

Malawi Annual Economic Report

2025

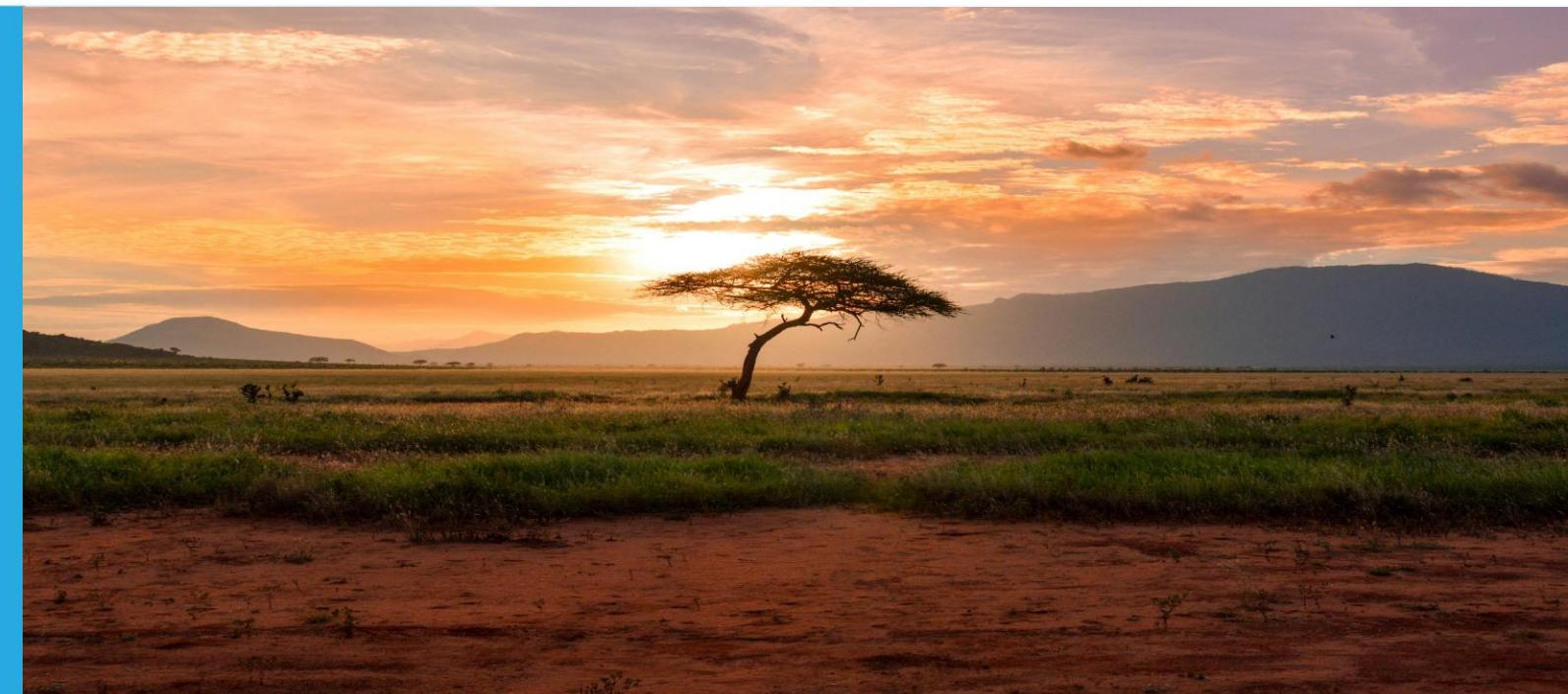


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Inflation

The annual average headline year-on-year inflation rate for 2025 is 28.4%. This is a decrease from an annual average headline inflation rate of 32.2% in 2024. The decline in the headline inflation rate was due to decreases in both food and non-food inflation rates. The annual average food inflation rate was 33.2% in 2025, down from 40.2% in 2024. Similarly, the average non-food inflation in 2025 was 20.7%, down from 21.2% in 2024. Food accounts for 53.7% of the total headline inflation.

Projections from various published sources show that average inflation for 2026 will range between 15.8% to 32.5% (median of 25.4%). The Economist Intelligence Unit (EIU) expects inflation to remain high in 2026, at an average of 29%. Oxford Economics forecasts inflation to average 32.5% in 2026 due to price growth fueled by currency depreciation. Furthermore, the World Bank projects 2026 average annual inflation at 25.6%, the IMF at 24.1%, and the African Development Bank (AfDB) at 15.8%.

Foreign Currency Market and Reserves

The Reserve Bank of Malawi (RBM) announced the commencement of the Foreign Exchange (Repatriation of Export Proceeds) Directive, 2025, effective 1 August 2025. Under this directive, exporters must repatriate export proceeds within 120 days of export. The RBM also issued a public notice warning against the rising cases of illegal foreign currency transactions in the country.

As of 30 November 2025, the country's total foreign exchange reserves remained relatively stable at USD530.00 million from USD530.90 million as of 31 December 2024. The import cover has remained at 2.1 months as of November 2025, unchanged from December 2024.

In 2025, the annual average USD exchange rate was MK1,750.15/USD in 2025 compared to MK1,741.11/USD in 2024. According to a policy note released by the World Bank in collaboration with AfDB and the United Nations (UN) in December 2025, accessing foreign exchange in Malawi is difficult even on the parallel market, where the rates exceed the official rate by about 150%.

The RBM reassured the public that there are no plans to devalue the kwacha, citing growing goodwill from development partners and an observed increase in foreign exchange inflows.

Stock Market

The stock market was bullish over the year, with the MASI increasing by 247.63% to 598,062.80 points as of 31 December 2025 from 172,039.93 points as of 31 December 2024. The year-on-year return of 247.63% is higher than the 55.06% as of 31 December 2024.

There were share price gains for all counters listed on the Malawi Stock Exchange except for ICON. Regarding market price movements, NITL shares had the highest price gain, to MK3,938.51 per share as of 31 December 2025 from MK440.00 per share as of 31 December 2024. This represents a 795.1% year-on-year increase in the share price.

A total of MK344.90 billion in shares was traded in 2025, a 176.7% increase from MK124.67 billion in 2024. In 2025, NBS had the highest value of shares traded at MK97.9 billion. In 2025, the total number of trades increased to 44,814 from 14,471 the previous year, an increase of 209.7%.

Stock Market (continued)

Standard Bank Malawi Plc executed a share split on the Malawi Stock Exchange (MSE), subdividing each ordinary share of the Company into five ordinary shares, and hence changing its share price to MK2,140 from MK12,050 at the time of the split.

FDH Bank Plc completed the acquisition of Ecobank Mozambique SA. Following the completion, FDH Bank Plc assumed ownership of 98.87% of Ecobank Mozambique SA, while the remaining minority stake of 1.13% will continue to be held by Fundo Para O Fomento De Habitação (FFH), a housing development fund in the Republic of Mozambique.

TNM shareholders approved an issue for cash to raise MK30 billion through the issuance of 1,500,750,375 ordinary shares to institutional investors, namely Press Corporation plc, Old Mutual Life Assurance Company Malawi Limited, and NICO Life Insurance Malawi Limited.

Government Securities

The government awarded a total of MK5.32 trillion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in 2025, an increase of 64% from MK3.25 trillion awarded through TBs and TNs auctions in 2024. The rise in government borrowing has been driven by rising fiscal deficits, financed through domestic borrowing. The closing average TB and TN yields remained unchanged at 20.67% and 31.95%, respectively, from 31 December 2024.

Fiscal Policy

The 2025/26 Approved National budget was developed under the theme "Consolidating gains, strengthening resilience and inclusivity for accelerated socio-economic transformation".

The 2025/26 Malawi National Budget was initially approved at MK8.08 trillion, about 35% higher than the 2024/25 budget. Following a mid-year review in November 2025, the budget was revised upward to MK8.59 trillion to address increased spending pressures, including wages, debt interest, essential goods and services, social programmes, elections, and education-related costs.

Administration change: Professor Arthur Peter Mutharika of the Democratic Progressive Party (DPP) was sworn in as Malawi's seventh president following his victory in the presidential race in the September 2025 General Elections.

Government spending: In November 2025, the Malawian government introduced 12 austerity measures to reduce public spending. These include cutting fuel allowances for top officials by 30%, freezing purchases of vehicles and other expensive assets, limiting foreign trips and delegation sizes, and encouraging virtual meetings to lower travel expenses. Embassy staff will also be reduced to no more than five officials per mission.

Debt Status: As of September 2025, Malawi's public debt exceeded MK21.6 trillion, equivalent to 86% of GDP. To this end, the government has made debt management a key priority and is implementing a combination of measures and strategies to stabilise the debt trajectory. These include continuing debt restructuring negotiations, pursuing fiscal consolidation, utilizing concessional borrowing and enhancing oversight of state-owned enterprise operations.

Fiscal Policy (continued)

The IMF's Extended Credit Facility (ECF): In May 2025, the IMF program was terminated due to implementation challenges resulting in the suspension of further disbursements from the program's USD 175 million financing package.

Aid: In 2025, a 90-day freeze and reduction of U.S. foreign aid under the Trump administration sharply cut USAID support to Malawi, disrupting healthcare, agriculture, and education programs and causing immediate social and economic shocks. Additionally, the Millennium Challenge Corporation (MCC), launched in May 2024, ceased operations in April 2025, effectively cancelling the USD350 million (MK612.8 billion) transport and land compact under Millennium Challenge Account Malawi II (MCA Malawi II).

In October 2025, the Saudi Fund for Development signed a grant agreement with the Government of Malawi for USD15 million. Similarly, in December 2025, the government of Malawi secured a USD15 million grant from the Kuwait Fund to support infrastructure development and economic recovery efforts.

Monetary Policy

In 2025, the Monetary Policy Committee (MPC) made no changes to its monetary policy stance, maintaining the policy rate at 26.0%, the Lombard Rate at 20 basis points above the policy rate, and the Liquidity Reserve Requirement (LRR) ratios at 10.0% for domestic currency deposits and 3.75% for foreign currency deposits.

Tobacco Sales

According to Auction Holdings Limited (AHL), the sale of tobacco in the 2025 season generated USD542.3 million, 37% higher than the USD396.9 million revenue generated in the 2024 season.. A cumulative volume of 221.3 million kgs of tobacco was sold during the 2025 market season. This was a 66% increase from 133.4 million kgs sold in 2024.. The 2025 cumulative volume was sold at a seasonal average price of USD2.45 per kg, representing an 18% decrease from USD2.98 per kg in 2024.

Local Maize Prices

As of December 2025, maize prices increased by 10.8% to MK1,178/Kg (MK58,900 for a 50kg bag), from MK1,063/Kg (MK53,150 for a 50kg bag) in December 2024. The International Food Policy Research Institute (IFPRI) monthly maize market reports in 2025 showed that maize prices were highest in the Southern region, followed by the Central region, whilst the Northern region had the lowest prices.

Global Oil Prices

Year-on-year, the OPEC Reference Basket (ORB) price decreased by 15.5% to close at an average of USD61.78/b in December 2025, from USD73.07/b in 2024. The annual average price decreased by 13% to USD69.59/b in 2025 from USD79.86/b in 2024.

Local Fuel Prices

The price of petrol increased by 38% from MK2,530/litre in 2024 to MK3,499/litre in 2025, while the price

Local Fuel prices (continued)

of diesel increased by 28% from MK2,734/litre in 2024 to MK3,500/litre in 2025.

Economic Growth

The MPC, in its final 2025 meeting held in October, noted that the domestic economy is projected to grow by 2.8% in 2025 from 1.7% in 2024.

As of December, the RBM projected Malawi's 2025 GDP at 2.7%, down from the previous 2.8% September 2025 projection, due to persistent foreign exchange shortages, power outages, fuel supply disruptions, a high inflationary environment, and the withdrawal of USAID-funded projects. The AfDB, World Bank, IMF, EIU, and Oxford Economics project real GDP growth for 2025 in the range of 1.6% to 3.0%.

For 2026, real GDP growth forecasts for Malawi from various published sources range from 2.0% to 3.8% (median: 2.7%). The RBM expects the GDP to strengthen and grow by 3.8% in 2026. The optimism is anchored in prospects of improved growth in key sectors such as agriculture, mining, tourism, and manufacturing.

According to the World Bank, real GDP growth in 2026 is expected to be 2.6%, driven primarily by the services sector. Oxford Economics forecasts real GDP growth of 3.5% in 2026, driven by a currency devaluation that is expected to give exports a slight boost, providing the economy with much-needed respite. The EIU expects real GDP growth of 2.0% in 2026, up from an estimated 1.6% in 2025, while the African Development Bank and the IMF project real GDP growth of 3.8% and 2.7%, respectively.

Notable Developments during the year

Agriculture: Malawi undertook several major initiatives to address agriculture, food security, and economic resilience. In June, it signed a USD50 million deal with a Chinese firm to establish a large agro-industrial park in Salima to modernize farming, attract investment, create jobs, and boost exports. In October, Malawi agreed to import 200,000 MT of maize from Zambia to ease food shortages, with deliveries beginning in December. In November, the President declared a nationwide State of Disaster as about four million people faced probable food insecurity, enabling greater mobilization of assistance. The government also launched a MK209.4 billion lean-season food insecurity response programme and promoted irrigation farming to adapt to climate change and reduce hunger.

Tourism: The Government revoked visa-free access to Malawi, effective 21 November 2025 and stated that visa application fees will apply on a reciprocal basis.

