



GOVERNMENT OF MALAWI

SOE Credit Risk Assessment Report for Commercial State-Owned Enterprises

**Ministry of Finance and Economic Affairs
P.O Box 30049
Capital City
Lilongwe 3**

April 2025

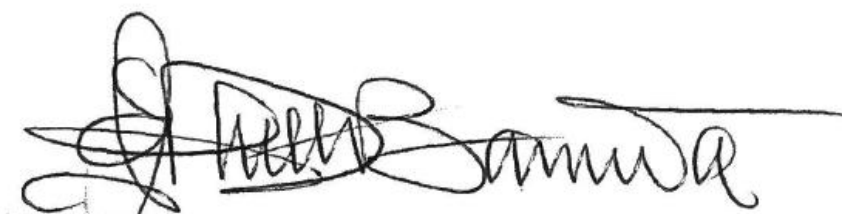
FOREWORD

The Ministry of Finance and Economic Affairs (MoFEA) conducted Credit Risk Assessment as part of ongoing efforts to enhance financial oversight and promote transparency in the management of public resources in Public Bodies. These assessments require the regular production and dissemination of risk rating reports that assess the status of government guarantees and on-lent loans, including an evaluation of the associated risks and exposure levels that may arise from un-serviced debt.

In line with this, this report has been prepared to provide a comprehensive overview of the financial performance and credit risks of State-Owned Enterprises (SOEs) that are beneficiaries of government guarantees and on-lending arrangements. It assesses ten SOEs with outstanding obligations and presents MoFEA's analysis of their credit risk profiles.

This publication reaffirms the government's dedication to strengthening financial governance, enhancing transparency, and ensuring accountability in the operations of public enterprises.

In conclusion, it is my expectation that public bodies will maintain sustainable debt levels while the Ministry of Finance and Economic Affairs shall continue to exercise its financial oversight role to monitor debt levels. I, therefore, implore management and staff in the Ministry and all stakeholders to coordinate in order to achieve this aspiration.



Hon. Simplex Chithyola Banda, MP.
MINISTER OF FINANCE AND ECONOMIC AFFAIRS

PREFACE

Public bodies are stewards of public funds and are not immune to financial hitches such as budget deficits, mismanagement and debt distress. Credit assessments therefore support transparency, accountability and timely detection of fiscal exposure to Government. The government remains exposed to potential fiscal shocks arising from the poor financial performance of SOEs, particularly in sectors where service delivery is critical but cost recovery is inadequate. Addressing these risks requires coordinated and sustained reform efforts, including the enforcement of financial discipline, improvement of corporate governance, timely approval of cost-reflective tariffs, and targeted government support for social mandates.

In developing this Credit Risk Assessment Report, the Ministry of Finance and Economic Affairs utilized input from various stakeholders at different fora. Among others, these included; Public Bodies, the World Bank Technical Assistants and Line Ministries. Furthermore, the risk assessment considered current policies and action plans for the country. What now what remains is continuous close monitoring, implementation, evaluation and regular reviews to ensure debt levels are managed to minimize government exposure.

Finally, I would like to thank the management and staff of MoFEA and various stakeholders for their invaluable contributions towards the development of Credit Risk Assessment Report. It is my belief that the report will guide our actions in the implementation of various programs in the Ministry in line with national policy document MW2063.



Betchani Tchereni, PhD
SECRETARY TO THE TREASURY

TABLE OF CONTENTS

Acronyms	vii
1. Introduction	1
2. Description of Credit Risk Assessment Methodology	1
3. Electricity Supply Corporation of Malawi Limited (ESCOM)	3
3.1. Risk rating summary	3
3.2. Financial relationship with the government	4
3.3. Financial risk profile	5
3.4. Business risk profile	7
3.5. Expected losses from the entity's debt	9
3.6. Recommendations	11
4. Energy Generation Company Malawi Limited (EGENCO)	12
4.1. Risk rating summary	12
4.2. Financial relationship with the government	13
4.3. Financial risk profile	14
4.4. Business risk profile	17
4.5. Expected losses from the entity's debt	19
4.6. Recommendations	21
5. National Oil Company of Malawi (NOCMA)	22
5.1. Risk rating summary	22
5.2. Financial relationship with the government	23
5.3. Financial risk profile	24
5.4. Business risk profile	27
5.5. Expected losses from the entity's debt	29
5.6. Recommendations	31
6. Blantyre Water Board (BWB)	32
6.1. Risk rating summary	32
6.2. Financial relationship with the government	32
6.3. Financial risk profile	33
6.4. Business risk profile	36
6.5. Expected losses from the entity's debt	38
6.6. Recommendations	41
7. Southern Region Water Board (SRWB)	42
7.1. Risk rating summary	42

7.2.	Financial relationship with the government.....	43
7.3.	Financial risk profile.....	45
7.4.	Business risk profile.....	47
7.5.	Expected losses from the entity's debt	49
7.6.	Recommendations	51
8.	Lilongwe Water Board (LWB)	52
8.1.	Risk rating summary	52
8.2.	Financial relationship with the government.....	52
8.3.	Financial risk profile.....	53
8.4.	Business risk profile.....	56
8.5.	Expected losses from the entity's debt	58
8.6.	Recommendations	60
9.	Central Region Water Board (CRWB).....	61
9.1.	Risk rating summary	61
9.2.	Financial relationship with the government.....	62
9.3.	Financial risk profile.....	62
9.4.	Business risk profile.....	65
9.5.	Expected losses from the entity's debt	67
9.6.	Recommendations	69
10.	Northern Region Water Board (NRWB).....	70
10.1.	Risk rating summary	70
10.2.	Financial relationship with the government.....	70
10.3.	Financial risk profile.....	72
10.4.	Business risk profile.....	75
10.5.	Expected losses from the entity's debt	77
10.6.	Recommendations	79
11.	Agricultural Development and Marketing Corporation Limited (ADMARC)	80
11.1	Risk rating summary	80
11.2.	Financial relationship with the government.....	80
11.3.	Financial risk profile.....	81
11.4.	Business risk profile.....	84
11.5.	Expected losses from the entity's debt	87
11.6.	Recommendations	89
12.	Umodzi Holdings Limited (UHL)	90

13.	Conclusion	90
14.	ANNEX	91

Acronyms

Ministry of Finance and Economic Affairs.....	MoFEA
State-Owned Enterprises.....	SOEs
Debt Guarantee Loan Assessment Tool.....	DGLAT
Electricity Supply Corporation of Malawi Limited.....	ESCOM
Northern Region Water Board.....	NRWB
Blantyre Water Board.....	BWB
Lilongwe Water Board.....	LWB
Central Region Water Board.....	CRWB
Southern Region Water Board.....	SRWB
National Oil Company of Malawi.....	NOCMA
Agriculture Development and Marketing Cooperation	ADMARC
Energy Generation Company Limited.....	EGENCO
In-Bound Landed Costs.....	IBLC

1. Introduction

The Ministry of Finance and Economic Affairs (MoFEA) adopted ‘Guidelines for Guarantees, On-Lending and Borrowing by Public Bodies’¹ in April 2024. These guidelines require the production and the dissemination of reports on the status of outstanding on-lent loans and guarantees, including the assessment of risks and degree of exposure. This report is prepared to comply with this requirement of the guidelines. The report will serve to promote transparency regarding the financial performance and credit risks of state-owned enterprises (SOEs) that benefit from government guarantees and on-lending.

The report covers 10 SOEs² with outstanding loan guarantees and on-lent loans and summarizes the conclusions of MoFEA’s assessment of their credit risks. The period underlying the assessment is from years ending March 2022 through March 2024. The report will be updated and published annually during the second quarter of the year. The scope will be expanded gradually to cover all SOEs that are beneficiaries of loan guarantees and on-lent loans.

Out of the ten SOEs assessed, there was no SOE that was rated Category 1 and 2. However, 40% were within Category 3 and Category 4 comprised 20% of the sampled SOEs respectively. Category 5 of the SOEs constituted 40% of the sample. Category 1 indicates the lowest risk and Category 5 indicates the highest risk. Majority of the SOEs were assigned Category 4, reflecting their financial difficulties and limited debt payment capacity, which, in turn, expose the government to higher fiscal costs and risks stemming from SOEs.

Given these structural and policy deficiencies, this calls for Government’s action to support the parastatal sector. Government should ensure that there are pre-arranged subsidies to cover for expenses related the SOEs’ social functions and tariffs should be timely approved and reflective of cost. On the other hand, continuation of the ongoing reforms regarding governance, financial management should be given due attention to ensure value for money.

The report is composed of 13 sections. The introduction is followed by a description of the credit risk assessment methodology adopted in the ‘Guidelines for Guarantees, On-Lending and Borrowing by Public Bodies’. This is followed by ten sections on the individual SOEs, where financial relationship with the government, business risk profile, financial risk profile, expected losses to the government and recommendations are discussed. Key findings are summarized in the conclusion section.

2. Description of Credit Risk Assessment Methodology

The methodology underlying the assessment of the credit risks of SOEs summarized in this report is based on the IMF’s Debt Guaranteed and Loan Assessment Tool (DGLAT). The credit risk

¹ <https://www.finance.gov.mw/index.php/our-documents/other-documents?download=337:malawi-guidelines-on-guarantees-on-lending-and-direct-borrowing-by-soes&start=20>

² Electricity Supply Corporation of Malawi Limited (ESCOM), Northern Region Water Board (NRWB), Blantyre Water Board (BWB), Lilongwe Water Board (LWB), Central Region Water Board (CRWB), Southern Region Water Board (SRWB), National Oil Company of Malawi (NOCMA), Agriculture Development and Marketing Cooperation (ADMARC), Energy Generation Company Limited (EGENCO), Umodzi Holdings Limited (UHL)

assessment utilizes the risk scoring approach. Two sets of risk factors are scored: financial risk profile and business risk profile. In the financial risk profile, a total of 13 financial ratios, grouped under profitability, liquidity and solvency are assessed. In the business risk profile, eight categories are assessed: industry risk, competitive position, board and management, governance, market risks, liquidity, legal and regulatory and other factors. In both the financial and business risk profiles, the weight of each sub-factor is equal.

The financial risk rating is categorized from a scale of 1 to 5, with 1 indicating the lowest risk and 5 indicating the highest risk. The business risk can be categorized in three groups: Credit Neutral, Credit Positive and Credit Negative. The overall risk rating is a function of the financial risk rating complemented by the business risk rating. The overall risk rating also ranges from 1 to 5, with 1 indicating the lowest risk and 5 indicating the highest risk.

Expected loss is the main quantified risk measure generated by DGLAT and is a product of three components, namely, the probability of distress, exposure, and loss given distress. The probability of distress of an SOE is linked to its risk rating. DGLAT calculates expected losses for each year and on a total present value basis. Further details on the methodology can be found in the ‘Guidelines for Guarantees, On-Lending and Borrowing by Public Bodies’.

3. Electricity Supply Corporation of Malawi Limited (ESCOM)

3.1. Risk rating summary

Table 1: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Utilities (electricity transmission and distribution)	100%	Category 5	31.Mar.2024 (12 months)	Unaudited – draft financial statements	Ernest & Young	N/A
			31.Mar.2023 (12 months)	Unaudited – draft financial statements	Ernest & Young	N/A
			31.Mar.2022 (9 months)	Audited	Ernest & Young	Unqualified

Source: MoFEA

ESCOM is mandated to procure, transmit, distribute and supply electricity to its customers. The entity also has the mandate to engage in other business-related services, such as optic fiber communication business.

ESCOM was assigned a “Category 5” risk rating as at 31st March 2024 through DGLAT. This is the weakest category within the 1-to-5 scale defined by the tool. The risk rating is primarily driven by the entity’s Financial Risk Profile, because its Business Risk Profile is assessed as Credit Neutral.

Table 2 Risk Rating Factors – ESCOM

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 5	Credit Neutral	0	Category 5

Source: MoFEA

ESCOM’s risk rating indicates that the entity has high risk of not servicing its debt obligations. The risk rating reflects the entity’s weak financial profile, characterized by poor profitability and low liquidity and solvency.

3.2. Financial relationship with the government

As shown in Table 3, there were no transfers (including grants and subsidies) and capital injections by the government to ESCOM for the past three years. During this period under review, ESCOM has paid dividend payments to the government amounting to MK299 million, while total (cumulative) income tax paid was immaterial.

The government is providing financial support to ESCOM mainly in the form of on-lending. As at 31st March 2024, total outstanding on-lent debt was MK251billion, excluding arrears in debt payments. Including arrears, total outstanding on-lent debt amounted to 268billion. On-lent debt grew significantly in the past three years, exerting pressure on the solvency ratios of the entity (as of March 2022, total outstanding on-lent debt was MK80billion which grew to MKW251billion in 2024). There was one outstanding guaranteed bank loan of MK6 billion in March 2024. There were no guarantee calls during the period of analysis.

Table 3: Financial relationship with the government – ESCOM

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	0	0	0
Capital injection	0	0	0
Dividends paid	0	299,494,384	0
Income taxes paid	(1,611,238)	(4,865,740)	12,671,171
Outstanding guaranteed debt (stock)	18,423,849	22,472,883	6,090,000
Outstanding on-lent debt (stock)	80,186,952	130,808,096	250,538,541
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	Not Available	Not Available	17,827,970
Receivables from the public sector (central government, SOEs and other MDAs)	14,180,095	3,630,193	16,405,645
Payables to the public sector (central government, SOEs and other MDAs)	71,939,117	7,858,148	9,893,333

Source: MoFEA.

3.3.Financial risk profile

ESCOM's financial risk profile is assigned a Category 5. A subset of the financial ratios is shown in Table 4. To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 4: Key financial ratios – ESCOM

		March 2022	March 2023	March 2024
Profitability	ROA (%)	2.33	4.66	-14.77
	Cost Recovery (x times)	1.09	1.12	0.75
Liquidity	Current Ratio (x times)	0.62	0.95	1.27
	Debtor Turnover Days	76.92	48.47	99.86
	Creditor Turnover Days	424.82	129.93	136.07
Solvency	Debt to Assets (%)	0.98	0.93	1.08
	Debt Coverage (%)	0.21	0.26	-0.25

Source: MoFEA.

3.3.1. Profitability

As of March 2024, all the three profitability ratios are assessed as Category 5. This reflects the weaknesses in profit generation. The entity recorded losses in four out of the five periods during the period between June 2019 and March 2024. The main challenge for the entity's profitability has been the tariffs that are below cost recovery. The September 2023 first tranche of the agreed upon 5-year base tariff increase of 16% has been supportive. In addition to the tariff increases, the gradual shift to pre-paid billing should also contribute to faster revenue growth in the coming years.

As of March 2024, ESCOM recorded a loss of MK65 billion. There were two major factors that had a significant impact on earnings during this period. The first was the significant foreign exchange loss of MK98 billion, which was linked to the foreign currency denominated debt (compared with MK18 billion in March 2023). The second factor was the reversal of provisions for bad customer debt (mainly Blantyre Water Board) of MK23 billion, which only partially compensated for the foreign exchange loss. Without these two factors, the operating loss of the entity would be around MK4 billion versus the recorded MK80 billion.

3.3.2. Liquidity

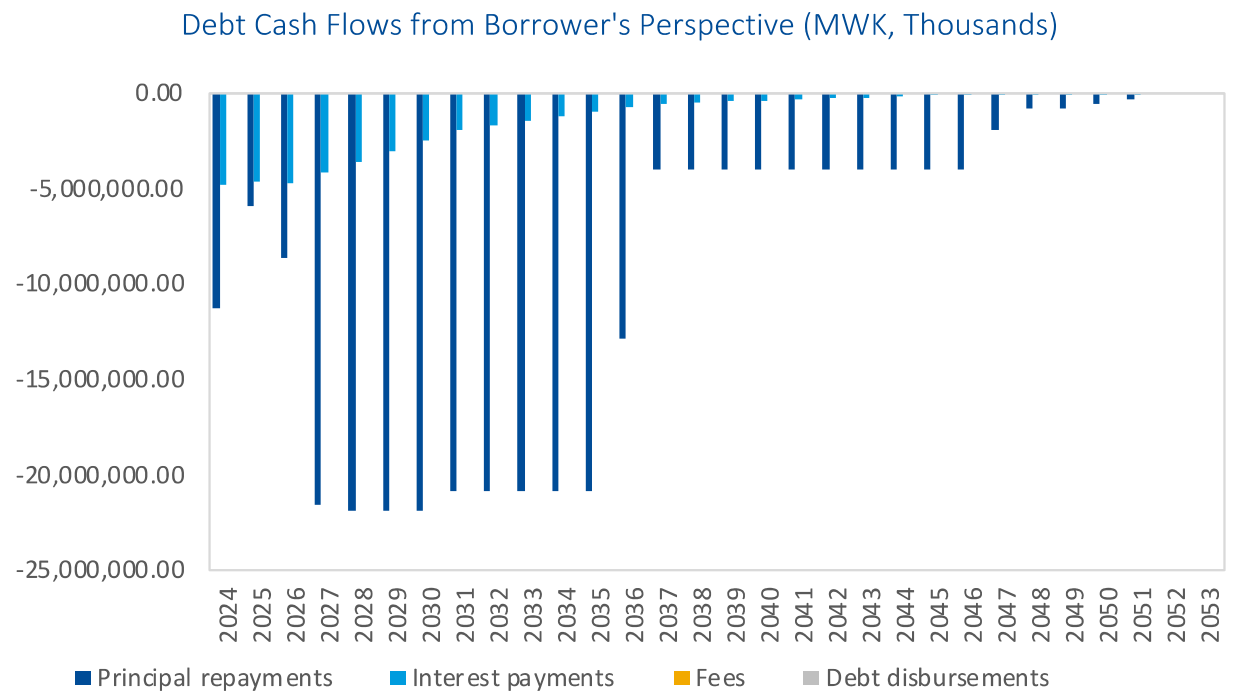
As of March 2024, one ratio is assessed as Category 2, one is assessed as Category 3, and two assessed as Category 5. The liquidity ratios that are in Category 5 are those related to debtor and creditor turnover days, while liquidity ratios comparing short term assets and liabilities fare better. This reflects that the challenges faced by ESCOM mainly stem from the slow collections of receivables from customers, which, in turn, translate into delays in payments of its suppliers. In recent years strategies have been put in place to resolve the outstanding receivables and payables which are mostly with other SOEs or MDAs. While there is a slight improvement on the payables

side, both remains ratios remain unfavorable³. However, the government’s decision to pay BWB’s bills to ESCOM should have a positive impact on the liquidity ratios.

3.3.3. Solvency

As of March 2024, all six solvency ratios are assessed as Category 5, reflecting the high indebtedness and the negative shareholder’s equity, as well as the operating losses of the entity. This in turn indicates ESCOM’s weak debt repayment capacity. ESCOM’s shareholder’s equity was negative as of the end of both 2021/2022 and 2023/2024 financial years. During the same period, total outstanding debt increased 3.3 times, justifying the pressures being built up on solvency indicators. The bulk of the debt is long-term and manageable concessional interest rates. The investments funded by this borrowing should yield positive results in the medium and long term. However, in the short term, if the entity’s operating earnings remain weak, ESCOM is likely to remain dependent on government support to make debt repayments.

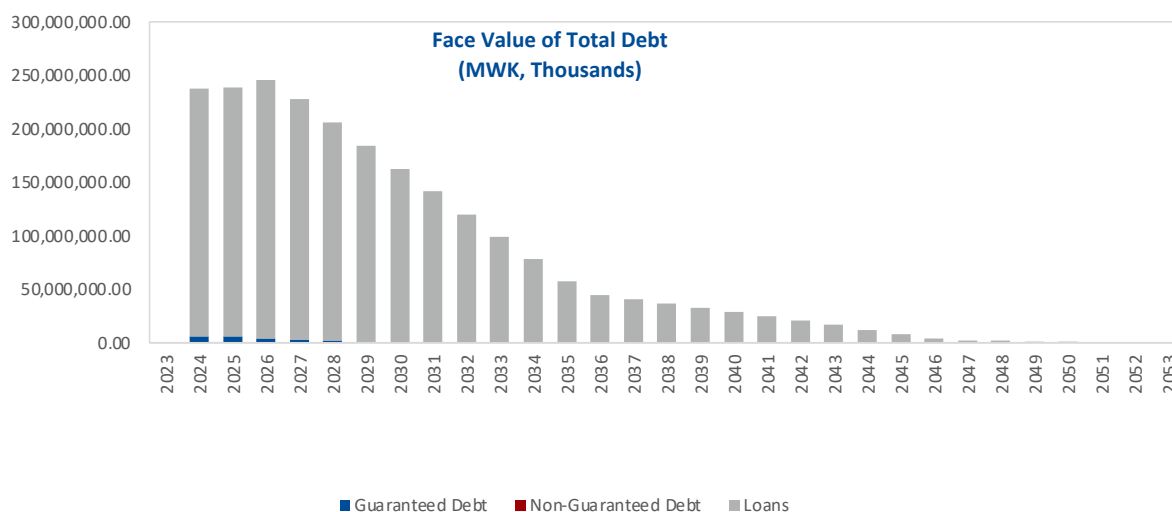
Figure 1: Debt Cash Flows from Borrowers Perspective



Source: MoFEA.

³ The agreement on the settlement of the payables dispute with EGENCO in FY22/23 impacted the ratios only partially, despite the positive impact in earnings during that period.

Figure 2: Face Value of total debt



Source: MoFEA.

3.4. Business risk profile

ESCOM's business risk profile is assessed as Credit Neutral to its overall risk rating.

Table 5: Business risk profile ratings - ESCOM

Industry Risk	Credit Positive
Competitive Position	Credit Neutral
Board and Management	Credit Positive
Governance	Credit Neutral
Market Risks	Credit Negative
Liquidity	Credit Negative
Legal and Regulatory	Credit Neutral
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT NEUTRAL

Source: MoFEA.

3.4.1 Industry Risk: Credit Positive

ESCOM operates in an industry where revenues and profit margins typically remain stable over business cycles, and growth is not highly impacted with oscillations in GDP growth. The barriers to entry to the industry are very high, both because of the legal restrictions for new players entering the industry, and also because the capital-intensive nature of the industry.

3.4.2 Competitive Position: Credit Neutral

ESCOM has the monopoly over the transmission and distribution of electricity in Malawi. It has a diversified client base, made up of individual customers and companies across the country. The optic fiber business remains small and has not contributed meaningfully to the overall revenues so far (around 1.5% of total revenues in March 2024).

On the other hand, ESCOM is a price taker and is not able to adjust prices quickly to reflect changes in underlying operating costs, due to regulatory restrictions, which have kept tariffs below cost

recovery. In addition, ESCOM is highly dependent on purchases of power from EGENCO, which accounts for about 80% of its total purchases. A significant portion of power purchased by ESCOM is hydro power generated locally (mainly from EGENCO). As of March 2024, purchases of local hydro power made up 61% of total cost of sales, local thermal power made up 6%, and imports from Zambia and Mozambique made up 4%. EGENCO's sales prices generate a sufficient commercial return for the entity, however, this results in the purchase prices remaining relatively high for ESCOM. The remaining 20% is sourced from IPPs and imports.

3.4.3 Board and Management: Credit Positive

In accordance with the Malawi Code II, Code of Best Practice to Corporate Governance (2010) and the Companies (Corporate Governance) Regulations (2016), the board of directors of ESCOM is sufficiently represented by independent and qualified members. The management has a good track record of delivering the company's strategic goals, as reflected by its performance compared with the targets established in the entity's annual performance contracts in 2024 and Shareholder's Letters of Expectation. The entity appears to be appropriately staffed.

3.4.4 Governance: Credit Neutral

ESCOM has a five-year strategic plan for the period 2023-2027. The strategic plan is clear, and sets out the operational, technical and financial targets for this period along with the implementation plan. In addition, the company has an annual budget to operationalize the strategic plan. Furthermore, the company has annual performance contract with the government as a commitment to implement the budget.

However, in the recent years there has been a delay in the completion of ESCOM's audited financial statements vis-à-vis the legal deadline, which is 3 months after the fiscal year end. The delays have been mostly due to the protracted discussions surrounding the billing dispute between ESCOM and EGENCO. In addition, when new financial statements are released, the revisions to the previous years' figures are often material.

3.4.5 Market Risks: Credit Negative

ESCOM has a relatively high exposure to market risks, primarily due to the very high concentration of its debt in foreign currency. As of March 2024, 90% of total outstanding debt (face value of debt) was denominated in foreign currency, exposing the entity to exchange rate depreciation. The foreign exchange losses recorded as of March 2024 highlight the severity of the challenges faced by the company with respect to foreign exchange exposures.

On the other hand, as of March 2024, 96% of the outstanding debt was in fixed interest rate, which protects the entity against interest rate fluctuations. Additionally, the exposure to commodity and currency risks from the point of view of revenues and input costs is limited. Outstanding contingent liabilities stem from court cases and are inconsequential if and when they realize. However, the negative shareholder's equity recorded in March 2024 could pause challenges going forward.

3.4.6 Liquidity: Credit Negative

ESCOM is facing liquidity challenges. The entity is unlikely to be able to access credit markets without the support of the government. In addition, the volatility in the entity's operating earnings

creates uncertainties with regards to its capacity to make debt repayments as they fall due. The weighted average term to maturity of ESCOM’s debt is around 9 years, and redemptions are concentrated between 2027 and 2035.

3.4.7 Legal and Regulatory: Credit Neutral

The legal and regulatory frameworks are in general supportive of ESCOM. By law, ESCOM is the only entity that can transmit and distribute electricity in Malawi. The recent reforms that force the gradual migration from post-paid to pre-paid metering for households as well as individuals and MDAs are also contributing to improved operational efficiency in terms of billing and collections. The industry is regulated by Malawi Energy Regulatory Authority (MERA), which is an independent entity and is responsible for setting tariffs. The process is transparent. In August 2023, MERA approved a base tariff average increase of 50.8%. For 2023/24 and 2024/25 an increase of 18% and 16%, respectively, has been implemented. For 2025/26 and 2026/27, increases of 12% and 9%, respectively, are planned. The downside risk of non-implementation of these increases remains. There are no outstanding potential sanctions that could threaten the viability of the entity.

3.4.8 Other Risks: Credit Negative

ESCOM’s track record of servicing its debt obligations is not satisfactory. For some time about three years, ESCOM has not been able to service its on-lent debt. This has resulted in the accumulation of substantial arrears to the government as mentioned in Section 3.b. The entity does not receive any explicit compensation (such as subsidies) to cover for the shortfall in operating margins resulting from the tariffs below cost-recovery. Furthermore, the entity has not been able to retain earnings that could finance long-term investments. On the hand, ESCOM’s personnel policy is deemed to be independent of civil service laws.

3.5.Expected losses from the entity’s debt

Figure 3: Exposure-Risk Matrix



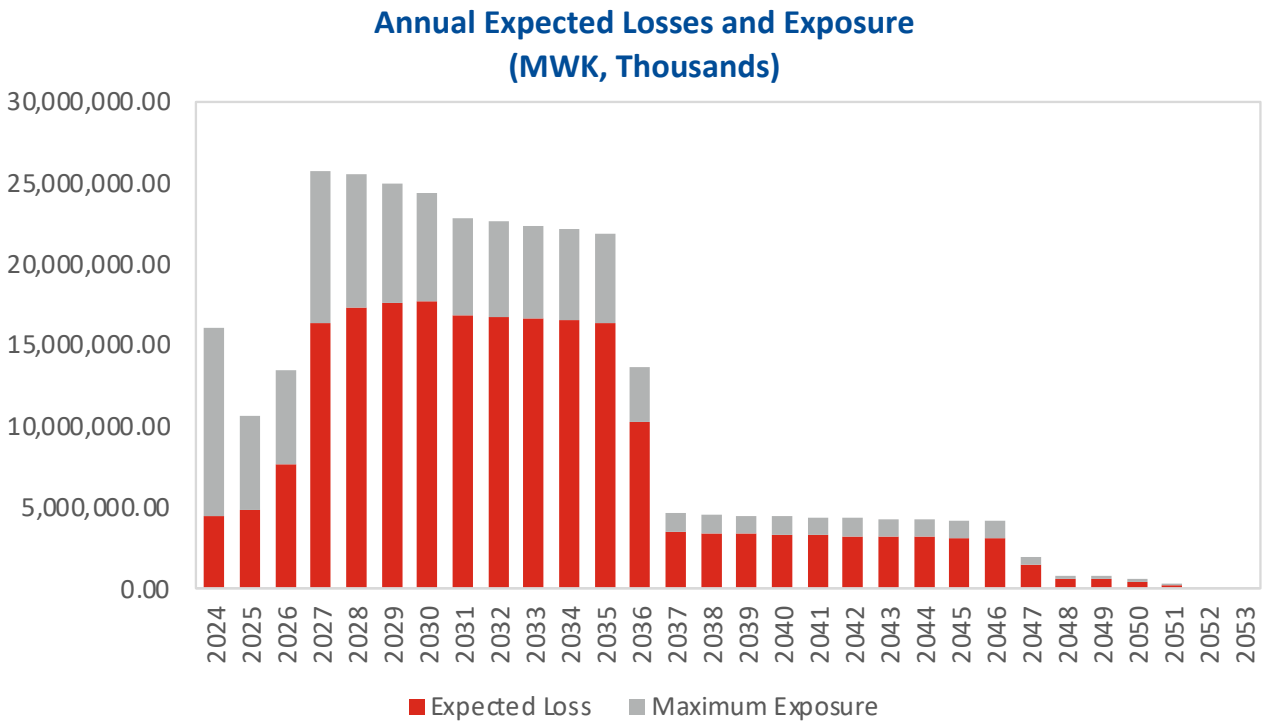
Source: MoFEA

ESCOM is classified as a high risk with high exposure. The present value of the government’s total exposure is MK152 billion. The present value of expected losses of the government from ESCOM’s guaranteed and on-lent debt totaled MK98 billion as of March 2024. Both figures include ESCOM’s arrears (accumulated unpaid principal and interest) of MK18 billion.

ESCOM is servicing its guaranteed and commercial loans, therefore, the aforementioned arrears have been accumulated only on the on-lent debt over the past three year. ESCOM’s challenges with debt repayment are highly likely to continue in the coming years and further arrears are likely to be accumulated. Therefore, it should be highlighted that the government’s actual loss is most

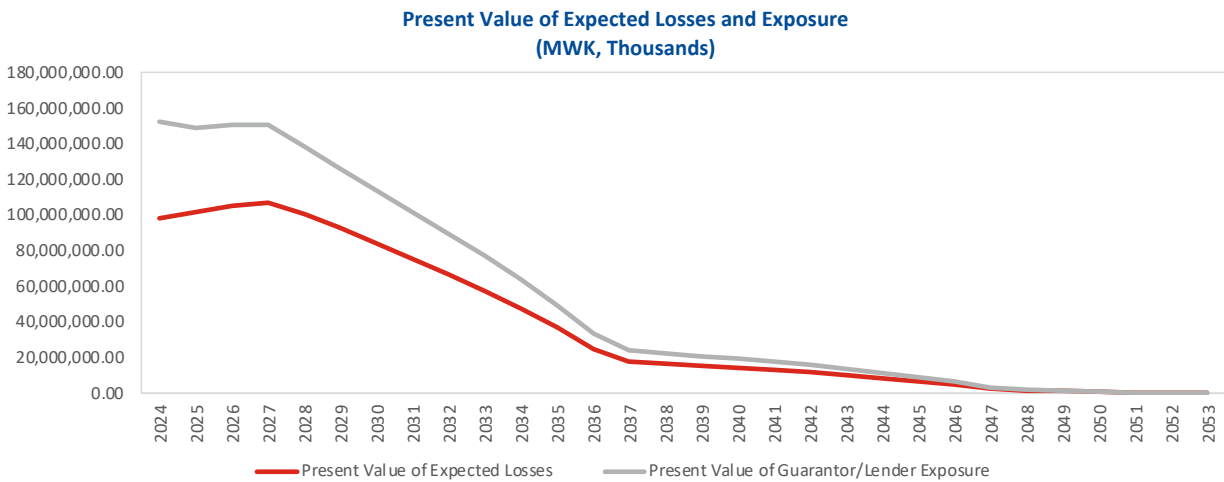
likely going to be well above the expected loss and closer to its maximum exposure on the on-lent debt.

Figure 4: Annual Expected losses and Exposure to Government



Source: MoFEA

Figure 5: Present Value of Expected Losses and Exposure to Government



Source: MoFEA

3.6.Recommendations

ESCOM's risk rating could be positively impacted if:

- 3.6.1. ESCOM prioritizes the completion of the migration of all customers from post-paid to pre-paid meters in order to boost liquidity and curb the growth of receivables.
- 3.6.2. ESCOM put in place mitigation measures to contain the currency risk exposure (in particular, those stemming from the foreign exchange denominated debt).
- 3.6.3. ESCOM contains the growth of outstanding debt or considered undergoing debt restructuring (as part of a comprehensive reform plan aimed at making ESCOM's business model more viable), which would result in a relief of the debt burden (e.g., conversion of the denomination of debt from foreign exchange to local currency, etc.).

4. Energy Generation Company Malawi Limited (EGENCO)

4.1. Risk rating summary

Table 6: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Utilities (Electricity and Gas)	100%	Category 2	31.Mar.2024 (12 months)	Not audited – draft financial statements	Graham Carr	N/A
			31.Mar.2023 (12 months)	Not audited – draft financial statements	Ernest & Young	N/A
			31.Mar.2022 (9 months)	Audited	Ernest & Young	Unqualified

Source: MoFEA

The Energy Generation Company Malawi Limited (EGENCO) is a public entity governed by the Companies Act (Cap 46:03). It is fully owned by the Government of Malawi. EGENCO's mandate is outlined in its Memorandum of Association and the Electricity Amendment Act 2016. The Memorandum of Association specifically grants EGENCO the authority to engage in the electricity generation business. EGENCO primarily sells electricity to the Single Buyer, which is a function of the ESCOM.

In April 2025, the Ministry of Finance and Economic Affairs (MoFEA) assigned EGENCO a “Category 3” risk rating based on the analysis conducted through DGLAT. This rating falls within the mid-level category of the 1-to-5 scale defined by the tool. The primary factor influencing the risk rating is the entity's Financial Risk Profile, as its Business Risk Profile is assessed as Credit Neutral.

Table 7: Risk Rating Factors – EGENCO

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 3	Credit Neutral	0	Category 3

Source: MoFEA

EGENCO's risk rating indicates that the Company has a moderate risk of not making repayments of its debt obligations. Nevertheless, the risk rating reflects the entity's relatively health financial profile, characterized by fair profitability, liquidity and solvency metrics.

4.2.Financial relationship with the government

As shown in Table 8, there were no transfers (including grants and subsidies) and capital injections by the government to EGENCO in the past three years. During this period, EGENCO has not made any dividend payments to the government, while total (cumulative) income tax paid was immaterial, but the entity recorded deferred tax liabilities of MK62 billion as of March 2024.

The government is providing financial support to EGENCO mainly in the form of on-lending. As of March 2024, total outstanding on-lent debt was MK5 billion. The entity has no guaranteed debt.

Table 8: Financial relationship with the government – EGENCO

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	0	0	0
Capital injection	0	0	0
Dividends paid	0	0	0
Income taxes paid	290,213	0	0
Outstanding guaranteed debt (stock)	0	0	0
Outstanding on-lent debt (stock) (excluding arrears)	0	0	5,064,708
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	0	0	0
Receivables from the public sector (central government, SOEs and other MDAs)	63,403,560	36,497,248	12,982,035

Payables to the public sector (central government, SOEs and other MDAs)	71,939,117	7,858,148	9,893,333
--	------------	-----------	-----------

Source: MoFEA.

4.3.Financial risk profile

EGENCO's financial risk profile is assigned a Category 3 risk rating. A subset of the financial ratios is shown in Table 9. To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 9: Key financial ratios – EGENCO

		March 2022	March 2023	March 2024
Profitability	ROA (%)	1.76	-0.74	1.56
	Cost Recovery (x times)	1.28	0.97	1.06
Liquidity	Current Ratio	4.83	3.75	3.72
	Debtor Turnover Days	331.60	251.89	68.83
	Creditor Turnover Days	33.07	37.53	38.27
Solvency	Debt to Assets (%)	0.49	0.51	0.52
	Debt Coverage (%)	0	0	3.22

Source: MoFEA.

