (3) - (4)	574,134,331	572,403,141	345,018,401	372,484,499
Solvency margin = Part A (8) ÷ Part A (4)	19%	22%	11%	14%

The logo for KlaptonRe features the company name in a bold, white, sans-serif font. To the right of the text is a graphic element consisting of two overlapping white squares, with the top-right corner of the front square cut off.

KlaptonRe



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