Trade: In May 2025, Malawi launched the National Single Window, a digital platform that streamlines import and export licensing by reducing approval times from 14 days to under 3 days. The system enables real-time permit applications and approvals, reduces bureaucratic delays and non-tariff barriers, lowers business costs, and improves transparency and security through QR-code permit verification at borders.

Mining: The Kayelekera mine, previously suspended in February 2014 due to low global prices, was recommissioned in 2025. The mine is currently being run by Lotus Resources Limited.

Notable developments during the year

Mining (continued): In March 2025, Lotus Resources signed a binding uranium offtake agreement with a large North American power utility for the sale of 600,000 pounds (lbs) of Kayelekera uranium from 2026 to 2029. A separate agreement with Curzon secures an additional 700,000 lbs of uranium, with the potential for up to 1 million lbs by 2032. Lotus now has sales arrangements for up to 3.2 million lbs of uranium to be produced from Kayelekera.

Lindian Resources plans to start mining and plant construction at the Kangankunde Rare Earth Project in early 2026, aiming for first concentrate production by late 2026. The project will ramp up production from 15,000 to 50,000 tonnes per year, generating USD114 million annually over 40 years, with the Malawi government earning USD5.56 million in royalties plus taxes and levies

Fortuna Metals reported high-grade rutile at its Mkanda Project in Mchinji, with four drill holes exceeding 1% rutile, and rutile accounting for about 80% of the minerals. The results, near the Kasiya deposit, indicate strong discovery potential, though officials say further exploration is needed to confirm deposit size.

Manufacturing: Bakhresa Malawi Limited launched a USD100 million (MK175 billion) cooking oil refinery and solvent extraction plant in Blantyre on 17 July 2025, creating 500 direct jobs and thousands more indirectly. The plant aims to boost local agro-processing and reduce dependence on imported cooking oil.

In December 2025, Portland Cement Limited and China's Huaxin Group launched a USD100 million (MK175 billion) cement plant in Balaka, producing 800,000 tonnes annually. The project will create 500 direct and 2,000 indirect jobs, contribute MK35 billion in taxes and MK1 billion in mining royalties, save USD30 million on clinker imports, and generate USD15 million in annual exports.

Energy: In August 2025, the financing agreement between Malawi and the International Development Association (IDA) for the 358.5 megawatts (MW) Mpatamanga Hydropower Storage project officially took effect. The agreement followed the World Bank's approval of a USD350 million grant from IDA in May 2025. Once completed, the facility is expected to add 1,544 gigawatt-hours (GWh) of clean energy annually, powering over one million new households.

Opportunities in Malawi

Agriculture: In August 2025, Malawi and South Sudan agreed to revive a USD295 million annual agricultural commodity export deal, and South Sudan issued a commitment letter outlining demand for maize flour, rice, beans, groundnuts, cooking oil, and other crops. The Malawi Investment and Trade Centre (MITC) is urging farmers, cooperatives, and traders to prepare, promising transparent supply calls and strict quality assurance measures backed by the Malawi Bureau of Standards and independent labs.

Oxford Economics notes that pivoting to new agricultural outputs, such as soybeans, tea, and cannabis, for international markets could enhance economic growth. Additionally, promising developments in the industrial sector could also lead to the much-needed diversification away from agriculture.

Trade: In Oxford Economics' view, the African Continental Free Trade Area initiative will unify African economies into a single market for goods and services, opening new trade channels and creating opportunities for Malawi to foster stronger trade relations with neighbouring countries.

Opportunities in Malawi (continued)

Mining: The World Bank highlights that the global shift toward renewable energy and electrification is increasingly mineral-intensive. By developing its mining sector, Malawi can attract foreign investment, create jobs, and stimulate economic growth while positioning itself as a crucial player in the green energy supply chain. Under the World Bank's baseline scenario, the mining sector grows gradually from 2026 to 2033, then rapidly starting in 2034 as all seven projects come online and reach full capacity. Between 2026 and 2040, the mining sector could generate USD 30 billion in exports, with annual exports reaching USD3 billion by 2034 and remaining broadly stable over the life of the mines. Under the best-case scenario, mining exports would total USD43 billion over 2025 – 2040, 43% above the baseline.

Lindian Resources Limited, owner of the Kangankunde Rare Earth Project, plans to begin mining and plant construction in early 2026, targeting first concentrate production by late 2026. The company is progressing with non-processing infrastructure, including access roads, support facilities, and metallurgical drilling. A feasibility study projects the mine will generate USD114 million annually over 40 years, with production ramping up from 15,000 to 50,000 metric tonnes per year. The Malawi government is expected to earn USD5.56 million in royalties annually, in addition to income tax and other levies.

Risks

The Malawian economy continues to face several significant risks, including, but not limited to, public debt, weather-related shocks, inflation, reliance on aid, delays in debt restructuring, and currency depreciation. These risk factors may constrain the country's growth potential and exacerbate poverty.

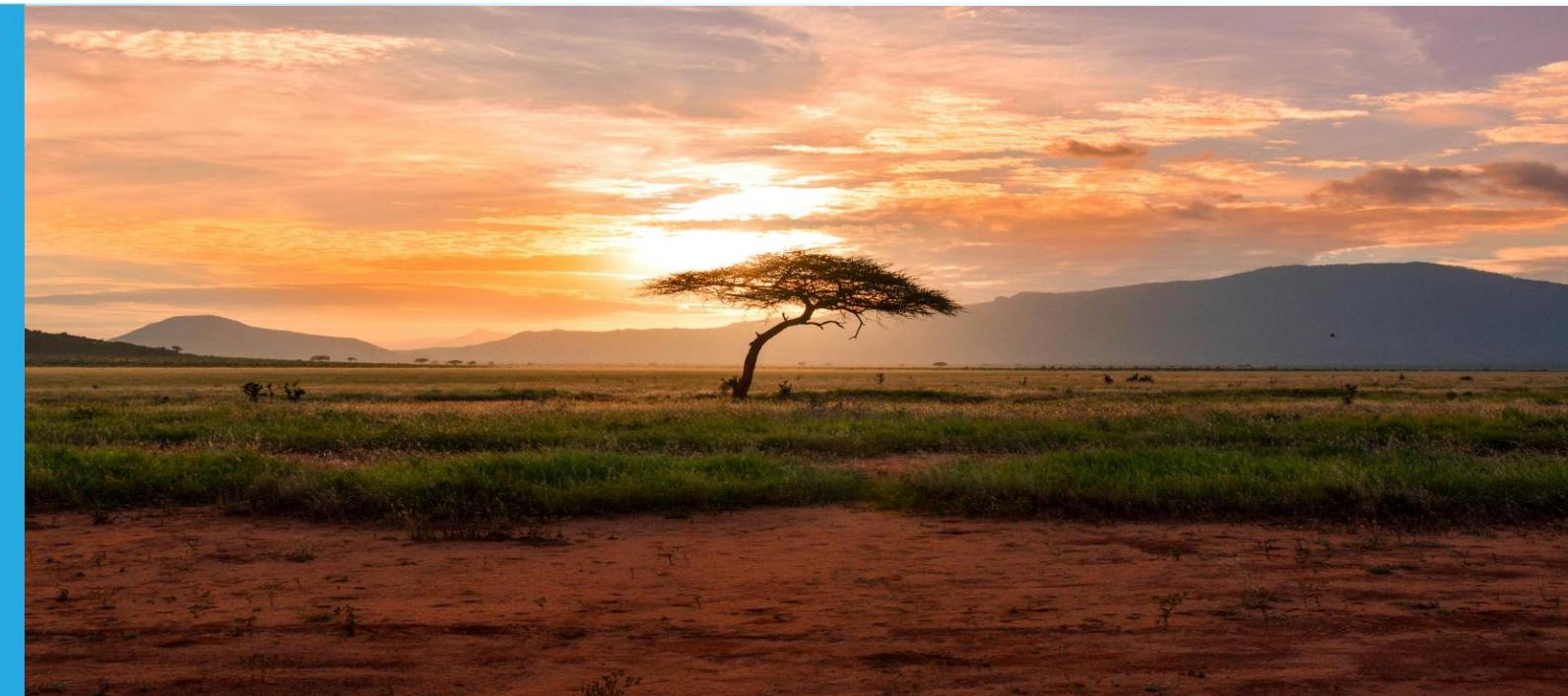
According to a working paper from the Mwapata Institute, stronger storms are increasingly lasting long enough to affect Malawi, and data from the United States National Oceanic and Atmospheric Administration indicate that more extreme tropical weather is likely in the future. Given that Malawi is an agriculture-based economy and that its agricultural production is predominantly rain-fed, weather-related shocks have already had a severe impact on economic performance. The prospect of more frequent and intense extreme weather events therefore represents a significant macroeconomic risk, threatening agricultural output, rural livelihoods and overall economic stability.

According to the EIU, Malawi's fiscal pressures will remain acute in FY2025/26, driven by high spending needs stemming from food insecurity, elevated living costs, and heavy debt obligations. Interest payments on domestic and external debt are projected at MK2.2 trillion, while the wage bill rises to MK1.5 trillion – together consuming 46% of total expenditure and 80% of expected revenue.

Following the termination of the USD175 million ECF program in May, the IMF cited weak fiscal discipline, low revenue collection, and delays in external debt restructuring as key challenges undermining macroeconomic stability. Its Article IV mission highlighted sluggish 2024 growth (1.8%), persistent inflation, forex shortages, and a widening current account deficit (22% of GDP).

The government's need to restructure the large and growing domestic debt presents a delicate and immediate risk. With domestic debt accounting for about 65% of total public debt, a poorly managed restructuring could destabilise the local financial system. Local commercial banks, pension funds, and insurance companies hold a significant portion of this debt. Aggressive changes to repayment terms could weaken these institutions' balance sheets, undermine investor confidence and affect savings.

Economic Overview





Economic overview

Inflation (Source: NSO, World Bank, IMF, EIU, MPC, Oxford Economics)

The annual average headline inflation rate decreased to 28.4% in 2025 from 32.2% in 2024, driven by declines in both food and non-food inflation rates. The annual average food inflation was 33.2% in 2025, down from 40.2% in 2024, and the annual average non-food inflation was 20.7% in 2025, down from 21.2% in 2024.

The 2026 inflation rate projections from various published sources range from 15.8% to 32.5% (median: 25.4%).

Malawi's domestic economy continues to face shortages of food, foreign exchange, and fuel, which have exerted pressure on prices. As a result, inflation rose sharply from about 9.4% in 2019 to an annual average of 32.2% in 2024, significantly eroding purchasing power and increasing the cost of doing business.

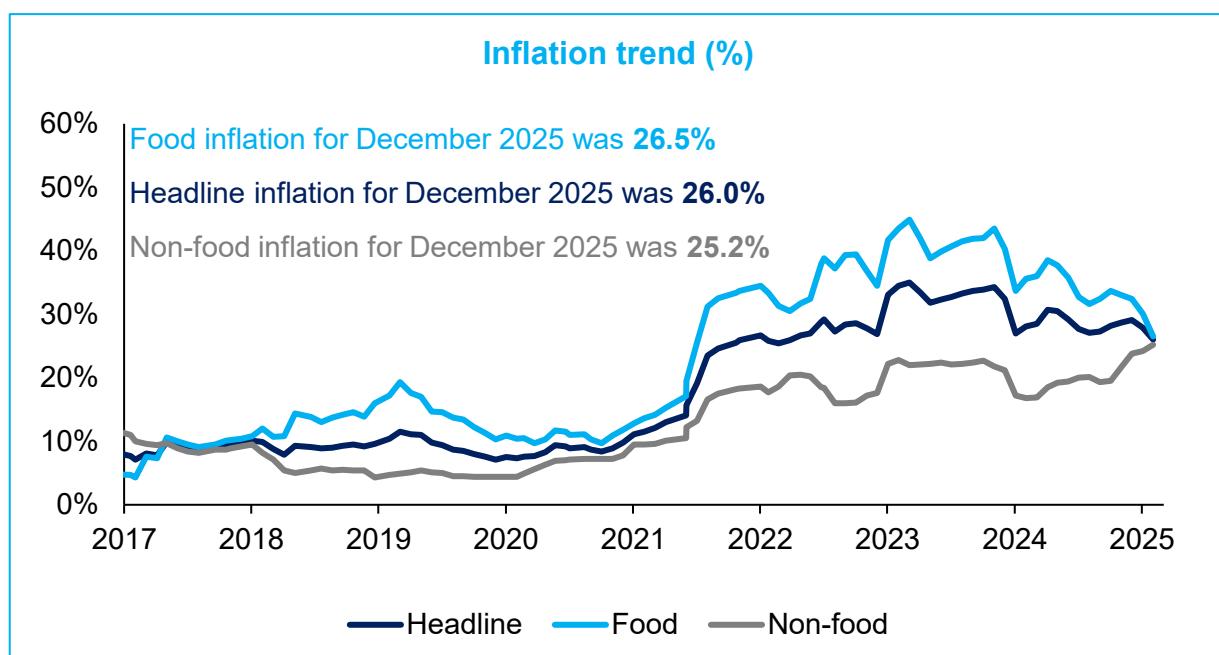
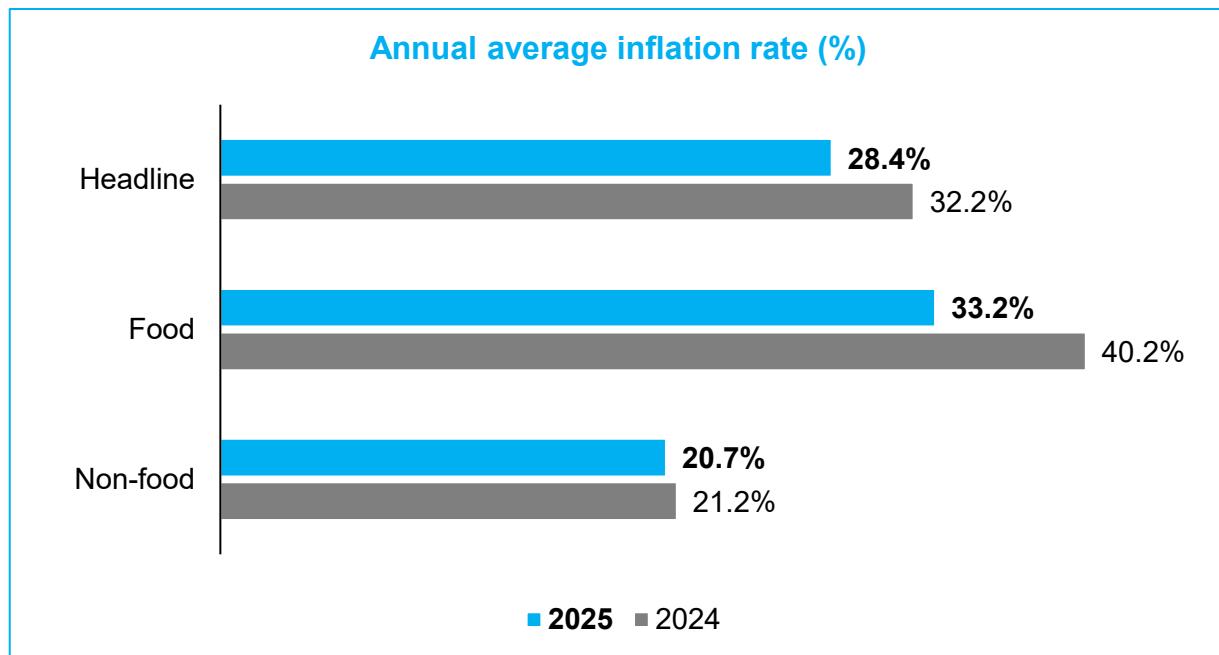
The annual average headline year-on-year inflation rate for 2025 is 28.4%. This is a decrease from an annual average headline inflation rate of 32.2% in 2024. The decline in headline inflation rate was due to decreases in both food and non-food inflation rates. The annual average food inflation rate was 33.2% in 2025, down from 40.2% in 2024.