4.3.1. Profitability

As of March 2024, two out of the three profitability ratios are categorized as Category 4, while one is categorized as Category 3. This assessment reflects general weaknesses in profit generation. However, a broader perspective indicates that EGENCO is returning to lower profitability categories after an unfavorable financial year for the Company's profitability. During the period between June 2019 and March 2024, the entity recorded multiple losses over the years, with only one year (FY23/24) generating a substantial profit of MK6.9 billion. The primary challenge to the Company's profitability has been the non-reflective nature of tariffs for its sole customer, which have largely been influenced by macroeconomic factors rather than cost recovery. The recent 18 percent base tariff increase implemented in September 2023 has been supportive, as it has reflected the resolutions of the power billing dispute between EGENCO and ESCOM. The new billing mechanism stipulates a 70 percent tariff charge for capacity and a 30 percent charge for generation which aims to reduce the build-up of ESCOM arrears by solving the billing dispute of generation versus capacity. Furthermore, the gradual shift towards pre-paid billing by ESCOM is anticipated to contribute to faster cash generation by reducing the rate and extent of arrears owed to EGENCO in the future.

At the end of FY23/24, EGENCO recorded a profit of about MK2billion. The Company could have made more profit during the financial year if it weren't for several significant factors that

contributed to this outcome. Firstly, even though the company's capacity was negatively affected by the climate-induced reduction in electricity generation due to the Kapichira Plant, EGENCO was able to reduce wasted power by selling kWh 2,096,680,000 at an average price MK33 to ESCOM against a generated kWh 2,099,092,000. This resulted in revenues of MK68billion against a projected MK68 billion. Secondly, on the expenses side, a substantial outlay of MK9 billion was incurred on maintenance costs for hydroelectric civil and related equipment. Additionally, MK4 billion worth of expenses were incurred on hydroelectric and auxiliary equipment, as well as diesel and auxiliary equipment. Lastly, the company's profitability was impacted by an exchange loss of MK1 billion due to its foreign-denominated liabilities.

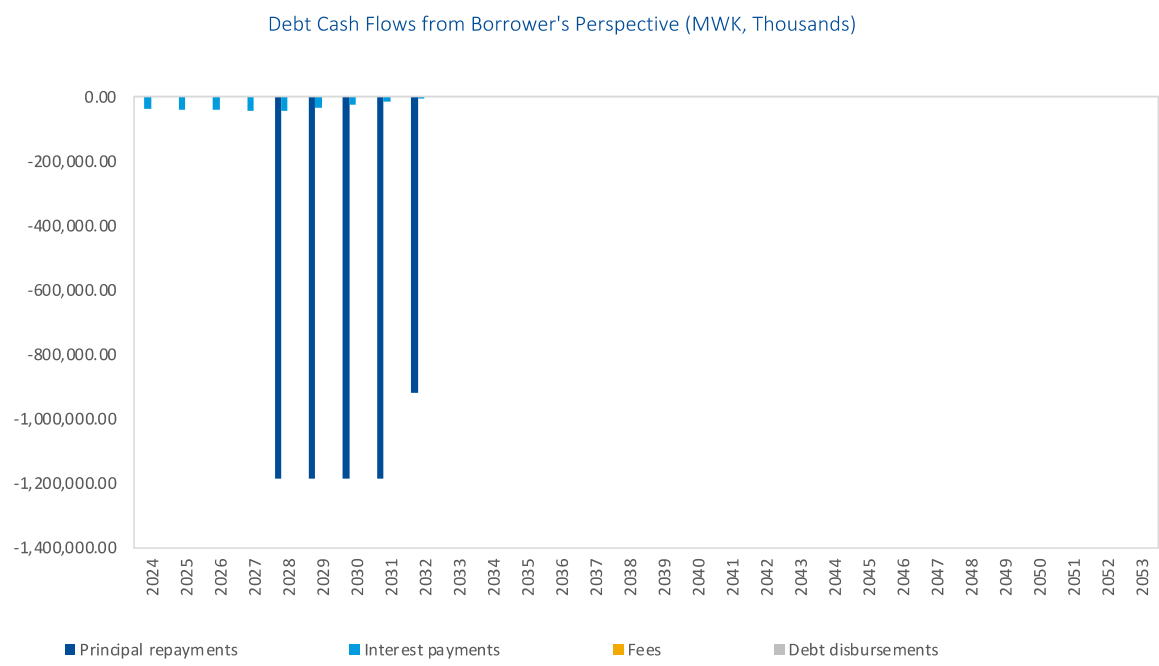
4.3.2. Liquidity

As of March 2024, two out of the four liquidity ratios are categorized as Category 1, one is categorized as Category 2, and one is categorized as Category 4. The liquidity ratios categorized as Category 4 are those related to debtor turnover days. In contrast, liquidity ratios comparing short-term assets and liabilities have been assessed and categorized as Category 1. Creditor turnover days have been placed in a commendable category due to the ability to be reduced with favorable cash and inventory turnover positions. Ultimately, the primary challenges faced by EGENCO primarily stem from the slow collections of receivables from its sole customer, ESCOM, which, in turn, translates into minor delays in payments to its suppliers. If creditor turnover days were not in Category 1, they would have been. In recent years, strategies have been implemented to address the outstanding receivables, including an amendment to the Purchasing Power Agreement and Base Tariff mechanism to reduce debtor turnover days, which currently stand at 68.83 days.

4.3.3. Solvency

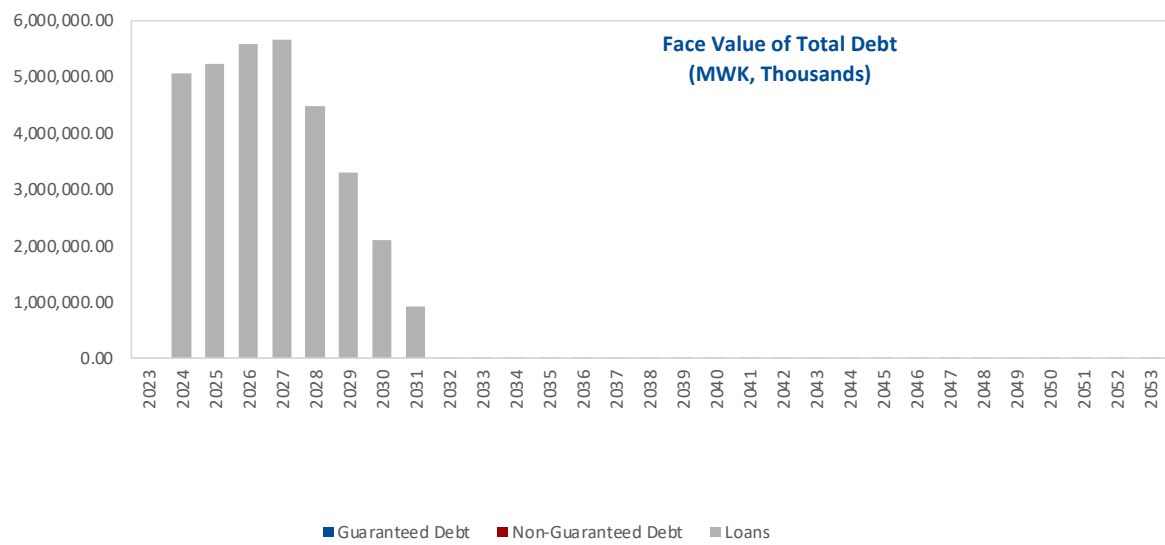
As of March 2024, one out of six solvency ratios are categorized as Category 1, with two assessed as Category 3, and the remaining three ratios as Category 4. This classification reflects EGENCO's high indebtedness, unfavorable shareholder equity position, and compromised operating credibility. Consequently, EGENCO's debt repayment capacity appears weak, despite the fact that its debt repayment commences in July 2028 with a maturity date of January 2060. The debt incurred by the Company enjoys concessional interest rates that are less than 1 percent. The investments funded by this borrowing are expected to yield positive results in the medium and long term, once the Kapichira plant is restored to full capacity. Currently, the debt stands at MK5 billion. When compared to interest coverage ratios and debt coverage, the assessment becomes more evident, revealing the categorization of Category 3 for interest coverage and Category 1 for debt coverage considering that the annual interest payment is MK38 million.

Figure 6: Debt Cash Flows



Source: MoFEA.

Figure 7: Face Value of Total Debt



Source: MoFEA.

4.4. Business risk profile

EGENCO's business risk profile is assessed as Credit Neutral to its overall risk rating.

Table 10: Business risk profile ratings – EGENCO

Industry Risk	Credit Positive
Competitive Position	Credit Negative
Board and Management	Credit Positive
Governance	Credit Neutral
Market Risks	Credit Neutral
Liquidity	Credit Positive
Legal and Regulatory	Credit Positive
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT NEUTRAL

Source: MoFEA.

4.4.1. Industry Risk: Credit Positive

EGENCO operates in an industry where revenues and profit margins typically remain stable over business cycles, and growth is not highly impacted by fluctuations in the agriculturally determined GDP growth rate. The barriers to entry into the industry are very high, mainly because of the capital-intensive nature of the industry. The topographical composition and heavy reliance on hydro-energy place further limitations on would-be industry participants due to the limited locations which present the potential for adequate power generation.

4.4.2. Competitive Position: Credit Negative

EGENCO enjoys a near monopoly over the generation of electricity in Malawi, although its Single Buyer (ESCOM) is free to enter into PPAs with IPPs, potentially limiting EGENCO's potential if the Company fails to keep up with IIP investment in the country. As of March 2024, EGENCO produced 441.55 MW of electricity, of which 390.15 MW was hydro and 51.4 MW was from thermal diesel generators. Most of the installed hydropower, 385.8 MW, is cascaded on the Shire River in the Southern Region of Malawi. The level of diversification remains low because of lethargic technological advancement, the insufficient potential return on investment from electricity customer base, and ultimately the monopsonic nature of direct electricity purchase from ESCOM, which requires forms of government guarantees for independent power producers to confidently enter into PPAs.

EGENCO is a price taker and is not able to adjust prices quickly to reflect changes in underlying operating costs due to regulatory restrictions, which have kept tariffs below cost recovery. In addition, EGENCO is highly dependent on purchases of power from ESCOM. A significant portion of power purchased by ESCOM is hydro power generated locally. EGENCO's sales prices generate a barely sufficient commercial return for the Company which are generally below cost recovery. However, these prices are viewed as relatively high for ESCOM, which purchases 80% of its power from EGENCO, thus controlling an industry-leading market share. The geographical and topographical positioning of the Company's main generation power plants makes it susceptible to flooding, which has a devastating effect on the capacity of the Company to maintain or increase its electricity generation prowess.

4.4.3. Board and Management: Credit Positive

In accordance with the Malawi Code II, the Code of Best Practice to Corporate Governance (2010), and the Companies (Corporate Governance) Regulations (2016), the board of directors of EGENCO is adequately represented by independent and qualified members. The management has a proven track record of effectively executing the company's strategic objectives, as evidenced by its performance in comparison to the targets established in the entity's annual performance contracts for the year 2024. The entity appears to have a sufficient workforce to ensure its operational sustainability.

4.4.4. Governance: Credit Neutral

EGENCO has a 15-year strategic plan for the period 2023-38. The strategic plan focuses on increasing Malawi's power generation capacity and diversifying EGENCO's power sources to mitigate climate change impacts, including hydropower plants and alternative technologies like solar, geothermal and coal. In addition, the company prepares annual performance management plans and budgets to operationalize the strategic plan. Furthermore, the company enters into annual performance contract with the government as a commitment to implement the budget.

The only governance matter in the recent years has been a delay in the completion and publishing of EGENCO's audited financial statements vis-à-vis the legal deadline, which is 3 months after the fiscal year end. The delays have been mostly due to the protracted discussions surrounding the billing dispute between ESCOM and EGENCO.

4.4.5. Market Risks: Credit Neutral

EGENCO has high exposure to market risks. The risk is primarily due to the concentration of its debt in foreign currency, which has the potential of incurring exchange losses when the domestic currency is devalued or realigned with foreign currency.

On the other hand, as of March 2024, the outstanding debt was in fixed interest rate, which protects the entity against interest rate fluctuations. Additionally, the exposure to commodity and currency risks from the point of view of revenues and input costs is limited except for the costs related to thermal diesel generators, which are both susceptible to oil shocks and foreign currency shocks.

4.4.6. Liquidity: Credit Positive

EGENCO is not experiencing liquidity challenges. The Company does not have the ability to access credit markets independently of government support, as evidenced by the fact that the entity does not contract any non-guaranteed debt from third party creditors. Furthermore, the weighted average term to maturity exceeds five years and is not currently punitive, as the accommodative repayment schedule allows for the commencement of the first repayment in July 2028.

4.4.7. Legal and Regulatory: Credit Positive

The legal and regulatory frameworks are generally supportive of EGENCO. EGENCO is a publicly owned company that enjoys preferential treatment within the industry. The industry is regulated by the Malawi Energy Regulatory Authority (MERA), an independent entity responsible for setting tariffs. The process is transparent. In August 2023, MERA approved a base tariff average increase of 50.8%, following a 70-30 split between capacity and generation to support both EGENCO and ESCOM. For the 2023/24 and 2025/26 fiscal years, an increase of 18% and

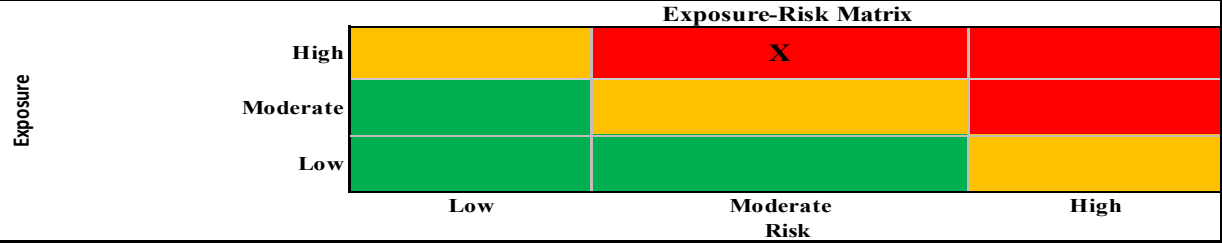
16%, respectively, has been implemented. For the 2025/26 and 2026/27 fiscal years, increases of 12% and 9%, respectively, are planned. However, the downside risk of non-implementation of these increases remains. There are no outstanding potential sanctions that could threaten the viability of the entity.

4.4.8. Other Risks: Credit Negative

EGENCO’s track record of servicing its debt obligations is generally is negative. Consecutive years of adverse climate-related shocks have impeded the entity’s ability to fully service its interest and principal payments on its debt. This has resulted in the accumulation of interest arrears as principal repayments have not yet been made. The entity does not receive any explicit compensation (such as subsidies) to cover the shortfall in operating margins resulting from the tariffs below cost-recovery. Additionally, the entity has been unable to retain earnings that could finance long-term investments. On the other hand, EGENCO’s personnel policy is considered to be independent of civil service laws.

4.5. Expected losses from the entity’s debt

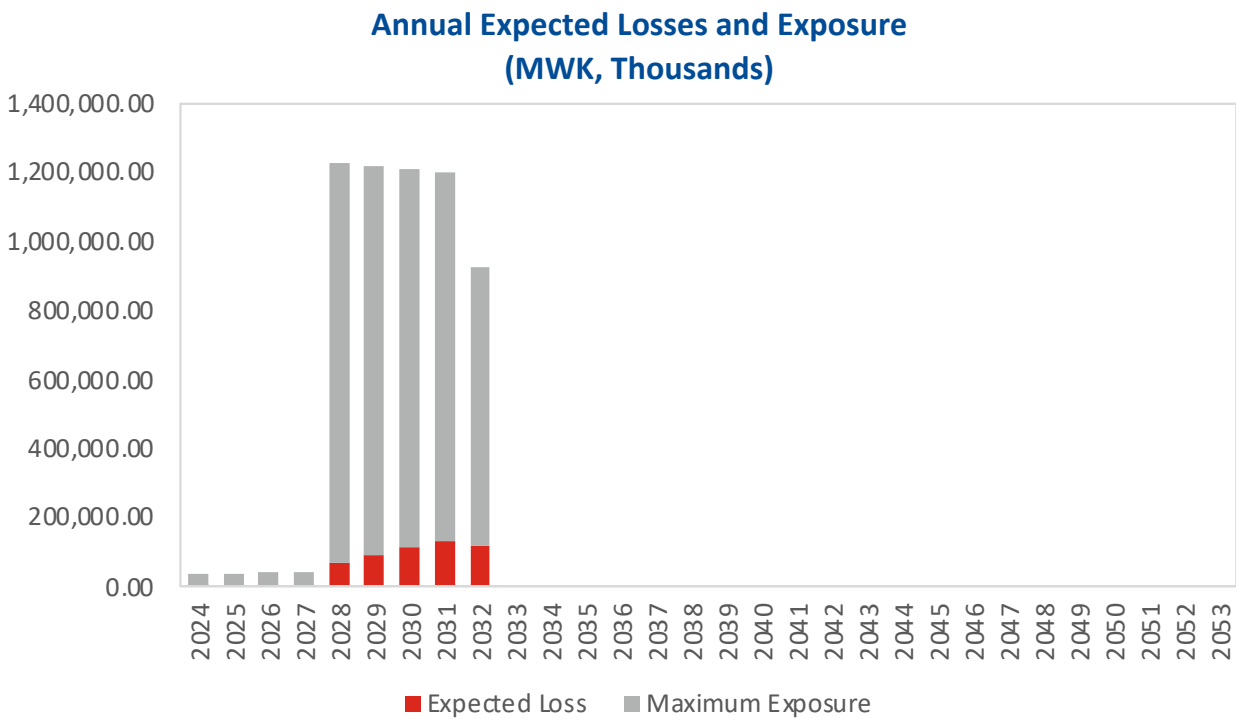
Figure 8: Exposure-Risk Matrix



The present value of the government’s total exposure is MK3 billion. The present value of expected losses of the government from EGENCO’s debt totaled MK72 million as of March 2024. As of March 2024, the loan had arrears on interest payment amounting to MK25 million.

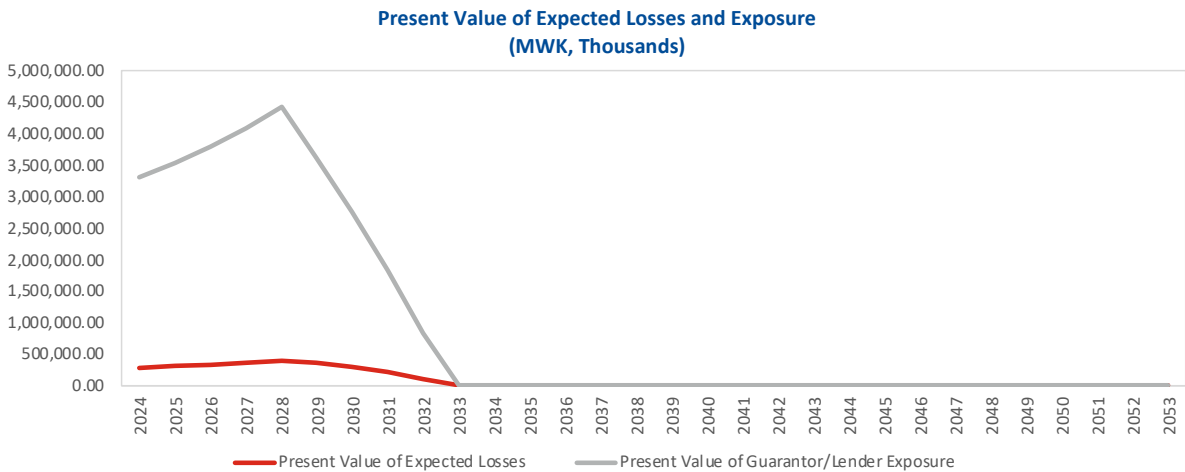
EGENCO’s challenges with debt repayment are not likely to continue in the coming years; further arrears are likely to be present, a backlog which should be cleared prior to the commencement of principal repayment. EGENCO is expected to increase its revenue generation once the Kapichira rehabilitation is completed as well as its expansion of electricity generation capacity through the complete and commission of some projects that are currently in the pipeline. Therefore, it is not projected that the Government’s expected losses are to reach its maximum exposure on the debt.

Figure 9: Annual Expected Losses



Source: MoFEA

Figure 10: Face Value of Expected Losses and Exposure



Source: MoFEA

4.6. Recommendations

EGENCO's risk rating could be positively impacted if:

- 4.6.1. Operating earnings stabilize and remain positive in the next 3-4 years, due to the continued implementation of base tariff increases, and the increasing capacity the Company is expected to have once some of its projects are completed.
- 4.6.2. Mitigation measures to contain the currency risk exposure (in particular, those stemming from the foreign exchange-denominated debt) are gradually introduced, such as currency swaps.
- 4.6.3. Growth of outstanding debt is contained even though EGENCO is not prone to loan contraction unless due to emergencies.

5. National Oil Company of Malawi (NOCMA)

5.1. Risk rating summary

Table 11: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Utilities (Electricity and gas)	100%	Category 4	31.Mar.2024 (12 months)	Management Accounts		N/A
			31.Mar.2023 (12 months)	Management Accounts		N/A
			31.Mar.2022 (9 months)	Management Accounts		N/A

The National Oil Company of Malawi (NOCMA) is a wholly owned Government of Malawi company established under the Companies Act of 1984 to undertake the functions of promoting upstream oil and gas exploration, managing the Strategic Fuel Reserve (SFR) facilities in accordance with a Government of Malawi’s approved Strategic Fuel Reserve Management Plan and to provide, at a fee, concessions to new entrants as one way of promoting competition with the oil industry. By law, NOCMA is responsible for the importation, storage, and distribution of petroleum products in Malawi. It manages strategic fuel reserves with a total capacity of 60 million liters, providing approximately 45 days of fuel cover in Malawi. NOCMA primarily makes its revenues by importing fuel that it sells at a margin as the main fuel importer. It also makes fuel through the SFR facilities from where private operators can draw fuel from. NOCMA is paid through levies from Malawi Energy Regulatory Authority (MERA) for operating the SFR facilities.

In April 2025, the Ministry of Finance and Economic Affairs (MoFEA) assigned NOCMA a “Category 4” risk rating based on the analysis conducted by DGLAT. This rating falls within the end-level category of the 1-to-5 scale defined by the tool. The primary factor influencing the risk rating is the entity’s Financial Risk Profile which was assigned a category 4 risk rating, as its Business Risk Profile is assessed as Credit Neutral.

Table 12: Risk Rating Factors – NOCMA

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 4	Credit Neutral	0	Category 4

Source: MoFEA.

NOCMA's risk rating indicates that the entity has a medium to high risk of not making repayments of its debt obligations. In parallel, the risk rating reflects the entity's weak financial profile, characterized by poor profitability and the low liquidity and solvency metrics on account of miniscule profit margins fueled by the under collected SFR Levy fees it charges to industry players.

5.2. Financial relationship with the government

As shown in Table 13, there was a capital injection by the government to NOCMA in FY21/22 of MK14 billion. During this period, NOCMA made dividend payments to the government, while total (cumulative) income tax paid was inconsequential.

The government is providing financial support to NOCMA mainly in the form of on-lending. As of March 2024, total outstanding guaranteed debt was MK84 billion. On-lent debt grew steadily in the past three years, exerting pressure on the solvency ratios of the entity (as of March 2024, total outstanding on-lent debt was MK26 billion). There were no guarantee calls during the period of analysis.

Table 13: Financial relationship with the government – NOCMA

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	14,119,583 ⁴	0	0
Capital injection	0	0	0
Dividends paid	0	2,142,608	1,369,852
Income taxes paid	0	2,295,651	1,467,698
Outstanding guaranteed debt (stock)	0	84,150,000	84,150,000
Outstanding on-lent debt (stock)	Not available	16,400,000	26,040,000
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	0	0	0
Receivables from the public sector (central government, SOEs and other MDAs)	0	0	0
Payables to the public sector (central government, SOEs and other MDAs)	33,108,229	53,965,665	131,103,620

Source: MoFEA

⁴ The capital grant constitutes financial assistance provided by the Malawi Government to NOCMA for expenditures incurred in relation to the construction of strategic fuel reserves and the purchase of motor vehicles by NOCMA. These expenditures were subsequently reimbursed by the Malawi Government through the Storage Fund.

Trade and other receivables during the period under review were in respect of IBLC under recovery, staff receivables, provision for bad debts and not in respect of central government, SOEs and other MDAs receivables.

5.3. Financial risk profile

NOCMA's financial risk profile is assigned a Category 4 risk rating. A subset of the financial ratios is shown in Table 14. To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 14: Key financial ratios – NOCMA

		March 2022	March 2023	March 2024
Profitability	ROA (%)	-0.21	2.26	0.23
	Cost Recovery (x times)	0.98	1.00	1.00
Liquidity	Current Ratio	1.01	1.01	1.01
	Debtor Turnover Days	62.26	22.15	18.18
	Creditor Turnover Days	239.95	173.53	347.06
Solvency	Debt to Assets (%)	0.92	0.93	0.97
	Debt Coverage (%)	-0.09	0.07	0.20

Source: MoFEA.

5.3.1. Profitability

As of March 2024, two out of the three profitability ratios are categorized as Category 3, while one is categorized as Category 5. This assessment reflects NOCMA's weaknesses in generating sufficient profits to cover its operational expenses, particularly in an industry where foreign exchange challenges have imposed additional responsibilities on the Company to import fuel for the country. NOCMA has recorded profits in the past two financial years (2023 and 2024), while prior to that, the Company incurred losses. The challenges to the entity's profitability have been the fuel price being below cost recovery, primarily due to the non-recovery of in-bound landed costs (IBLC). Additionally, accumulated foreign currency-denominated liabilities have consistently hindered profit generation, as have the under-collection of SFR Levy fees, which have been lower than the operational and administrative expenses incurred by NOCMA.

As of March 2024, NOCMA reported a profit of MK2 billion. However, the Company could have achieved a higher profit margin if certain strategic factors, such as the SFR Levy, had not significantly impacted earnings during this period.

The 44 percent realignment of the Kwacha in November 2024 led to forex shortages, necessitating reliable procurement of fuel to fill the gap left by private sector operators and increasing the

unrecovered IBL. Additionally, the forex scarcity affected NOCMA's ability to service its credit facilities provided by its suppliers.

Furthermore, the depreciation of the Kwacha from MK1,180/US\$ to MK1,751/US\$ in March 2024 exacerbated the Company's challenges. This depreciation occurred during the period when product was supplied pending payment, resulting in a reduction in subsequent fuel imports and negatively impacting profit margins. Consequently, NOCMA's capacity to maintain the same levels of imports was strained, leading to the accumulation of arrears amounting to MK493 billion in total SFR Levy fees that remain unpaid by MERA.

5.3.2. Liquidity

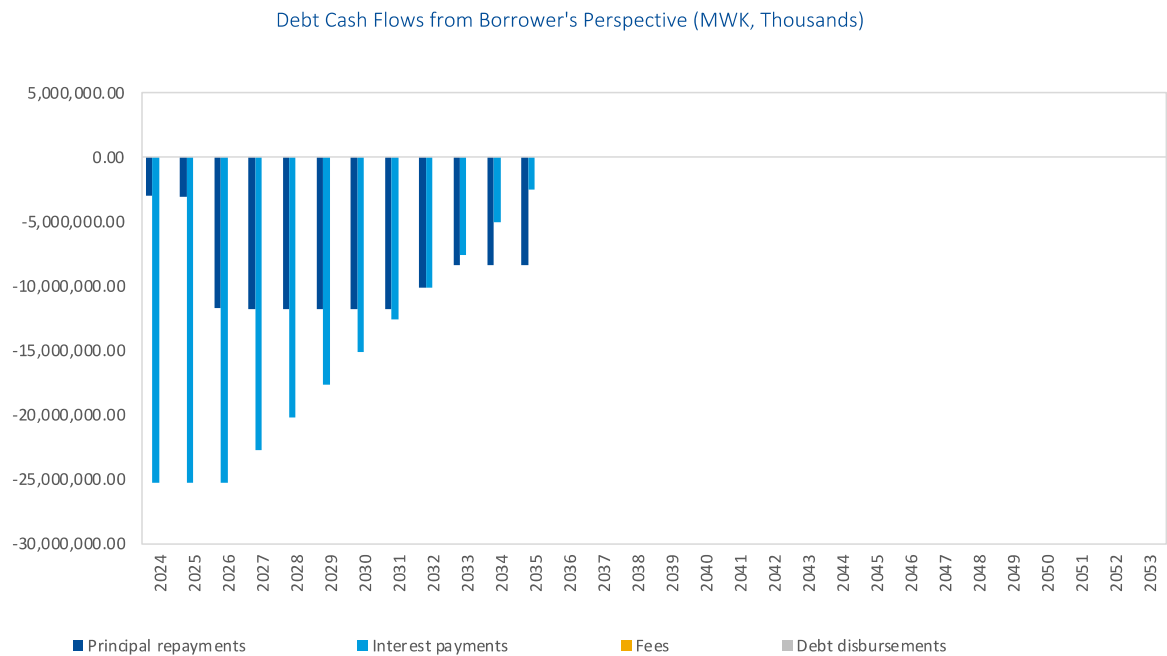
As of March 2024, the liquidity ratios are categorized as follows: The current ratio is assessed as Category 3; the quick ratio is assessed as Category 2; the debtor turnover days is assessed as Category 1; and the creditor turnover days is assessed as Category 5. NOCMA has maintained its current ratio relatively stable over the past quinquennium, recording 1.01 in all but once year (2020). Its quick ratio has fared just as well, hovering around 0.95 for the past three financial years. This reflects that NOCMA has nearly sufficient short-term coverage to operate its business. However, this capacity is heavily aided by local and international credit facilities that the Company uses in order to fill the buffer of liquidity insufficiencies that may arise during the business cycle.

The nature of the fuel business necessitates that the debtor turnover days be sufficiently short for NOCMA to continue to procure and supply the strategic commodity to the country as reflected by averaging 18.18 days in 2024, which represents the best performance in the past quinquennium. The creditor turnover days is the weakest ratio of the four, assigned a Category 5 indicated by an average of 347.06 days. The rolling nature of NOCMA's business means that creditors have to wait a long time for enough liquidity to be freed for payment of their accounts. The currency deterioration also offers NOCMA no relief as it sells its product in the domestic currency (MK) while settling its debt in US dollars which only gets worse during periods of forex scarcity. In addition, payable days exceeded the industry benchmark on account of contracts often signed five months late in some cases, which disrupt the supply chain and leading to longer payment terms and reliance fuel of imports through open credit and other means, which might come with longer payment terms or stricter conditions, contributing to higher payable days.

5.3.3. Solvency

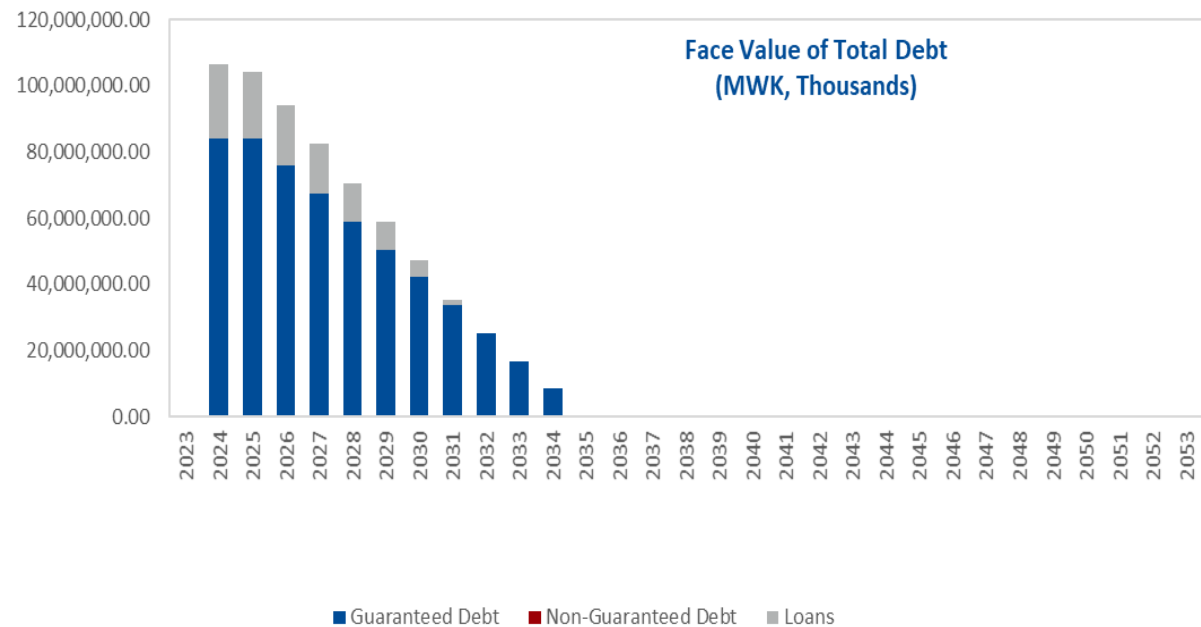
As of March 2024, three solvency ratios are assessed as Category 5, while the debt coverage ratio is assessed as Category 3. This assessment underscores the substantial burden of indebtedness and the compromised operational capacity of the Company. The debt-to-EBITDA ratio is an alarming 29,467.51, rendering it unmanageable for the Company. Furthermore, NOCMA has recorded a negative interest and cash interest coverage ratios over the review period, due to the negative EBIT and EBITDA figures.

Figure 11: Debt Cash Flows



Source: MoFEA.

Figure 12: Face Value of Total Debt



Source: MoFEA.

5.4. Business risk profile

NOCMA's business risk profile is assessed as Credit Neutral to its overall risk rating.

Table 15: Business risk profile ratings - NOCMA

Industry Risk	Credit Neutral
Competitive Position	Credit Neutral
Board and Management	Credit Positive
Governance	Credit Neutral
Market Risks	Credit Neutral
Liquidity	Credit Negative
Legal and Regulatory	Credit Neutral
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT NEUTRAL

Source: MoFEA.

5.4.1 Industry Risk: Credit Neutral

NOCMA operates in an industry where revenues and profit margins typically remain stable over business cycle unless the local currency experiences either a devaluation or a realignment, and growth is not highly impacted with oscillations in GDP growth. The barriers to entry to the industry are not legal but capital based because of the capital-intensive nature of the industry and the operational restiveness to pivot to and from the business. There is no short to medium term risk of substitution from outside the industry due to the slow adoption of technological advancements in the final users of the fuel product as there exists a slow penetration of hybrid and electric motor-vehicles as well as the push to renewable energy in the electricity generating industry that still relies on diesel to operate some of its thermal-diesel generators for power generation.

5.4.2 Competitive Position: Credit Neutral

NOCMA is not a monopoly, but in practical terms, it does hold a dominant position in the fuel importation and distribution sector in Malawi. NOCMA's role in the market has been subject to scrutiny and debate. Historically, NOCMA imported about 50% of Malawi's fuel, with the remainder handled by the private consortium Petroleum Importers Limited (PIL). In recent years, NOCMA has sought to increase its market share to 90%, a move that has raised concerns about potential monopolistic tendencies and the impact on private sector participation. Critics argue that such dominance could lead to job losses and reduced competition in the industry. Nevertheless, NOCMA holds a central position in Malawi's oil and gas sector, with significant influence over fuel importation, storage, and distribution. Its strategic initiatives and market maneuvers have substantial implications for the country's energy stability, economic growth, and the competitive landscape of the industry.

5.4.3 Board and Management: Credit Positive

In accordance with the Malawi Code II, Code of Best Practice to Corporate Governance (2010) and the Companies (Corporate Governance) Regulations (2016), the board of directors of NOCMA is sufficiently represented by independent and qualified members. The management has a good track record of delivering the company's strategic goals, as reflected by its performance compared with the targets established in the entity's annual performance contracts in 2024.

5.4.4 Governance: Credit Neutral

In October 2024, NOCMA engaged stakeholders to develop its strategic plan for 2024-2029, reflecting its commitment to addressing industry challenges and maximizing growth opportunities. This consultative approach aims to incorporate diverse perspectives to enhance the company's strategic direction. The strategic plan is clear, and sets out the operational, technical and financial targets for this period along with the implementation plan. In addition, the company has an annual budget to operationalize the strategic plan. Furthermore, the company has annual performance contract with the government as a commitment to implement the budget.

However, in the recent years there has been a delay in the completion of NOCMA's audited financial statements vis-à-vis the legal deadline, which is 3 months after the fiscal year end. The delays have been mostly due to a contentious dismissal of the previous auditor that contravened section 236 of the Company's Act of 2013.

5.4.5 Market Risks: Credit Neutral

NOCMA has a relatively high exposure to market risks. Malawi experienced a severe foreign exchange (forex) crisis in 2024, with reserves dropping to \$143.6 million in February covering just 0.57 months of imports, the lowest since 2012. This scarcity hindered NOCMA's ability to establish letters of credit (LCs) necessary for fuel imports, leading to depleted strategic fuel reserves and supply disruptions.