Similarly, the average non-food inflation rate in 2025 was 20.7%, down from 21.2% in 2024. Food accounts for 53.7% of the total headline inflation rate, followed by housing, water, and electricity at 23.7%. Other components, including transportation, communication, health, and education, each contribute less than 5%.

Month-on-month, the headline inflation rate decreased to 26.0% in December 2025 from 27.9% in November 2025. This represents a decrease of 1.9 percentage points. The decrease was due to a decline in food inflation, which offset the increase in non-food inflation. Food inflation decreased to 26.5% in December 2025 from 30.1% in November 2025, while non-food inflation rate increased to 25.2% in December 2025 from 24.2% in November 2025.

In 2025, the RBM projected annual inflation rate to average 28.5%, the IMF projected an annual average of 28.2%, while the EIU projected 28.8%. Oxford Economics, the World Bank, and the African Development Bank projected annual average inflation rate of 28.8%, 29.5%, and 23.8% for 2025, respectively.

The EIU expects that, with little prospect of a new IMF programme in the medium term, the RBM will continue to engage in deficit monetisation, and that inflation rate will remain high in 2026, at an average of 29%, despite an expected dip in food and energy prices. Oxford Economics forecasts inflation rate to average 32.5% in 2026 due to price growth fueled by currency depreciation. Further, the World Bank projects 2026 annual average inflation rate at 25.6%, the IMF at 24.1%, and the African Development Bank at 15.8%.





Economic overview (continued)

Foreign currency market and foreign reserve position (Source: RBM, Various Media)

The Malawi Kwacha remained stable against the United States Dollar in 2025.

Year-on-year, the Malawi Kwacha has depreciated against the Euro by 12.7%, the British Pound by 7.4% and the South African Rand by 12.2%.

The low foreign exchange reserves have hindered the importation of critical resources such as food, fuel and raw materials.

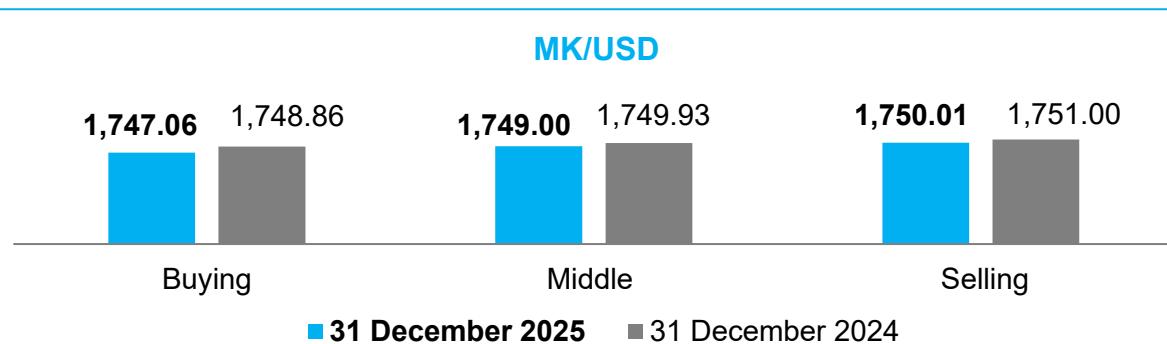
Foreign Currency Market

As at 31 December 2025, based on the middle rates, the Kwacha had remained stable against the USD, closing the year at MK1,749.00/USD from MK1,749.93/USD as of 31 December 2024. Year-on-year, the Kwacha depreciated against the Euro by 12.7%, the British Pound by 7.4% and the South African Rand by 12.2%. In 2025, the annual average USD exchange rate was MK1,750.15/USD in 2025 compared to MK1,741.11/USD in 2024.

According to a policy note released by the World Bank in collaboration with AfDB and the United Nations (UN) in December 2025, accessing foreign exchange is difficult even on the parallel market rate where the rates exceed the official rate by 150%.

The Reserve Bank of Malawi (RBM) announced the commencement of the Foreign Exchange (Repatriation of Export Proceeds) Directive, 2025, effective 1 August 2025. Under this directive, exporters must repatriate export proceeds within 120 days of export. The RBM also issued a public notice warning against the rising cases of illegal foreign currency transactions in the country. The Bank reminded the public that only authorized dealers are permitted to buy or sell foreign currency and that informal market dealings and online foreign exchange platforms, including those targeting the diaspora, are illegal.

The Reserve Bank of Malawi (RBM) reassured the public that there are no plans to devalue the kwacha, citing growing goodwill from development partners and an observed increase in foreign exchange inflows, which the RBM projects to continue into the foreseeable future. The RBM Governor emphasized that the RBM will focus on supporting the private sector to boost exports and domestic forex generation. He also warned commercial banks against malpractices in the forex market. He said that any abuse of the forex market through derivatives such as forwards and options will not be tolerated, stressing that the RBM will penalise offenders to maintain stability.

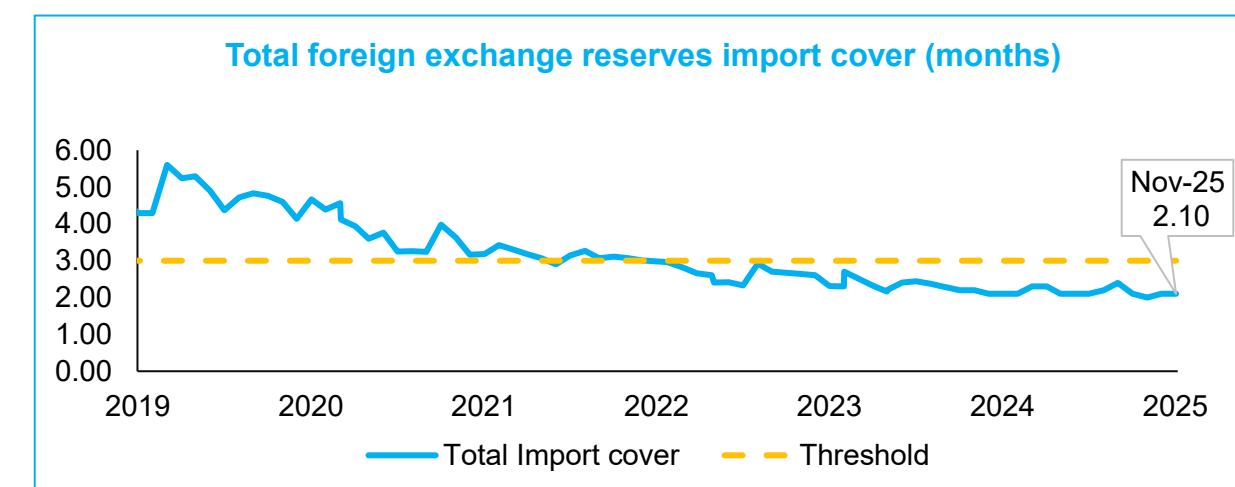
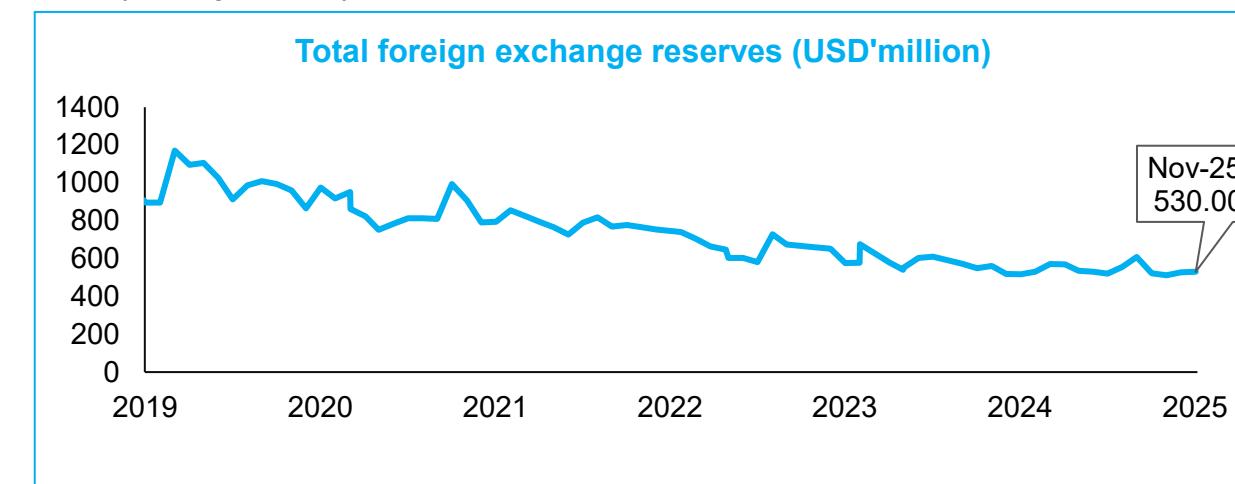


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.

Foreign Exchange Reserves Position

As of 30 November 2025, the country's total foreign exchange reserves remained relatively stable at USD530.00 million from USD530.90 million as of 31 December 2024. The import cover has remained at 2.1 months as of November 2025, unchanged from December 2024.

Low foreign exchange reserves have hindered the importation of critical resources such as food, fuel, and raw materials in 2025. There have been fuel supply challenges in the country throughout the year.





Economic overview (continued)

Stock Market (Source: MSE)

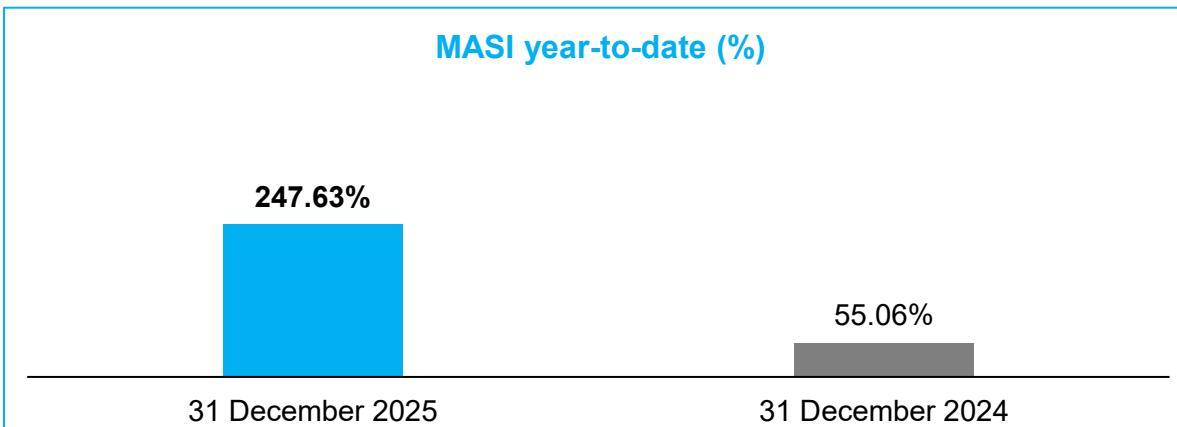
The stock market was bullish during the period under review, as the MASI closed at 598,062.80 points on 31 December 2025, up from 172,039.93 points as of 31 December 2024.

The MASI year-on-year return was 247.63% as of 31 December 2025, higher than 55.06% as of 31 December 2024.

The total value of shares traded increased by 176.7% to MK344.90 billion in 2025 from MK124.67 billion in 2024.

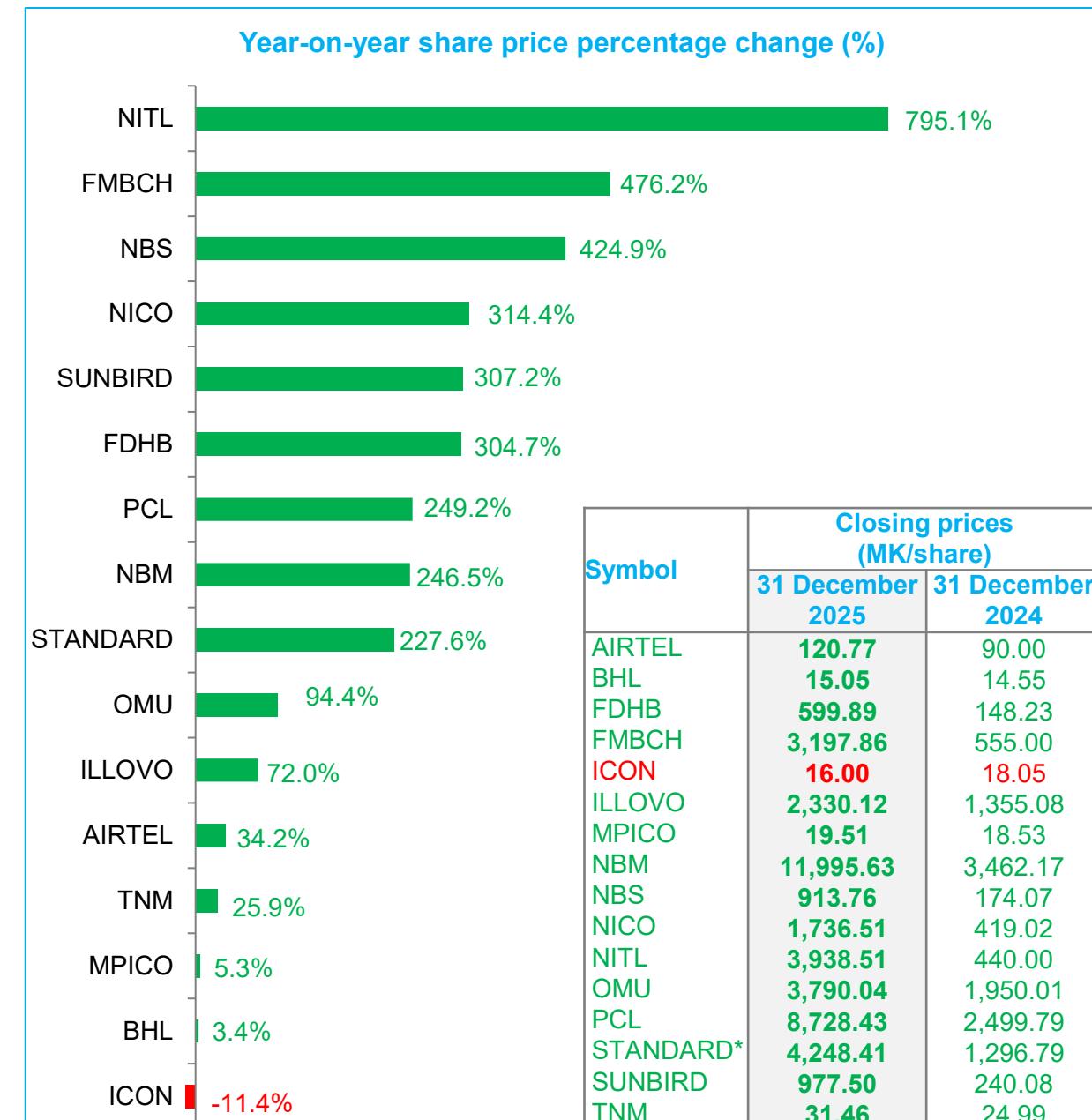
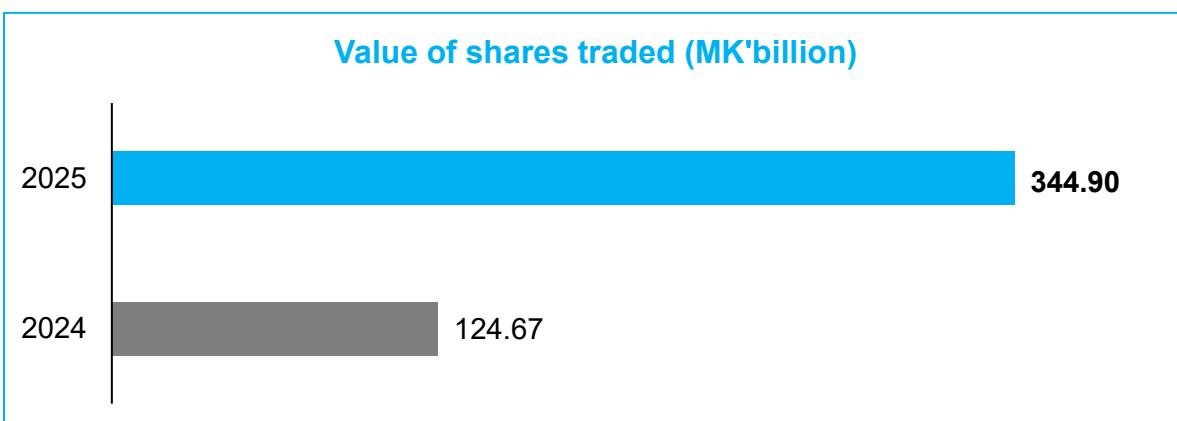
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MSE Traded Values

A total of MK344.90 billion worth of shares were traded in 2025, a 176.7% increase from MK124.67 billion traded in 2024.



* During the year, Standard Bank implemented a 5-for-1 share split. For comparison, the reported closing market share price as at 31 December 2024 of MK 6,483.95 is equivalent to MK1,296.79 on a post-split basis.



Economic overview (continued)

Stock Market (Source: MSE)

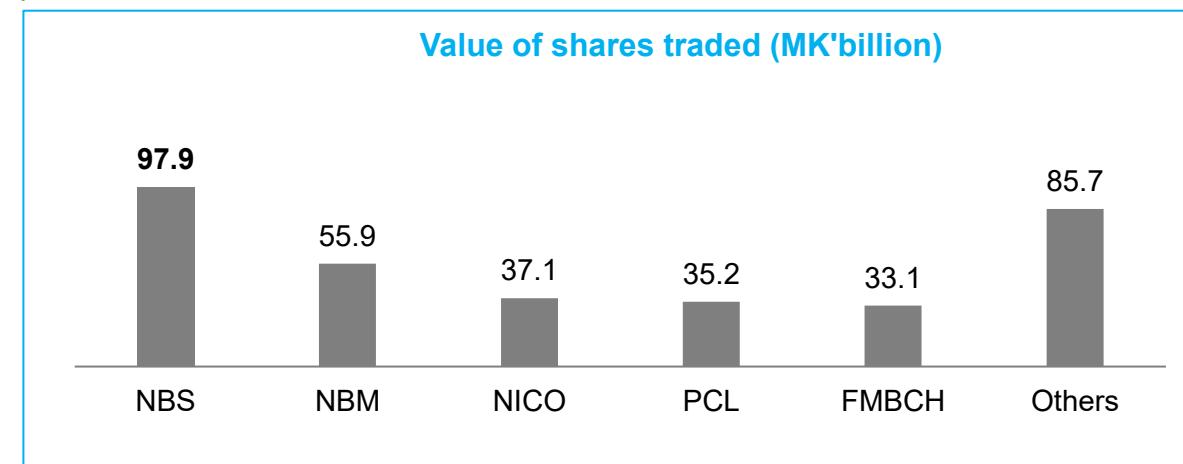
NBS had the highest value of shares traded in 2025 at MK97.9 billion.

Standard Bank Malawi Plc executed a share split on the Malawi Stock Exchange (MSE), subdividing each ordinary share of the Company into five ordinary shares.

FDH Bank Plc completed the acquisition of Ecobank Mozambique SA. Following the completion, FDH Bank Plc assumed ownership of 98.87% of the bank.

MSE Traded Values (continued)

NBS had the highest value of shares traded at MK97.9 billion during the period under review. In 2025, the total number of trades increased to 44,814 from 14,471 the previous year, an increase of 209.7%.



Key developments in the year

Following a TNM Extraordinary General Meeting on 2 May 2025, shareholders approved an issue for cash to raise MK30 billion through the issuance of 1,500,750,375 ordinary shares to institutional investors—Press Corporation plc, Old Mutual Life Assurance Company Malawi Limited, and NICO Life Insurance Malawi Limited.

On 21 July 2025, Standard Bank Malawi Plc executed a five-for-one share split on the Malawi Stock Exchange (MSE), reducing the share price to MK2,140 from MK12,050 and increasing the number of ordinary shares from about 235 million to over 1.17 billion, without affecting the company's market capitalization.

Press Corporation plc (PCL) entered into a definitive agreement with the Government of Malawi (GoM) for the disposal of PCL's 52.7% stake in Malawi Telecommunications Limited (MTL). The deal is worth about 0.76% of PCL's market capitalization of MK793.7 billion on the Malawi Stock Exchange as of 29 August 2025. Upon completion, management and control in MTL will be transferred to the GoM.

On 5 September 2025, FDH Bank Plc completed the acquisition of Ecobank Mozambique SA. Following the completion, FDH Bank Plc assumed ownership of 98.87% of Ecobank Mozambique SA, while the remaining minority stake of 1.13% will continue to be held by Fundo Para O Fomento De Habitação (FFH), a housing development fund in the Republic of Mozambique.

Key developments in the year (continued)

In August 2025, Illovo Sugar Malawi Plc shareholders approved the company's proposal to get a USD45 million shareholder loan from Sucoma Holdings Limited, with an option for an additional USD15 million.

Corporate Announcements

Financial Year Trading Statements

Companies listed on the MSE are required to release trading statements if their profits are expected to be different by more than 20% from the prior year's profits. Accordingly, almost all the companies listed on the MSE have issued trading statements for the year ending 31 December 2025. Notably, BHL, FDH Bank, NBM, NBS, NICO, NITL, PCL and TNM are all expecting a variance of more than 100% between the profits of the years ending 31 December 2025 and 31 December 2024.

Amounts in billions of Malawi Kwacha unless otherwise specified

Counter	31 December 2025	31 December 2024	Trading Statement profit/loss expectation
BHL	5.6 – 5.8	(1.4)	507% - 526%
FDHB	142.0 – 151.0	74.1	92% - 104%
FMBCH (USD'million)	137 - 156	103.5	32% - 51%
MPICO	18.5 – 20.3	12.2	51% - 66%
NBM	189.9 – 211.0	101.7	87% - 107%
NBS	145.5 – 150.5	73.0	99% - 106%
NICO	318.0 - 332.0	134.0	137% - 148%
NITL	200.0 – 203.5	29.8	571% - 583%
PCL	245.3 – 269.3	126.4	94% - 113%
STANDARD	112.3 – 120.9	86.4	30% - 40%
SUNBIRD	13.0 – 15.1	10.6	23% - 43%
TNM	20.9 – 22.9	10.1	108% - 128%

Dividends

Directors of Illovo Malawi Plc have recommended a final dividend of MK1.00 per share in respect of profits for the year ended 31 August 2025. The dividend is subject to shareholder approval.

Counter	Dividend type	Proposed/Declared	Dividend per share (MK)	Last day to register	Payment date
ILLOVO	Final	Proposed	1.00	TBA*	TBA

*: TBA stands for To Be Announced



Economic overview (continued)

Government securities (Source: RBM)

Treasury Bills (TBs)

The government awarded a total of MK5.32 trillion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in 2025, an increase of 64% from MK3.25 trillion awarded through TBs and TNs auctions in 2024.

As at 31 December 2025, the closing average TB and TN yields remained unchanged at 20.67% and 31.95% respectively from 31 December 2024.