On the other hand, as of March 2024, NOCMA's outstanding debt was in fixed interest rate, which protects the entity against interest rate fluctuations. Additionally, the exposure to commodity and currency risks from the point of view of revenues and input costs is high especially with respect to the non-recovery of in-bond Landed Costs (IBLC). Currency oscillations pose a tremendous risk for NOCMA, whose primary business is importing fuel. Depreciating Malawi Kwacha (MK1,751/USD in March) while product already supplied and yet to be paid was purchased at exchange rate of around MK1,180/USD. Similarly, fluctuating Platts-driven Freight on Board (FOB) coupled with build-up forex liabilities also impacted the operations of the entity. Thus, NOCMA imports fuel using foreign currency (mostly USD) because international suppliers demand payment in hard currency. The fuel is then sold to local oil marketing companies and consumers in Malawian Kwacha, as required by domestic trade laws and regulations. Outstanding contingent liabilities stem from court cases and are insignificant if and when they realize.

5.4.6. Liquidity: Credit Negative

NOCMA is facing liquidity challenges due to outstanding trade receivables. As of March, 2024, trade receivables grew to MK31.3 billion coupled with SFR levy not able to cover matching costs. The entity is unlikely to be able to access credit markets without the support of the government. however, an improvement in the entity's operating earnings brings some comfort with regards to its capacity to make debt repayments as they fall due. The weighted average term to maturity of NOCMA's debt is around 9 years, and redemptions are concentrated between 2024 and 2031.

5.4.7. Legal and Regulatory: Credit Neutral

The legal frameworks are in general supportive of NOCMA. The industry is regulated by Malawi Energy Regulatory Authority (MERA), which is an independent entity and is responsible for setting tariffs. The process is transparent. In November 2023, MERA approved new maximum pump prices for petroleum products, applicable to all fuel importers and distributors, including NOCMA. The adjusted prices, effective November 10, 2023, were: Petrol: increased from K1,746 to K2,530 per liter (a 44.9% increase). Diesel: Increased from K1,920 to K2,734 per liter (a 42.4% increase). Paraffin: increased from K1,261 to K1,910 per liter (a 51.47% increase). These adjustments were primarily attributed to the 44% devaluation of the Malawi Kwacha and fluctuations in global petroleum prices. There are no outstanding potential sanctions that could threaten the viability of the entity.

5.4.8. Other Risks: Credit Negative

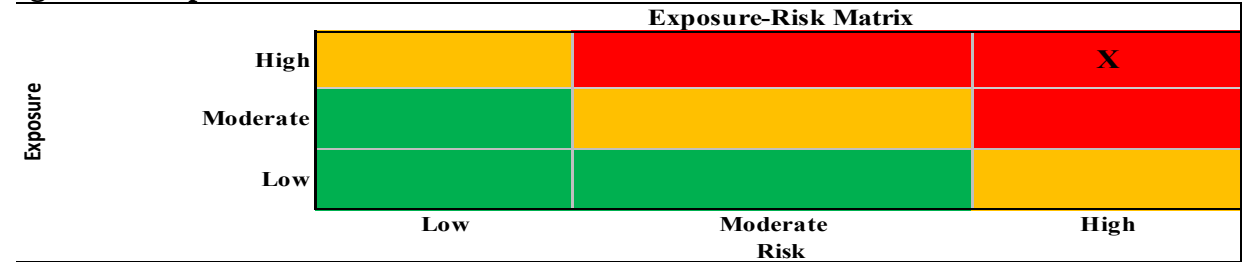
NOCMA’s track record of servicing its debt obligations is relatively poor due to inability to build up adequate retained earnings despite the earnings improved in 2024 compared to 2023. The entity does not receive any explicit compensation (such as subsidies) to cover for the shortfall in operating margins resulting from the SFR Levy below cost-recovery. On the other hand, NOCMA’s personnel policy is deemed to be independent of civil service laws.

5.5. Expected losses from the entity’s debt

The present value of the government’s total exposure is MK192 billion. The present value of expected losses of the government from NOCMA’s on-lent debt totaled MK34 billion as of March 2024.

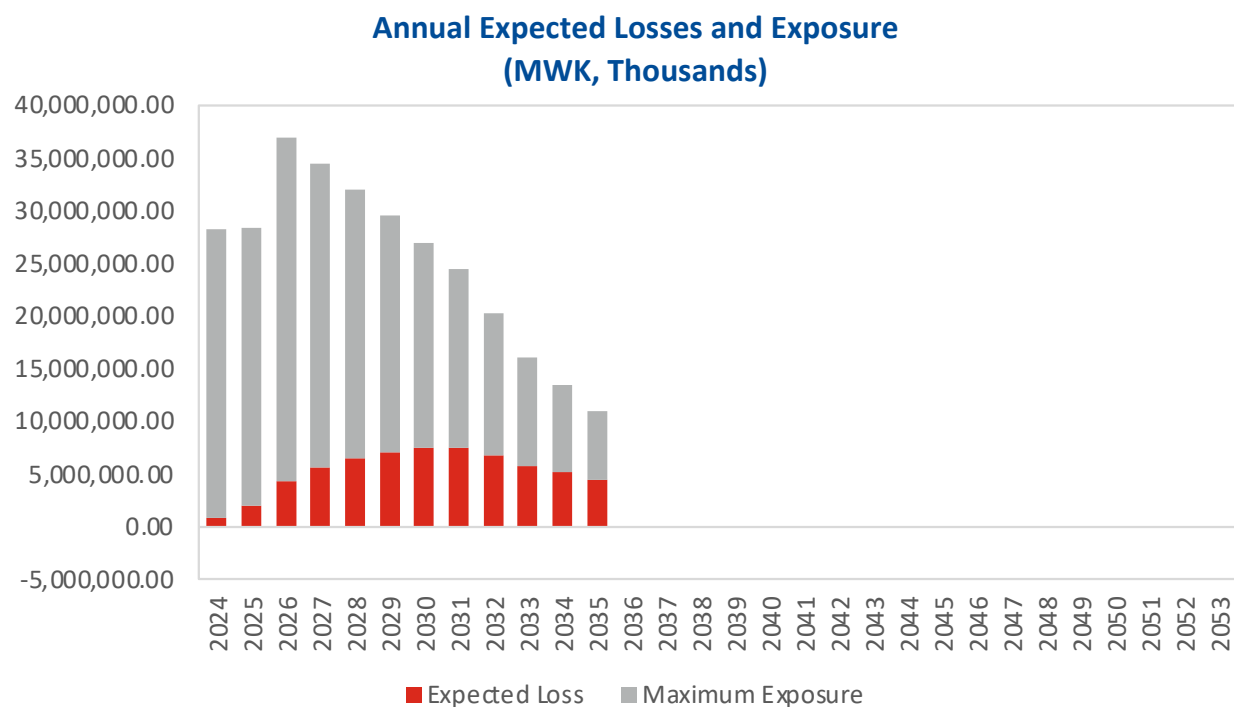
NOCMA’s challenges with debt repayment are highly likely to continue in the coming years. Therefore, it should be highlighted that the government’s realized loss is most likely going to be well above the expected loss and closer to its maximum exposure on the on-lent debt.

Figure 13: Exposure-Risk Matrix



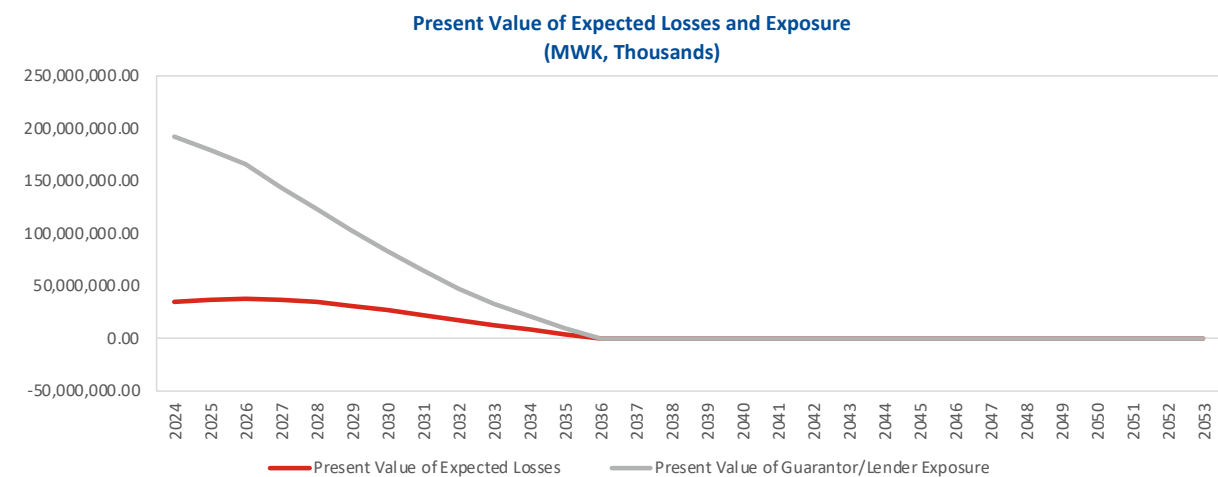
Source: MoFEA

Figure 14: Annual Expected Losses and Exposure



Source: MoFEA.

Figure 15: Present Value of Expected Losses and Exposure



Source: MoFEA.

5.6. Recommendations

NOCMA's risk rating could be positively impacted if:

- 5.6.1. SFR levy is aligned with its matching operating costs;
- 5.6.2. MERA to consider adjustment of import margin; and
- 5.6.3. PPDA levy on fuel price-build-up structure should be established.

6. Blantyre Water Board (BWB)

6.1. Risk rating summary

Table 16: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Utilities (Supply portable water to the city of Blantyre)	100%	Category 5	31.Mar.2024 (12 months)	Audited	Ernest & Young	Unqualified
			31.Mar.2023 (12 months)	Audited	Ernest & Young	Unqualified
			31.Mar.2022 (9 months)	Audited	Ernest & Young	Unqualified

Blantyre Water Board (BWB) was constituted with a mandate to supply potable water to the City of Blantyre and its surrounding peri-urban areas for commercial, industrial, domestic and firefighting use in a sustainable manner in accordance with the enabling legislations and its strategic and corporate business plans.

BWB was assigned a “Category 5” risk rating by MoFEA in April 2025 through DGLAT. This is the weakest within the 1-to-5 scale as defined by the tool with category 1 as the best while category 5 is rated as the worst.

Table 17: Risk Rating Factors – BWB

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 5	Credit Neutral	0	Category 5

Source: MoFEA.

The risk rating for BWB indicates that the entity poses very high fiscal risk to the Government of Malawi. A category 5 rating implies that the institution is most likely unable to have the ability to make repayments of its debt obligations. Furthermore, the risk rating reflects the entity’s weak financial profile that is characterized by its poor profitability ratios, the low liquidity and solvency metrics. Given this level of fiscal risk, the Government is highly exposed to BWB’s inability to service the debt stock.

6.2. Financial relationship with the government

Over the past three years as shown in Table 18 below, there has not been any form of transfers (including grants and subsidies) and capital injections from the Government to BWB. In additional,

the Board has also not been able to pay any dividend payment to the Government. During this period, total (cumulative) income tax paid was immaterial.

On the other hand, Government has been providing support to BWB in the form of On-lent facilities. As of March 2024, the total outstanding on-lent debt stock was MK62.2 billion, including arrears in debt payments. On-lent debt grew significantly in the past three years, from MK36.6 to MK62.2 billion exerting pressure on the solvency ratios of the entity. The entity has no guaranteed debt.

Table 18: Financial relationship with the government – BWB

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	0	0	0
Capital injection	0	0	0
Dividends paid	0	0	0
Income taxes paid	730,446.7	638,807.1	(2,963,302.0)
Outstanding guaranteed debt (stock)	0	0	0
Outstanding on-lent debt (stock) (excluding arrears)	36,458,105	42,880,036	62,169,535
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	Not available	Not available	Not available
Receivables from the public sector (central government, SOEs and other MDAs)	4,469,180	5,267,120	4,234,063
Payables to the public sector (central government, SOEs and other MDAs)	26,708,529	3,130,418	17,313,157

Source: MOFEA.

BWB water also has significant payables to other MDAs/SOEs. These are mostly to ESCOM as demonstrated in Table 18 above with ESCOM payables amounting to MK17.3 billion as at March 2024. In terms of receivables from other MDAs/SOEs of about MK4.23 billion was owed to the board this is most from other Government Ministries.

6.3. Financial risk profile

BWB's financial risk profile is assigned a Category 5 risk rating. A subset of the financial ratios is shown in Table 19. To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 19: Key financial ratios – BWB

		March 2022	March 2023	March 2024
Profitability	ROA (%)	-10.58	-15.83	-34.97
	Cost Recovery (x times)	0.66	0.55	0.67
Liquidity	Current Ratio	0.20	0.34	0.40
	Debtor Turnover Days	141.20	104.67	88.03
	Creditor Turnover Days	1001.17	211.30	532.16
Solvency	Debt to Assets (%)	1.17	0.91	1.27
	Debt Coverage (%)	-0.24	-0.42	-0.24

Source: MoFEA (DGLAT)

6.3.1. Profitability

As at March 2024, the profitability ratios which are return on assets, cost recovery and return on equity were rated Category 5. This reflects the weaknesses in profit generation. The entity has recorded losses in the past three years and this position has worsened from the financial year 2021/22 to 2023/24. The main challenge for the entity's profitability has been the tariffs that are below cost recovery and huge cost of sales.

In the year 2022/24, BWB registered a loss of MK33.60 billion from a loss of MK13.73 billion. This worsening performance in BWB was also largely attributed to the increase in production costs, general price increases, low sales which are resulting from high Non-Revenue Water (NRW) and non-cost reflective tariffs. At March 2024, the average Non-Revenue Water closed at 59%. Non-revenue is water which has been produced by the boards but is lost before it reaches the customers and is unaccounted for or it reaches the customer whose water meter fails to record the discharge correctly.

6.3.2. Liquidity

Due to the poor performance of BWB, its liquidity ratios are rated as category 4 and category 5. The current ratios and quick ratios have been rated category 4 implying that it does not have adequate resources to meet/pay in short term obligations. In terms of the ratios related to debtors and creditors turnover, the ratios have been rated category 5, which reflect that the challenges faced by BWB mainly stem from the slow collections of receivables from customers, which, in turn, translate into delays in payments of its suppliers. Over the past years, strategies have been put in place to resolve the outstanding receivables and payables which are mostly with other SOEs or MDAs. Despite having a slight improvement on the debtor's side, both ratios remain unfavorable.

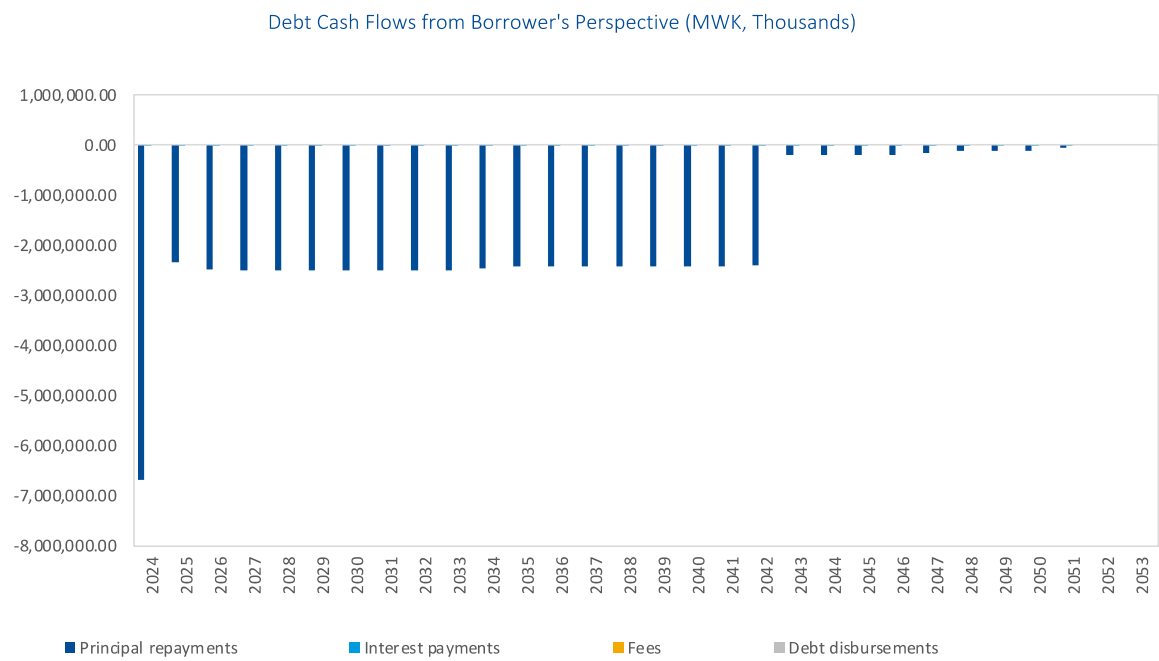
In 2022/23, BWB received a bail out from Government to settle its electricity bill arrears with ESCOM. However, the board continues to face challenges in the payment of its electricity arrears

as demonstrated by its continuous increase in creditors turnover days which have doubled from 211 days in March 2023 to 532 days in March 2024.

6.3.3. Solvency

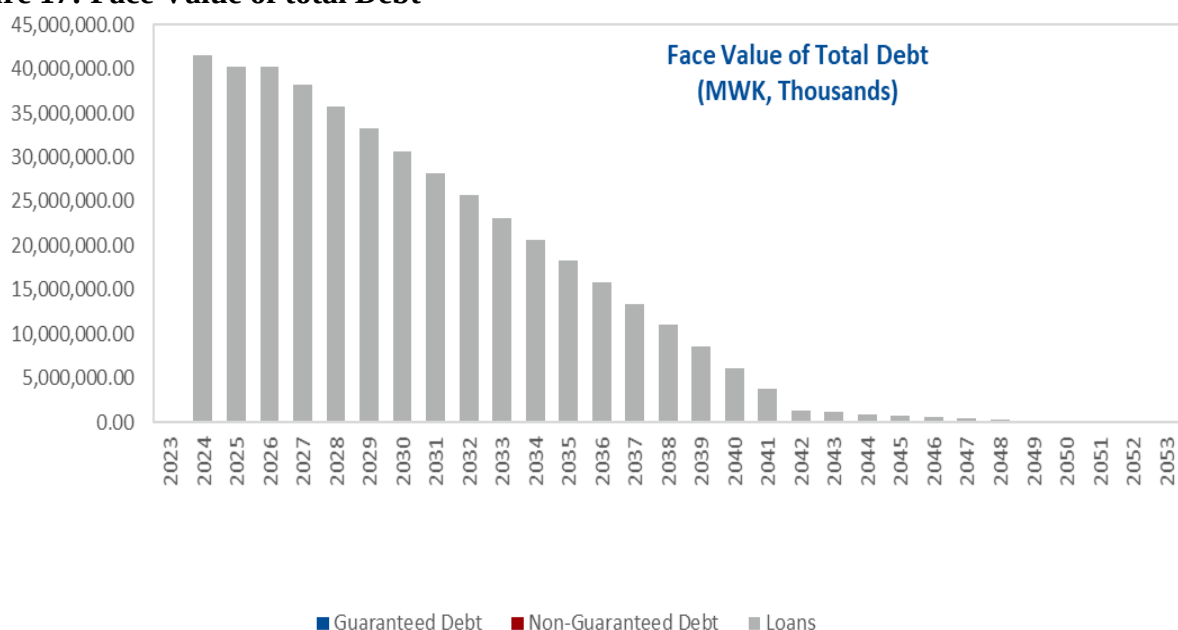
As of March 2024, all six solvency ratios are assessed as Category 5, reflecting the high indebtedness and the negative shareholder’s equity, as well as the operating losses of the entity. This in turn indicates BWB’s weak debt repayment capacity. BWB’s shareholder’s equity has been eroded and this has continued to increase the pressures being built up on solvency indicators.

Figure 16: Debt Cashflows from Borrower’s Perspective



Source: MoFEA.

Figure 17: Face Value of total Debt



Source: MoFEA.

6.4. Business risk profile

BWB's business risk profile is assessed as Credit Neutral to its overall risk rating.

Table 20: Business risk profile ratings – BWB

Industry Risk	Credit Neutral
Competitive Position	Credit Neutral
Board and Management	Credit Positive
Governance	Credit Positive
Market Risks	Credit Neutral
Liquidity	Credit Negative
Legal and Regulatory	Credit Positive
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT NEUTRAL

Source: MoFEA.

6.4.1 Industry Risk: Credit Neutral

BWB operates in an environment which is well established, however, its revenues and profit margins are not highly affected by any changes in GDP. BWB operates in a challenging environment and location which has required high electricity levels to pump water. In addition, high levels of non-revenue water have made it difficult for the Board to generate adequate revenues to cover its operating and financing cost which resulted in negative profit margins.

The barriers to entry to the industry are very high, both because of the legal restrictions for new players entering the industry, and also because the capital-intensive nature of the industry.

6.4.2 Competitive Position: Credit Neutral

BWB is the only water supply company in its geographic location, therefore it tends to have monopoly characters in the supply of potable water in its area. Despite having monopoly characters in its region, BWB continues to encounter challenges in adjusting tariffs to reflect changes in underlying costs, due to regulatory restrictions, which have kept tariffs below cost recovery. The drilling of unauthorized boreholes by consumers tends to be a challenge in increase the customer base for the board. BWB serves a diverse client base that includes: residents; commercial and industrial users; and communal users who perceive the price of and access to water differently.

6.4.3 Board and Management: Credit Positive

The Board of Blantyre water Board operates in accordance with the Malawi Code II, Code of Best Practice to Corporate Governance (2010) and the Companies (Corporate Governance) Regulations (2016). The board of directors is sufficiently represented by independent and qualified members. Over the years, the management has continued to deliver the company's strategic goals, as reflected by the company's improvements in meeting its service delivery targets such as the transformation of postpaid meters to prepaid meters in order to improve revenue collection for the institutions.

In terms of the staffing level for the company, it has adequate staff to carry out the necessary operations to achieve the entity's annual performance contracts.

6.4.4 Governance: Credit Positive

Blantyre water board operates on a five-year strategic plan which was unveiled in 2020 and running till 2025. The strategic plan mirrors the Malawi 2063, the country's long-term development blueprint, and encompasses goals and aspirations of the government in the provision of potable water to people within the BWB's supply area. It sets targets which are to improve the entities operations, finances and technical aspects in order to move away from the loss-making record the institution has faced over the years. However, BWB has faced some operations challenges which has delayed implementation of some of the targets which were set.

Despite facing some of the challenges, BWB has ensured its financial statements are audited in time and are submitted in line with PFM Act 2022 to the Government.

6.4.5 Market Risks: Credit Neutral

BWB has a relatively high exposure to market risks, primarily due to the very high concentration of its debt in terms of maturity within ten years from 2024 to 2028. As of March 2024, its debt to assets was comprised 127% outstanding debt (face value of debt). Out of the four loan facilities, 28% of debt is foreign dominated while the rest is Malawi Kwacha denominated. This means exchange losses in case of a devaluation might be relatively less significant compared to some other SOEs. Additionally, all loan facilities have fixed interests rates which reduces the risks any changes in interest.

6.4.6 Liquidity: Credit Negative

BWB has faced liquidity challenges over the years as indicated by its low current ratio 0.15 in March 2024. The Board is unable to pay its short-term obligations as and when they fall due. With this record, the entity has not been to access credit markets without the support of the Government. In addition, the volatility in the entity’s operating earnings creates uncertainties with regards to its capacity to make debt repayments as they fall due.

6.4.7 Legal and Regulatory: Credit Positive

The legal and regulatory frameworks surrounding BWB are supportive for the entity to carry out its operations. The recent reforms that force the gradual migration from post-paid to pre-paid metering for households and some MDAs are also contributing to improved operational efficiency in terms of billing and collections. The industry is currently regulated by the line Ministry of Water, which responsible for setting tariffs. There are no outstanding potential sanctions that could threaten the viability of the entity.

6.4.8 Other Risks: Credit Negative

BWB’s track record of servicing its debt obligations is poor over the years. One of the challenges of the regulated environment which sets the tariffs of the water boards which are under the cost recovery level is that the Board is not compensated for the losses which are incurred. This has made it impossible for BWB to make sufficient profit which can be used to invest and sustain the growth of the entity.

Although the Board’s tariffs are regulated by the line Ministry, BWB’s personnel policy is deemed to be independent of civil service laws which means the Boards management makes all decisions in setting wages and hiring staff.

6.5.Expected losses from the entity’s debt

Figure 18: Exposure-Risk Matrix

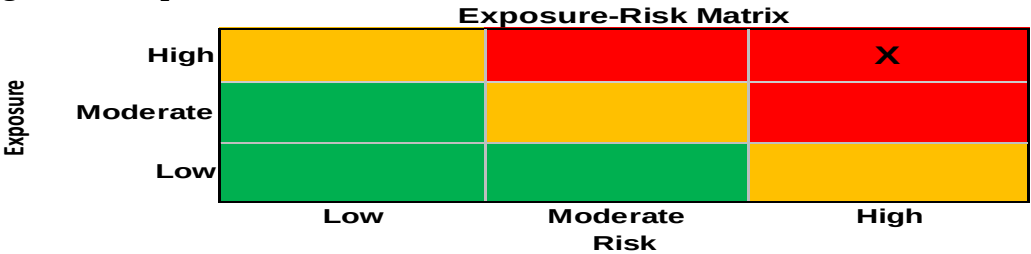
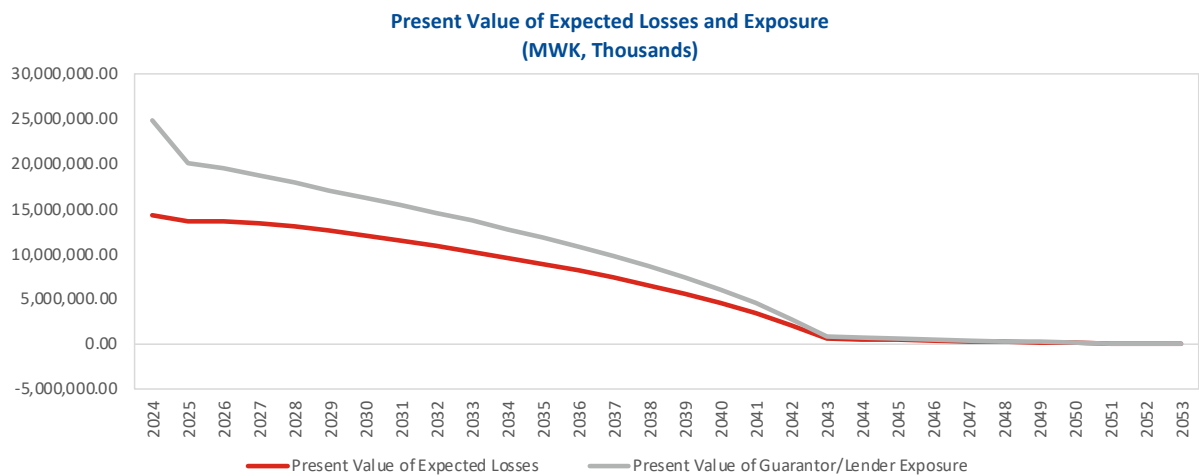
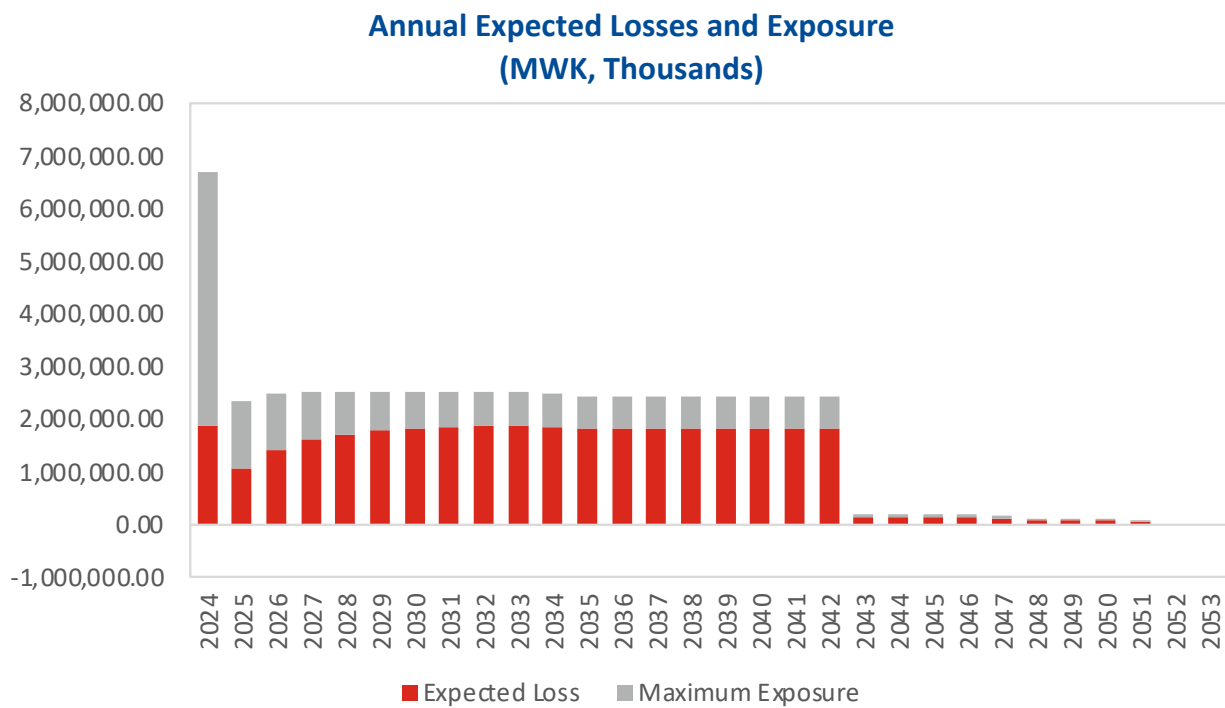


Figure 19: Present Value of Expected Losses and Exposure



Source: MoFEA

Figure 20: Annual Expected Losses and Exposure



Source: MoFEA

BWB has been classified as an entity which is high risk and has a high exposure as illustrated in Figure 18 above. The present value of the Government total exposure is MK24 billion while the

present values of the expected losses of the Government from BWB's facilities stand at MK14 billion as at March 2024.

BWB has been partially serving its on-lent debt to Malawi Government. As at March 2024, BWB paid MK3.24 billion towards its long-term loans and MK1 billion in interest repayments for its facilities (2023/24 Audited statements). Due to the poor performance BWB has faced over the years, it has resulted in cash flow challenges which have affected the capacity in meeting all its debt service obligations. Therefore, with this, the Government's exposure tends to be very high and the realized loss is most likely to be closer to the maximum exposure than the expected loss.

6.6.Recommendations

BWB's risk rating could be positively impacted if:

- 6.6.1.** Research is conducted towards the cost benefit analysis to weigh the potential benefit of instituting a national water independent regulator that is severed from the ministry's control.
- 6.6.2. Losses from non-revenue water is resolved with deliberate interventions such as** the Water and Sanitation Project-1 with funding from the World Bank which aims at reducing Non-Revenue Water. The project became effective in June 2023. Non-Revenue Water was supposed to drop from 52% in FY22–2023 with 29 percent is the goal as the projects goal, however in 2023/2024 NRW stood at 60%. This accomplishment will be abated by replacing 15,000 faulty prepaid meters, replacing 7,000 aged and faulty meters, and replacing 100 kilometers of old, frequently exploding pipes among others initiatives other.
- 6.6.3.** The Board stops incurring further foreign denominated loans because even though they may carry low interest rates, the time to maturity leaves the Board susceptible to future losses it may potentially incur in the event of instability in the domestic currency. Furthermore, restructuring of the existing debt should be on a needs-must basis to avoid further prolonging of the debt repayment schedule. In the event that further debt is necessary to be incurred, it should be so on the pursuit of the greatest return on investment, in order to impact the board positively and thus aid in the repayment of the existing loans.
- 6.6.4.** The Board places greater scrutiny when contracting local bank loans to ensure that the value for money incurred on these loans is enough to not only repay them but also to ensure that the investment is prioritized that will reduce the Board's borrowing future borrowing needs. The Board needs to prioritize the repayment of these loans in order to reduce the risk of penalties for defaults.

7. Southern Region Water Board (SRWB)

7.1.Risk rating summary

Table 21: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Utilities (Supply portable water)	100%	Category 4	31.Mar.2024 (12 months)	Draft	Graham Carr	
			31.Mar.2023 (12 months)	Audited	Graham Carr	Unqualified
			31.Mar.2022 (9 months)	Audited	Graham Carr	Unqualified

Source: MoFEA

Southern Region Water Board (SRWB) was reconstituted and mandated to provide potable water to customers through designing, constructing, operating and maintaining water supply systems to sustainably contribute to social economic development.

SRWB was assigned a “Category 4” risk rating by MoFEA in April 2025 through DGLAT. This is the second weakest within the 1-to-5 scale defined by the tool.

Table 22: Risk Rating Factors – SRWB

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 4	Credit Neutral	0	Category 4

Source: MoFEA.

The risk rating for SRWB indicates that the entity possesses a high fiscal risk to the Government of Malawi. A category 4 rating implies that the institution is most likely unable to have the ability to make repayments of its debt obligations. On the other hand, the risk rating reflects the entity’s weak financial profile that is characterized by its poor profitability ratios, the low liquidity and solvency metrics.

7.2. Financial relationship with the government

Over the past three years as shown in Table 23 below, there has been Government Grants and contributions to the SRWB, this is mainly for the use of the following:

- i. **Africa Catalytic Growth Fund** –This is a grant for the establishment and training of a water user association and local water operators. Its purpose is to oversee the planning, construction and maintenance of the water and sanitation facilities through the provision of technical advisory service;
- ii. **World Bank** - National Water Development II This is partly a grant and a loan through the Malawi Government for the second Nation Water Development Project.
- iii. **Infrastructure service project** -The Government of Malawi, through the Department of Economic Planning and Development and with assistance from the World Bank, is preparing an Infrastructure Services Project (ISP) which is intended to provide good access to roads, water, electricity and telecommunications in five corridors in different parts of the country for the purpose of propelling economic development along the selected corridors.
- iv. **Cobbe Barracks reticulation-** This is project in which the Board will rehabilitate the old pipeline network at Cobbe Barracks before connected to the prepaid water waters. The Barracks thought that if the prepaid meters are installed now, they would be losing water through the old pipeline network.

These Government Grants and contribution as at March 2024, stood at a total of MK10 billion. Government has also been providing support to SRWB in the form of On-lending loans. As of March 2024, the total outstanding on-lent debt was MK25 billion, excluding arrears in debt payments. Including arrears, this figure was MK33 billion. On-lent debt has grown significantly in the past three years, from MK13 billion to MK25 billion exerting pressure on the solvency ratios of the entity. The entity had no guaranteed loans during the period of analysis.

On the other hand, over the past three years, the board has not received support in form of capital injection or debt guarantee from the Government. However, SRWB has obtained consents from Government in order to obtain some of its short-term facilities. SRWB has not remitted dividend in past few years.

Table 23: Financial relationship with the government – SRWB

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	9,819,554	9,508,650	10,428,620
Capital injection	0	0	0
Dividends paid	0	0	0
Income taxes paid	0	0	0
Outstanding guaranteed debt (stock)	0	0	0
Outstanding on-lent debt (stock) (excluding arrears)	13,324,352	19,113,981	25,551,913
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	13,324,352	7,236,069	8,208,245
Receivables from the public sector (central government, SOEs and other MDAs)	7,061,248	8,472,581	2,543,953
Payables to the public sector (central government, SOEs and other MDAs)	2,450,092	6,589,687	8,054,984

Source: SRWB Financial Statements

7.3. Financial risk profile

SRWB's financial risk profile is assigned a Category 4 risk rating. A subset of the financial ratios is shown in Table 24. To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 24: Key financial ratios – SRWB

		March 2022	March 2023	March 2024
Profitability	ROA (%)	-1.79%	-2.02%	-0.74%
	Cost Recovery (x times)	1.01	1.00	1.12
Liquidity	Current Ratio	1.56	1.34	1.19
	Debtor Turnover Days	534.22	433.02	191.76
	Creditor Turnover Days	Not available	Not available	Not available
Solvency	Debt to Assets (%)	0.53	0.63	0.67
	Debt Coverage (%)	0.05	0.05	0.10

Source: MoFEA (DGLAT)

7.3.1. Profitability

Over the past three years, SRWB has made a loss of MK417 million as of March 2024. Despite having a loss position in the year 2024, this was an improvement from the past year as this was a decline from a loss of MK988 million in 2023. The underperformance of the Board was largely on account of the persistent excessive drought experienced in Malawi which highly affected the flow of surface water and levels of groundwater sources, that led to SRWB's inability to meet the water demand in the areas it supplies water.