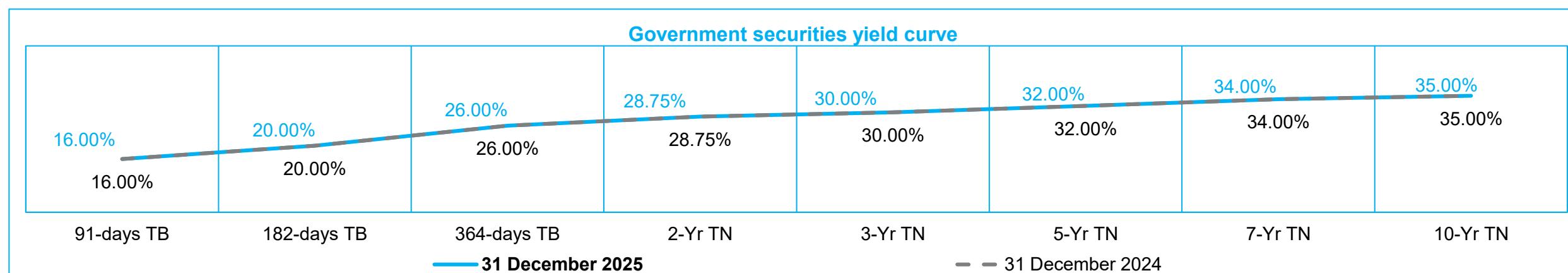
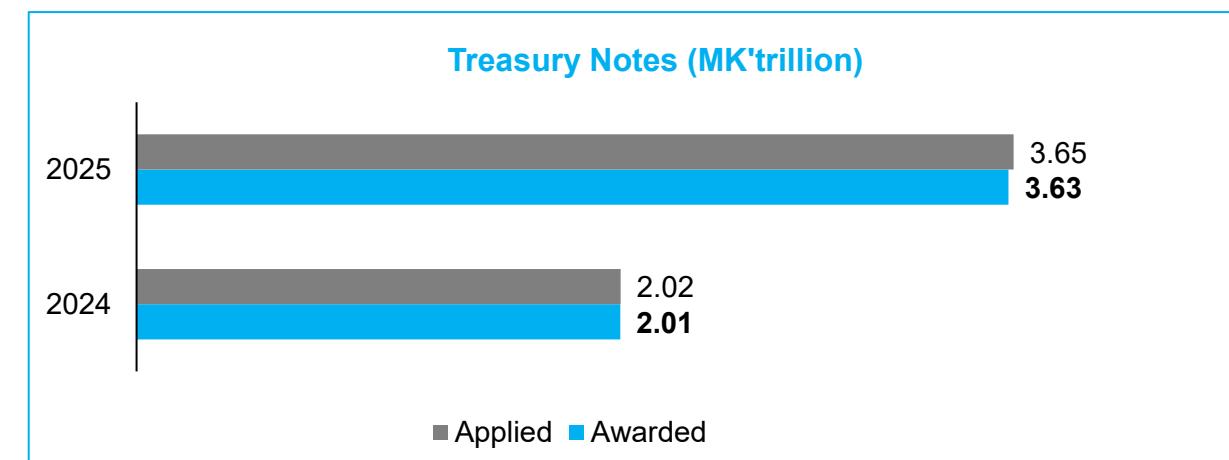
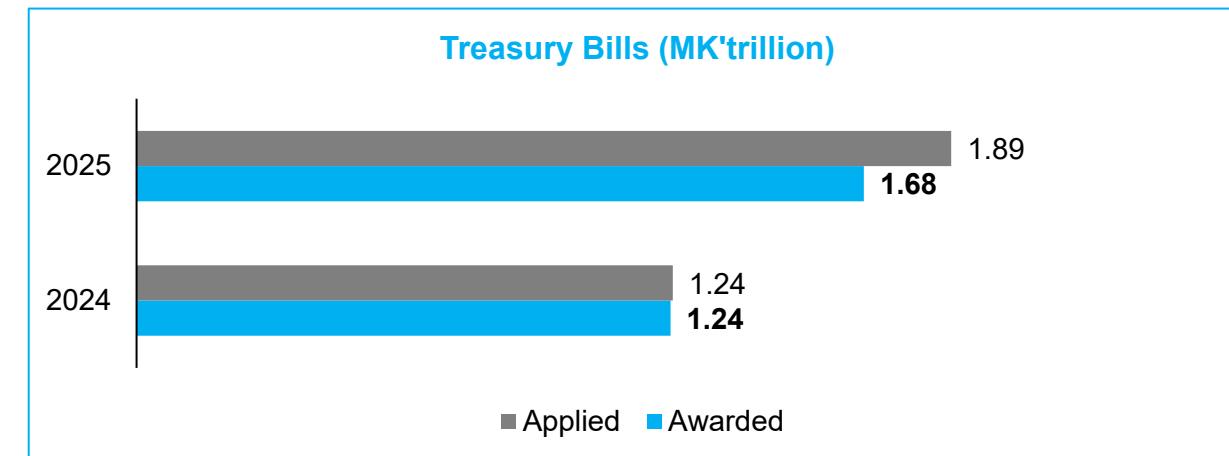
Treasury Notes (TNs)

In 2025, total applications for TNs amounted to MK3.65 trillion, an increase of 81% from MK2.02 trillion in 2024. During the period under review, the government awarded a total of MK3.63 trillion through the TNs auction. This represents an 80% increase from MK2.01 trillion awarded in 2024. The government increased domestic borrowing between 2024 and 2025 to finance growing fiscal deficits. The TN applications had a rejection rate of 0.3% in 2025, up from 0.1% in 2024.

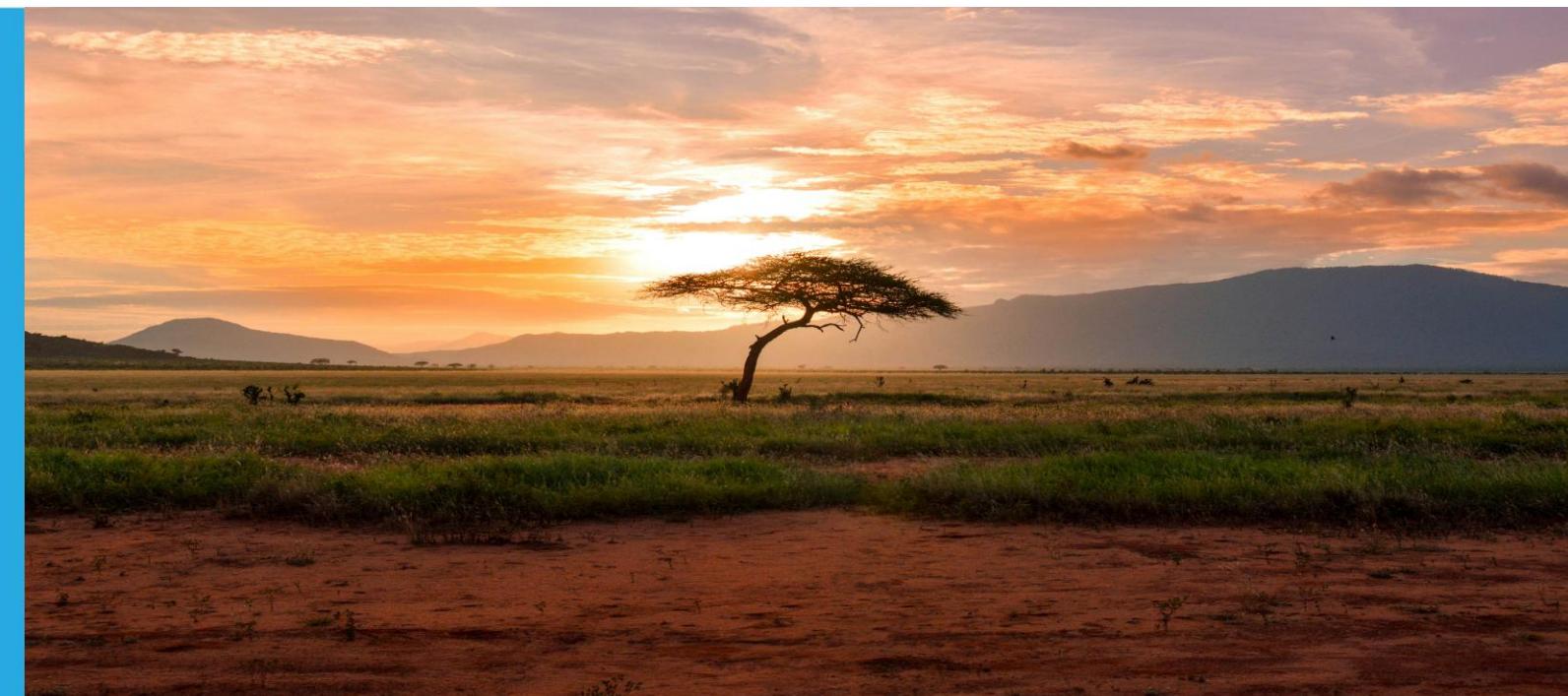
In total, the government awarded MK5.32 trillion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in 2025, an increase of 64% from MK3.25 trillion awarded through TBs and TNs auctions in 2024.

Government Securities Yields

As at 31 December 2025, the closing TB and TN yields remained unchanged, with average yields of 20.67% and 31.95% respectively, from 31 December 2024.



Fiscal and Monetary Policy Developments





Fiscal and Monetary Policy Developments

The approved 2025/26 budget was revised upward by MK512.6 billion from MK8.08 trillion to MK8.59 trillion.

The 2025/26 fiscal deficit was projected at MK3.13 trillion, a 75% increase from MK1.79 trillion in the 2024/25 budget. This was due to increases in both total revenues and grants, as well as total expenditure, for the period.

Fiscal Policy (Source: Ministry of Finance)

2025/26 National Budget Overview

The 2025/26 Approved National budget was developed under the theme “Consolidating gains, strengthening resilience and inclusivity for accelerated socio-economic transformation”. The budget’s focus is to continue containing the budget deficit, and it will achieve this by enhancing domestic revenue mobilization and rationalizing expenditures with a focus on highly productive sectors. The Government identified anchor sectors chosen for their potential to contribute to economic growth: Agriculture, Tourism, Mining, and Manufacturing, commonly referred to as ATM-M.

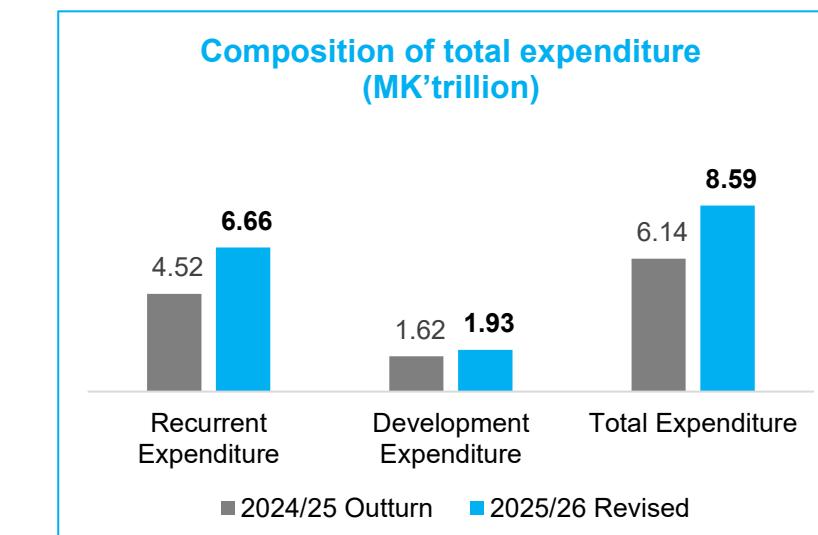
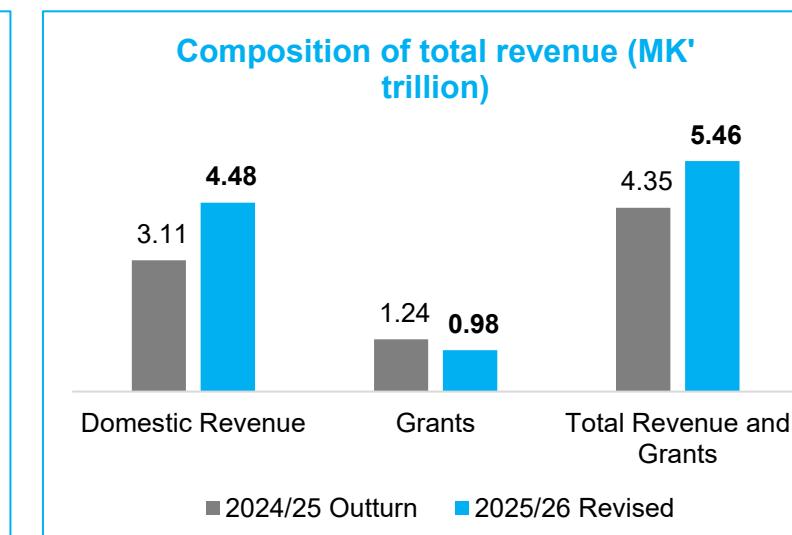
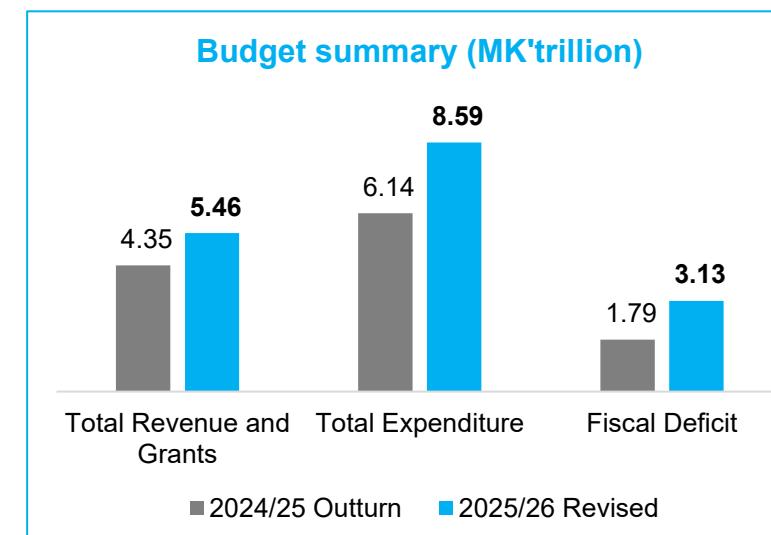
The 2025/26 Malawi National Budget was approved at MK8.08 trillion. This represents an increase of about 35% compared to the 2024/25 approved budget of MK5.99 trillion.