As of March 2024, the profitability ratios on return on assets and return on equity were rated category 5, this reflects the weaknesses in profit generation. However, cost recovery which assesses the ability to generate adequate revenue to cover operating costs was rated category 3.

7.3.2. Liquidity

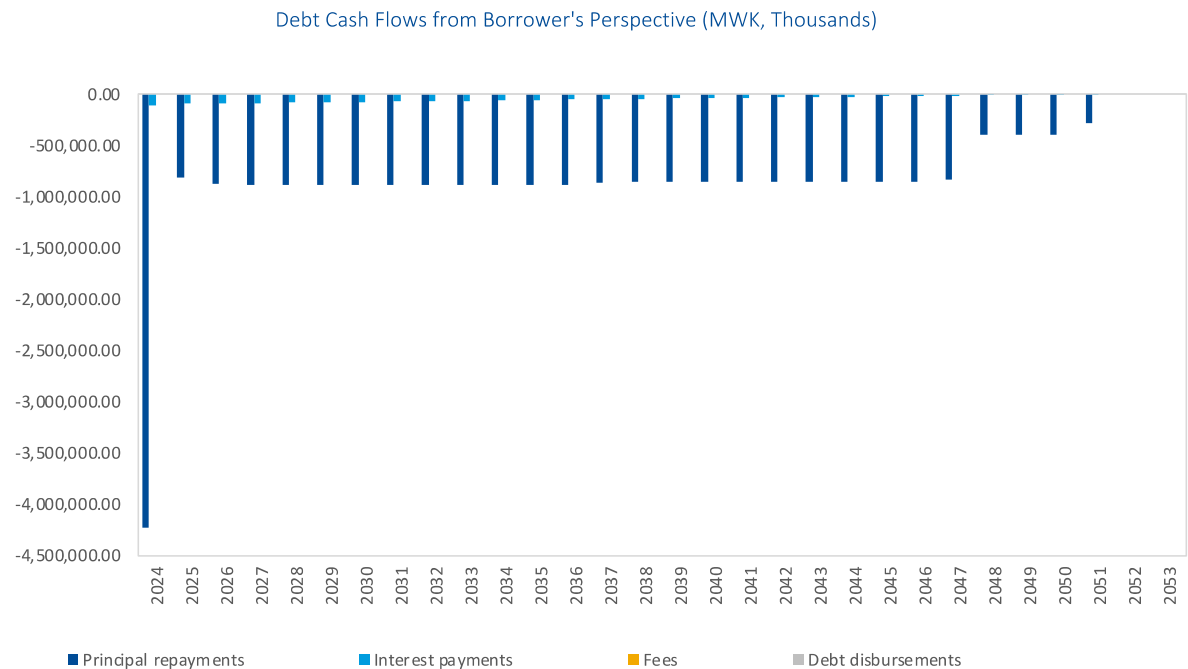
For the period under review, one ratio was assessed as Category 2, one was under Category 3 and another ratio was assigned Category 5. SRWB, continues to face challenges from the collection of debt from public institutions which account for 60 percent of its water sales. There is however an improvement in receivable days of SRWB due to the increase in the installation of prepaid meters which has resulted in the debtor days declining from 433 days to 192 days. Although the days have reduced, most of the Board's cash is still being held with debtors leading to the cash flow challenges, SRWB is barely meeting its short-term obligations as they fall due.

7.3.3. Solvency

As of March 2024, five out of the six solvency ratios were all assessed as Category 4 and the debt to equity ratio was assessed as Category 5, reflecting the high indebtedness of SRWB. The increase in the debt-to-equity ratios 1.12 (112%) at March 2022 to 2.05 (205%) as of March 2024 indicates that the board has increased its external borrowing which has surpassed its level of equity.

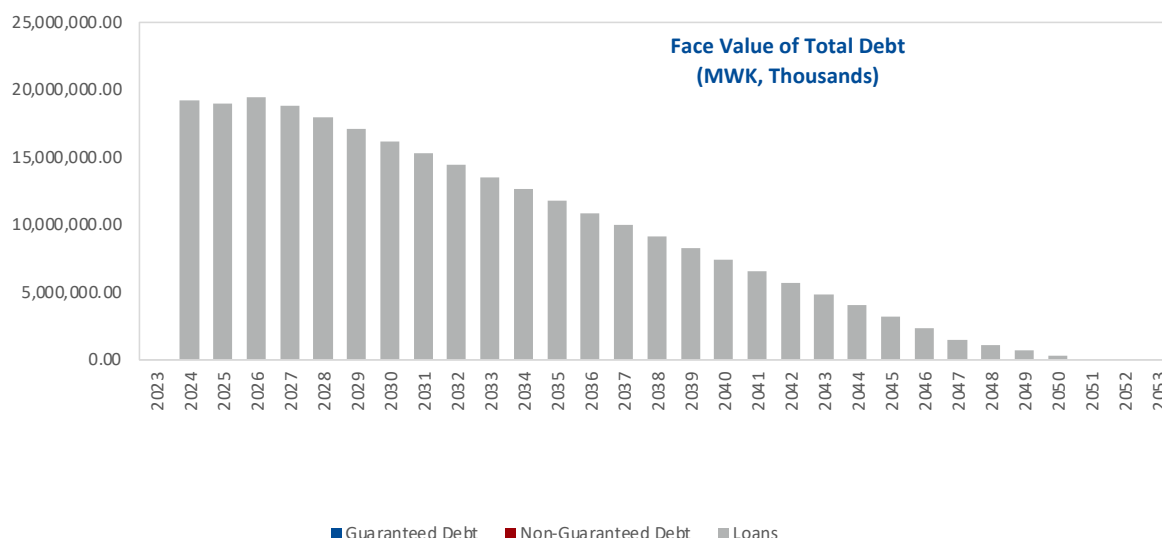
Figure 21 below illustrates the pressure SRWB faced in the March 2024, with huge levels of principal repayments in the loan facilities it has. Due to the current financial constraints, the board’s probability to request support from the Government to make debt repayments is very high. This constitutes a significant fiscal risk for the Government.

Figure 21: Debt Cash Flows



Source: MoFEA

Figure 22: Face Value of Total Debt



Source: MoFEA.

7.4. Business risk profile

SRWB's business risk profile is assessed as Credit Neutral to its overall risk rating.

Table 25: Business risk profile ratings - SRWB

Industry Risk	Credit Neutral
Competitive Position	Credit Neutral
Board and Management	Credit Positive
Governance	Credit Positive
Market Risks	Credit Negative
Liquidity	Credit Negative
Legal and Regulatory	Credit Positive
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT NEUTRAL

Source: MoFEA.

7.4.1. Industry Risk: Credit Neutral

SRWB operates in an environment which is well established. The water industry barriers to entry are very high, both because of the legal restrictions for new players entering the industry, and also because the capital-intensive nature of the industry. SRWB is mandated to supply water in the southern region of Malawi with a geographical of more than five districts. SRWB just like other water boards has, revenues and profit margins that are not highly affected by any changes in GDP. Generally, the SRWB is one which operates in an industry where revenues and profit margins typically remain stable over business cycles.

7.4.2. Competitive Position: Credit Neutral

SRWB is the only water supply company in the southern region of Malawi, therefore it tends to have monopoly characters in the supply of portable water in its area. However, unauthorized

boreholes tend to be one of the factors which affect the full capacity of the supply of water in other areas. SRWB continues to encounter challenges in adjusting tariffs to reflect changes in underlying costs, this is due to regulatory restrictions, which have kept tariffs below cost recovery as a means of mitigating cost related its largest customer base, households and communal customers.

7.4.3. Board and Management: Credit Positive

The board of Southern Region Water Board operates in accordance with the Malawi Code II, Code of Best Practice to Corporate Governance (2010) and the Companies (Corporate Governance) Regulations (2016). The board of directors is sufficiently represented by independent and qualified members. Over the years, the management has continued to deliver the company's strategic goals, as reflected by the company's improvements meeting its service delivery targets such as the transformation of postpaid meters to prepaid meters in order to improve revenue collection for the institutions.

In terms of the staffing level for the company, it has adequate staff to carry out the necessary operations to achieve the entity's annual performance contracts.

7.4.4. Governance: Credit Positive

SRWB operates on a five-year strategic plan from 2023-2028. The strategic direction of the board presents key strategies that the Board will implement to achieve the goals and targets set-out both at Corporate and Zone levels. The strategic direction is grouped into four (4) Strategic Focus Areas, namely: Operations and Infrastructure Development; Business Growth; Customer and Stakeholder Satisfaction; and Innovation and Productivity. The strategic plan mirrors the Malawi 2063, the country's long-term development blueprint, and encompasses goals and aspirations of the government in the provision of potable water to people.

SRWB has ensured its financial statements are audited in time and are submitted in line with PFM Act 2022 to the Government. However, the board has delayed the submission of audited statements for the year 2023/24 due to operational issues.

7.4.5. Market Risks: Credit Negative

SRWB has a relatively high exposure to market risks, primarily due to the very high concentration in foreign currency denominated debt which has surpassed its level of equity. As of March 2024, the outstanding debt for SRWB was in fixed interest rate, which protects the entity against interest rate fluctuations. However, due to its foreign dominated loan facilities, the board is likely to face some foreign currency losses/gains if there are any changes in the exchange rates.

7.4.6. Liquidity: Credit Negative

SRWB could not have had access to credit markets without the support of the Government (either in form of a guarantee, consent or on-lent). In addition, the volatility in the entity's operating earnings creates uncertainties with regards to its capacity to make debt repayments as they fall due.

7.4.7. Legal and Regulatory: Credit Positive

The legal and regulatory frameworks surrounding SRWB are supportive for the entity to carry out its operations. The recent reforms that force the gradual migration from post-paid to pre-paid metering for households and small/most MDAs are also contributing to improved operational efficiency in terms of billing and collections. SRWB has also introduced water bottling in order to improve its revenue generation lines

The industry is currently regulated by the line Ministry of Water, which is responsible for setting tariffs.

7.4.8. Other Risks: Credit Negative

SRWB has been able to service its debt obligations partially, including the payment of its principal amounts. As of March 2024, its payment of long-term loans totaled MK8.20 billion while interest payments stood at MK2.34 billion.

One of the factors which has caused shortfalls in revenues generated by the board is the tariffs which are below cost recovery that Government does not pay any explicit compensation for (such as subsidies) to cover for the shortfall in operating margins. This has resulted in cash flow challenges by the board.

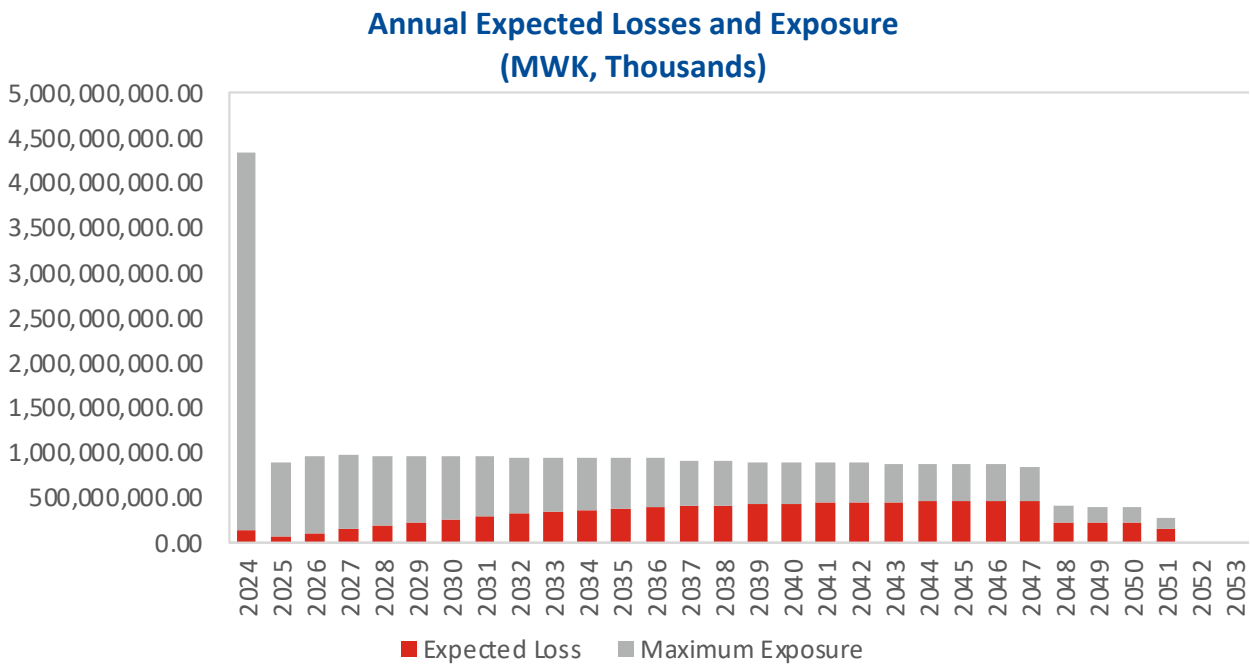
7.5.Expected losses from the entity’s debt

Figure 23: Exposure-Risk Matrix



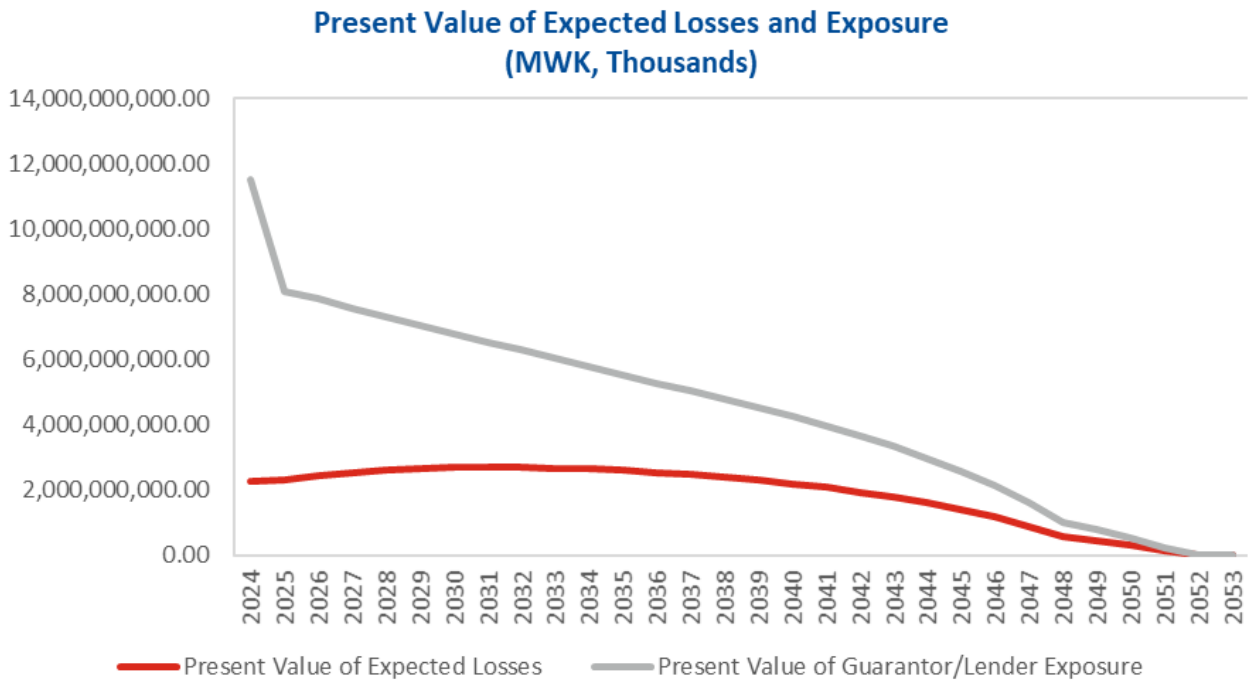
SRWB has been classified as an entity which is high risk and has a high exposure as illustrated in the figure above. The present value of the Government total exposure is MK11 billion while the present values of the expected losses of the Government from SRWB’s facilities stand at MK2 billion as at March 2024. This implies that the current financial position of the entity could lead to default in the payments of its loan obligations therefore requiring Government support for bail out.

Figure 24: Annual Expected Losses and Exposure



Source: MoFEA

Figure 25: Present Value of Expected Losses and Exposure



Source: MoFEA

7.6.Recommendations

SRWB's risk rating could be positively impacted if SRWB:

- 7.6.1.** Continues to migrate from post-paid meters to prepaid meters; replaces and recalibrates faulty and stack meters; seals all leaking water tanks; and carries out meter accuracy tests in order to reduce the level of non-revenue water it is facing.
- 7.6.2.** Embeds solar power in projects as alternative source of energy to reduce costs of electricity.
- 7.6.3.** Invests in the establishment of new centers within its supply areas in order to increase revenues.

8. Lilongwe Water Board (LWB)

8.1. Risk rating summary

Table 26: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Utilities (water supply and distribution)	100%	Category 3	31.Mar.2024 (12 months)	Audited	Grant Thornton Malawi	Unqualified
			31.Mar.2023 (12 months)	Audited	Graham Carr	Unqualified
			31.Mar.2022 (9 months)	Audited	Graham Carr	Unqualified

The Lilongwe Water Board (LWB) is responsible for overseeing and managing all water-related operations within the city. This includes the supply and distribution of water, as well as the construction, operation, and maintenance of all necessary waterworks. Additionally, the LWB is tasked with managing sanitation services within the city.

LWB was assigned “Category 3” risk rating by MoFEA in April 2025 through DGLAT. This is the moderate category within the 1-to-5 scale defined by the tool. The risk rating is primarily driven by the entity’s Financial Risk Profile, because its Business Risk Profile is assessed as Credit Neutral.

Table 27: Risk Rating Factors – LWB

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 3	Credit Neutral	0	Category 3

Source: MoFEA.

LWB’s risk rating indicates that the Board has a moderate risk of not making repayments of its debt obligations that mainly stems from persistent liquidity mismatches.

8.2. Financial relationship with the government

As shown in Table 28, there were no transfers (including grants and subsidies) and capital injections by the government to LWB in the past three years. During this period, LWB has not made any dividend payments to the government, while total (cumulative) income tax paid was immaterial.

The government is providing financial support to LWB mainly in the form of on-lending. As of March 2024, total outstanding on-lent debt was MK133 billion, excluding arrears in debt payments. Including arrears, total outstanding on-lent debt amounted to 265 billion. The essential nature of water provision continues to provide LWB some leeway in its debt servicing obligation to the fiscus. On-lent debt grew significantly in the past three years, exerting pressure on the solvency ratios of the entity (as of March 2022, total outstanding on-lent debt was MK75 billion). There were no guarantee calls during the period of analysis. The entity had no guaranteed debt during the period of analysis.

Table 28 Financial relationship with the government – LWB

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	0	0	0
Capital injection	0	0	0
Dividends paid	0	0	0
Income taxes paid	(74,572)	(115,947)	5,386,279
Outstanding guaranteed debt (stock)	0	0	0
Outstanding on-lent debt (stock) (excluding arrears)	75,754,651	114,806,299	132,940,695
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	0	0	132,000,000
Receivables from the public sector (central government, SOEs and other MDAs)	1,836,202	5,573,010	6,168,683
Payables to the public sector (central government, SOEs and other MDAs)	3089945	5750948	7573230

Source: MOFEA.

8.3.Financial risk profile

LWB's financial risk profile is assigned a Category 2 risk rating. A subset of the financial ratios is shown in Table 29 To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 29: Key financial ratios – LWB

		March 2022	March 2023	March 2024
Profitability	ROA (%)	0.41	1.28	3.26
	Cost Recovery (x times)	1.10	1.09	1.53
Liquidity	Current Ratio	5.83	7.15	6.34
	Debtor Turnover Days	145.54	141.77	129.72
	Creditor Turnover Days	50.54	53.27	70.79
Solvency	Debt to Assets (%)	0.74	0.79	0.74
	Debt Coverage (%)	0.07	0.04	0.14

Source: MoFEA.

8.3.1. Profitability

As of March 2024, one out of the three profitability ratios are assessed as Category 1 and one is assessed as Category 2 and Category 4 respectively. This reflects the improvement in profit generation. The entity recorded profits in all three periods during March 2022 and March 2024. The improvement in financial performance was due to Non-Revenue Water (NRW) reduction strategies through replacement of aged and stuck meters as well as burst pipes. The recent increase in tariffs has been supportive. In addition to the tariff increases, the gradual shift to pre-paid billing should also contribute to faster revenue growth in the coming periods.

As of March 2024, LWB recorded a profit of MK9 billion. Two major factors significantly impacted earnings during this period. Notably, the improvement in financial performance was primarily attributed to the implementation of Non-Revenue Water (NRW) reduction strategies. These strategies resulted in a reduction from 40% to approximately 35.5%. Specifically, the Performance Based Incentive Program (PBIP) was utilized within zones to achieve this reduction. Additionally, adherence to Emergency Response Standards was strictly enforced, with burst isolated within one hour, bursts repaired within ten hours, and leaks maintained within two days after reporting. Furthermore, valve replacements, leak detection programs, the elimination of unbilled accounts, analysis of Demand Management Account (DMA) consumptions to identify inconsistencies with billing volumes, water balancing to estimate water lost through real and apparent losses, meter reading/billing anomalies analysis, and the implementation of the faults reporting and management system were all implemented.

8.3.2. Liquidity

As of March 2024, two out of the four liquidity ratios are assessed as Category 1, one is assessed as Category 5 and the other was assessed as Category 3. The liquidity ratio that is in Category 5 is related to debtor turnover days, while liquidity ratios comparing short term assets and liabilities fare better. This reflects that the challenges faced by LWB mainly stem from the slow collections of receivables from customers. In recent years strategies have been put in place to resolve the

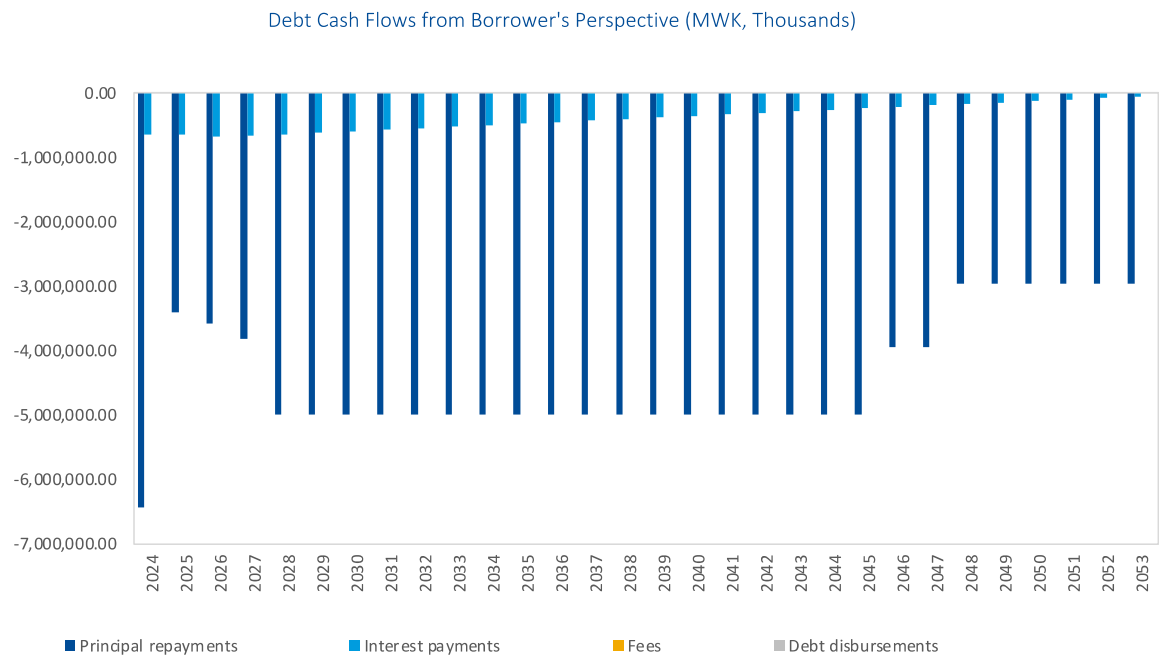
outstanding receivables which are mostly with other SOEs or MDAs. While there is a slight improvement on the receivables side, the ratio remains unfavorable⁵.

8.3.3. Solvency

As of March 2024, two solvency ratios are categorized as Category 3, three were under Category 4, and one as Category 5. The overall indebtedness suggests that LWB continues to rely on debt financing to support its operations and growth rather than utilizing equity financing. This reliance on debt financing may indicate a higher level of financial risk for LWB, as it may encounter difficulties in meeting its debt obligations, particularly in the event of declining cash flows.

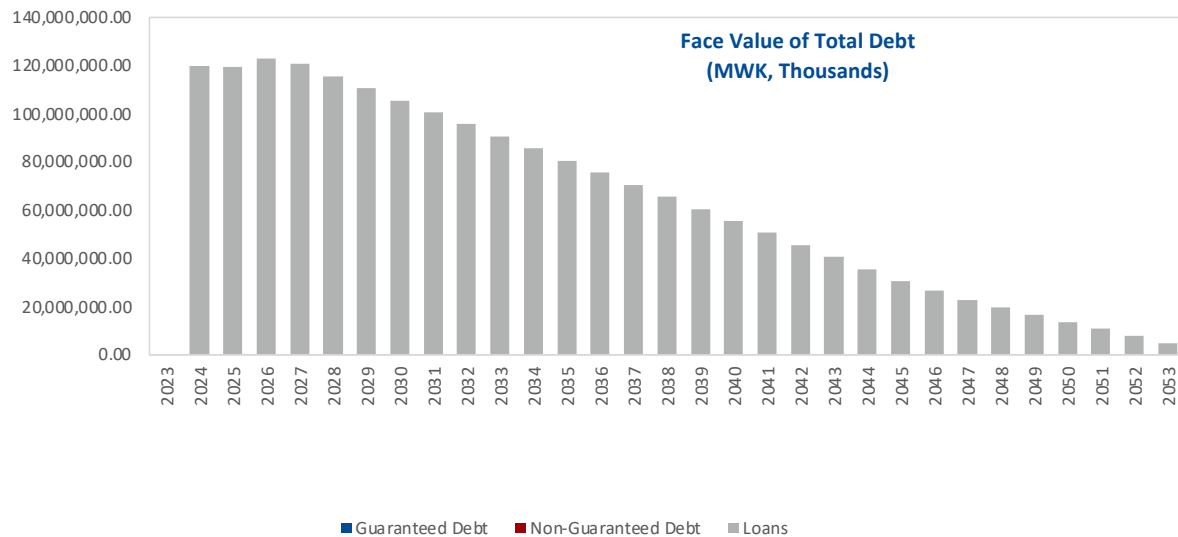
To date, LWB’s shareholder’s equity remains positive as of the end of FY23/24. However, during the same period, total outstanding debt experienced a steady increase. This rise in debt levels can be attributed to the pressures being exerted on solvency indicators. The majority of the debt is long-term and is secured by concessional interest rates. The investments funded through this borrowing are expected to yield positive results in the medium and long term. Nevertheless, in the short term, as long as LWB’s operating earnings remain robust and capable of addressing the financing gaps caused by cash flow mismatches, the entity is likely to be able to service its debt repayments.

Figure 26: Debt Cash Flows



Source: MoFEA.

Figure 27: Face Value of Total Debt



Source: MoFEA.

8.4. Business risk profile

LWB's business risk profile is assessed as Credit Positive to its overall risk rating.

Table 30: Business risk profile ratings – LWB

Industry Risk	Credit Neutral
Competitive Position	Credit Neutral
Board and Management	Credit Positive
Governance	Credit Positive
Market Risks	Credit Negative
Liquidity	Credit Negative
Legal and Regulatory	Credit Positive
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT NEUTRAL

Source: MoFEA.

8.4.1. Industry Risk: Credit Neutral

LWB operates in the water supply sector, where revenues and operational stability are generally resilient across economic cycles, with demand remaining consistent regardless of fluctuations in GDP growth. The barriers to entry in the sector are significantly high, primarily due to regulatory restrictions governing water service provision and the capital-intensive nature of infrastructure development required for water production, distribution, and treatment.

8.4.2. Competitive Position: Credit Neutral

LWB holds a monopolistic position in the provision of potable water supply and distribution services within the Lilongwe City and surrounding areas. This exclusivity ensures a stable and predictable revenue base, as the demand for water remains relatively inelastic despite economic fluctuations.

LWB serves a diverse customer base, including residential, commercial, and industrial consumers, which supports revenue stability. The Board's strategic initiatives, including the expansion of water supply infrastructure and network rehabilitation, further enhance its competitive positioning by increasing capacity and service reliability.

Unlike entities in competitive markets, LWB operates within a regulated framework that limits market entry for private competitors. The capital-intensive nature of the water sector, coupled with regulatory and environmental constraints, serves as a significant barrier to entry, thereby reinforcing LWB's dominant position in the industry.

However, LWB's ability to adjust tariffs in response to rising operational costs is constrained by regulatory oversight. Tariff adjustments require approval from the government and are subject to affordability considerations for consumers. While recent regulatory reforms have aimed at aligning tariffs with cost recovery, any delays in implementation could impact LWB's financial sustainability.

Despite these challenges, LWB benefits from ongoing government and donor-funded investments aimed at improving water supply infrastructure, reducing non-revenue water losses, and enhancing operational efficiency. These efforts strengthen LWB's financial viability and ensure continued service provision.

8.4.3. Board and Management: Credit Positive

In accordance with the Malawi Code II, Code of Best Practice to Corporate Governance (2010) and the Companies (Corporate Governance) Regulations (2016), the board of directors of LWB is sufficiently represented by independent and qualified members. The management has a good track record of delivering the company's strategic goals, as reflected by its performance compared with the targets established in the entity's annual performance contracts in 2024.

8.4.4. Governance: Credit Positive

LWB has a five-year strategic plan for the period 2020-25. The strategic plan is clear, and sets out the operational, technical and financial targets for this period along with the implementation plan. In addition, the company has an annual budget to operationalize the strategic plan. Furthermore, the company has annual performance contract with the government as a commitment to implement the budget. In the recent years, LWB has completed audited financial statements vis-à-vis the legal deadline, which is 3 months after the fiscal year end.

8.4.5. Market Risks: Credit Negative

LWB's exposure to market risks is relatively high, primarily due to high concentration of its debt in foreign currency and exchange rate fluctuations that may affect operational costs. The Board's costs and liabilities are denominated in foreign currencies, primarily arising from imports and purchases, exposing it to fluctuations in foreign currency exchange rates. Conversely, as of March 2024, all outstanding debt (domestic and foreign) is secured by fixed interest rates, mitigating the entity against interest rate fluctuations. The Board's exposure to commodity price fluctuations is limited.

8.4.6. Liquidity: Credit Negative

LWB has sufficient liquidity to meet short-term financial obligations without significant strain and is able to access credit markets without the support of the government. However, even though that is the case, a significant portion of receivables is still with the clients (MK12 billion as at 31st March 2024) with over 130 days which still poses a cash flow challenge on the Board. The weighted average term to maturity of LWB’s debt is around 19 years, and redemptions are concentrated between 2028 and 2046.

8.4.7. Legal and Regulatory: Credit Positive

The legal and regulatory frameworks are in general supportive of LWB. By law, LWB holds a monopolistic position in the provision of potable water supply and distribution services within the Lilongwe City and surrounding areas. The prudent financial management practices, including effective revenue collection strategies and cost control measures are also contributing to improved operational efficiency in terms of reduction of non-revenue water losses billing and collections. The industry is regulated by the line Ministry of Water and Sanitation, which is an independent entity and is responsible for setting tariffs. The process is transparent. The downside risk of non-implementation of these increases remains. There is no outstanding potential sanctions that could threaten the viability of the entity.

8.4.8. Other Risks: Credit Negative

Though LWB has demonstrated prudent financial management and a commitment to sustainability, it’s track record of servicing its debt obligations is poor. LWB is still facing significant arrears which in turn has resulted in the accumulation of debt liabilities to the government. The entity benefits from a relatively stable revenue stream, primarily driven by water tariffs and service charges, which have supported its ability to cover operational costs but not enough to finance its debt obligations.

Additionally, LWB operates in a regulated environment where tariff adjustments are subject to approval which has made cost recovery a challenge, LWB has managed to reinvest a portion of its retained earnings into infrastructure development and service expansion. This strategic reinvestment has contributed to improved operational efficiency, reduced non-revenue water losses, and enhanced service delivery.

Moreover, LWB’s personnel policy remains independent of civil service regulations.

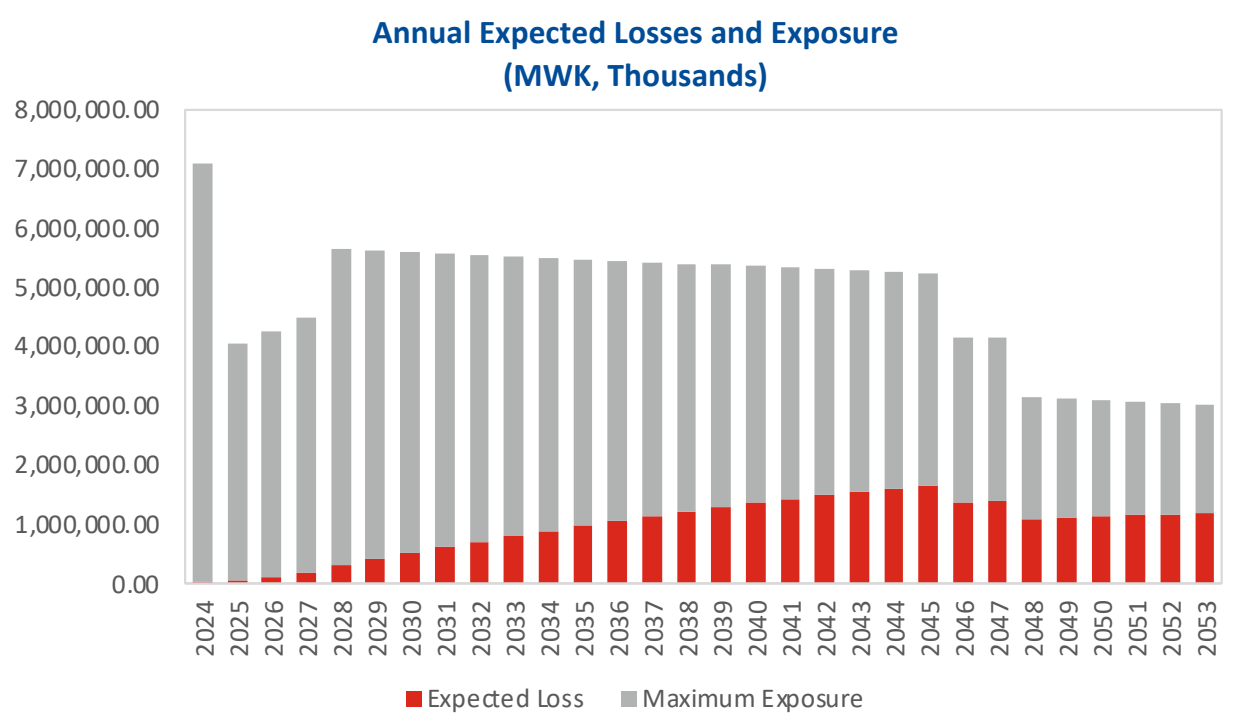
8.5. Expected losses from the entity’s debt

Figure 28: Exposure-Risk Matrix



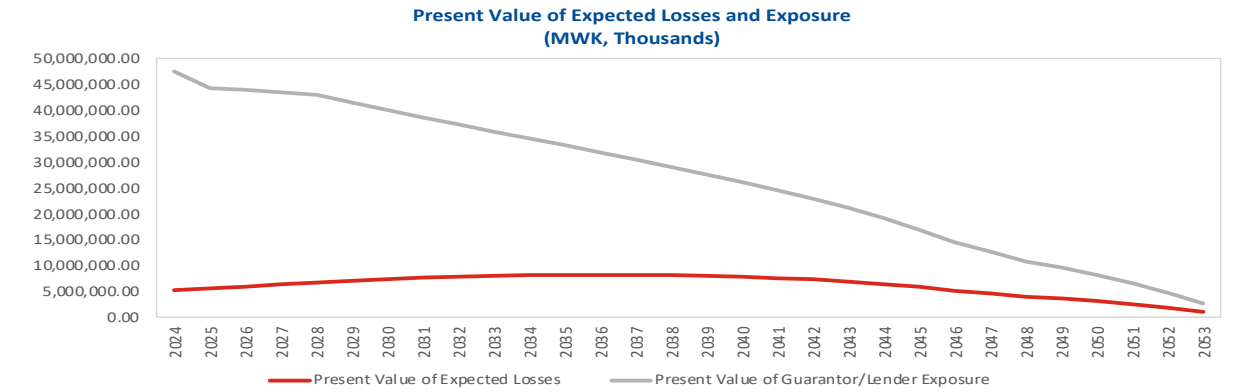
LWB has been classified as an entity with moderate risk and has a high exposure as illustrated in the figure above. The present value of the Government total exposure is MK47 billion while the present values of the expected losses of the Government from LWB’s facilities stand at MK5 billion as at March 2024. This implies that the current financial position of the entity could lead to default in the payments of its loan obligations therefore requiring Government support for bail out or equity injection.