A mid-year budget review took place in November 2025 and was presented by the newly appointed Minister of Finance. The approved 2025/26 budget was revised upward by MK512.6 billion from MK8.08 trillion to MK8.59 trillion. This revision is intended to accommodate budgetary pressures amounting to MK723.4 billion, including wages and salaries, public debt interest, generic goods and services, procurement of drugs, elections, maize purchase logistics, FISP, domestically financed projects, the introduction of free primary and secondary education in 2026, and MANEB examination fees.

Domestic revenue and grants are projected at MK5.46 trillion, down from MK5.78 trillion, following mid-year underperformance of 43% in revenues and 12% in grants, with their composition shifting slightly from 80% and 20%, respectively, at the start of the fiscal year to 82% and 18%, respectively, by mid-year. The 2025/26 budget represents an 18% increase from the MK4.35 trillion outturn for 2024/25, driven mainly by higher expected domestic revenues. Domestic revenue is projected at MK4.48 trillion, a 44% rise from MK3.11 trillion in 2024/25, while grants are estimated at MK0.98 trillion, reflecting a 21% decline from the MK1.24 trillion received in 2024/25.

Total expenditure in 2025/26 is projected at MK8.59 trillion, about 6.3% higher than the approved estimate at the start of the fiscal year. This reflects a net increase of MK512.56 billion, driven by a MK602.47 billion rise in recurrent spending and an MK89.9 billion reduction in development spending. The projection also represents a 42% increase from the MK6.14 trillion outturn for 2024/25. Both recurrent and development expenditures are expected to be higher than the outturn in 2024/25, with recurrent spending rising by 47% to MK6.66 trillion from MK4.52 trillion, and development spending increasing by 19% to MK1.93 trillion from MK1.62 trillion.

The projected total expenditure is higher than the projected total revenue and grants in both fiscal years, which clearly implies that both budgets were to be implemented at a deficit. The fiscal deficit for the 2025/26 revised budget was at MK3.13 trillion. This represents a 75% increase from a MK1.79 trillion fiscal deficit outturn for the 2024/25 fiscal year. The deficit in both years was to be financed by both domestic and foreign borrowing.





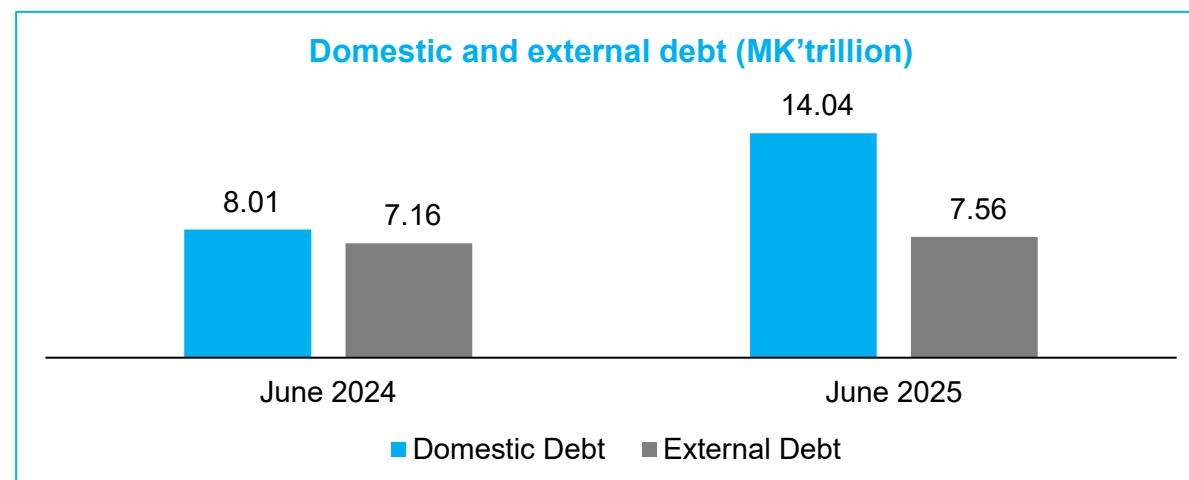
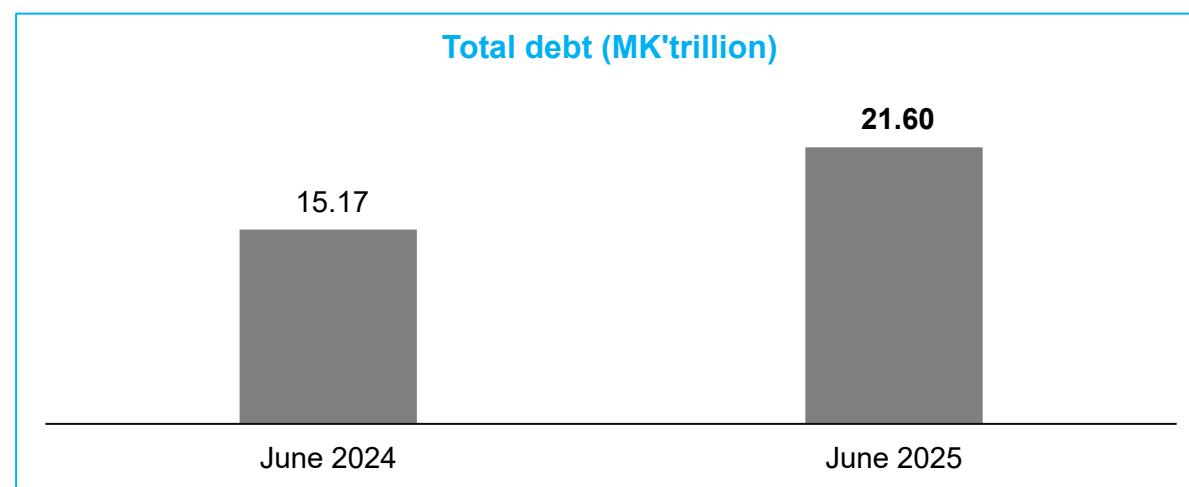
Fiscal and Monetary Policy Developments (continued)

According to the Ministry of Finance, Economic Planning and Decentralisation, as of June 2025, total public debt stood at MK21.60 trillion, representing 86.0% of the projected GDP for FY2025/26.

Fiscal Policy and Monetary Policy (Source: Ministry of Finance, RBM)

Debt Status

According to the Ministry of Finance and Economic Planning and Decentralisation, as of June 2025, total public debt stood at MK21.60 trillion (USD9.25 billion), which represents 86.0% of the projected GDP for FY2025/26. The domestic debt amounted to MK14.04 trillion, representing 65% of total debt, while the external debt was MK7.56 trillion, representing 35% of the total public debt. Compared to June 2024, total public debt has risen by MK6.43 trillion to MK15.17 trillion, an increase of 42%.



Other fiscal policy developments

Fiscal Discipline: The Minister reported that the government is strengthening fiscal discipline and public debt management through strict austerity measures. To ensure spending aligns with real resources, the Government will fully implement a cash budgeting system, funding activities only when cash is available.

In November 2025, the Malawian government introduced 12 austerity measures to reduce public spending. These include cutting fuel allowances for top officials by 30%, freezing purchases of vehicles and other expensive assets, limiting foreign trips and delegation sizes, and encouraging virtual meetings to lower travel expenses. Embassy staff will also be reduced to no more than five officials per mission.

The National Economic Recovery Plan (NERP): In response to ongoing economic challenges, the Government developed the National Economic Recovery Plan (NERP) with the objective of stabilising the economy, restoring confidence, and accelerating inclusive growth. The Plan provides a strategic framework that sets out immediate, short-term, and medium-term measures. It places strong emphasis on fiscal consolidation to create fiscal space for strategic investments in key sectors such as agriculture, tourism, mining, manufacturing, and digitisation.

Debt Restructuring: The government has made debt management a key priority and is implementing a combination of measures and strategies to stabilise the debt trajectory. These include pursuing fiscal consolidation, utilizing concessional borrowing and enhancing oversight of state-owned enterprise operations. To this end, the government is continuing debt restructuring negotiations with external creditors to determine a plausible debt restructuring trajectory for Malawi.

The IMF's Extended Credit Facility (ECF): In May 2025, the IMF program was terminated due to implementation challenges resulting in the suspension of further disbursements from the program's USD175 million financing package.

Budget Support: In 2025, a 90-day freeze and subsequent reduction in U.S. federal foreign aid initiated by the Trump administration significantly impacted USAID support to Malawi. This suspension, caused severe disruptions in healthcare, agricultural projects, and student scholarships, triggering immediate social and economic shocks in the country.

The Millennium Challenge Corporation (MCC), launched in May 2024, ceased operations in April 2025, effectively cancelling the USD350 million (MK612.8 billion) transport and land compact under Millennium Challenge Account Malawi II (MCA Malawi II).

In October 2025, the Saudi Fund for Development signed a grant agreement with the Government of Malawi for USD15 million. Similarly, in December 2025, the government of Malawi secured a USD15 million grant from the Kuwait Fund to support infrastructure development and economic recovery efforts.



Fiscal and Monetary Policy Developments (continued)

Fiscal Policy and Monetary Policy (Source: RBM)

In 2025, the Monetary Policy Committee (MPC) made no changes to its monetary policy stance, maintaining the policy rate at 26.0%, the Lombard Rate at 20 basis points above the policy rate, and the Liquidity Reserve Requirement (LRR) ratios at 10.0% for domestic currency deposits and 3.75% for foreign currency deposits.

Revenue Enhancement Measures

Income Tax Measures: In a Taxation Amendment Act dated 20 December 2025, the government has introduced several revenue-enhancing tax measures, including a 0.05% levy on bank transfers and high-value mobile money transactions above MK100,000 paid by the sender, alongside increased mobile money limits to promote digital payments. Pay As You Earn (PAYE) has been restructured by raising the zero-rate threshold from MK150,000 to MK170,000, removing the 25% bracket, adjusting income bands, and introducing a new 40% rate to monthly incomes above MK10 million. Corporate taxation has been strengthened through a lower threshold for the supernormal profit tax, set at MK5 billion from MK10 billion, a new Minimum Alternate Tax (MAT) for large companies, and a capital gains tax that applies to all share disposals, irrespective of how long the shares have been held. Additional measures include the collection of withholding tax on residential rental income, an increase of withholding tax on gambling winnings from 10% to 15%, full enforcement of excise duties on lottery revenues, and reinstatement of a 20% surcharge on cement imports.

Value Added Tax (VAT) Measures: The VAT rate has been increased from 16.5% to 17.5% to boost revenue and help reduce the fiscal deficit. The adjustment aligns Malawi's VAT structure with regional and international benchmarks.

Administrative Measures The government will tighten tax administration by imposing strict penalties on businesses that fail to issue VAT receipts and by restricting tax waiver requests from Government entities. Only waivers related to donations or donor-funded projects will be permitted, thereby strengthening compliance and protecting the tax base.

Non-Tax Measures

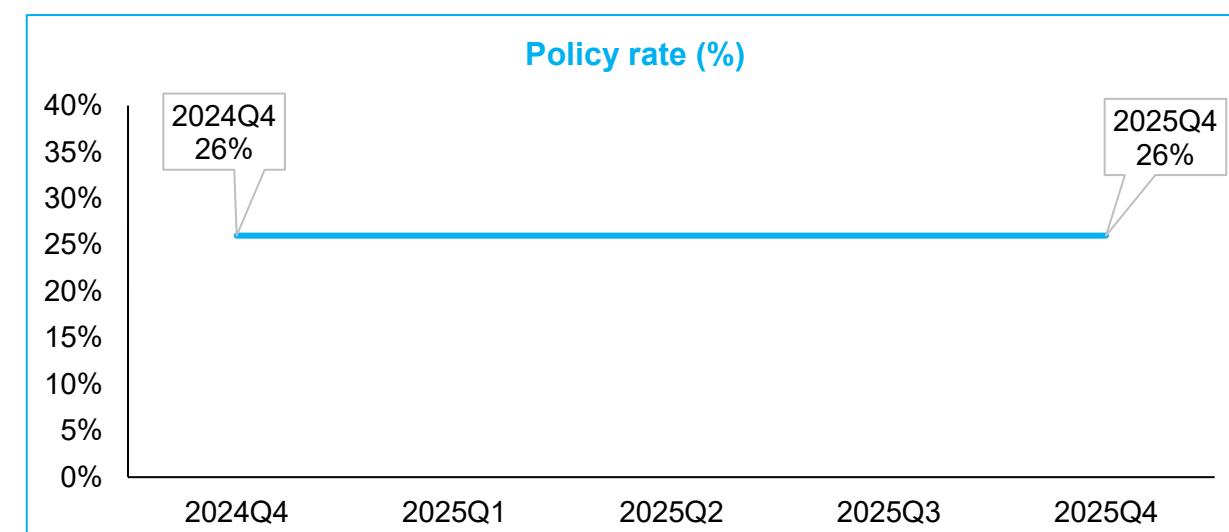
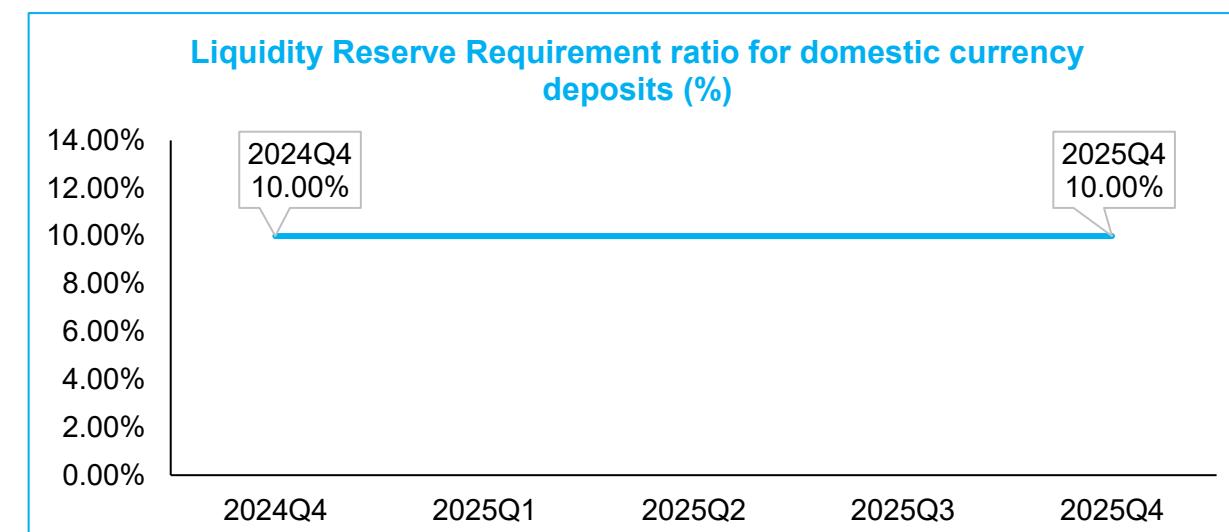
The Government has introduced several non-tax measures to strengthen revenue control. These include a 2% levy on motor vehicle insurance to support the health sector, the reinstatement of visa fees based on reciprocity, strict enforcement of revenue remittance by Ministries, Departments and Agencies (MDAs), and immediate enforcement of dividend and surplus payments from State-Owned Enterprises.

Monetary Policy (Source: RBM)

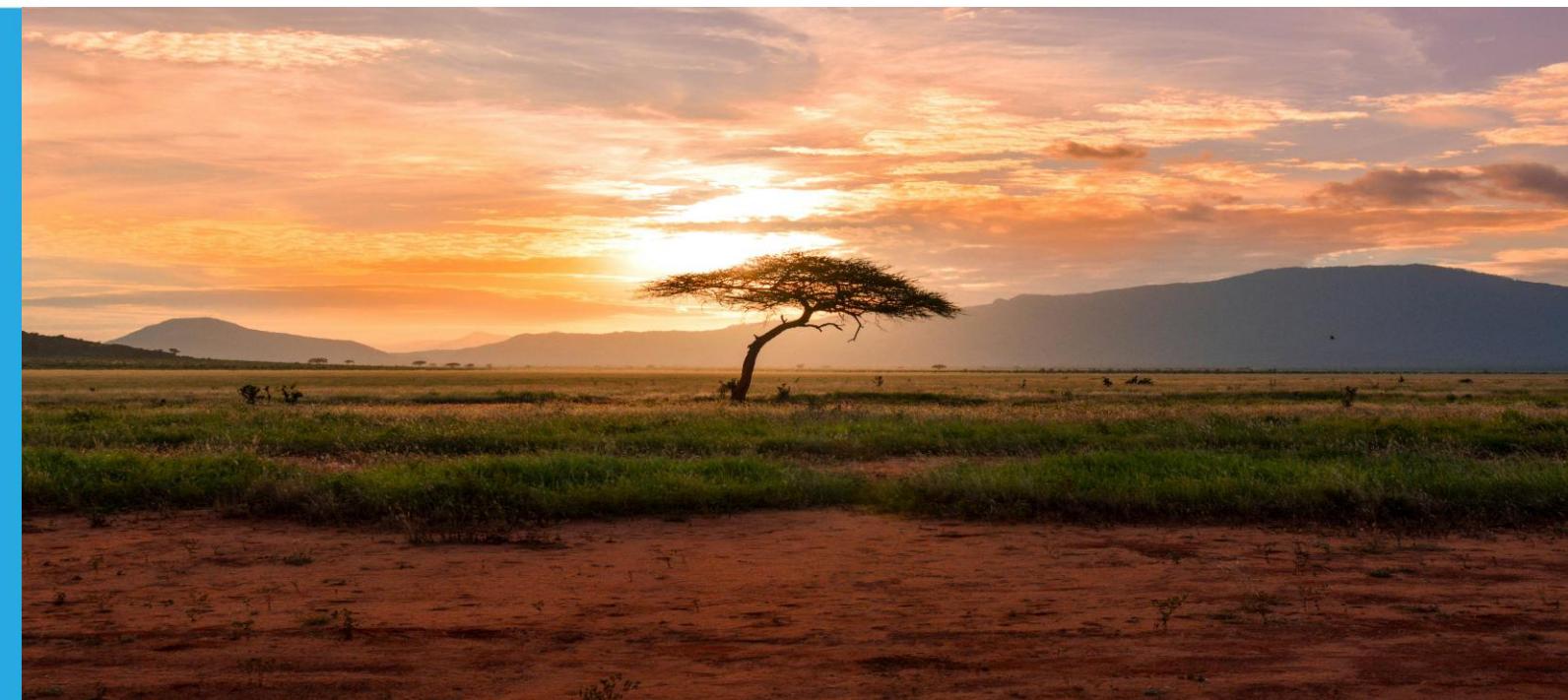
In 2025, the Monetary Policy Committee (MPC) made no changes to its monetary policy stance, maintaining the policy rate at 26.0%, the Lombard Rate at 20 basis points above the policy rate, and the Liquidity Reserve Requirement (LRR) ratios at 10.0% for domestic currency deposits and 3.75% for foreign currency deposits.

The LRR ratio on foreign currency deposits was 3.75%, and the Lombard rate was maintained at 20 basis points above the policy rate in 2025.

Monetary Policy (continued)



Commodity Market Developments





Commodity Market Developments

Tobacco Sales (Source: Auction Holdings Limited and Tobacco Commission of Malawi)

The sale of tobacco in the 2025 season generated USD542.3 million, 37% higher than the USD396.9 million generated in the 2024 season. The higher revenue in 2025 compared to 2024 was due to higher volumes sold.

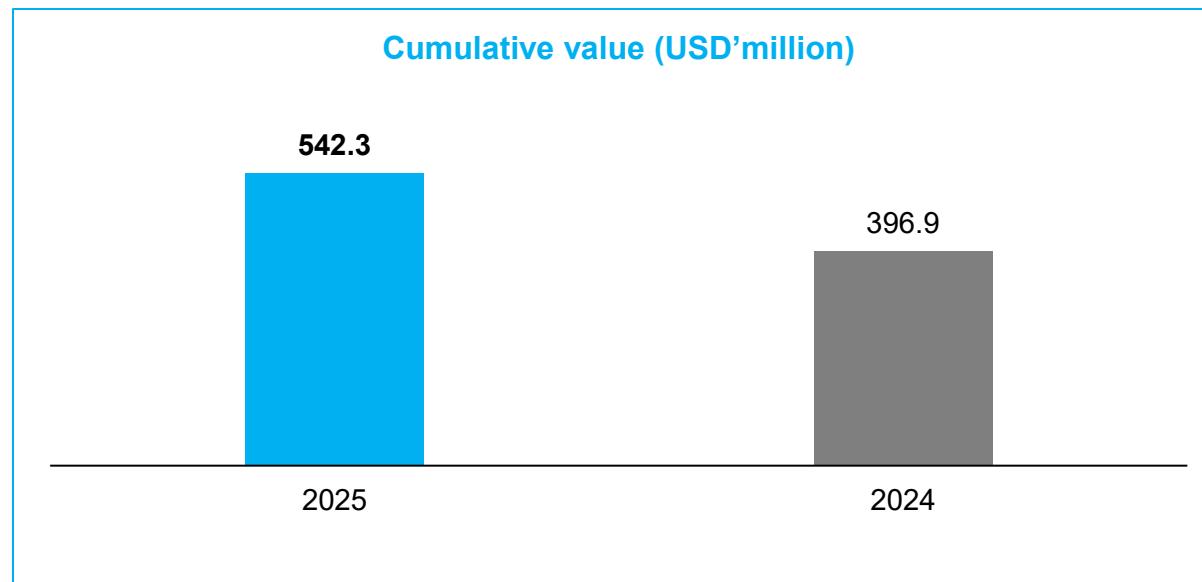
A total of 221.3 million Kgs was sold during the 2025 tobacco market season, a 66% increase from 133.4 million Kgs sold in the 2024 season. The cumulative volume was sold at a seasonal average price of USD2.45 per kg, a 18% decrease from the 2024 seasonal average of USD2.98 per kg.

The sale of tobacco in the 2025 season generated USD542.3 million, 37% higher than the USD396.9 million revenue generated in the 2024 season. The higher revenue in 2025 compared to 2024 was due to higher volumes sold. A cumulative volume of 221.3 million kgs of tobacco was sold during the 2025 market season. This was a 66% increase from 133.4 million kgs sold in 2024. The increase in the volume sold resulted from higher tobacco yields harvested in the 2025 farming season. The 2025 cumulative volume was sold at a seasonal average price of USD2.45 per kg, a 18% decrease from the 2024 seasonal average of USD2.98 per kg. The 2025 tobacco season closed on 28 November, while the 2024 season closed on 18 September.

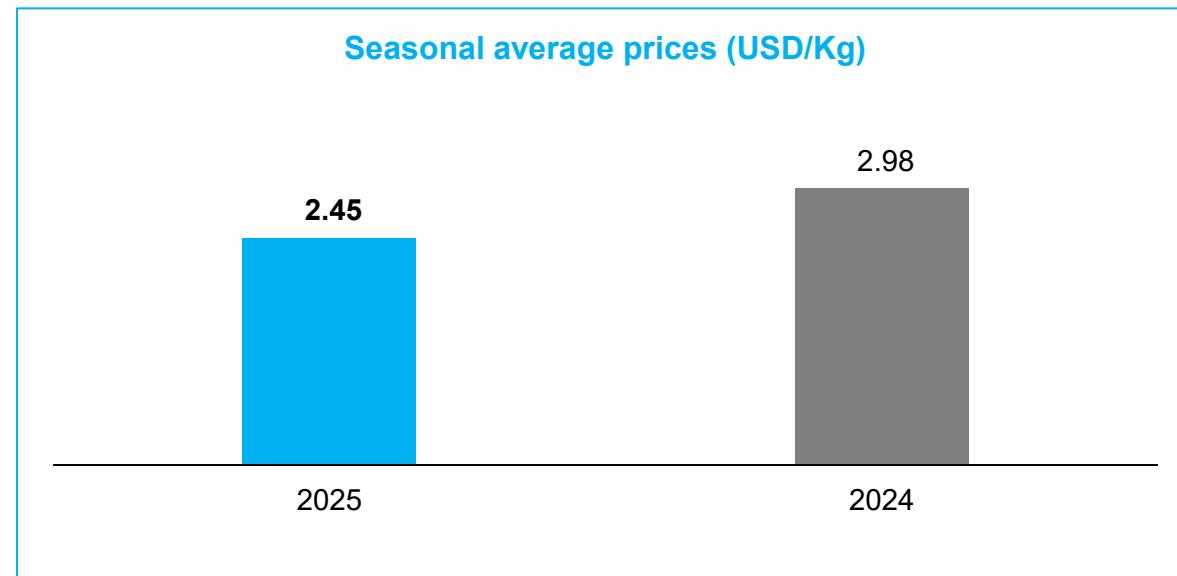
Tobacco remains Malawi's primary export crop and the leading source of foreign exchange. However, this heavy reliance on tobacco exposes the economy to significant risks, including declining global demand and climate-related shocks such as droughts and floods.

In November 2025, the RBM announced that, beginning next tobacco marketing season, all tobacco purchases on the auction floors must be conducted exclusively in U.S. dollars. The policy aims to boost foreign exchange inflows, strengthen reserves, and enhance transparency and fairness in the sector. Merchants must also declare all foreign exchange brought into Malawi for trade operations and comply with the Foreign Exchange Act (2025) and the Repatriation of Exports Proceeds Directive. The RBM asked the Tobacco Commission to implement and communicate the change.

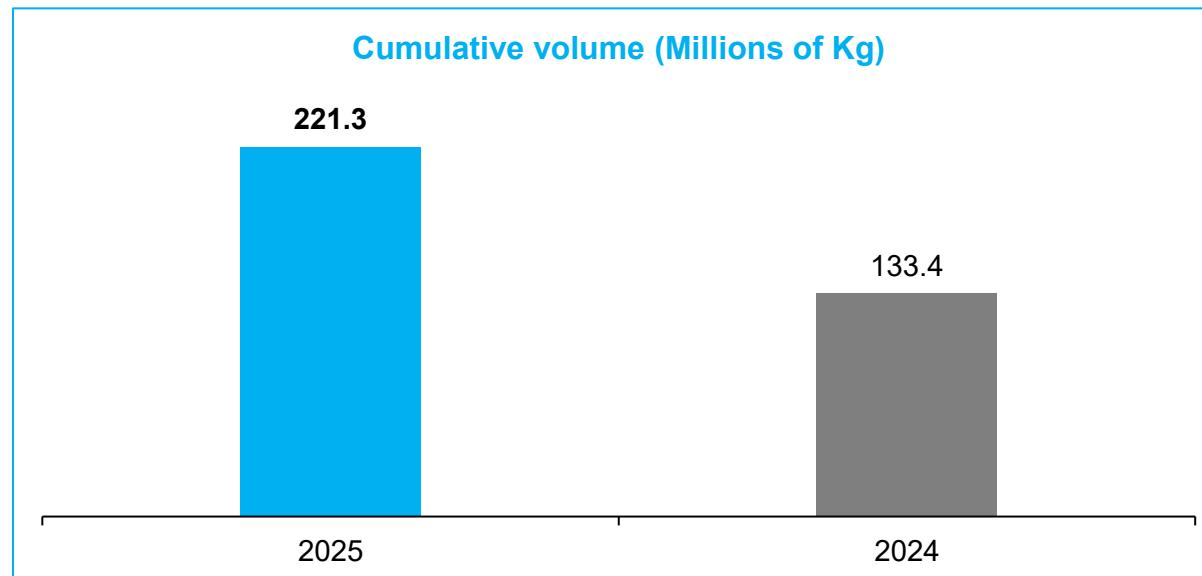
Cumulative value (USD'million)



Seasonal average prices (USD/Kg)



Cumulative volume (Millions of Kg)





Commodity Market Developments (continued)

Maize, Oil, and other commodities market developments

Maize prices increased by 10.8% to MK1,178/Kg as of December 2025, from MK1,063/Kg in December 2024.