Figure 29: Annual Expected Losses and Exposure



Source: MOFEA.

Figure 30: Present Value of Total Debt



8.6. Recommendations

LWB's risk rating could be positively impacted if:

8.6.1. Enhance Revenue Collection Efficiency

8.6.1.1. Strengthen billing and collection systems to reduce outstanding receivables.

8.6.1.2. Implement digital payment platforms and prepaid metering to improve revenue inflows.

8.6.2. Improve Cost Recovery Mechanisms

8.6.2.1. Advocate for regular and timely tariff adjustments that align with operational costs.

8.6.2.2. Reduce non-revenue water losses through infrastructure maintenance and leakage reduction programs.

8.6.3. Diversify Funding Sources

8.6.3.1. Secure alternative financing through public-private partnerships (PPPs) and development finance institutions.

8.6.3.2. Explore long-term commercial financing options to reduce dependency on government funding.

8.6.4. Strengthen Operational Efficiency

8.6.4.1. Invest in modern water treatment and distribution technologies to enhance efficiency.

8.6.4.2. Reduce operational costs through energy-efficient systems and optimized procurement processes.

8.6.5. Regulatory Compliance and Governance

8.6.5.1. Maintain strict adherence to regulatory requirements to ensure operational stability.

8.6.5.2. Improve transparency in financial reporting and corporate governance to enhance investor and stakeholder confidence.

9. Central Region Water Board (CRWB)

9.1. Risk rating summary

Table 31: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Utilities (Water)	100%	Category 3	31.Mar.2024 (12 months)	Management Accounts		N/A
			31.Mar.2023 (12 months)	Draft Non-Audited Statement	Baker Tilly	N/A
			31.Mar.2022 (9 months)	Draft Non-Audited Statement	Baker Tilly	N/A

Source: MoFEA

The Central Region Water Board (CRWB) was established with the mandate to provide potable water and sanitation services to the Central Region of Malawi except Lilongwe City. The goals of the Board are: to ensure and maintain the existence of a reliable water supply and a provision of waterborne sanitation service; to ensure financial sustainability of the Board; to improve organizational performance; and to enhance service delivery to all its customers.

In April 2025, the Ministry of Finance and Economic Affairs (MoFEA) assigned CRWB a “Category 3” risk rating based on the analysis conducted by DGLAT. This rating falls within the mid-level category of the 1-to-5 scale defined by the tool. The primary factor influencing the risk rating is the entity’s Financial Risk Profile, which was assigned a “Category 4” rating, and its Business Risk Profile is assessed as Credit Positive resulting in a one notch upgrade in the overall rating to “Category 3”.

Table 32: Risk Rating Factors – CRWB

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 4	Credit Positive	0	Category 3

Source: MoFEA

CRWB’s risk rating indicates that the Board has a moderate risk of not making repayments of its debt obligations. The risk rating reflects the Board’s relatively weak financial profile, characterized by inspirational profitability and the fair low liquidity and solvency metrics.

Nevertheless, the financial year ending March 2024 saw relative improvement in profitability, liquidity and solvency ratios indicating that CRWB was beginning to make strides towards financial sustainability.

9.2. Financial relationship with the government

As shown in Table 33, there were transfers grant injections by the government to CRWB totaling MK44.2 billion in the past three years. During this period, CRWB has not made any dividend and tax payments to the government.

The government is providing financial support to CRWB in the form of four on-lending loans. As of March 2024, total outstanding on-lent debt was MK13 billion, including arrears. On-lent debt grew steadily in the past three years, exerting pressure on the solvency ratios of the entity (as of March 2022, total outstanding on-lent debt was MK4 billion). The entity has no guaranteed debt.

Table 33: Financial relationship with the government – CRWB

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	7,292,005	8,552,228	28,369,174
Capital injection	0	0	0
Dividends paid	0	0	0
Income taxes paid	0	0	0
Outstanding guaranteed debt (stock)	0	0	0
Outstanding on-lent debt (stock) (excluding arrears)	4,147,084.0	4,876,925.0	5,621,920.0
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	Not available	Not available	7,046,372
Receivables from the public sector (central government, SOEs and other MDAs)	1,064,383	1,967,286	4,988,853
Payables to the public sector (central government, SOEs and other MDAs)	2,903,972	612,007	1,300,782

Source: MOFEA.

9.3. Financial risk profile

CRWB's financial risk profile is assigned a Category 4 risk rating. A subset of the financial ratios is shown in Table 34. To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 34: Key financial ratios – CRWB

		March 2022	March 2023	March 2024
Profitability	ROA (%)	-2.11	3.60	3.43
	Cost Recovery (x times)	1.10	1.19	1.23
Liquidity	Current Ratio	0.47	0.49	1.00
	Debtor Turnover Days	285.13	146.14	228.03
	Creditor Turnover Days	496.90	158.68	167.49
Solvency	Debt to Assets (%)	1.31	1.19	1.06
	Debt Coverage (%)	0.08	0.17	0.23

Source: MoFEA.

9.3.1. Profitability

As of March 2024, two out of the three profitability ratios are categorized as Category 3, while one is categorized as Category 5. This assessment reflects the Board's persistent efforts to enhance its profit generation capabilities. The entity has recorded profits in two out of the four years during the period spanning from June 2021 to March 2024. The primary challenges faced by CRWB in terms of profitability have been the tariffs that are below cost recovery and the sluggish growth in revenues from prepaid meters. The tariff increase implemented on June 14, 2023, has been beneficial to the Board's operational capacity. Apart from the tariff adjustments, the increased adoption of prepaid billing and the introduction of free-water connections are anticipated to contribute to a faster expansion of revenue growth in the forthcoming years. Over the four-year period, prepaid water sales have only experienced a modest growth, increasing from MK318.8 million to MK462.2 million (44.98 percent). However, with substantial funding, the Board intends to embark on a rapid expansion of the share of prepaid meter water sales in its revenue streams.

As of March 2024, CRWB recorded a profit of MK1.6 billion. There were two reasons that had a positive impact on earnings during this period. The first was that revenues grew substantially from March 2023 in relation to cost of sales and other operating expenses. The second was that there were improving performances in revenues on account of reduced delinquencies traditionally associated with postpaid meters through with a growth to MK8.5 billion from MK6.2 billion or 94.44 percent of water sales revenue in 2024 (2023: 93.85 percent) and service fees MK1.2 billion (2023: MK833.7 million).

9.3.2. Liquidity

As of March 2024, two out of the four liquidity ratios are categorized as Category 5, one is categorized as Category 3, and one is categorized as Category 2. The liquidity ratios categorized as Category 5 are those related to debtor and creditor turnover days, while liquidity ratios comparing short-term assets and liabilities perform better. This reflects that the challenges faced by CRWB mainly stem from the slow collections of receivables from customers (228.03 days), which, in turn, translate into delays in payments of its creditors (167.49 days). The creditor

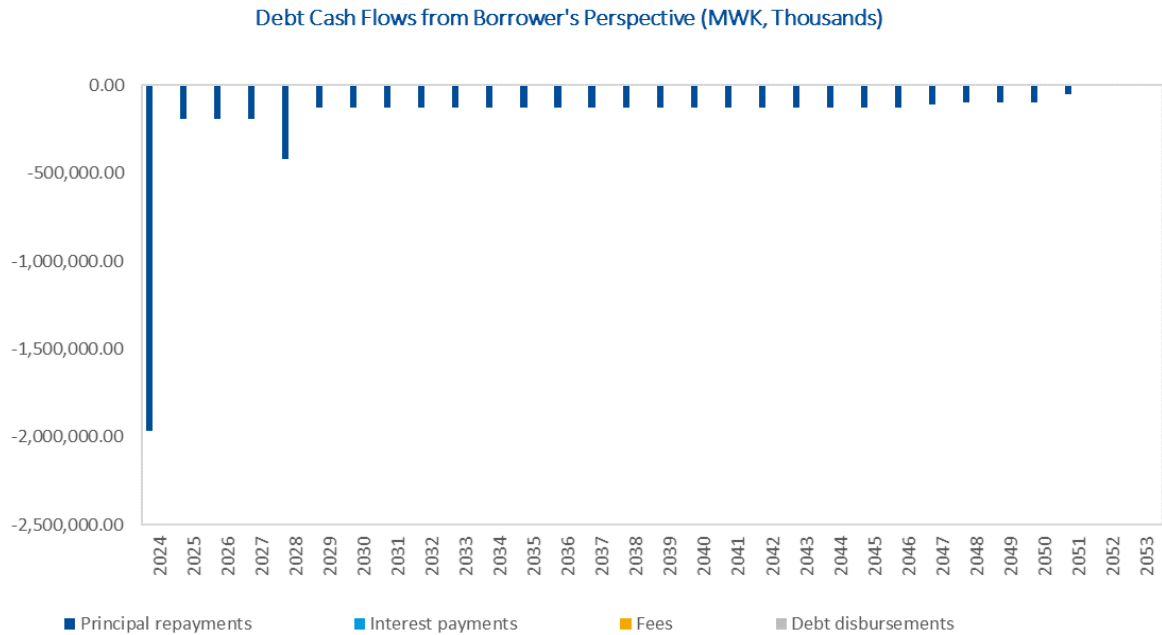
turnover days fare relative better than its counterpart only due to the availability of cash as typified in improvement of the short-term liquidity ratios from current ratio of 0.49 in 2023 to 1.00 in 2024 and a quick ratio of 0.45 in 2023 to 0.96. Trade payables have decreased from MK897.2 million in 2023 to MK516.8 million, indicating an improvement in the Board’s liquidity position. Cash and its equivalents have increased to MK1.9 billion from MK548.2 million.

In recent years, CRWB has implemented strategies to resolve outstanding receivables and payables, primarily with other SOEs or MDAs, through a comprehensive transition to prepaid meters. While there has been a slight improvement in the payables side, both ratios remain unfavorable.

9.3.3. Solvency

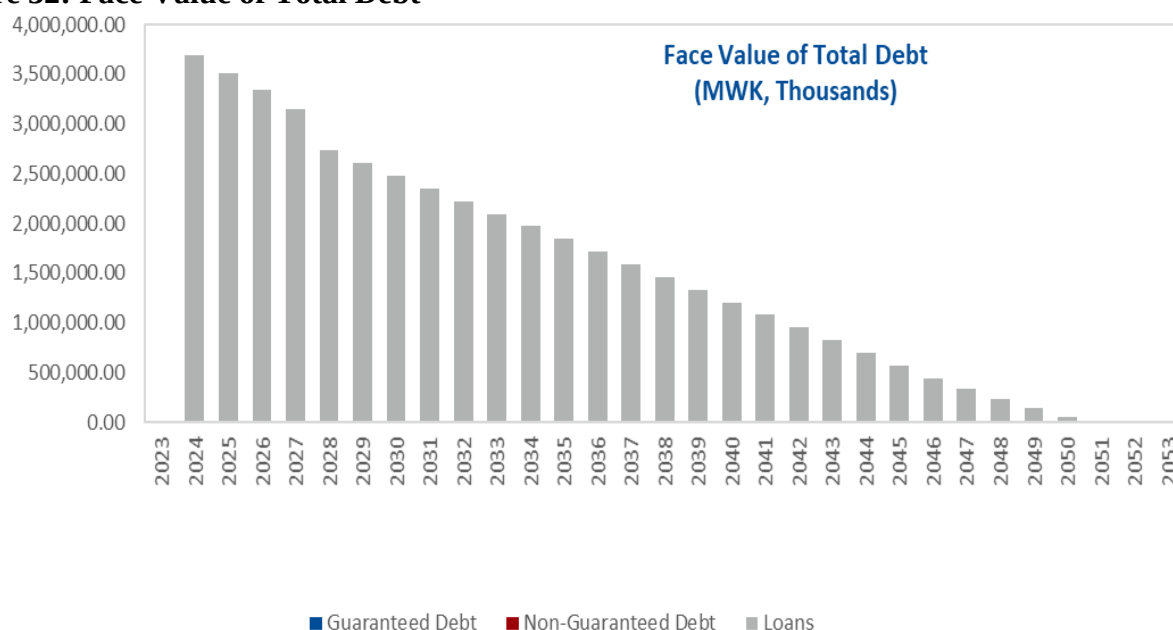
As of March 2024, three out of six solvency ratios are assessed as Category 3 and three were also assessed as Category 5, reflecting the high indebtedness and the meagre shareholder equity. Whereas the Board has made operating profits, it still remains in financial distress. These ratios indicate CRWB’s high levels of debt. However, when these ratios are interpreted with the liquidity ratios, debt repayment capacity paints an improved picture from previous financial years. The interest coverage and debt coverage ratios show improvement on account of the profitability experienced in 2023 and 2024, which capacitated the Board’s coverage capacity. The bulk of the debt is long-term and enjoys concessional interest rates. The investments funded by this borrowing are for increased operational performance and should yield positive results in the medium and long term. However, in the short term, CRWB’s rate of improvement in operating profits are likely to slow down. The Board is likely to remain dependent on government and development partner support through grants.

Figure 31: Debt Cash Flow



Source: MoFEA

Figure 32: Face Value of Total Debt



Source: MOFEA.

9.4. Business risk profile

CRWB's business risk profile is assessed as Credit Positive to its overall risk rating.

Table 35: Business risk profile ratings - CRWB

Industry Risk	Credit Positive
Competitive Position	Credit Positive
Board and Management	Credit Positive
Governance	Credit Positive
Market Risks	Credit Neutral
Liquidity	Credit Neutral
Legal and Regulatory	Credit Neutral
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT POSITIVE

Source: MoFEA.

9.4.1. Industry Risk: Credit Positive

The CRWB operates in an industry where the water sector's growth rate is significantly lower than nominal GDP. This is primarily attributed to the regulatory restrictions that limit the Board's ability to automatically adjust tariffs in response to fluctuations in macroeconomic fundamentals. Furthermore, the barriers to entry in this industry are substantial, stemming from the legal restrictions placed on water supply. The risk of substitution remains low due to the limited number of players in the sector, which is primarily attributed to the social aspect of water provision that the industry is subject to. As such, the Government places inhibit entry in the industry to reduce profiteering at the expense of health of the society.

9.4.2. Competitive Position: Credit Positive

CRWB enjoys a monopoly over the supply of water in the central region of Malawi except from in the capital city where Lilongwe Water Board (LWB) operates. It has a diversified client base, made up of domestic, commercial and communal customers in the central portion of the country. The pricing mechanism is not flexible enough to react to oscillations that have the potential to impact both costs and potential revenues. Even though the Board derives its revenues from a variety of customers in the regions, it is monolithic in its service provision which places a heavy burden on its water-selling operation. The costs associated with the provision of water remain elevated, however, operating revenue performance has begun to develop resilience to ensure that the Board has turned into a profit-making entity in the past two financial years.

9.4.3. Board and Management: Credit Positive

In accordance with the Malawi Code II, the Code of Best Practice to Corporate Governance (2010), and the Companies (Corporate Governance) Regulations (2016), the board of directors of CRWB is adequately represented by independent and qualified members. The management has a proven track record of effectively implementing the Board's strategic objectives, as evidenced by its performance in comparison to the targets established in the Board's annual performance contracts for the year 2024. The Board appears to be adequately staffed.

9.4.4. Governance: Credit Positive

CRWB has developed a comprehensive strategic plan for the period 2020-2025. This strategic plan is concise and outlines the operational, technical, and financial objectives the Board aims to achieve for the period, accompanied by an implementation plan. The strategic plan is centered on revenue generation, especially by reducing non-revenue water which has remained challenging for the Board. In 2024 non-revenue water increased to $2.8m^3$ from $2.3m^3$ recorded the previous financial year. This report indicates that non-revenue water accounts for 28.61% of the total water supply. While this figure is still a concern, the Board can take some comfort in the fact that it is only 3.62 percent higher than the industry-recommended figure and lower than the Malawian average of 38.5 percent in 2024. Therefore, the Board is performing better in this regard compared to its local peers. The Board also aims to enhance revenue collection efficiency and reduce commission on collection by intensifying its efforts to install prepaid meters and increasing the number of free connections through donor grants further enhancing its capacity to generate profits.

In order to operationalize the strategic plan, the Board annually prepares performance plans and budgets to effectively implement the strategic objectives. Furthermore, the company has an annual performance contract with the government, which serves as a commitment to adhere to the budgetary constraints.

CRWB has not adhered to legal deadline for producing audited financial statements for the past three years, which is three months following the fiscal year-end. Upon the publication of new audited financial reports, there are typically minimal revisions to the previous year's figures, primarily due to the continuity of services provided by the auditor, who ensures data consistency.

9.4.5. Market Risks: Credit Neutral

CRWB has a relatively high exposure to market risks, primarily due to below cost recovery tariffs and exchange rate swings. Conversely, as of March 2024, 100% of the outstanding debt is secured by fixed interest rates, mitigating the entity against interest rate fluctuations. While the Board's exposure to commodity price fluctuations is limited, it engages in transactions denominated in foreign currencies. Furthermore, the Board's assets and liabilities are denominated in foreign currencies, primarily arising from imports and purchases, exposing it to fluctuations in foreign currency exchange rates. Outstanding contingent liabilities originate from court cases. The Board is currently involved in a case where claimants are seeking MK1.8 billion in compensation, amounting to MK15 million per claimant. The matter is pending in court.

9.4.6. Liquidity: Credit Neutral

CRWB continues to face liquidity challenges. The Board is only able to access credit markets because of the implicit support of the government. However, the recent steady increase in the Board's operating earnings and profits is expected to begin to enhance CRWB capacity to make debt repayments as they fall due.

9.4.7. Legal and Regulatory: Credit Positive

The legal and regulatory frameworks are generally supportive of CRWB. By law, the Board is one of five water boards authorized to supply water in Malawi and one of two in the central region alongside LWB. Recent reforms in the water sector that mandate the gradual transition from post-paid to pre-paid metering for households and most MDAs as a means of contributing to enhanced operational efficiency in terms of billing and collections have been explored. The industry is currently regulated by the Ministry of Water and Sanitation which is responsible for setting tariffs. In June 2023, the line ministry approved a tariff across the customer portfolio with communal customers the only exempted class. There are no outstanding potential sanctions that could threaten the viability of the entity.

9.4.8. Other Risks: Credit Negative

CRWB's track record of servicing its debt obligations is unfavorable. However, recent profitability will ensure that this trend is turned around. For the period under review, CRWB has not been able to service its on-lent debt increasing fiscal risk. The entity does not receive any explicit compensation (such as subsidies) to cover for the shortfall in operating margins resulting from the tariffs below cost-recovery. When the Board is exposed to currency risk on sales and purchases, it ensures that its net exposure remains at an acceptable level by intervening in the foreign currency market at spot rates when necessary to mitigate short-term imbalances. Notwithstanding, CRWB has not been able to retain positive returns for long that could finance long-term investments. On the other hand, CRWB's personnel policy is deemed to be independent of civil service laws.

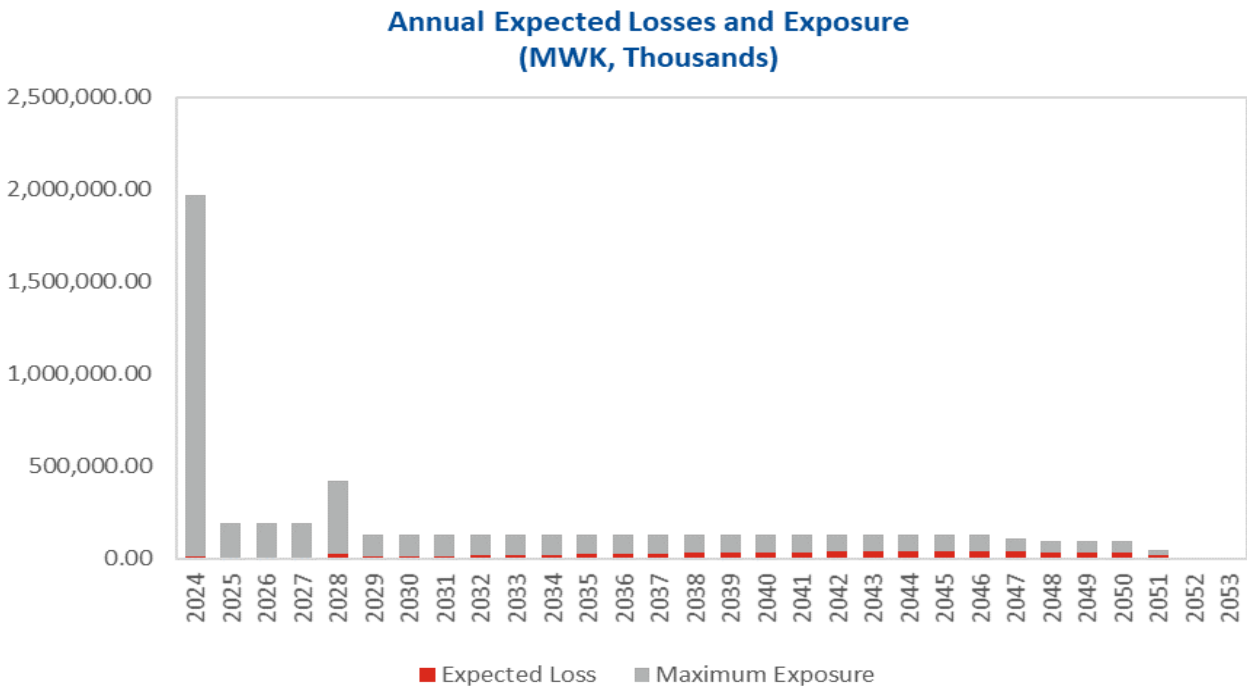
9.5. Expected losses from the entity's debt

The present value of the government's total exposure is MK 3 billion. The present value of expected losses of the government from CRWB's on-lent debt totaled MK147 million as of March 2024.

Figure 33: Exposure-Risk Matrix

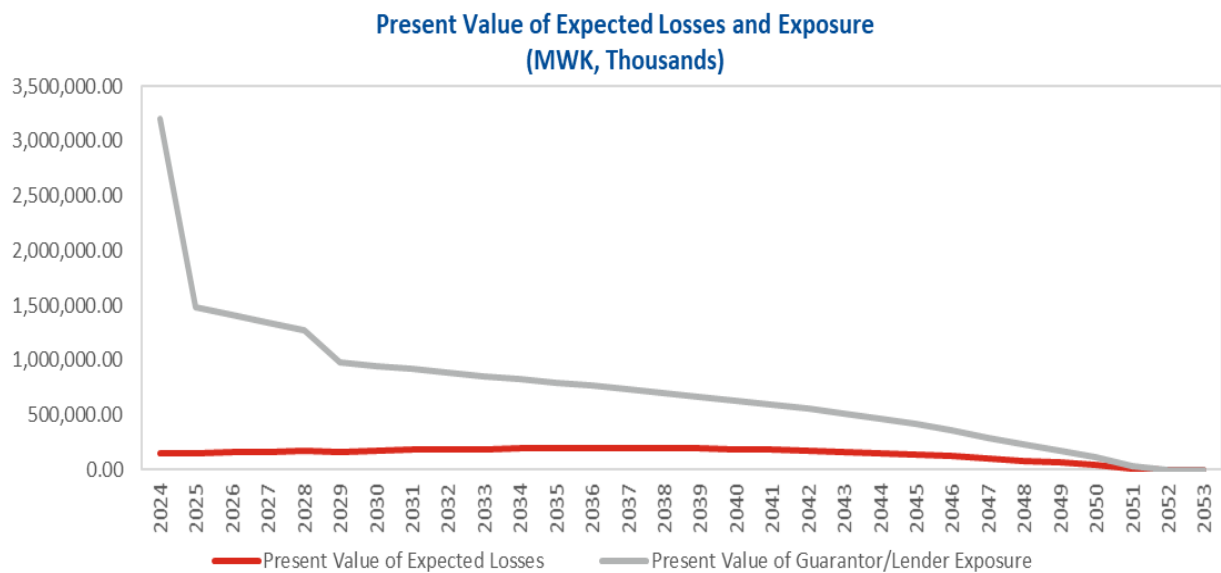


Figure 34: Annual expected loss and exposure



Source: MOFEA.

Figure 35: Present Value of Expected Loss



Source: MoFEA

9.6. Recommendations

CRWB's risk rating could be positively impacted if:

- 9.6.1. Rehabilitation of aged infrastructure including pipe network and storage tanks to reduce non-revenue water.
- 9.6.2. Migration of metering system from postpaid to prepaid to improve on collection efficiency.

10. Northern Region Water Board (NRWB)

10.1. Risk rating summary

Table 36: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Utilities (electricity transmission and distribution)	100%	Category 5	31.Mar.2024 (12 months)	Audited	Graham Carr	Unqualified
			31.Mar.2023 (12 months)	Audited	Graham Carr	Unqualified
			31.Mar.2022 (9 months)	Audited	Graham Carr	Unqualified

The Northern Region Water Board (NRWB) is a statutory corporation established under the Water Works Act 1995 (Cap 72.01 of the Laws of Malawi). Its primary objective is to provide potable water for household and commercial consumption to the Northern Region of Malawi.

NRWB was assigned an “Category 5” risk rating by MoFEA in April 2025 through DGLAT. This is the weakest category within the 1-to-5 scale defined by the tool. The risk rating is primarily driven by the entity’s Financial Risk Profile, because its Business Risk Profile is assessed as Credit Neutral.

Table 37: Risk Rating Factors – NRW

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 5	Credit Neutral	0	Category 5

Source: MoFEA.

NRWB’s risk profile has been assessed and determined that it faces a high probability of failing to meet its debt obligations. This assessment is based on the entity’s weak financial position, which is characterized by low profitability, inadequate liquidity, and solvency metrics that are abysmal.

10.2. Financial relationship with the government

As illustrated in Table 38, there have been no government transfers (including grants and subsidies) or capital injections to NRW over the past three years. During this period, NRW has not remitted any dividend payments to the government. Additionally, the total (cumulative) unpaid income tax resulted in a deferred tax charge of MK643 million as of March 2024.

The government is providing financial support to the NRW primarily through on-lending. As of March 2024, the total outstanding on-lending debt amounted to MK100 billion. A government-guaranteed loan from the National Bank of Malawi was MK12 billion bringing the total debt to

MK112 billion. The total debt has experienced significant growth over the past three years, which has put pressure on the solvency ratios of the entity. As of March 2022, the total outstanding debt was MK57 billion indicating that the total debt grew by 79 percent. There were no guarantee calls during the period of analysis.

Table 38: Financial relationship with the government – NRW

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	0	0	0
Capital injection	0	0	0
Dividends paid	0	0	0
Income taxes paid	0	0	0
Outstanding guaranteed debt (stock)	4,591,573	12,114,535	11,959,900
Outstanding on-lent debt (stock)	56,241,344.0	78,279,674.0	99,680,499.0
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	Not available	Not available	Not available
Receivables from the public sector (central government, SOEs and other MDAs)	1,627,079	946,366	1,107,542
Payables to the public sector (central government, SOEs and other MDAs)	562,073	199,979	265,672

Source: MOFEA.

10.3. Financial risk profile

NRWB's financial risk profile is assigned a Category 5 risk rating. A subset of the financial ratios is shown in Table 39. To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 39: Key financial ratios – NRW

		March 2022	March 2023	March 2024
Profitability	ROA (%)	-3.49	-7.15	-7.55
	Cost Recovery (x times)	0.97	0.73	0.82
	Current Ratio	0.54	0.58	0.27
Liquidity	Debtor Turnover Days	219.93	34.69	23.93
	Creditor Turnover Days	266.79	91.13	145.26
Solvency	Debt to Assets (%)	1.03	1.12	1.19
	Debt Coverage (%)	0.01	-0.02	0.00

Source: MoFEA.

10.3.1. Profitability

As of March 2024, one out of the three profitability ratios is assessed as Category 4 and two are assessed as Category 5. This reflects the perpetual weaknesses in profit generation. The Board recorded increasing losses in four during the period between June 2022 (loss of MK5 billion) and March 2024 (loss of MK12 billion), with FY20/21 last year NRW recorded a profit (MK640 million). The main challenge for the entity's profitability has been the social protection that translates into tariffs that are below cost recovery as well as elevated levels of non-revenue water. The increase in tariffs effective June 14th, 2023 has been supportive having seen Class A increased from MK1.18 to MK1.83 per liter, Class B increased from MK0.86 to MK1.34 per liter, Institutions from MK1.89 to MK2.93 per liter and Commercial customer increased from MK2.68 to MK4.16 while Communal water remained unchanged at MK627.90 per liter. In addition to this Board aimed to reduce non-revenue water from 32 percent for FY23/24 to 27 percent by 2025 and increase the shift to pre-paid billing for all customer to abate the drive to contribute to faster revenue growth in the coming years.

As of March 2024, NRW recorded MK10 billion loss after tax. There were three major items that had a significant impact on earnings during this period. The first was that the cost of sales alone were 70% of operating revenue, indicating that while operating cost remain high, revenues are being stifled. The second was those administrative costs of MK6 billion are relatively elevated from a company with respect to revenues when the Board continues to make losses. Lastly, the Board also had high net financing costs of MK6 billion, placing the comprehensive income of year in the negative.

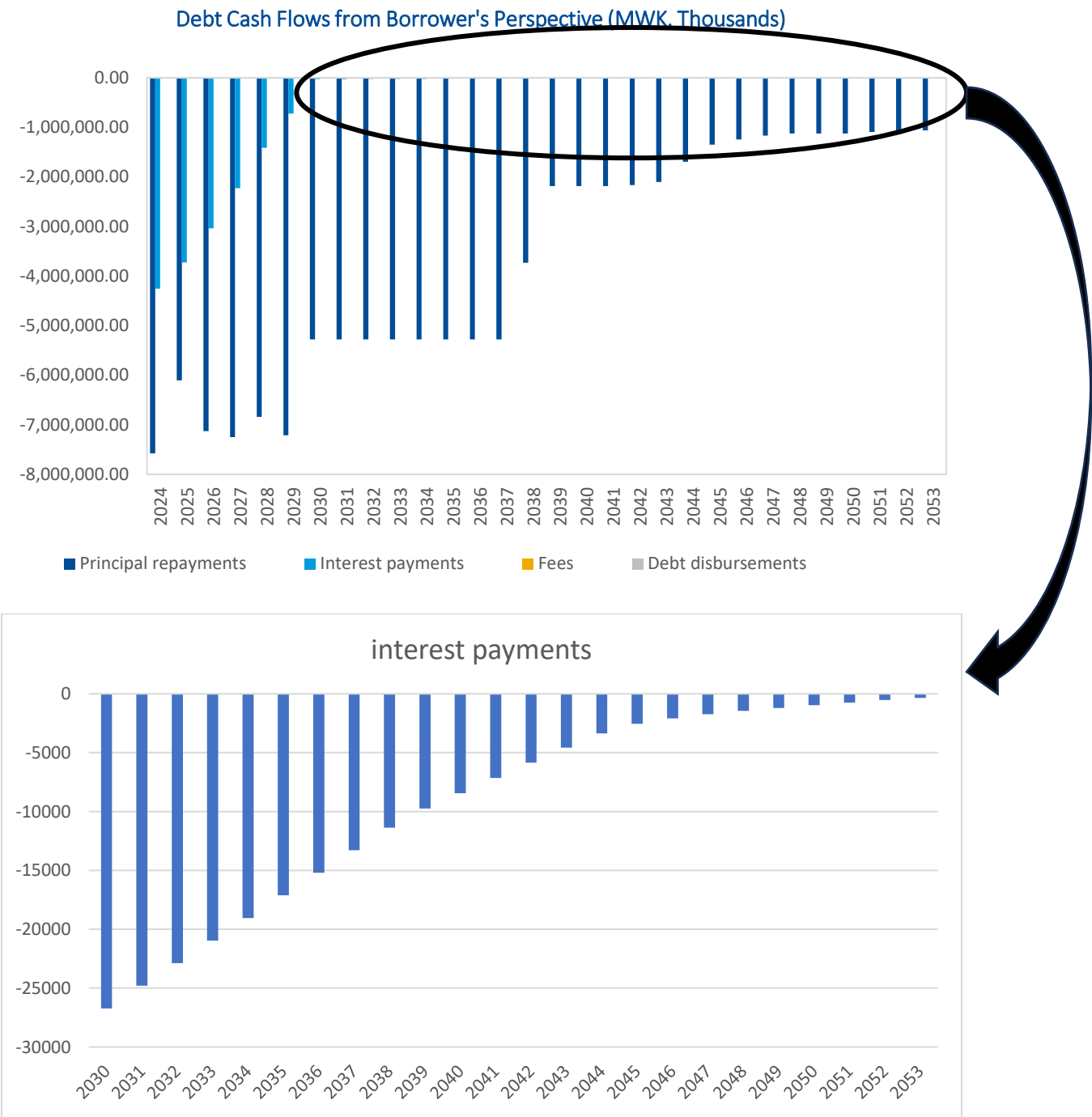
10.3.2. Liquidity

As of March 2024, three out of the four liquidity ratios are assessed as Category 5, with the last being assessed as Category 1. The liquidity ratios categorized as “Category 5” are those pertaining to current (0.27), quick (0.12) and creditor turnover days (154.26 days). This reflects that the challenges faced by NRW are cash related and the constraints placed upon the payment due to its creditors. As of March 2024, the Board had total current payables of MK8.42 billion with those falling due between 6-12 months amounting to MK7.1 billion. The only category 1 ratio is pertaining to the debtor days, which strikes a balance between customers who use prepaid meters and their inability to run a balance and those who are on postpaid meters who face disconnections when payments are due bringing the collection days to 23.93 days. This represents a significant improvement in this liquidity ratio which was recorded as 219.93 days in FY21/22.

10.3.4. Solvency

As of March 2024, five out of six solvency ratios are assessed as Category 5 and one within the region of Category 4, reflecting the high indebtedness and the underperformance of shareholder's equity NRW has had during the past quinquennium, as well as the operating losses of the Board post 2021. This in turn typifies NRW's weak debt repayment capacity. Debt ratios for the FY23/24 are very weak, especially the ratio with regards to equity and EBITDA. NRW is at risk of having its capacity to make interest payments greatly hampered. The bulk of the debt is long-term and enjoys concessional interest rates. The credit risk on cash and its equivalents has reduced from MK2 billion to MK927 million between March 2023 and March 2024, whereas trade and other receivables have increased from MK2 billion to MK3 billion for the same period. The maximum exposure on credit risk arises from private institutions (MK2 billion) and Government institutions (MK689 million). The expectation is that the strategic investments funded by the numerous borrowing facilities should yield positive results in the medium and long term. However, in the interim, and as long as the Board's operating earnings remain negative, NRW is likely to remain dependent on government support to make debt repayments.

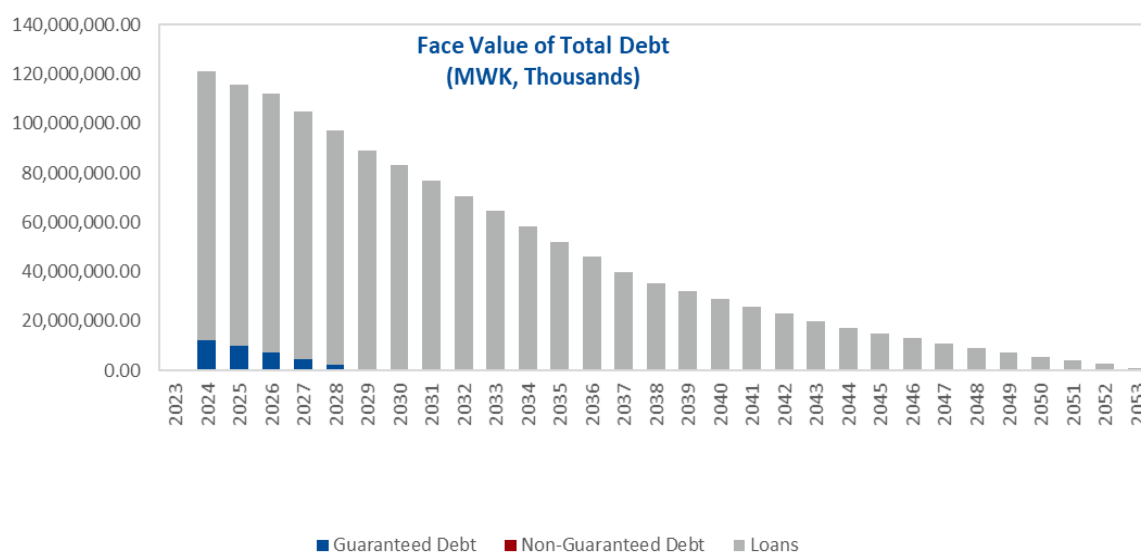
Figure 36: Debt Cash Flows⁶



Source: MoFEA.

⁶Interests payments from 2030 up to 2053 are in millions compared to the previous years from 2024 to 2029 which are in billions and due to the differences in the scale, interest payments have been extracted from 2030 and beyond with a different scale to ensure that the analysis makes sense.

Figure 37: Face Value of Total Debt



Source: MOFEA.

10.4. Business risk profile

NRWB's business risk profile is assessed as Credit Neutral to its overall risk rating.

Table 40: Business risk profile ratings for NRW

Industry Risk	Credit Positive
Competitive Position	Credit Neutral
Board and Management	Credit Positive
Governance	Credit Neutral
Market Risks	Credit Negative
Liquidity	Credit Negative
Legal and Regulatory	Credit Positive
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT NEUTRAL

Source: MoFEA.

10.4.1. Industry Risk: Credit Positive

NRWB operates in an industry where the water sector's growth rate lags behind nominal GDP. This is primarily due to the regulatory restrictions that limit the Board's ability to automatically adjust tariffs in response to fluctuations in macroeconomic fundamentals. Additionally, the barriers to entry in this industry are substantial, stemming from the legal restrictions placed on water supply. Risk of substitution remains low due to the topographical and geomorphological constraints that negatively impact the potential exploitation of the water table by non-established industrial players thus ensuring that the Board's dominance in the sector.

10.4.2. Competitive Position: Credit Neutral

NRWB enjoys a monopoly over the supply of water in the northern region of Malawi. It has a diversified client base, made up of Class A and B, industrial, commercial, and communal customers. The pricing mechanism is not flexible enough to react to changes that have the potential to impact both costs and potential revenues. Even though the Board derives its revenues from a variety of customers in the regions, it doesn't provide a variety of services to supplement its water-selling operation. The costs associated with the provision of water remain in excess of operating revenues. Cost of sales for the year ending in March 2024 alone saw the Board expend MK8.8 billion compared to revenues of MK12.5 billion.

10.4.3. Board and Management: Credit Positive

In accordance with the Malawi Code II, the Code of Best Practice to Corporate Governance (2010), and the Companies (Corporate Governance) Regulations (2016), the board of directors of NRW is adequately represented by independent and qualified members. The management has a proven track record of effectively implementing the Board's strategic objectives, as evidenced by its performance in comparison to the targets established in the entity's annual performance contracts for the year 2024. The Board appears to be adequately staffed.

10.4.4. Governance: Credit Neutral

NRWB has developed a comprehensive strategic plan for the period 2021-2025. This strategic plan is lucid and outlines the operational, technical, and financial objectives for the period, accompanied by an implementation plan. The strategic plan is centered on revenue generation, which aims to transform the Board's fortunes towards profit maximization.

In addition to the strategic plan, the Board annually prepares performance plans and budgets to effectively implement the strategic objectives. Furthermore, the company has an annual performance contract with the government, which serves as a commitment to adhere to the budgetary constraints.

NRWB adheres to the legal deadline for producing audited financial statements, which is three months following the fiscal year-end. Upon the publication of new audited financial reports, there are typically minimal if any revisions to the previous year's figures, primarily due to the continuity of services provided by the auditor, who ensures data consistency.

10.4.5. Market Risks: Credit Negative

NRWB has a relatively high exposure to market risks, primarily due to the very high concentration of its debt in foreign currency. As of March 2024, 88.44 percent of total outstanding debt (face value of debt) was denominated in foreign currency, exposing the entity to exchange rate depreciation. The foreign exchange losses of MK628 million recorded as of March 2024 highlight the severity of the challenges faced by the company with respect to foreign exchange exposures.

On the other hand, as of March 2024, 96% of the outstanding debt was in fixed interest rate, which protects the entity against interest rate fluctuations. Additionally, the exposure to commodity and currency risks from the point of view of revenues and input costs is limited. Outstanding contingent liabilities stem from court cases and are inconsequential if and when they realize. However, the negative shareholder's equity recorded in March 2024 could pause challenges going forward.

10.4.6. Liquidity: Credit Negative

NRWB is facing liquidity challenges. The entity is unlikely to be able to access credit markets without the support of the government. In addition, the volatility in the entity’s operating earnings creates uncertainties with regards to its capacity to make debt repayments as they fall due.

10.4.7. Legal and Regulatory: Credit Positive

The legal and regulatory frameworks are generally supportive of NRW. By law, the Board is one of five water boards authorized to supply water in Malawi. Recent reforms that mandate the gradual transition from post-paid to pre-paid metering for households and most MDAs as a means of contributing to enhanced operational efficiency in terms of billing and collections. The industry is currently regulated by the Ministry of Water and Sanitation which is responsible for setting tariffs. In June 2023, the line ministry approved a tariff across the customer portfolio with communal customers the only exempted class. There are no outstanding potential sanctions that could threaten the viability of the entity.

10.4.8. Other Risks: Credit Negative

NRWB’s track record of servicing its debt obligations is unfavorable. For the period under review, NRW has not been able to service its on-lent debt. This has resulted in the accumulation of substantial arrears to the government as mentioned above. The entity does not receive any explicit compensation (such as subsidies) to cover for the shortfall in operating margins resulting from the tariffs below cost-recovery. Notwithstanding, NRW has not been able to retain positive returns that could finance long-term investments. On the other hand, NRW’s personnel policy is deemed to be independent of civil service laws.

10.5. Expected losses from the entity’s debt

The present value of the government’s total exposure is MK71 billion. The present value of expected losses of the government from NRW’s guaranteed and on-lent debt totaled MK42 billion as of March 2024.

NRWB is servicing its guaranteed and commercial loans, therefore, the aforementioned arrears have been accumulated on the on-lent debt over the past few years. NRW’s challenges with debt repayment are highly likely to continue in the coming years and further arrears are likely to be accumulated. Therefore, it should be highlighted that the government’s realized loss is most likely going to be well above the expected loss and closer to its maximum exposure on the on-lent debt.

Figure 38: Exposure-Risk Matrix

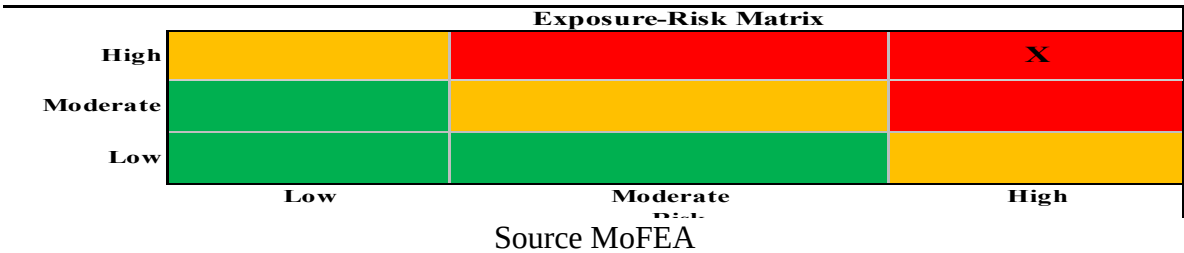
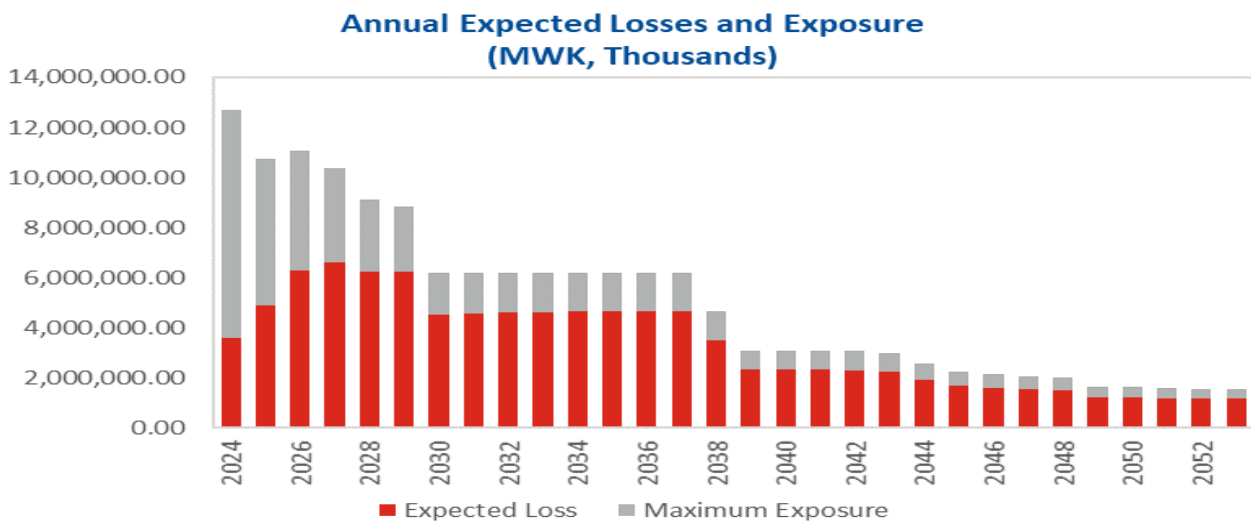
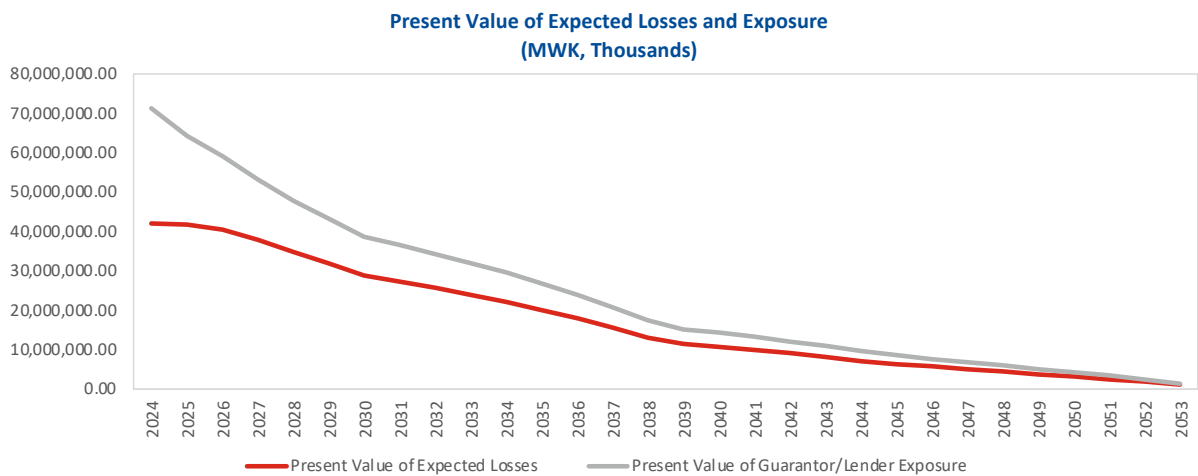


Figure 39: Annual Expected Losses and Exposure



Source: MoFEA.

Figure 40: Present Value of Expected Losses and Exposure



Source: MoFEA

10.6. Recommendations

NRWB's risk rating could be positively impacted if:

10.6.1. The Board intensifies on debt collection.

10.6.2. Cost recovery tariffs are implemented timely.

10.6.3. Migration of metering system from postpaid to pre-paid is expanded to cover the supply area.

10.6.4. Implement cost containment measures is adhered to.

11. Agricultural Development and Marketing Corporation Limited (ADMARC)

11.1 Risk rating summary

Table 41: General information

Sector	State ownership (%)	Risk rating	Financial statements underlying assessment			
			Date	Audited	Auditor	Opinion (Qualified/unqualified)
Other Activities	100%	Category 5	31.Mar.2024 (12 months)	Not audited	N/A	N/A
			31.Mar.2023 (12 months)	Not Audited - Draft	N/A	Unqualified
			31.Mar.2022 (9 months)	Not Audited - Draft	Grant ThornTon	Unqualified

ADMARC Limited’s mission is to add value and market agricultural commodities, products and services to meet the needs and expectations of its stakeholders through the efficient utilization of human, technological, financial and other resources to ensure sustainable growth

ADMARC was assigned an “Category 5” risk rating by MoFEA in April 2025 through DGLAT. This is the weakest category within the 1-to-5 scale defined by the tool. The risk rating is primarily driven by the entity’s Financial Risk Profile, because its Business Risk Profile is assessed as Credit Neutral.

Table 42: Risk Rating Factors – ADMARC

Credit Scoring Output			
Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Overall Risk Rating
Category 5	Credit Neutral	0	Category 5

Source: MoFEA.

ADMARC’s risk rating indicates that the entity has a high risk of not making repayments of its debt obligations. In parallel, the risk rating reflects the entity’s weak financial profile, characterized by poor profitability and the low liquidity and solvency metrics.

11.2. Financial relationship with the government

As shown in Table 43 there were transfers (including grants and subsidies) and capital injections by the government to ADMARC in the past three years. During this period, ADMARC has not made any dividend payments to the government, while total (cumulative) income tax paid was immaterial.

The government is providing financial support to ADMARC mainly in the form of subsidies and issuance of debt Guarantees. As of March 2024, total outstanding Guaranteed debt was MK22 billion. Guaranteed debt has increased in the past three years, increasing pressure on the solvency ratios of the entity. ADMARC did not contract any on-lent facility and there were no guarantee calls during the period under review.

Table 43: Financial relationship with the government – ADMARC

(MK thousand)	March 2022	March 2023	March 2024
Government grants, transfers, subsidies	12000000	29,416,018	4,000,000
Capital injection	0	0	0
Dividends paid	0	0	0
Income taxes paid	0	0	0
Outstanding guaranteed debt (stock)	63,302,181	20,807,890	22,105,426
Outstanding on-lent debt (stock) (excluding arrears)	0	0	0
Called debt guarantees (flow)	0	0	0
Outstanding arrears (unpaid principal + interest) of on-lent debt (stock)	0	0	0
Receivables from the public sector (central government, SOEs and other MDAs)	22,553,300	27,144,577	14,282,110
Payables to the public sector (central government, SOEs and other MDAs)	5,162,762	4,200,704	2,660,934

Source: MOFEA.

11.3.Financial risk profile

ADMARC's financial risk profile is assigned a Category 5 risk rating. A subset of the financial ratios is shown in Table 44. To see all 13 financial ratios assessed through DGLAT, please refer to the Annex.

Table 44: Key financial ratios – ADMARC

		March 2022	March 2023	March 2024
Profitability	ROA (%)	-8.72	-5.56	-5.71
	Cost Recovery (x times)	0.75	1.17	0.83
Liquidity	Current Ratio	0.89	0.66	0.54
	Debtor Turnover Days	2430.55	115.08	320.50
	Creditor Turnover Days	2320.41	193.46	1376.39
Solvency	Debt to Assets (%)	0.73	0.62	0.66
	Debt Coverage (%)	-0.06	0.24	-0.24

Source: MoFEA.

11.3.1. Profitability

As of March 2024, two out of the three profitability ratios are assessed as Category 5 and one is assessed as Category 4. This reflects the weaknesses in profit generation. The entity recorded losses in four periods during the period between June 2019 and March 2024. The main challenge for the entity's profitability during the period under review was due to limited liquidity, which during the COVID-19 pandemic perforated further as a result of commercial activities coming to a standstill on account of restructuring of the Corporation in September 2022. ADMARC limited resumed its operations on 1st December, 2022, with the reopening of its structured depots for maize sales in order to stabilize the maize prices and ensure food security. By December 2023, ADMARC had recruited 1,300 new employees, filling 85% of the new staff establishment as the restructuring had placed all staff members on paid leave. The corporation was considered fully operational in the next growing season.

11.3.2. Liquidity

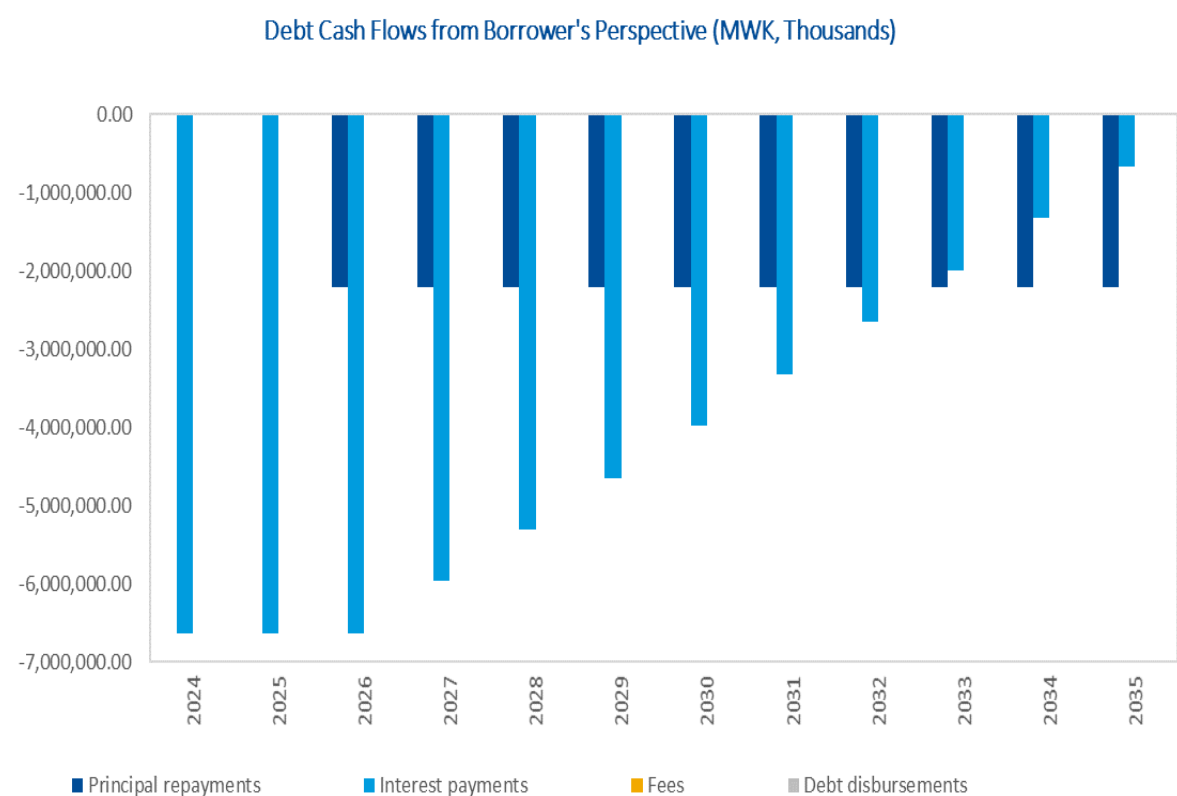
As of March 2024, two out of the four liquidity ratios are assessed as Category 5 and the other two are assessed as Category 4. The liquidity ratios that are in Category 5 are those related to debtor and creditor turnover days, while liquidity ratios comparing short term assets and liabilities are at category 4. This reflects that the challenges faced by ADMARC stem from the slow collections of receivables from customers, which, in turn, translate into delays in payments of its suppliers. The Liquidity ratios also reveal that the corporation was unable to meet short term obligations as they fall due. However, the corporation remained in operation through high interest rates on non-guaranteed loans which were fixed at 30% from commercial banks.

11.3.3. Solvency

As of March 2024, three solvency ratios are assessed as Category 5, and one is assessed at category 4 reflecting the high indebtedness and the negative shareholder's equity, as well as the operating losses of the entity. This in turn indicates ADMARC's weak debt repayment capacity. ADMARC's

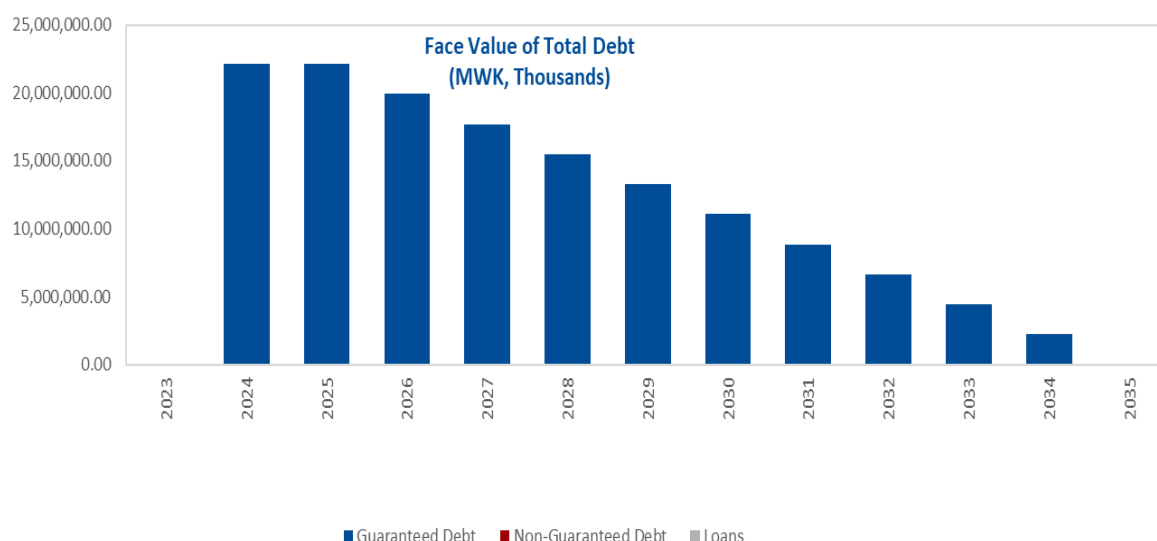
shareholder’s equity was negative. During the same period, total outstanding debt increased. However, ADMARC required short-term debt financing to fund its day-to-day operation explaining the pressures being built up on solvency indicators. The bulk of the debt is long-term and enjoys concessional interest rates. The investments funded by this borrowing should yield positive results in the medium and long term. However, in the short term, and as long as the entity’s operating earnings remain weak, ADMARC is likely to remain dependent on government support to make debt repayments.

Figure 41: Debt Cash Flows



Source: MoFEA.

Figure 42: Face Value of Total Debt



Source: MoFEA.

11.4. Business risk profile

ADMARC's business risk profile is assessed as Credit Neutral to its overall risk rating.

Table 45: Business risk profile ratings - ADMARC

Industry Risk	Credit Negative
Competitive Position	Credit Neutral
Board and Management	Credit Neutral
Governance	Credit Neutral
Market Risks	Credit Neutral
Liquidity	Credit Negative
Legal and Regulatory	Credit Positive
Other Risks	Credit Negative
Overall Business Risk Profile	CREDIT NEUTRAL

Source: MoFEA.

11.4.1. Industry Risk: Credit Negative

ADMARC's operating environment is inherently volatile due to its strong dependence on weather patterns, commodity price fluctuations, and external economic factors. While agricultural products are essential to food security and economic stability, revenues and profit margins can be unpredictable. Barriers to entry in the agricultural trading and marketing sector vary. While farming itself may have lower barriers, large-scale trading and distribution, such as ADMARC's operations, require significant infrastructure, logistical capacity, and regulatory compliance.

Furthermore, ADMARC operates within a policy-driven environment where government interventions, including price controls and subsidy programs, can impact financial performance. While these policies help stabilize food supply and protect consumers, they may also limit the company's flexibility in responding to market forces.

11.4.2. Competitive Position: Credit Neutral

ADMARC operates as a key player in Malawi's agricultural sector, with a dual mandate of commercial operations and social service provision. While it enjoys a strong market presence and extensive distribution infrastructure, its competitive position remains constrained by operational inefficiencies, financial sustainability challenges, and regulatory oversight.

ADMARC's widespread rural network provides it with a logistical advantage over private sector competitors, particularly in remote areas. However, its market share is increasingly challenged by private traders who often offer higher prices to farmers and operate with greater flexibility in procurement and distribution. The organization's pricing structure is influenced by government policies, limiting its ability to compete effectively in a liberalized market where price responsiveness is crucial.

Furthermore, ADMARC's reliance on government support and subsidies affects its commercial agility, as delays in funding disbursements or policy shifts can impact procurement and sales strategies.

11.4.3. Board and Management: Credit Neutral

In accordance with the Malawi Code II, Code of Best Practice to Corporate Governance (2010) and the Companies (Corporate Governance) Regulations (2016), the board of directors of ADMARC is sufficiently represented by independent and qualified members. The management has a good track record of delivering the company's strategic goals, as reflected by its performance compared with the targets established in the entity's annual performance contracts in 2024.

11.4.4. Governance: Credit Neutral

ADMARC has a five-year strategic plan. The strategic plan is clear, and sets out the operational, technical and financial targets for this period along with the implementation plan. In addition, the company has an annual budget to operationalize the strategic plan. Furthermore, the company has an annual performance contract with the government as a commitment to implement the budget.

However, in the recent years there has been a delay in the completion of ADMARC's audited financial statements vis-à-vis the legal deadline, which is 3 months after the fiscal year end. The delays have been due to the functional review ADMARC has been going through. In addition, when new financial statements are released, the revisions to the previous years' figures are often material.

11.4.5. Market Risks: Credit Neutral

ADMARC operates in a sector that is vital to Malawi's economy and food security, providing it with a structurally strong market position. The demand for agricultural commodities, particularly staple crops such as maize, remains consistently high, ensuring stable revenue streams. Additionally, ADMARC's government-backed mandate to support price stabilization and food security reduces its exposure to extreme market volatility compared to fully commercial entities.

The organization's extensive rural network and storage facilities provide it with a competitive advantage in procurement and distribution, allowing it to maintain steady market access even during periods of supply chain disruptions. Furthermore, ADMARC's involvement in strategic

grain reserves ensures a level of guaranteed demand, mitigating risks associated with price fluctuations in the open market.

11.4.6. Liquidity: Credit Negative

ADMARC's liquidity position is assessed as credit negative, reflecting its ongoing financial constraints and limited cash reserves. The corporation has historically faced cash flow challenges due to delayed government subventions, inefficient working capital management, and high operational costs. A significant portion of ADMARC's revenue is tied to seasonal crop purchases and sales, leading to liquidity mismatches where funds are required upfront for procurement, but revenue realization is delayed.

Additionally, ADMARC's dependence on external financing, including government bailouts and commercial loans, has strained its liquidity position. The high levels of outstanding payables, including arrears to suppliers and employees, further exacerbate short-term liquidity risks. Without sufficient cash buffers, ADMARC remains vulnerable to operational disruptions, particularly in times of poor harvests or price fluctuations.

The entity is unlikely to be able to access credit markets without the support of the government. In addition, the volatility in the entity's operating earnings creates uncertainties with regards to its capacity to make debt repayments as they fall due. The weighted average term to maturity of ADMARC's debt is around 12 years.

11.4.7. Legal and Regulatory: Credit Positive

The legal and regulatory frameworks are in general supportive of ADMARC. ADMARC's credit positive assessment in the legal and regulatory environment reflects its strong backing by the Government of Malawi and the structured regulatory framework within which it operates. As a state-owned enterprise, ADMARC benefits from legal protections and government oversight, which enhance its operational stability and reduce policy uncertainty.

The organization operates under the ADMARC Act, which mandates its role in agricultural commodity marketing, food security interventions, and price stabilization. This legal framework provides ADMARC with a clear mandate and ensures its continued relevance in Malawi's agricultural sector. Furthermore, its privileged position as a government entity grants it access to policy support, subsidies, and capital injections when necessary, mitigating some financial risks.

Regulatory oversight from institutions such as the Ministry of Agriculture, the Public Procurement and Disposal of Assets Authority (PPDA), and the Competition and Fair-Trading Commission (CFTC) ensures transparency and compliance with best practices. Additionally, ADMARC's role in national food security and strategic grain reserves aligns with broader government policies, reinforcing its legal standing and institutional support.

11.4.8. Other Risks: Credit Negative

ADMARC's track record of servicing its debt obligations has been poor. For an extended period, ADMARC has struggled to meet its repayment obligations on both commercial and government on-lent debt. This has led to the accumulation of substantial arrears to the government. The entity's financial challenges are further compounded by its role in supporting national food security, which

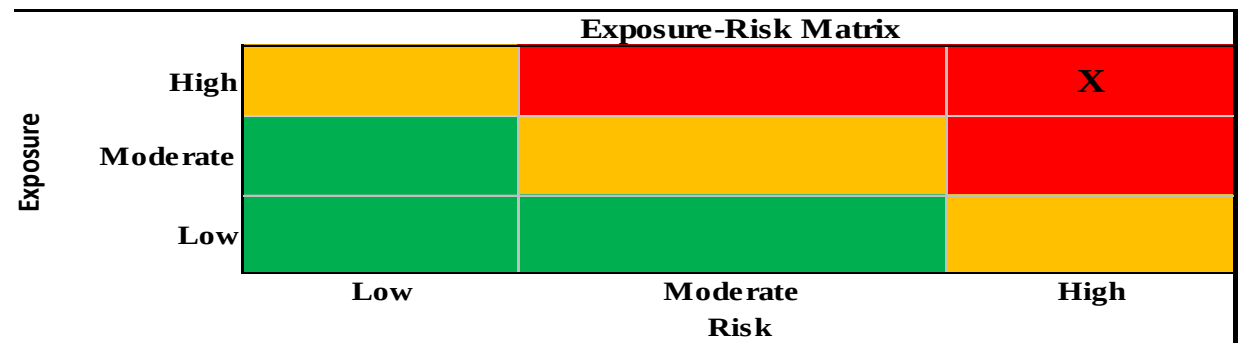
often requires it to engage in non-commercial activities without corresponding compensation, such as subsidies or government bailouts.

Additionally, ADMARC has faced difficulties in generating and retaining sufficient earnings to finance long-term investments, limiting its ability to modernize infrastructure, improve operational efficiency, and enhance its competitiveness. Persistent operational inefficiencies, coupled with fluctuating agricultural commodity prices and delayed payments from buyers, further strain its financial position. On the other hand, ADMARC maintains some degree of autonomy in its personnel policy, as it is not strictly bound by civil service employment regulations.

11.5. Expected losses from the entity’s debt

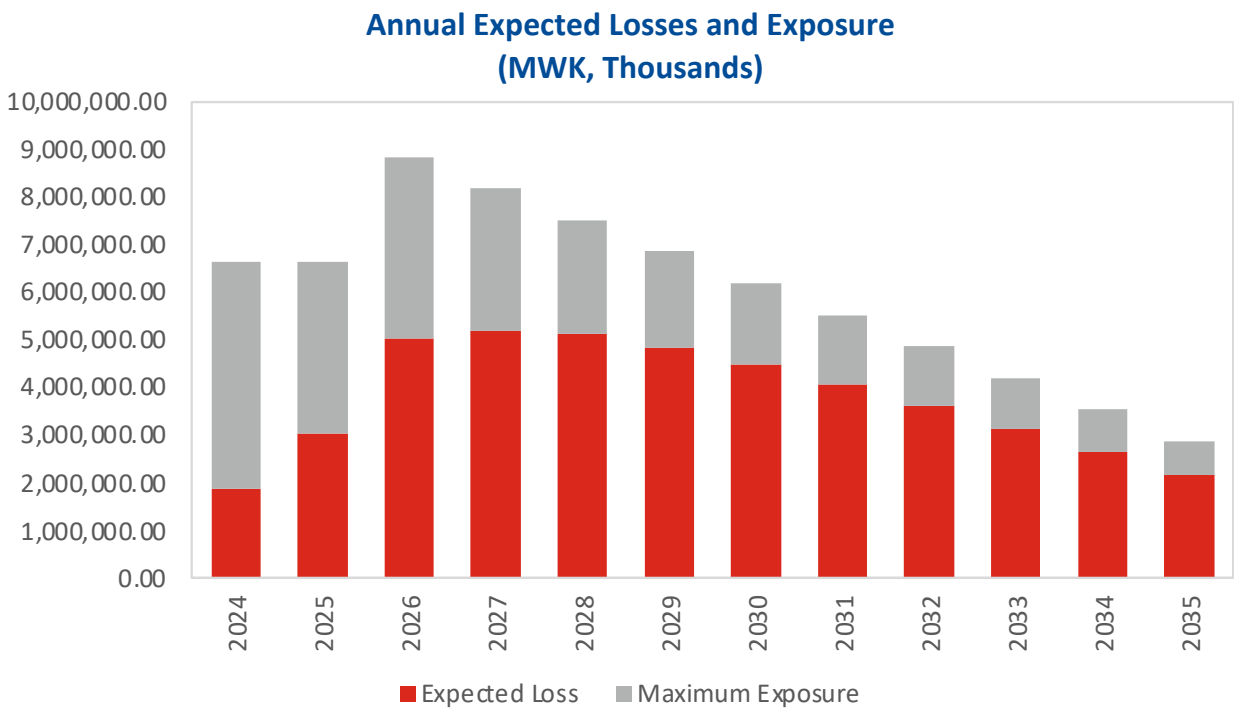
The present value of the government’s total exposure is MK45 billion. The present value of expected losses of the government from ADMARC’s guaranteed debt totaled MK27 billion as of March 2024.

Figure 43: Exposure-Risk Matrix



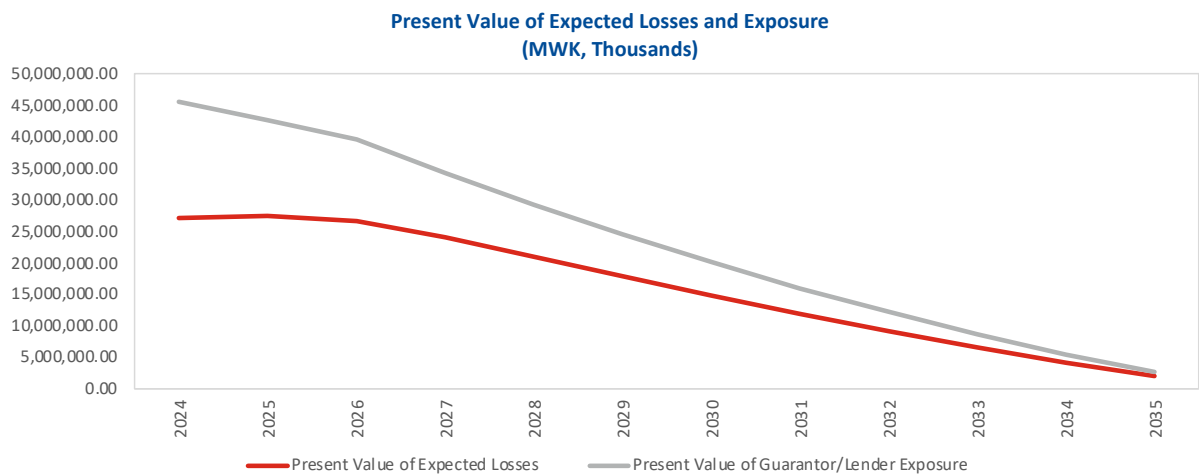
Source: MoFEA.

Figure 44: Annual Expected Losses and Exposure



Source: MoFEA.

Figure 45: Present Value of Expected losses and Exposure



Source: MoFEA.

11.6. Recommendations

ADMARC's risk rating could be positively impacted if the entity:

11.6.1. Strengthen Financial Management

- 11.6.1.1. Implement cost-cutting measures to reduce operational inefficiencies.
- 11.6.1.2. Ensure strict budgetary controls and financial reporting to prevent mismanagement and enhance accountability.

11.6.2. Enhance Market Competitiveness

- 11.6.2.1. Diversify revenue streams by expanding into value addition and agro-processing.
- 11.6.2.2. Improve supply chain efficiency to reduce post-harvest losses and maintain stable stock levels.

11.6.3. Reduce Dependency on Government Support

- 11.6.3.1. Explore partnerships with the private sector to secure alternative sources of capital.
- 11.6.3.2. Improve debt management strategies to reduce accumulated arrears and financial obligations.

11.6.4. Improve Governance and Transparency

- 11.6.4.1. Strengthen corporate governance practices to enhance stakeholder confidence.
- 11.6.4.2. Implement risk management frameworks to mitigate exposure to financial and operational risks.

11.6.5. Enhance Farmer Engagement and Market Access

- 11.6.5.1. Expand outreach programs to smallholder farmers to improve production quality and volume.
- 11.6.5.2. Improve storage and logistics infrastructure to ensure a stable supply of agricultural commodities.

12. Umodzi Holdings Limited (UHL)

In 2009, the Government of Malawi obtained a loan from EXIM China to finance the construction of an International Conference Centre, Hotel and The Presidential Villas. To manage these facilities, Umodzi Holdings Limited (UHL), trading as Umodzi Park Resorts, was incorporated in 2012 under the Companies Act (1984) as a wholly government-owned entity. Evidently, there was no on-lending agreement between the Government of Malawi and UHL for the EXIM China loan. Following construction of the facilities, additional funding was required to furnish and operationalize the facilities. Due to budget constraints, the Government was not able to fund the project's completion, prompting UHL to secure a USD 5.8 million loan from AFREXIM Bank through CDH Bank. This bridge financing facility was backed by a government guarantee and the facility was initially set to mature in 2021.

By June 2021, the outstanding loan balance stood at MK3 billion. However, UHL's financial position could not accommodate debt repayments such that the facility was restructured. Despite UHL's financial constraints, the loan was fully repaid in 2024 and the guarantee was not called. UHL currently has no outstanding guaranteed or on-lent debt from the government.

UHL was assigned an "Category 3" risk rating by MoFEA in April 2025 through DGLAT. This rating falls within the mid-level category of the 1-to-5 scale defined by the tool. The primary factor influencing the risk rating is the entity's Financial Risk Profile, as its Business Risk Profile is assessed as Credit Neutral.

13. Conclusion

The risk ratings of the 10 SOEs analyzed in this report can be found below.

Table 46: SOE Risk Ratings (as of March 2024)

Summary Risk Profile					
Company	Financial Risk Rating	Business Risk Rating	Notching of Risk Rating	Total Upgrade / Downgrade	Overall Rating
ADMARC	Category 5	Credit Neutral		0	Category 5
BWB	Category 5	Credit Neutral		0	Category 5
CRWB	Category 4	Credit Positive		1	Category 3
EGENCO	Category 3	Credit Neutral		0	Category 3
ESCOM	Category 5	Credit Neutral		0	Category 5
Lilongwe Water Board	Category 3	Credit Neutral		0	Category 3
NOCMA	Category 4	Credit Neutral		0	Category 4
NRWB	Category 5	Credit Neutral		0	Category 5
SRWB	Category 4	Credit Neutral		0	Category 4
UHL	Category 3	Credit Neutral		0	Category 3

1. Negative values denote a downgrade, positive values an upgrade. Ratings are for the latest year of financial data for each company.

Source: MoFEA.

Generally, the overall risk rating profile for the sampled 10 SOEs is diverse ranging from moderate and to high risk categories. High operating and administrative costs, delays in financial reporting or audit submissions, weak revenue collection and debt recovery systems, frequent pipe bursts, leaks, and service disruptions, high non-revenue water (NRW) due to leakage and illegal connections, outdated treatment facilities that cannot meet current demand or standards, inadequate monitoring of distribution systems, illegal connections and tampering with meters were the primary cause of the risk rating in most cases. The majority of SOEs eventually compelled to use on-lent and guaranteed debt to augment working capital requirements. On the other hand, given this stance, SOEs' capacity to service debt obligations as they fall due remains the biggest

challenge and exposure to the Government. The risk could become more manageable in the case of some policy interventions such as timely approval of cost recovery tariffs, pre-financing social obligations and potentially setting debt ceilings for some SOEs.

14. ANNEX

14.1. Annex 1: Financial ratios

ESCOM				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	2.33	4.66	-14.77
	Cost Recovery (x times)	1.09	1.12	0.75
Liquidity	Current Ratio (x times)	0.62	0.95	1.27
	Debtor Turnover Days	76.92	48.47	99.86
	Creditor Turnover Days	424.82	129.93	136.07
Solvency	Debt to Assets (%)	0.21	0.26	-0.25
	Debt Coverage (%)	2.33	4.66	-14.77
NOCMA				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	-0.21	2.26	0.23
	Cost Recovery (x times)	0.98	1	1
Liquidity	Current Ratio	1.07	0.61	0.81
	Debtor Turnover Days	62.26	22.15	18.18
	Creditor Turnover Days	239.95	173.53	347.06
Solvency	Debt to Assets (%)	0.92	0.93	0.97
	Debt Coverage (%)	-0.09	0.07	0.2
BWB				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	-10.58	-15.83	-34.97
	Cost Recovery (x times)	0.66	0.55	0.67
Liquidity	Current Ratio	0.2	0.34	0.4
	Debtor Turnover Days	141.2	104.67	88.03
	Creditor Turnover Days	10001.17	211.3	532.16

Solvency	Debt to Assets (%)	1.17	0.91	1.27
	Debt Coverage (%)	-0.24	-0.42	-0.24
SRWB				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	-1.79	-2.02	-0.74
	Cost Recovery (x times)	1.01	1	1.12
Liquidity	Current Ratio	1.56	1.34	1.19
	Debtor Turnover Days	534.22	433.02	191.76
	Creditor Turnover Days	884.27	849.41	593.96
Solvency	Debt to Assets (%)	0.53	0.63	0.67
	Debt to Equity (%)	1.12	1.72	2.05
	Debt Coverage (%)	0.05	0.05	0.1
LWB				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	0.41	1.28	3.26
	Cost Recovery (x times)	1.1	1.09	1.53
Liquidity	Current Ratio	1.07	0.61	0.81
	Debtor Turnover Days	145.54	141.77	129.72
	Creditor Turnover Days	50.54	53.27	70.79
Solvency	Debt to Assets (%)	0.74	0.79	0.74
	Debt Coverage (%)	0.07	0.04	0.14
ADMARC				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	-8.72	-5.56	-5.71
	Cost Recovery (x times)	0.75	1.17	0.83
Liquidity	Current Ratio	1.07	0.61	0.81
	Debtor Turnover Days	2430.55	115.08	320.5
	Creditor Turnover Days	2320.41	193.46	1376.39
Solvency	Debt to Assets (%)	0.73	0.62	0.66

	Debt Coverage (%)	-0.06	0.24	-0.24
CRWB				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	-2.11	3.6	3.43
	Cost Recovery (x times)	1.1	1.19	1.23
Liquidity	Current Ratio	1.07	0.61	0.81
	Debtor Turnover Days	285.13	146.14	228.03
	Creditor Turnover Days	496.9	158.68	167.49
Solvency	Debt to Assets (%)	1.31	1.19	1.06
	Debt Coverage (%)	0.08	0.17	0.23
EGENCO				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	1.76	-0.74	1.56
	Cost Recovery (x times)	1.28	0.97	1.06
Liquidity	Current Ratio	1.07	0.61	0.81
	Debtor Turnover Days	331.6	251.89	68.83
	Creditor Turnover Days	33.07	37.53	38.27
Solvency	Debt to Assets (%)	0.49	0.51	0.52
	Debt Coverage (%)	0	0	3.22
NRWB				
		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	-3.49	-7.15	-7.55
	Cost Recovery (x times)	0.97	0.73	0.82
Liquidity	Current Ratio	1.07	0.61	0.81
	Debtor Turnover Days	219.93	34.69	23.93
	Creditor Turnover Days	266.79	91.13	145.26
Solvency	Debt to Assets (%)	1.03	1.12	1.19
	Debt Coverage (%)	0.01	-0.02	0
UHL				

		22-Mar	23-Mar	24-Mar
Profitability	ROA (%)	2.15	4.33	5.48
	Cost Recovery (x times)	1.34	1.32	1.31
Liquidity	Current Ratio	1.07	0.61	0.81
	Debtor Turnover Days	125.81	24.35	77.37
	Creditor Turnover Days	875.38	65.55	317.18
Solvency	Debt to Assets (%)	0.42	0.42	0.40
	Debt Coverage (%)	0.35	1.02	5.48

15.2. Annex 2: Financial statements

15.2.1. Condensed Balance Sheet and Income Statement of ESCOM

Balance Sheet						
Balance Sheet as of:						
Currency	2019	2020	2021	2022	2023	2024
	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands
Assets						
Cash and cash equivalents	15,947,451.0	7,953,567.0	13,835,693.0	10,561,738.0	35,237,963.0	42,976,199.0
Trade receivables	17,334,504.0	17,268,797.0	17,443,385.0	28,153,451.0	23,045,217.0	61,324,333.0
Inventory	8,207,747.0	11,333,306.0	9,518,853.0	8,048,688.0	12,985,090.0	22,896,220.0
Other current assets	16,343,895.0	12,209,953.0	15,429,243.0	22,955,199.0	12,177,763.0	13,524,628.0
Total Current Assets	57,833,597.0	48,765,623.0	56,227,174.0	69,719,076.0	83,446,033.0	140,721,380.0
Net property, plant and equipment (Fixed Assets)	219,045,490.0	215,655,935.0	211,263,645.0	214,087,128.0	216,901,736.0	263,538,625.0
Other long-term assets	20,407,863.0	24,391,205.0	53,441,141.0	69,396,567.0	93,694,761.0	69,437,225.0
Total Non-current Assets	239,453,353.0	240,047,140.0	264,704,786.0	283,483,695.0	310,596,497.0	332,975,850.0
Assets Held for Sale						
Total Assets	297,286,950.0	288,812,763.0	320,931,960.0	353,202,771.0	394,042,530.0	473,697,230.0
Liabilities						
Short-term debt (loan)	6,642,815.0	5,444,390.0	5,658,790.0	9,001,911.0	17,766,807.0	22,032,084.0
Trade payables	51,208,235.0	44,051,940.0	77,001,523.0	84,170,176.0	29,106,871.0	41,396,302.0
Financial leases						
Other current liabilities	18,257,995.0	21,730,955.0	21,604,533.0	19,392,346.0	40,825,303.0	47,525,211.0
Total Current Liabilities	76,109,045.0	71,227,285.0	104,264,846.0	112,564,433.0	87,698,981.0	110,953,597.0
Long-term debt (loan)	47,146,864.0	49,779,281.0	75,972,651.0	88,849,676.0	129,933,298.0	249,306,575.0
Financial leases						
Other long-term liabilities	154,538,300.0	152,781,558.0	158,868,541.0	145,146,891.0	147,550,317.0	149,835,989.0
Total Non-current Liabilities	201,685,164.0	202,560,839.0	234,841,192.0	233,996,567.0	277,483,615.0	399,142,564.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	277,794,209.0	273,788,124.0	339,106,038.0	346,561,000.0	365,182,596.0	510,096,161.0
Retained earnings	(15,911,963.0)	(26,684,445.0)	(59,237,402.0)	(32,493,645.0)	(14,234,848.0)	(84,203,099.0)
Other Equity	35,404,704.0	41,709,084.0	41,063,324.0	39,135,416.0	43,094,782.0	47,804,168.0
Total Equity	19,492,741.0	15,024,639.0	(18,174,078.0)	6,641,771.0	28,859,934.0	(36,398,931.0)
Total Liabilities and Equity	297,286,950.0	288,812,763.0	320,931,960.0	353,202,771.0	394,042,530.0	473,697,230.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	128,582,769.0	139,652,104.0	150,639,579.0	133,590,900.0	173,527,897.0	224,139,854.0
Government Grants Received	0	0	0	0	0	0
Cost Of Goods Sold (-)	(94,416,810.0)	(95,849,854.0)	(90,706,213.0)	(72,318,682.0)	(81,769,044.0)	(111,046,361.0)
Gross Profit	34,165,959.0	43,802,250.0	59,933,366.0	61,272,218.0	91,758,853.0	113,093,493.0
Other Operating Income	12,800,919.0	13,923,208.0	11,369,763.0	9,484,339.0	69,186,739.0	10,725,578.0
Other Operating Expenses (- = expense)	(73,474,650.0)	(78,293,208.0)	(81,116,792.0)	(59,313,933.0)	(134,833,742.0)	(203,348,860.0)
Operating Profit (EBIT)	(26,507,772.0)	(20,567,750.0)	(9,813,663.0)	11,442,624.0	26,111,850.0	(79,529,789.0)
Finance Costs (- = expense)	(578,478.0)	(4,517,135.0)	(4,556,813.0)	(2,638,114.0)	(4,181,194.0)	(5,562,097.0)
Finance Income (- = expense)	987,050.0	116,029.0	2,123,980.0	1,025,100.0	1,278,753.0	2,453,720.0
Other Non-operating Net Gain/Loss (- = loss)	0	0	0	0	0	0
Net Profit Before Tax	(26,099,200.0)	(24,968,856.0)	(12,246,496.0)	9,829,610.0	23,209,409.0	(82,638,166.0)
Income Tax Expense (- = expense)	9,369,393.0	6,432,772.0	(2,593,108.0)	(1,611,238.0)	(4,865,740.0)	12,671,171.0
Gain/Loss from Discontinued Operations (- = loss)						
Net Profit	(16,729,807.0)	(18,536,084.0)	(14,839,604.0)	8,218,372.0	18,343,669.0	(69,966,995.0)
Less Dividends (-)						
Retained Earnings for the year	(16,729,807.0)	(18,536,084.0)	(14,839,604.0)	8,218,372.0	18,343,669.0	(69,966,995.0)
Operating Profit (EBIT)	(26,507,772.0)	(20,567,750.0)	(9,813,663.0)	11,442,624.0	26,111,850.0	(79,529,789.0)
Add back: Depreciation & Amortization	11,921,311.0	12,389,314.0	12,482,434.0	9,590,291.0	12,599,756.0	12,298,668.0
EBITDA	(14,586,461.0)	(8,178,436.0)	2,668,771.0	21,032,915.0	38,711,606.0	(67,231,121.0)

15.2.2. Condensed Balance Sheet and Income Statement of EGENCO

Balance Sheet						
Balance Sheet as of:						
Currency	2019	2020	2021	2022	2023	2024
	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands
Assets						
Cash and cash equivalents	6,807,743.0	7,730,891.0	9,857,798.3	19,233,990.8	12,065,953.0	13,500,296.0
Trade receivables	36,124,394.0	33,875,024.0	37,906,395.8	44,284,436.5	36,497,247.8	12,982,035.0
Inventory	6,585,705.0	9,371,342.0	10,739,253.8	10,569,200.7	12,837,066.5	16,003,541.0
Other current assets	4,456,805.0	3,346,436.0	2,677,289.7	4,333,981.0	2,283,419.2	15,970,377.0
Total Current Assets	53,974,647.0	54,323,693.0	61,180,737.6	78,421,609.0	63,683,686.5	58,456,249.0
Net property, plant and equipment (Fixed Assets)	179,119,229.0	185,153,266.0	226,474,020.0	218,992,239.4	206,863,736.3	210,950,022.0
Other long-term assets	0	0	0	0	18,450,938.4	11,676,857.0
Total Non-current Assets	179,119,229.0	185,153,266.0	226,474,020.0	218,992,239.4	225,314,674.7	222,626,879.0
Assets Held for Sale						
Total Assets	233,093,876.0	239,476,959.0	287,654,757.6	297,413,848.5	288,998,361.2	281,083,128.0
Liabilities						
Short-term debt (loan)	0	0	0	0	0	0
Trade payables	2,295,738.0	2,522,747.0	4,187,579.0	3,028,221.0	4,548,427.8	5,813,315.0
Financial leases						86,351.0
Other current liabilities	8,048,031.0	9,934,738.0	11,169,863.0	13,204,036.0	12,448,567.6	9,831,697.0
Total Current Liabilities	10,343,769.0	12,457,485.0	15,357,442.0	16,232,257.0	16,996,995.4	15,731,363.0
Long-term debt (loan)	6,121,129.0	4,237,761.0	0	0		4,077,551.0
Financial leases						0
Other long-term liabilities	70,388,153.0	81,622,992.0	126,694,612.7	129,718,042.0	129,809,032.8	125,985,128.0
Total Non-current Liabilities	76,509,282.0	85,860,753.0	126,694,612.7	129,718,042.0	129,809,032.8	130,062,679.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	86,853,051.0	98,318,238.0	142,052,054.7	145,950,299.0	146,806,028.2	145,794,042.0
Retained earnings	29,081,011.0	23,998,907.0	30,004,034.0	35,619,080.0	26,347,865.0	19,444,618.0
Other Equity	117,159,814.0	117,159,814.0	115,598,669.0	115,844,469.0	115,844,468.0	115,844,468.0
Total Equity	146,240,825.0	141,158,721.0	145,602,703.0	151,463,549.0	142,192,333.0	135,289,086.0
Total Liabilities and Equity	233,093,876.0	239,476,959.0	287,654,757.7	297,413,848.0	288,998,361.2	281,083,128.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	56,650,184.0	63,169,635.0	67,251,776.6	48,745,425.0	52,885,450.3	68,840,880.0
Government Grants Received						
Cost Of Goods Sold (-)	(29,107,450.0)	(33,727,642.0)	(35,639,547.0)	(33,422,619.2)	(44,233,359.4)	(55,447,804.0)
Gross Profit	27,542,734.0	29,441,993.0	31,612,229.6	15,322,805.8	8,652,090.9	13,393,076.0
Other Operating Income	8,023,892.0	1,957,697.0	2,270,096.0	2,508,731.4	8,756,138.8	0
Other Operating Expenses (- = expense)	(13,037,469.0)	(21,325,339.0)	(25,569,484.0)	(6,533,025.6)	(19,077,090.1)	(9,200,000.0)
Operating Profit (EBIT)	22,529,157.0	10,074,351.0	8,312,841.6	11,298,511.7	(1,668,860.3)	4,193,076.0
Finance Costs (- = expense)	(681,254.0)	(1,124,614.0)	87,305.0	(3,689.0)		(2,740,000.0)
Finance Income (- = expense)	365,674.0	1,117,252.0	0	1,588,070.0	(462,677.4)	4,792,227.0
Other Non-operating Net Gain/Loss (- = loss)						
Net Profit Before Tax	22,213,577.0	10,066,989.0	8,400,146.6	12,882,892.7	(2,131,537.8)	6,245,303.0
Income Tax Expense (- = expense)	(6,941,606.4)	(15,149,093.0)	(3,840,637.8)	(7,636,303.0)	(894.9)	(1,855,591.0)
Gain/Loss from Discontinued Operations (- = loss)						
Net Profit	15,271,970.6	(5,082,104.0)	4,559,508.8	5,246,589.7	(2,132,432.7)	4,389,712.0
Less Dividends (-)						
Retained Earnings for the year	15,271,970.6	(5,082,104.0)	4,559,508.8	5,246,589.7	(2,132,432.7)	4,389,712.0
Operating Profit (EBIT)	22,529,157.0	10,074,351.0	8,312,841.6	11,298,511.7	(1,668,860.3)	4,193,076.0
Add back: Depreciation & Amortization	5,016,076.0	6,428,005.0	6,399,780.0	7,887,018.0	8,500,000.0	9,200,000.0
EBITDA	27,545,233.0	16,502,356.0	14,712,621.6	19,185,529.7	6,831,139.7	13,393,076.0

15.2.3. Condensed Balance Sheet and Income Statement of NOCMA

Balance Sheet as of:	2019	2020	2021	2022	2023	2024
Currency	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands
Assets						
Cash and cash equivalents	24,089,373.0	15,676,204.0	35,801,531.0	58,420,893.0	157,986,881.0	142,518,111.0
Trade receivables	28,704,436.0	34,506,626.0	36,558,672.0	30,383,845.0	29,354,802.0	31,313,750.0
Inventory	11,095,141.0	16,055,262.0	19,310,070.0	10,088,211.0	13,052,173.0	41,653,256.0
Other current assets	41,776,222.0	41,064,050.0	60,784,746.0	71,436,237.0	103,983,237.0	540,765,214.0
Total Current Assets	105,665,172.0	107,302,142.0	152,455,019.0	170,329,186.0	304,377,093.0	756,250,331.0
Net property, plant and equipment (Fixed Assets)	28,998,539.0	31,108,435.0	32,126,403.0	32,219,609.0	34,448,761.0	34,331,264.0
Other long-term assets				0		
Total Non-current Assets	28,998,539.0	31,108,435.0	32,126,403.0	32,219,609.0	34,448,761.0	34,331,264.0
Assets Held for Sale						
Total Assets	134,663,711.0	138,410,577.0	184,581,422.0	202,548,795.0	338,825,854.0	790,581,595.0
Liabilities						
Short-term debt (loan)	2,119,034.1	2,119,034.0	2,119,034.0	2,119,034.0	2,119,034.0	2,119,034.0
Trade payables	99,091,947.0	102,025,847.0	145,908,962.0	116,326,386.0	228,996,304.0	596,133,219.0
Financial leases						
Other current liabilities	2,788,012.0	2,696,803.0	2,758,946.0	50,067,551.0	69,217,279.0	150,419,778.0
Total Current Liabilities	103,998,993.1	106,841,684.0	150,786,942.0	168,512,971.0	300,332,617.0	748,672,031.0
Long-term debt (loan)	22,222,064.0	19,630,064.0	18,382,064.0	18,190,064.0	16,366,064.0	14,890,064.0
Financial leases						
Other long-term liabilities						
Total Non-current Liabilities	22,222,064.0	19,630,064.0	18,382,064.0	18,190,064.0	16,366,064.0	14,890,064.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	126,221,057.1	126,471,748.0	169,169,006.0	186,703,035.0	316,698,681.0	763,562,095.0
Retained earnings	(190,158.0)	(219,560.0)	(1,149,542.0)	(1,509,312.0)	6,142,859.0	11,035,186.0
Other Equity	8,632,812.0	12,158,389.0	16,561,958.0	17,355,072.0	15,984,314.0	15,984,314.0
Total Equity	8,442,654.0	11,938,829.0	15,412,416.0	15,845,760.0	22,127,173.0	27,019,500.0
Total Liabilities and Equity	134,663,711.1	138,410,577.0	184,581,422.0	202,548,795.0	338,825,854.0	790,581,595.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	135,157,873.0	191,446,936.0	180,460,019.0	178,115,200.0	483,803,989.0	628,733,191.0
Government Grants Received	864,475.0		598,431.0			
Cost Of Goods Sold (-)	(161,283,196.0)	(214,679,697.3)	(207,149,800.0)	(176,946,736.0)	(481,679,155.0)	(626,950,299.0)
Gross Profit	(25,260,848.0)	(23,232,761.3)	(26,091,350.0)	1,168,464.0	2,124,834.0	1,782,892.0
Other Operating Income	28,990,377.0	27,533,599.4	29,090,844.0	179,992.0	4,878,043.0	
Other Operating Expenses (- = expense)	(3,967,912.0)	(4,851,363.9)	(4,553,033.0)	(4,115,408.0)	(7,172,429.0)	
Operating Profit (EBIT)	(238,383.0)	(550,525.8)	(1,553,539.0)	(2,766,952.0)	(169,552.0)	1,782,892.0
Finance Costs (- = expense)	0	(965,420.0)	(17,087.0)	(10,664.0)	0	
Finance Income (- = expense)	1,011,667.0	1,504,225.2	640,645.0	2,361,705.0	7,821,722.0	
Other Non-operating Net Gain/Loss (- = loss)						
Net Profit Before Tax	773,284.0	(11,720.5)	(929,981.0)	(415,911.0)	7,652,170.0	1,782,892.0
Income Tax Expense (- = expense)						
Gain/Loss from Discontinued Operations (- = loss)						
Net Profit	773,284.0	(11,720.5)	(929,981.0)	(415,911.0)	7,652,170.0	1,782,892.0
Less Dividends (-)						
Retained Earnings for the year	773,284.0	(11,720.5)	(929,981.0)	(415,911.0)	7,652,170.0	1,782,892.0
Operating Profit (EBIT)	(238,383.0)	(550,525.8)	(1,553,539.0)	(2,766,952.0)	(169,552.0)	1,782,892.0
Add back: Depreciation & Amortization	1,130,212.0	1,189,125.5	1,184,093.0	858,930.0	1,394,068.0	1,575,261.0
EBITDA	891,829.0	638,599.8	(369,446.0)	(1,908,022.0)	1,224,516.0	3,358,153.0

15.2.4. Condensed Balance Sheet and Income Statement of LWB

Balance Sheet						
Balance Sheet as of:						
Currency	2019 MWK Thousands	2020 MWK Thousands	2021 MWK Thousands	2022 MWK Thousands	2023 MWK Thousands	2024 MWK Thousands
Assets						
Cash and cash equivalents	7,568,279.0	9,902,184.0	10,697,827.0	12,071,705.0	31,626,752.0	44,850,867.0
Trade receivables	11,194,342.0	12,292,253.0	6,361,483.0	7,395,517.0	11,030,030.0	12,976,291.0
Inventory	1,664,324.0	3,972,257.0	3,806,739.0	3,774,736.0	5,429,668.0	5,226,542.0
Other current assets	14,118,733.0	15,952,707.0	1,191,725.0	1,277,915.0	1,036,612.0	0
Total Current Assets	34,545,678.0	42,119,401.0	22,057,774.0	24,519,873.0	49,123,062.0	63,053,700.0
Net property, plant and equipment (Fixed Assets)	51,707,170.0	71,448,945.0	104,185,517.0	118,731,444.0	147,317,617.0	222,510,315.0
Other long-term assets	0	0	0	0	5,932,560.0	5,573,708.0
Total Non-current Assets	51,707,170.0	71,448,945.0	104,185,517.0	118,731,444.0	153,250,177.0	228,084,023.0
Total Assets	86,252,848.0	113,568,346.0	126,243,291.0	143,251,317.0	202,373,239.0	291,137,723.0
Liabilities						
Short-term debt (loan)	1,179,909.0	1,115,172.0	1,115,172.0	1,115,172.0	1,115,172.0	865,172.0
Trade payables	975,647.0	3,017,872.0	1,343,637.0	1,645,709.0	2,772,153.0	3,807,878.0
Financial leases	0	0	0	0	0	0
Other current liabilities	2,366,708.0	4,176,544.0	983,035.0	1,444,236.0	2,978,792.0	5,276,577.0
Total Current Liabilities	4,522,264.0	8,309,588.0	3,441,844.0	4,205,117.0	6,866,117.0	9,949,627.0
Long-term debt (loan)	32,400,956.0	48,224,026.0	62,096,139.0	74,639,480.0	113,691,128.0	132,075,523.0
Financial leases	0	0	0	0	0	0
Other long-term liabilities	15,071,328.0	20,074,145.0	22,724,265.0	26,533,291.0	39,584,478.0	73,389,626.0
Total Non-current Liabilities	47,472,284.0	68,298,171.0	84,820,404.0	101,172,771.0	153,275,606.0	205,465,149.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	51,994,548.0	76,607,759.0	88,262,248.0	105,377,888.0	160,141,723.0	215,414,776.0
Retained earnings	16,300,289.0	19,312,217.0	20,842,205.0	21,117,248.0	42,075,051.0	75,566,162.0
Other Equity	17,958,011.0	17,648,370.0	17,138,838.0	16,756,181.0	156,465.0	156,785.0
Total Equity	34,258,300.0	36,960,587.0	37,981,043.0	37,873,429.0	42,231,516.0	75,722,947.0
Total Liabilities and Equity	86,252,848.0	113,568,346.0	126,243,291.0	143,251,317.0	202,373,239.0	291,137,723.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	22,019,752.0	22,136,266.0	21,183,251.0	18,546,956.1	28,398,624.0	36,510,832.0
Government Grants Received	739,904.0	1,256,401.0	2,710,093.0	1,371,700.0	1,393,580.0	1,448,773.0
Cost Of Goods Sold (-)	(8,812,136.0)	(12,647,039.0)	(14,266,772.0)	(11,885,343.7)	(18,995,846.0)	(19,634,266.0)
Gross Profit	13,947,520.0	10,745,628.0	9,626,572.0	8,033,312.3	10,796,358.0	18,325,339.0
Other Operating Income	133,494.0	71,126.0	889,678.0	75,525.9	2,727,383.0	10,933,209.0
Other Operating Expenses (= expense)	(5,680,330.0)	(7,068,460.0)	(6,817,278.0)	(5,087,303.8)	(9,486,862.0)	(11,292,122.0)
Operating Profit (EBIT)	8,400,684.0	3,748,294.0	3,698,972.0	3,021,534.4	4,036,879.0	17,966,426.0
Finance Costs (= expense)	(1,833,322.0)	(1,268,899.0)	(2,551,273.0)	(2,659,029.0)	(3,933,588.0)	(5,376,090.0)
Finance Income (= expense)	38,757.0	46,677.0	46,906.0	306,144.3	766,299.0	398,335.0
Other Non-operating Net Gain/Loss (= loss)					1,829,533.0	1,882,712.0
Net Profit Before Tax	6,606,119.0	2,526,072.0	1,194,605.0	668,649.7	2,699,123.0	14,871,383.0
Income Tax Expense (= expense)	(1,832,942.0)	(123,347.0)	(31,636.0)	(74,572.0)	(115,947.0)	(5,386,279.0)
Gain/Loss from Discontinued Operations (= loss)						
Net Profit	4,773,177.0	2,402,725.0	1,162,969.0	594,077.7	2,583,176.0	9,485,104.0
Less Dividends (-)						
Retained Earnings for the year	4,773,177.0	2,402,725.0	1,162,969.0	594,077.7	2,583,176.0	9,485,104.0
Operating Profit (EBIT)	8,400,684.0	3,748,294.0	3,698,972.0	3,021,534.4	4,036,879.0	17,966,426.0
Add back: Depreciation & Amortization			2,836,270.0	2,095,148.0		
EBITDA	8,400,684.0	3,748,294.0	6,535,242.0	5,116,682.4	4,036,879.0	17,966,426.0

15.2.5. Condensed Balance Sheet and Income Statement of CRWB

Balance Sheet						
Balance Sheet as of:						
Currency	2019 MWK Thousands	2020 MWK Thousands	2021 MWK Thousands	2022 MWK Thousands	2023 MWK Thousands	2024 MWK Thousands
Assets						
Cash and cash equivalents	148,567.0	174,784.0	1,057,464.0	545,172.0	549,625.0	2,187,372.0
Trade receivables	2,187,818.0	2,646,929.0	1,520,925.0	3,267,177.0	2,964,910.0	6,375,600.0
Inventory	148,567.0	174,784.0	207,055.0	244,426.0	339,393.0	398,474.0
Other current assets			9,407.0	9,407.0		
Total Current Assets	2,484,952.0	2,996,497.0	2,794,851.0	4,066,182.0	3,853,928.0	8,961,446.0
Net property, plant and equipment (Fixed Assets)	12,813,222.0	15,190,275.0	15,938,670.0	16,075,763.0	18,895,095.0	36,626,400.0
Other long-term assets	0	0	2,826.0	2,793.0	3,303.0	4,166.0
Total Non-current Assets	12,813,222.0	15,190,275.0	15,941,496.0	16,078,556.0	18,898,398.0	36,630,566.0
Assets Held for Sale						
Total Assets	15,298,174.0	18,186,772.0	18,736,347.0	20,144,738.0	22,752,326.0	45,592,012.0
Liabilities						
Short-term debt (loan)	2,884,855.0	3,761,138.0	3,574,711.0	4,147,084.0	4,876,925.0	5,621,920.0
Trade payables	3,107,147.0	3,567,337.0	2,983,241.0	3,774,310.0	1,802,293.0	2,396,530.0
Financial leases						
Other current liabilities	203,749.0	169,068.0	573,398.0	674,146.0	1,171,905.0	911,642.0
Total Current Liabilities	6,195,751.0	7,497,543.0	7,131,350.0	8,595,540.0	7,851,123.0	8,930,092.0
Long-term debt (loan)	6,232,309.0	5,970,558.0	5,708,807.0	5,525,110.0	5,525,582.0	5,841,642.0
Financial leases	0	0	0	0	0	0
Other long-term liabilities	5,839,668.0	9,126,127.0	11,736,845.0	12,255,533.0	13,654,058.0	33,534,701.0
Total Non-current Liabilities	12,071,977.0	15,096,685.0	17,445,652.0	17,780,643.0	19,179,640.0	39,376,343.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	18,267,728.0	22,594,228.0	24,577,002.0	26,376,183.0	27,030,763.0	48,306,435.0
Retained earnings	(3,864,585.0)	(6,134,338.0)	(7,703,050.0)	(8,127,104.0)	(7,308,422.0)	(5,744,874.0)
Other Equity	895,031.0	1,726,882.0	1,862,395.0	1,895,659.0	3,029,985.0	3,030,451.0
Total Equity	(2,969,554.0)	(4,407,456.0)	(5,840,655.0)	(6,231,445.0)	(4,278,437.0)	(2,714,423.0)
Total Liabilities and Equity	15,298,174.0	18,186,772.0	18,736,347.0	20,144,738.0	22,752,326.0	45,592,012.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	3,785,029.0	3,905,370.0	4,147,185.0	4,182,363.0	7,405,355.0	10,205,059.0
Government Grants Received	0	0				
Cost Of Goods Sold (-)	(2,167,726.0)	(2,270,901.0)	(2,774,495.0)	(2,772,417.0)	(4,145,614.0)	(5,222,494.0)
Gross Profit	1,617,303.0	1,634,469.0	1,372,690.0	1,409,946.0	3,259,741.0	4,982,565.0
Other Operating Income	151,413.0	176,667.0	1,486,073.0	576,288.0	711,457.0	610,276.0
Other Operating Expenses (= expense)	(1,937,777.0)	(1,972,825.0)	(2,976,850.0)	(1,550,617.0)	(2,690,321.0)	(3,581,740.0)
Operating Profit (EBIT)	(169,061.0)	(161,489.0)	(118,087.0)	435,617.0	1,280,877.0	2,011,101.0
Finance Costs (= expense)	(675,741.0)	(681,125.0)	(979,729.0)	(510,519.0)	(573,340.0)	(681,031.0)
Finance Income (= expense)	662.0	9,321.0	573,355.0	458.0	1,370.0	4,401.0
Other Non-operating Net Gain/Loss (= loss)						
Net Profit Before Tax	(844,140.0)	(833,293.0)	(524,461.0)	(74,444.0)	708,907.0	1,334,471.0
Income Tax Expense (= expense)	(620,743.0)	(1,436,460.0)	(1,032,878.0)	(349,606.0)	109,774.0	229,077.0
Gain/Loss from Discontinued Operations (= loss)						
Net Profit	(1,464,883.0)	(2,269,753.0)	(1,557,339.0)	(424,050.0)	818,681.0	1,563,548.0
Less Dividends (-)						
Retained Earnings for the year	(1,464,883.0)	(2,269,753.0)	(1,557,339.0)	(424,050.0)	818,681.0	1,563,548.0
Operating Profit (EBIT)	(169,061.0)	(161,489.0)	(118,087.0)	435,617.0	1,280,877.0	2,011,101.0
Add back: Depreciation & Amortization	452,310.0	466,593.0	523,027.0	343,504.0	527,262.0	635,346.0
EBITDA	283,249.0	305,104.0	404,940.0	779,121.0	1,808,139.0	2,646,447.0

15.2.6. Condensed Balance Sheet and Income Statement of SRWB

Balance Sheet						
Balance Sheet as of:	2019	2020	2021	2022	2023	2024
Currency	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands
Assets						
Cash and cash equivalents	246,216.0	371,658.0	3,523,225.0	1,474,097.0	89,844.0	836,796.0
Trade receivables	12,047,043.0	13,055,761.0	7,323,152.0	10,612,514.0	12,545,407.0	7,229,588.0
Inventory	965,901.0	680,124.0	1,773,319.0	734,117.0	1,077,852.0	2,861,607.0
Other current assets	20,368.0	1,382.0	0			
Total Current Assets	13,279,528.0	14,108,925.0	12,619,696.0	12,820,728.0	13,713,103.0	10,927,991.0
Net property, plant and equipment (Fixed Assets)	20,206,129.0	19,904,225.0	19,664,258.0	22,342,147.0	23,823,190.0	42,657,993.0
Other long-term assets	409,365.0	520,415.0	3,063,157.0	5,656,301.0	11,453,671.0	3,087,989.0
Total Non-current Assets	20,615,494.0	20,424,640.0	22,727,415.0	27,998,448.0	35,276,861.0	45,745,982.0
Assets Held for Sale						
Total Assets	33,895,022.0	34,533,565.0	35,347,111.0	40,819,176.0	48,989,964.0	56,673,973.0
Liabilities						
Short-term debt (loan)	6,736,087.0	7,531,975.0	7,658,868.0	5,634,143.0	9,333,614.0	8,184,365.0
Trade payables	208,132.0	0	0			
Financial leases	1,538,027.0	1,554,236.0	1,225,878.0	2,568,515.0	875,637.0	972,087.0
Other current liabilities						
Total Current Liabilities	8,482,246.0	9,086,211.0	8,884,746.0	8,202,658.0	10,209,251.0	9,156,452.0
Long-term debt (loan)	4,693,400.0	4,738,508.0	7,250,395.0	13,324,352.0	20,760,421.0	28,962,666.0
Financial leases	423,318.0	284,329.0	90,017.0			
Other long-term liabilities	125,727.0	125,727.0	125,727.0			
Total Non-current Liabilities	5,242,445.0	5,148,564.0	7,466,139.0	13,324,352.0	20,760,421.0	28,962,666.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	13,724,691.0	14,234,775.0	16,350,885.0	21,527,010.0	30,969,672.0	38,119,118.0
Retained earnings	3,974,425.0	4,088,726.0	2,409,744.0	1,872,639.0	1,076,338.0	850,817.0
Other Equity	16,195,906.0	16,210,064.0	16,586,482.0	17,419,527.0	16,943,954.0	17,704,038.0
Total Equity	20,170,331.0	20,298,790.0	18,996,226.0	19,292,166.0	18,020,292.0	18,554,855.0
Total Liabilities and Equity	33,895,022.0	34,533,565.0	35,347,111.0	40,819,176.0	48,989,964.0	56,673,973.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	8,097,207.0	8,210,609.0	7,454,288.0	7,250,925.0	10,574,673.0	13,760,749.0
Government Grants Received		0				
Cost Of Goods Sold (-)	(4,835,850.0)	(5,179,243.0)	(5,392,109.0)	(5,337,889.0)	(9,070,087.0)	(10,973,519.0)
Gross Profit	3,261,357.0	3,031,366.0	2,062,179.0	1,913,036.0	1,504,586.0	2,787,230.0
Other Operating Income	113,686.0	95,548.0	437,524.0	475,169.0	2,519,388.0	4,213,019.0
Other Operating Expenses (- = expense)	(2,042,794.0)	(2,214,133.0)	(2,338,788.0)	(2,325,593.0)	(4,010,767.0)	(5,029,456.0)
Operating Profit (EBIT)	1,332,249.0	912,781.0	160,915.0	62,612.0	13,207.0	1,970,793.0
Finance Costs (- = expense)	(648,034.0)	(787,873.0)	(1,228,334.0)	(791,611.0)	(1,001,400.0)	(2,388,207.0)
Finance Income (- = expense)						
Other Non-operating Net Gain/Loss (- = loss)						
Net Profit Before Tax	684,215.0	124,908.0	(1,067,419.0)	(728,999.0)	(988,193.0)	(417,414.0)
Income Tax Expense (- = expense)						
Gain/Loss from Discontinued Operations (- = loss)						
Net Profit	684,215.0	124,908.0	(1,067,419.0)	(728,999.0)	(988,193.0)	(417,414.0)
Less Dividends (-)						
Retained Earnings for the year	684,215.0	124,908.0	(1,067,419.0)	(728,999.0)	(988,193.0)	(417,414.0)
Operating Profit (EBIT)	1,332,249.0	912,781.0	160,915.0	62,612.0	13,207.0	1,970,793.0
Add back: Depreciation & Amortization	1,226,774.0	1,200,756.0	1,161,303.0	1,016,999.0	1,477,671.0	1,689,214.0
EBITDA	2,559,023.0	2,113,537.0	1,322,218.0	1,079,611.0	1,490,878.0	3,660,007.0

15.2.7. Condensed Balance Sheet and Income Statement of NRW

Balance Sheet						
Balance Sheet as of:	2019	2020	2021	2022	2023	2024
Currency	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands
Assets						
Cash and cash equivalents	603,816.0	960,915.0	3,276,552.0	459,837.0	2,888,536.0	927,268.0
Trade receivables	3,252,975.0	3,381,333.0	2,329,881.0	4,053,289.0	780,693.0	816,665.0
Inventory	1,172,718.0	1,263,752.0	3,092,714.0	2,369,119.0	2,095,415.0	2,429,691.0
Other current assets	108,141.0	0	5,070.0	5,070.0	183,403.0	73,653.0
Total Current Assets	5,137,650.0	5,606,000.0	8,704,217.0	6,887,315.0	5,948,047.0	4,247,277.0
Net property, plant and equipment (Fixed Assets)	39,578,125.0	48,336,694.0	72,540,503.0	83,524,669.0	104,939,401.0	131,436,522.0
Other long-term assets	0	0	111,401.0	124,791.0	47,850.0	58,855.0
Total Non-current Assets	39,578,125.0	48,336,694.0	72,651,904.0	83,649,460.0	104,987,251.0	131,495,377.0
Assets Held for Sale						
Total Assets	44,715,775.0	53,942,694.0	81,356,121.0	90,536,775.0	110,935,298.0	135,742,654.0
Liabilities						
Short-term debt (loan)	1,216,678.0	1,721,490.0	2,958,737.0	1,420,186.0	3,801,652.0	3,801,652.0
Trade payables	7,261,433.0	9,056,157.0	7,930,564.0	3,597,994.0	1,736,309.0	3,497,524.0
Financial leases	89,180.0	229,414.0	242,430.0	0	0	0
Other current liabilities	1,513,718.0	1,125,108.0	1,229,447.0	7,710,966.0	4,694,381.0	8,438,313.0
Total Current Liabilities	10,081,009.0	12,132,169.0	12,361,178.0	12,729,146.0	10,232,342.0	15,737,489.0
Long-term debt (loan)	22,925,794.0	30,827,080.0	47,353,209.0	56,241,344.0	78,279,674.0	99,680,499.0
Financial leases	116,580.0	308,953.0	291,957.0	0	0	0
Other long-term liabilities	5,891,597.0	8,751,887.0	18,786,252.0	24,412,051.0	35,451,573.0	45,848,768.0
Total Non-current Liabilities	28,933,971.0	39,887,920.0	66,431,418.0	80,653,395.0	113,731,247.0	145,529,267.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	39,014,980.0	52,020,089.0	78,792,596.0	93,382,541.0	123,963,589.0	161,266,756.0
Retained earnings	1,775,527.0	(2,002,663.0)	(1,361,743.0)	(6,771,034.0)	(21,339,429.0)	(31,357,646.0)
Other Equity	3,925,268.0	3,925,268.0	3,925,268.0	3,925,268.0	8,311,138.0	5,833,544.0
Total Equity	5,700,795.0	1,922,605.0	2,563,525.0	(2,845,766.0)	(13,028,291.0)	(25,524,102.0)
Total Liabilities and Equity	44,715,775.0	53,942,694.0	81,356,121.0	90,536,775.0	110,935,298.0	135,742,654.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	8,075,969.0	8,219,392.0	7,899,581.0	6,726,826.0	8,214,724.0	12,458,256.0
Government Grants Received						
Cost Of Goods Sold (-)	(3,879,058.0)	(4,737,273.0)	(5,787,238.0)	(4,922,521.0)	(6,954,576.0)	(8,788,331.0)
Gross Profit	4,196,911.0	3,482,119.0	2,112,343.0	1,804,305.0	1,260,148.0	3,669,925.0
Other Operating Income	501,683.0	744,345.0	883,649.0	1,101,813.0	1,268,159.0	549,581.0
Other Operating Expenses (- = expense)	(4,880,141.0)	(4,724,957.0)	(2,721,895.0)	(3,178,007.0)	(6,102,009.0)	(6,986,389.0)
Operating Profit (EBIT)	(181,547.0)	(498,493.0)	274,097.0	(271,889.0)	(3,573,702.0)	(2,766,883.0)
Finance Costs (- = expense)	(947,200.0)	(864,411.0)	(1,152,957.0)	(1,412,371.0)	(3,840,162.0)	(6,839,389.0)
Finance Income (- = expense)	8,772.0	5,146.0	7,049.0	7,687.0		
Other Non-operating Net Gain/Loss (- = loss)						
Net Profit Before Tax	(1,119,975.0)	(1,357,758.0)	(871,811.0)	(1,676,573.0)	(7,413,864.0)	(9,606,272.0)
Income Tax Expense (- = expense)	292,780.0	(2,420,432.0)	(3,727,817.0)	(1,486,769.0)	(522,712.0)	(643,295.0)
Gain/Loss from Discontinued Operations (- = loss)						
Net Profit	(827,195.0)	(3,778,190.0)	(4,599,628.0)	(3,163,342.0)	(7,936,576.0)	(10,249,567.0)
Less Dividends (-)						
Retained Earnings for the year	(827,195.0)	(3,778,190.0)	(4,599,628.0)	(3,163,342.0)	(7,936,576.0)	(10,249,567.0)
Operating Profit (EBIT)	(181,547.0)	(498,493.0)	274,097.0	(271,889.0)	(3,573,702.0)	(2,766,883.0)
Add back: Depreciation & Amortization	623,209.0	1,033,971.0	1,498,405.0	1,066,146.0	1,953,389.0	2,980,585.4
EBITDA	441,662.0	535,478.0	1,772,502.0	794,257.0	(1,620,313.0)	213,702.4

15.2.8. Condensed Balance Sheet and Income Statement of BWB

Balance Sheet						
Balance Sheet as of:	2019	2020	2021	2022	2023	2024
Currency	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands
Assets						
Cash and cash equivalents	266,306.4	841,514.1	1,445,718.4	1,348,863.1	832,026.0	9,956,877.0
Trade receivables	4,743,012.5	5,777,186.1	3,166,718.5	5,666,145.9	6,797,794.0	7,274,236.0
Inventory	1,896,577.4	1,281,819.5	697,330.7	732,756.7	2,115,071.0	2,166,657.0
Other current assets	45,420.8	4,132.0	245,622.1	4,357.6	10,403.0	117,144.0
Total Current Assets	6,951,317.0	7,904,651.7	5,555,389.8	7,752,123.2	9,755,294.0	19,514,914.0
Net property, plant and equipment (Fixed Assets)	76,763,509.0	77,361,198.5	73,325,984.1	69,559,098.2	77,026,737.0	76,546,184.0
Other long-term assets						
Total Non-current Assets	76,763,509.0	77,361,198.5	73,325,984.1	69,559,098.2	77,026,737.0	76,546,184.0
Assets Held for Sale						
Total Assets	83,714,826.1	85,265,850.2	78,881,373.9	77,311,221.5	86,782,031.0	96,061,098.0
Liabilities						
Short-term debt (loan)					15,026,326.0	17,586,790.0
Trade payables	8,230,355.1	14,168,736.2	23,557,854.9	28,471,142.4	9,958,954.0	26,467,614.0
Financial leases						
Other current liabilities	9,649,376.8	8,336,477.5	9,203,147.9	11,245,659.5	3,548,993.0	4,255,749.0
Total Current Liabilities	17,879,731.9	22,505,213.8	32,761,002.7	39,716,801.9	28,534,273.0	48,310,153.0
Long-term debt (loan)	31,719,432.3	34,844,499.2	34,804,731.3	33,825,894.0	32,624,841.0	48,575,414.0
Financial leases						
Other long-term liabilities	19,206,042.9	19,832,414.1	18,816,862.8	16,626,899.2	17,922,694.0	25,013,747.0
Total Non-current Liabilities	50,925,475.1	54,676,913.3	53,621,594.1	50,452,793.2	50,547,535.0	73,589,161.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	68,805,207.0	77,182,127.0	86,382,596.8	90,169,595.1	79,081,808.0	121,899,314.0
Retained earnings	(16,823,553.3)	(23,649,447.6)	(39,234,393.7)	(44,591,544.3)	(65,221,111.0)	(98,654,761.0)
Other Equity	31,733,172.3	31,733,170.7	31,733,170.7	31,733,170.7	72,921,334.0	72,816,545.0
Total Equity	14,909,619.1	8,083,723.2	(7,501,222.9)	(12,858,373.6)	7,700,223.0	(25,838,216.0)
Total Liabilities and Equity	83,714,826.1	85,265,850.2	78,881,373.9	77,311,221.5	86,782,031.0	96,061,098.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	15,963,247.9	15,117,033.1	15,677,860.1	14,646,427.1	23,704,485.0	30,160,723.0
Government Grants Received						
Cost Of Goods Sold (-)	(9,054,819.7)	(10,929,148.5)	(12,513,469.4)	(10,379,784.4)	(17,202,872.0)	(18,153,626.0)
Gross Profit	6,908,428.2	4,187,884.5	3,164,390.7	4,266,642.7	6,501,613.0	12,007,097.0
Other Operating Income	1,297,667.9	1,021,514.4	978,718.6	770,960.9	440,346.0	2,500,334.0
Other Operating Expenses (- = expense)	(10,370,126.9)	(14,396,741.0)	(15,856,103.7)	(13,059,011.1)	(26,896,696.0)	(30,396,920.0)
Operating Profit (EBIT)	(2,164,030.8)	(9,187,342.0)	(11,712,994.4)	(8,021,407.6)	(19,954,737.0)	(15,889,489.0)
Finance Costs (- = expense)	(3,314,798.8)	(2,697,237.3)	(4,111,629.1)	(1,188,886.5)	(3,015,143.0)	(3,132,933.0)
Finance Income (- = expense)	18,474.6	17,513.1	28,764.4	30,115.7		
Other Non-operating Net Gain/Loss (- = loss)	1,718,499.7	5,674,871.2	1,234,223.0	361,392.1	12,196,872.0	(18,078,094.0)
Net Profit Before Tax	(3,741,855.3)	(6,192,195.0)	(14,561,636.2)	(8,818,786.3)	(10,773,008.0)	(37,100,516.0)
Income Tax Expense (- = expense)	1,863,842.6	435,373.0	730,446.7	638,807.1	(2,963,302.0)	3,511,489.0
Gain/Loss from Discontinued Operations (- = loss)						
Net Profit	(1,878,012.7)	(5,756,822.0)	(13,831,189.4)	(8,179,979.2)	(13,736,310.0)	(33,589,027.0)
Less Dividends (-)						
Retained Earnings for the year	(1,878,012.7)	(5,756,822.0)	(13,831,189.4)	(8,179,979.2)	(13,736,310.0)	(33,589,027.0)
Operating Profit (EBIT)	(2,164,030.8)	(9,187,342.0)	(11,712,994.4)	(8,021,407.6)	(19,954,737.0)	(15,889,489.0)
Add back: Depreciation & Amortization						
EBITDA	(2,164,030.8)	(9,187,342.0)	(11,712,994.4)	(8,021,407.6)	(19,954,737.0)	(15,889,489.0)

15.2.9. Condensed Balance Sheet and Income Statement of ADMARC

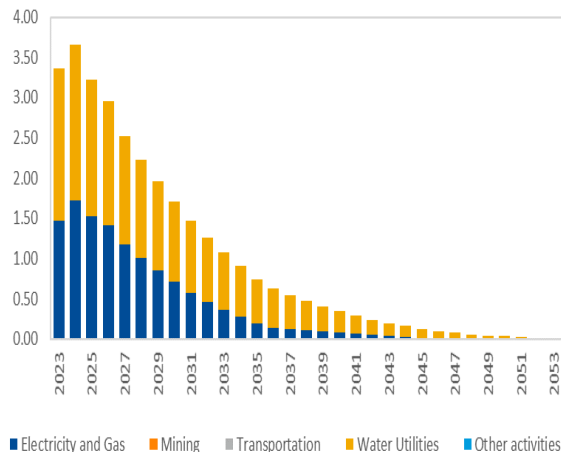
Balance Sheet						
Balance Sheet as of:	2019	2020	2021	2022	2023	2024
Currency	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands
Assets						
Cash and cash equivalents	11,677,192.0	2,133,700.0	2,477,822.0	12,687,811.0	11,908,605.0	5,669,047.0
Trade receivables	10,425,725.0	22,179,448.0	35,325,950.0	43,897,213.0	14,282,110.0	18,097,397.0
Inventory	4,564,474.0	10,981,635.0	15,779,948.0	34,055,072.0	6,650,120.0	2,321,570.0
Other current assets	5,016,174.0		0	0	1,939,807.0	2,512,483.0
Total Current Assets	31,683,565.0	35,294,783.0	53,583,720.0	90,640,096.0	34,780,642.0	28,600,497.0
Net property, plant and equipment (Fixed Assets)	59,053,267.0	58,393,958.0	59,240,777.0	58,881,979.0	61,193,758.0	65,219,935.0
Other long-term assets	7,400,000.0	7,593,000.0	6,277,249.0	6,277,249.0	6,277,249.0	6,277,249.0
Total Non-current Assets	66,453,267.0	65,986,958.0	65,518,026.0	65,159,228.0	67,471,007.0	71,497,184.0
Assets Held for Sale						
Total Assets	98,136,832.0	101,281,741.0	119,101,746.0	155,799,324.0	102,251,649.0	100,097,681.0
Liabilities						
Short-term debt (loan)	18,275,293.0	17,289,577.0	43,993,668.0	67,920,395.0	37,174,272.0	23,579,252.0
Trade payables	21,644,772.0	25,007,192.0	22,568,915.0	33,475,125.0	15,373,577.0	29,870,538.0
Financial leases						
Other current liabilities	7,323,811.0	5,930,915.0	4,037,631.0			
Total Current Liabilities	47,243,876.0	48,227,684.0	70,600,214.0	101,395,520.0	52,547,849.0	53,449,790.0
Long-term debt (loan)	0	0	0			
Financial leases						
Other long-term liabilities	13,984,837.0	17,908,212.0	12,981,780.0	12,981,781.0	11,352,637.0	12,643,781.0
Total Non-current Liabilities	13,984,837.0	17,908,212.0	12,981,780.0	12,981,781.0	11,352,637.0	12,643,781.0
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	61,228,713.0	66,135,896.0	83,581,994.0	114,377,301.0	63,900,486.0	66,093,571.0
Retained earnings	(13,055,996.0)	(14,881,574.0)	(15,893,311.0)	(30,005,030.0)	(35,171,583.0)	(39,518,636.0)
Other Equity	49,964,115.0	50,027,419.0	51,413,063.0	71,427,053.0	73,522,746.0	73,522,746.0
Total Equity	36,908,119.0	35,145,845.0	35,519,752.0	41,422,023.0	38,351,163.0	34,004,110.0
Total Liabilities and Equity	98,136,832.0	101,281,741.0	119,101,746.0	155,799,324.0	102,251,649.0	100,097,681.0
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	16,937,403.0	13,165,648.0	8,635,389.0	6,592,134.0	45,297,591.0	20,610,223.0
Government Grants Received		169,870.0				
Cost Of Goods Sold (-)	(15,168,605.0)	(15,079,704.0)	(12,349,487.0)	(5,265,624.0)	(29,004,912.0)	(7,921,265.0)
Gross Profit	1,768,798.0	(1,744,186.0)	(3,714,098.0)	1,326,510.0	16,292,679.0	12,688,958.0
Other Operating Income	14,457,114.0	19,863,683.0	18,376,457.0	6,732,089.0	7,151,360.0	8,077,562.0
Other Operating Expenses (- = expense)	(8,002,162.0)	(17,813,616.0)	(13,096,189.0)	(12,523,184.0)	(15,899,215.0)	(26,487,020.0)
Operating Profit (EBIT)	8,223,750.0	305,881.0	1,566,170.0	(4,464,585.0)	7,544,824.0	(5,720,500.0)
Finance Costs (- = expense)	(4,153,085.0)	(2,324,459.0)	(6,018,770.0)	(9,125,210.0)	(13,233,013.0)	
Finance Income (- = expense)	583,503.0	193,000.0				
Other Non-operating Net Gain/Loss (- = loss)						
Net Profit Before Tax	4,654,168.0	(1,825,578.0)	(4,452,600.0)	(13,589,795.0)	(5,688,189.0)	(5,720,500.0)
Income Tax Expense (- = expense)	(2,657,085.0)	63,304.0	4,756,565.0			
Gain/Loss from Discontinued Operations (- = loss)						
Net Profit	1,997,083.0	(1,762,274.0)	303,965.0	(13,589,795.0)	(5,688,189.0)	(5,720,500.0)
Less Dividends (-)						
Retained Earnings for the year	1,997,083.0	(1,762,274.0)	303,965.0	(13,589,795.0)	(5,688,189.0)	(5,720,500.0)
Operating Profit (EBIT)	8,223,750.0	305,881.0	1,566,170.0	(4,464,585.0)	7,544,824.0	(5,720,500.0)
Add back: Depreciation & Amortization	326,499.0	760,862.0	1,056,995.0	420,910.0	1,438,970.0	
EBITDA	8,550,249.0	1,066,743.0	2,623,165.0	(4,043,675.0)	8,983,794.0	(5,720,500.0)

15.2.10. Condensed Balance Sheet and Income Statement of UHL

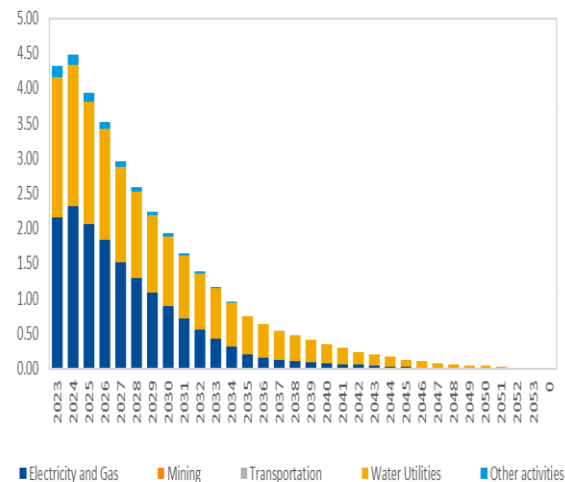
Balance Sheet						
Balance Sheet as of:	2019	2020	2021	2022	2023	2024
Currency	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands	MWK Thousands
Assets						
Cash and cash equivalents	257,260.1	448,636.8	354,803.3	626,545.6	1,295,710.4	363,009.4
Trade receivables	1,718,285.1	1,138,932.8	764,638.1	1,386,784.8	574,115.9	2,641,464.1
Inventory	208,427.6	213,205.9	218,652.7	233,665.9	336,067.6	509,295.2
Other current assets	736,742.7	903,850.8	1,051,818.5	1,297,698.5	833,481.5	470,929.4
Total Current Assets	2,920,715.5	2,704,626.3	2,389,912.6	3,544,694.8	3,039,375.3	3,984,698.1
Net property, plant and equipment (Fixed Assets)	13,653,319.8	13,303,821.2	12,993,864.7	12,847,973.4	29,008,600.9	30,031,034.8
Other long-term assets					29,311.1	25,994.8
Total Non-current Assets	13,653,319.8	13,303,821.2	12,993,864.7	12,847,973.4	29,037,912.1	30,057,029.6
Assets Held for Sale						
Total Assets	16,574,035.3	16,008,447.5	15,383,777.3	16,392,668.1	32,077,287.3	34,041,727.7
Liabilities						
Short-term debt (loan)	252,734.8	70,762.2	26.9	0	2,418,313.9	635,273.8
Trade payables	3,186,693.3	3,622,515.8	3,249,744.2	3,300,295.7	560,898.9	3,895,658.9
Financial leases						
Other current liabilities					2,015,820.6	397,210.4
Total Current Liabilities	3,439,428.0	3,693,278.0	3,249,771.2	3,300,295.7	4,995,033.4	4,928,143.1
Long-term debt (loan)	2,541,611.9	2,452,758.1	3,002,514.1	3,547,192.6		0
Financial leases	0	0	0	0		0
Other long-term liabilities	0	0	0	0	8,468,825.1	8,607,491.7
Total Non-current Liabilities	2,541,611.9	2,452,758.1	3,002,514.1	3,547,192.6	8,468,825.1	8,607,491.7
Liabilities Directly Associated with Assets Held for Sale						
Total Liabilities	5,981,039.9	6,146,036.1	6,252,285.2	6,847,488.3	13,463,858.5	13,535,634.8
Retained earnings	(5,276,256.9)	(6,006,840.9)	(6,737,760.3)	(6,324,072.5)	(8,413,230.8)	(6,433,978.4)
Other Equity	15,869,252.3	15,869,252.3	15,869,252.3	15,869,252.3	27,026,659.6	26,940,071.3
Total Equity	10,592,995.4	9,862,411.4	9,131,492.0	9,545,179.8	18,613,428.8	20,506,092.9
Total Liabilities and Equity	16,574,035.3	16,008,447.5	15,383,777.3	16,392,668.1	32,077,287.3	34,041,727.7
Consistency Check:						
Assets = Liabilities + Equity	Pass	Pass	Pass	Pass	Pass	Pass
Income Statement						
Revenue from Trading Activities	5,110,861.5	3,990,260.7	2,873,009.5	4,023,480.5	8,606,755.1	12,462,127.5
Government Grants Received	0	0	0	0		
Cost Of Goods Sold (-)	(2,187,983.9)	(1,851,397.5)	(1,419,180.9)	(1,376,093.7)	(3,123,121.5)	(4,483,013.4)
Gross Profit	2,922,877.6	2,138,863.2	1,453,828.6	2,647,386.8	5,483,633.6	7,979,114.1
Other Operating Income	0	0	0	0	9,720.5	0
Other Operating Expenses (- = expense)	(2,978,754.4)	(2,433,819.7)	(1,555,913.5)	(1,626,728.2)	(3,391,685.5)	(5,057,231.3)
Operating Profit (EBIT)	(55,876.8)	(294,956.5)	(102,084.9)	1,020,658.6	2,101,668.7	2,921,882.8
Finance Costs (- = expense)	(314,944.4)	(436,174.6)	(629,350.9)	(612,212.6)	(821,121.3)	(471,959.9)
Finance Income (- = expense)	28,658.8	547.1	516.4	5,241.7	317,373.5	197,907.7
Other Non-operating Net Gain/Loss (- = loss)	0	0	0	0		0
Net Profit Before Tax	(342,162.4)	(730,584.0)	(730,919.4)	413,687.7	1,597,920.9	2,647,830.6
Income Tax Expense (- = expense)				(61,742.2)	(209,478.8)	(781,142.9)
Gain/Loss from Discontinued Operations (- = loss)						
Net Profit	(342,162.4)	(730,584.0)	(730,919.4)	351,945.5	1,388,442.1	1,866,687.7
Less Dividends (-)						
Retained Earnings for the year	(342,162.4)	(730,584.0)	(730,919.4)	351,945.5	1,388,442.1	1,866,687.7
Operating Profit (EBIT)	(55,876.8)	(294,956.5)	(102,084.9)	1,020,658.6	2,101,668.7	2,921,882.8
Add back: Depreciation & Amortization	568,053.0	376,274.9	329,331.9	229,689.4	359,955.0	561,648.2
EBITDA	512,176.3	81,318.4	227,247.1	1,250,348.0	2,461,623.7	3,483,531.0

16. **Annex 3: Exposure from Loans and Guarantees**

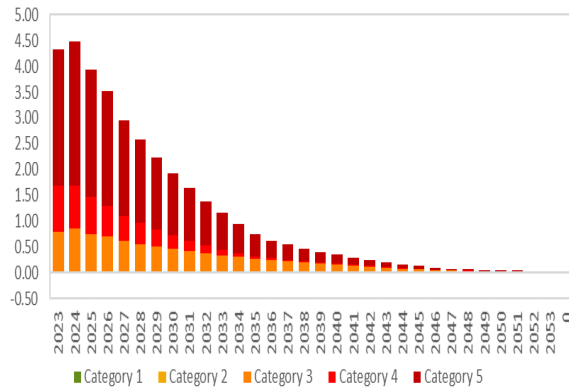
Face Value of Loans by Sector
(Percent of GDP)



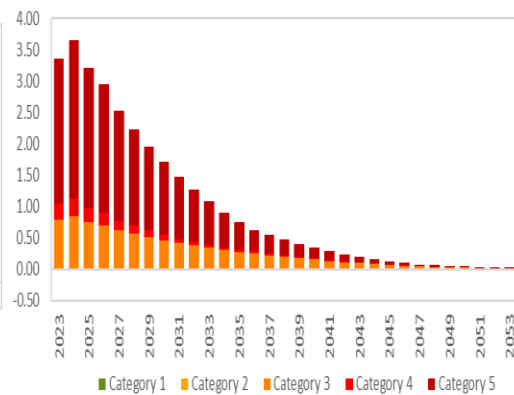
Face Value of Debt by Sector
(Percent of GDP)



Face Value of Debt by Risk Rating
(Percent of GDP)



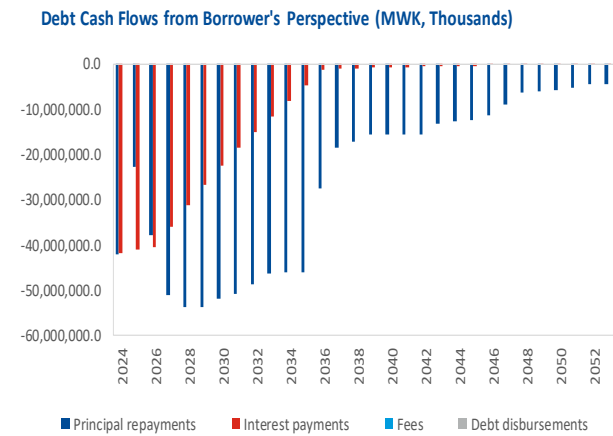
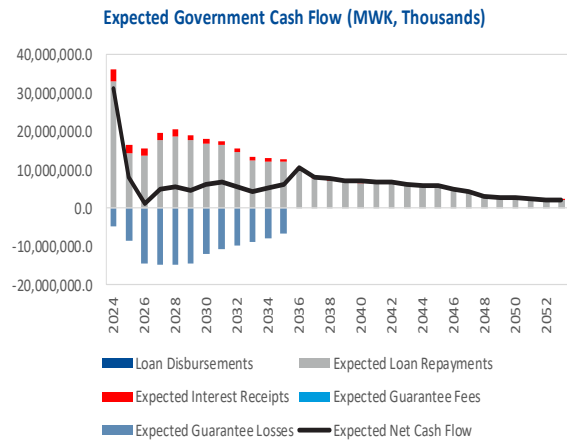
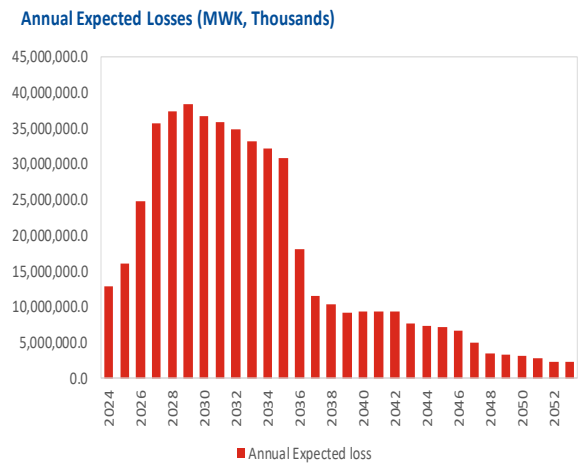
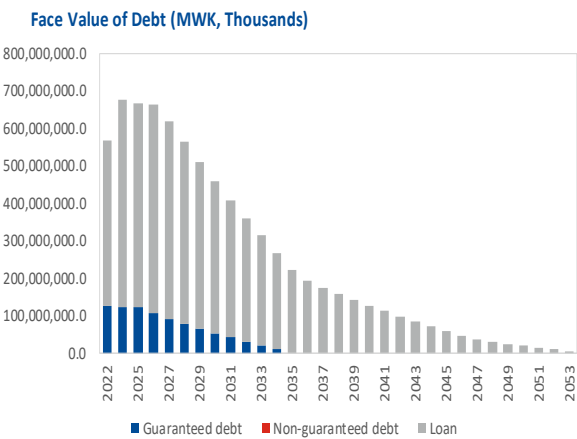
Face Value of Loans by Risk Rating
(Percent of GDP)



17. **Annex 4: Total Guarantees and Loan Portfolio Summary**

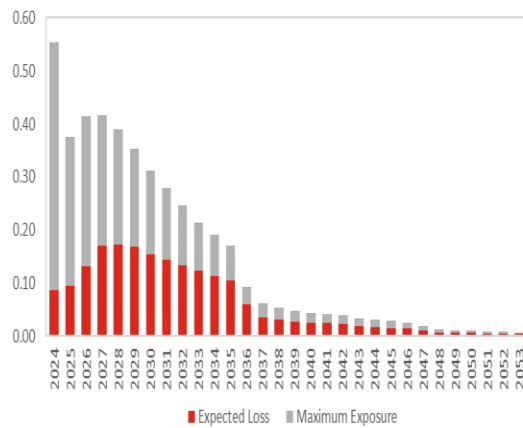
Units in which data is presented:

MWK

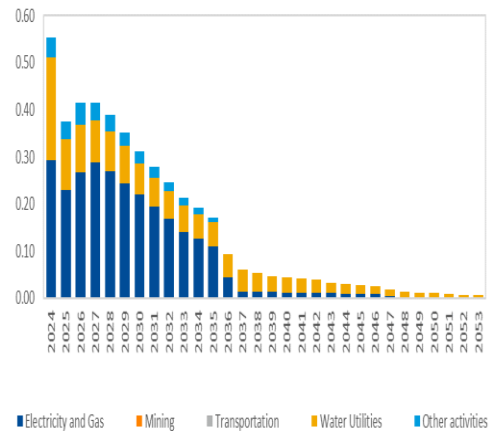


18 Annex 5: Annual Expected losses

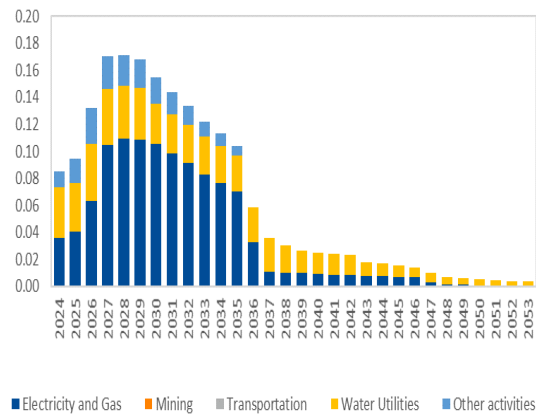
Expected Losses & Exposure
(Percent of GDP)



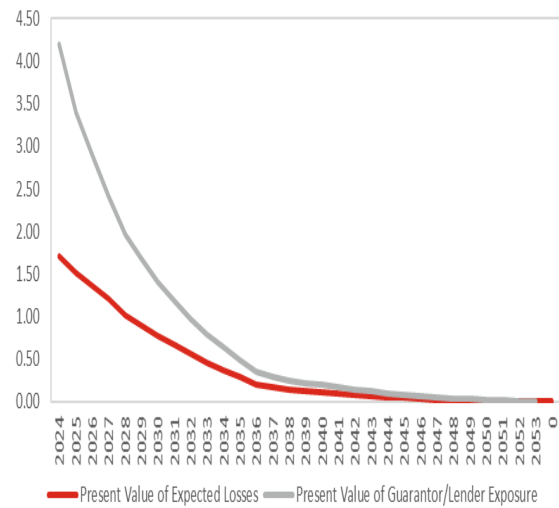
Annual Exposure by Sector
(Percent of GDP)



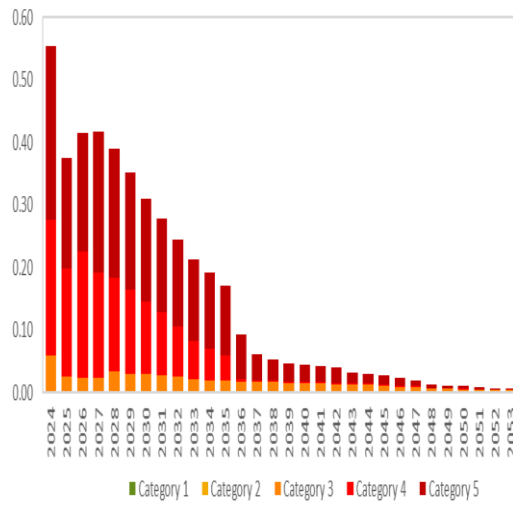
Annual Expected Losses by Sector
(Percent of GDP)



Present Value of Expected Losses & Exposure
(Percent of GDP)



Annual Exposure by Risk Rating
(Percent of GDP)



Present Value of Exposure by Risk Rating
(Percent of GDP)