Year-on-year, the OPEC Reference Basket (ORB) price decreased by 15.5% to close at an average of USD61.78/b in December 2025, from USD73.07/b in 2024.

Local Maize Price Developments (Source: IFPRI)

As at 31 December 2025, maize prices increased by 10.8% to MK1,178/Kg (MK58,900 for a 50kg bag), from MK1,063/Kg (MK53,150 for a 50kg bag) in December 2024. The International Food Policy Research Institute (IFPRI) monthly maize market reports in 2025 showed that maize prices were highest in the Southern region, followed by the Central region, whilst the Northern region had the lowest prices. Prices were lowest in the northern region due to informal maize imports from Tanzania and northern Zambia. High transport costs due to fuel shortages in the country contributed to high prices in the Central and Southern regions.

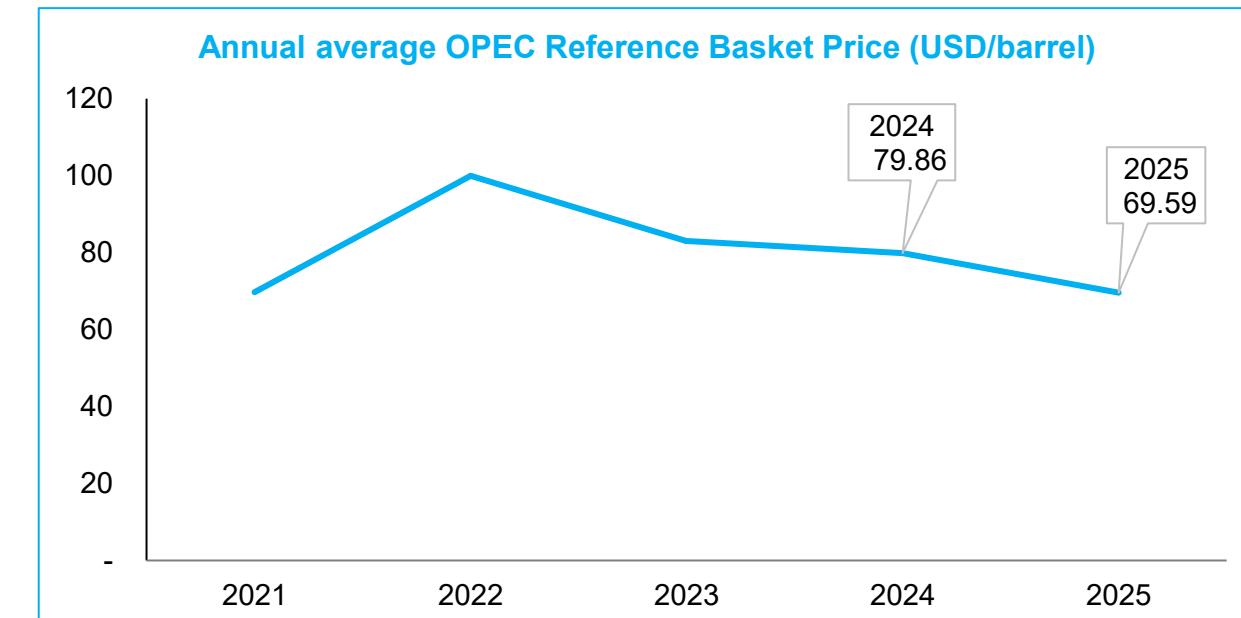
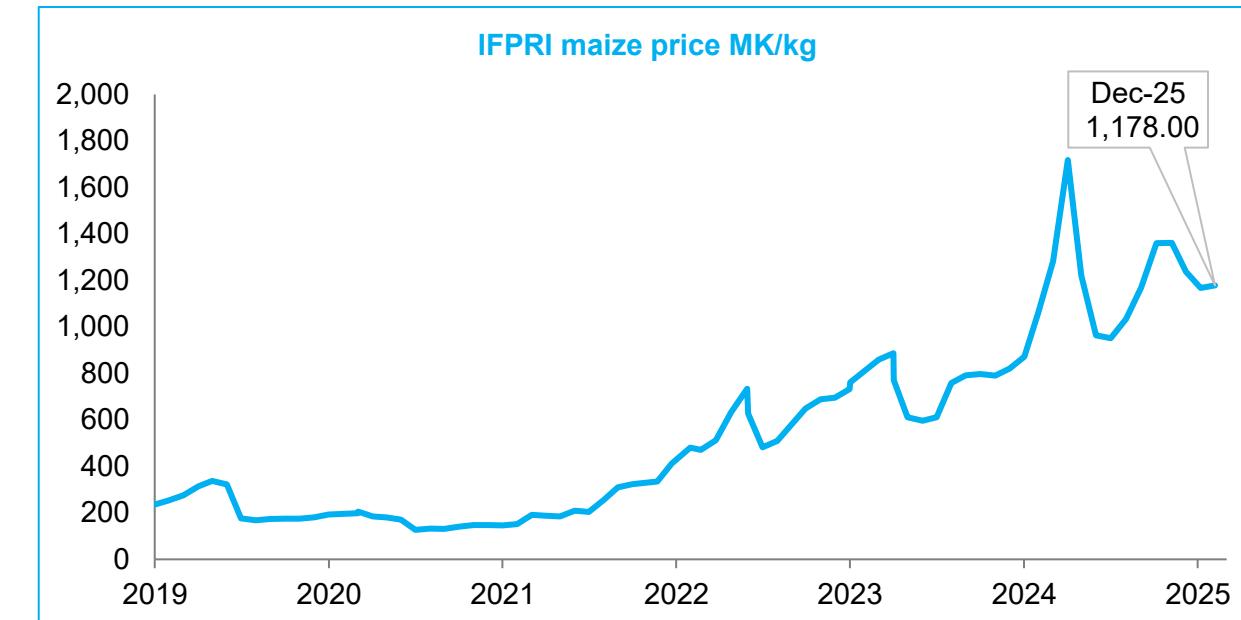
Global Oil Price Developments (Source: OPEC)

Year-on-year, the OPEC Reference Basket (ORB) price decreased by 15.5% to close at an average of USD61.78/b in December 2025 from an average of USD73.07/b in 2024. The annual average price decreased by 13% to USD69.59/b in 2025 from USD79.86/b in 2024.

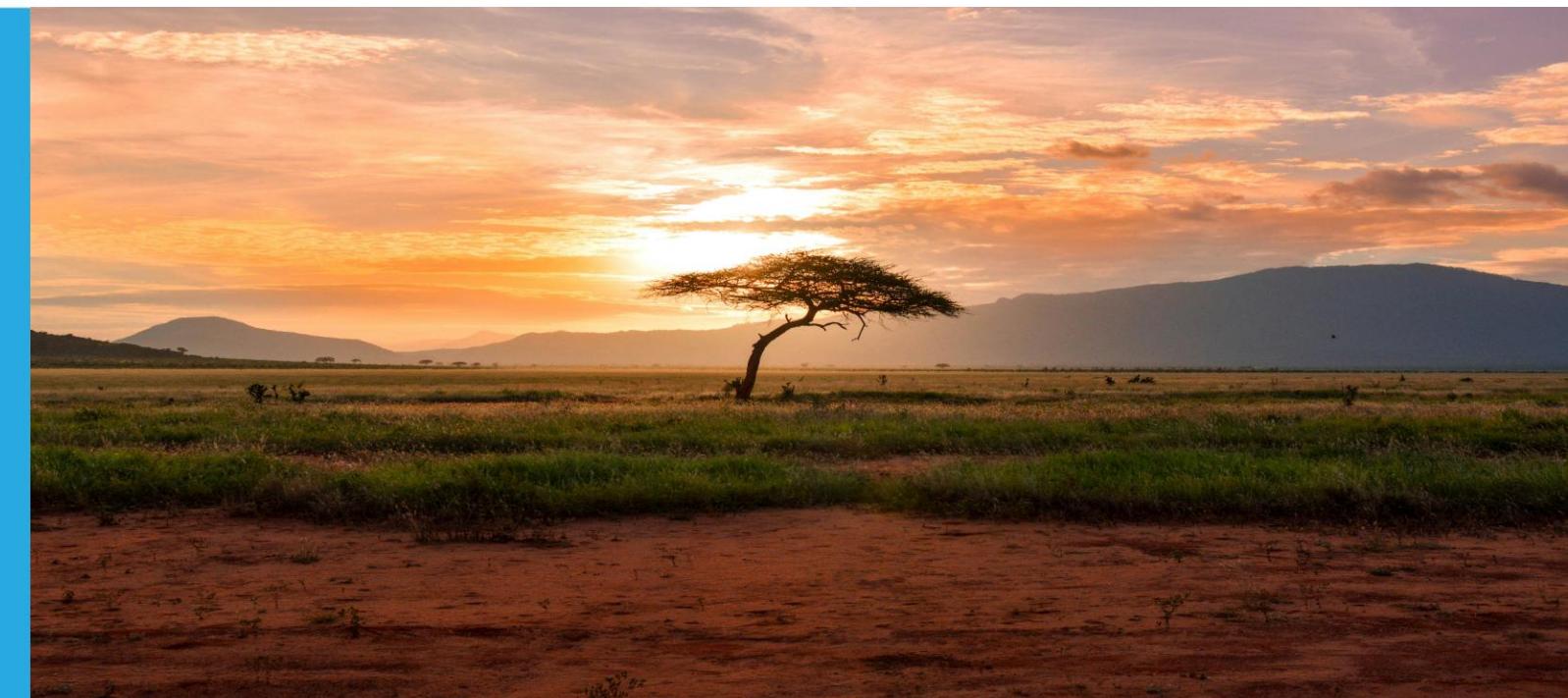
According to the OPEC December 2025 monthly report, in 2026, global oil demand is forecast to rise by 1.4 million barrels per day (mb/d), year-on-year. Organisation for Economic Co-operation and Development (OECD) oil demand is expected to increase by 0.1 mb/d, predominantly in the OECD Americas, although other regions also show some growth. In the non-OECD, a 1.2 mb/d y-o-y increase is projected, with China and Other Asia driving the growth, supported by India, the Middle East, and Latin America. This forecast is based on the assumption of sustained economic and petrochemical activity across major consuming nations, which supports demand for transportation fuels and distillates in 2026.

Other Commodity Price Developments (Source: World Bank)

According to World Bank commodity prices data, year-on-year (Y-O-Y), global tea prices decreased by 3% to USD2.88/Kg in December 2025 from USD2.96/Kg in December 2024. World sugar prices reduced by 27% to USD0.32/Kg in December 2025 from USD0.44/Kg in December 2024. For fertilizers, Urea prices increased by 12% to USD392.5/mt in December 2025 from USD352.0/mt in December 2024, Diammonium Phosphate (DAP) prices increased by 10% to USD627.5/mt in December 2025 from USD568.3/mt in December 2024, and Potassium Chloride prices increased by 22% to USD358.3/mt in December 2025 from USD292.5/mt in December 2024.



Notable developments during the year





Notable developments during the year

Malawi and Zambia signed an agreement for Malawi to purchase 200,000 metric tonnes (MT) of maize to strengthen local stocks and ease shortages of the staple grain.

The Malawi Investment and Trade Centre (MITC) signed a pact with Afreximbank, making it the official Africa Trade Gateway (ATG) agent in Malawi.

The Government revoked visa-free access to Malawi, effective 21 November 2025 and stated that visa application fees will apply on a reciprocal basis.

Agriculture and Maize Developments

In June 2025, Malawi signed a USD50 million investment deal with China's Huaihua Yongcheng Agricultural Technology to establish the China-Malawi Agricultural Industrial Park in Salima. The 5,000-hectare park will integrate farming, processing, logistics, and training. The Malawi Government will hold a 30% equity stake via a Special Purpose Vehicle. The initiative aims to modernize farming, boost agro-industrial output, create jobs, and strengthen export competitiveness.

In October 2025, Malawi and Zambia signed an agreement for Malawi to purchase 200,000 metric tonnes (MT) of maize to strengthen local stocks and ease shortages of the staple grain. The first consignment of maize imports from Zambia arrived in December 2025.

In November 2025, the President of Malawi declared a State of Disaster in all districts in the country, with about four million people at risk of hunger between October 2025 and March 2026. The government stated that the declaration will help mobilize more local and international support, with the Department of Disaster Management Affairs (DODMA) noting that all districts now require urgent assistance.

Furthermore, the Minister of Agriculture, Irrigation and Water Development launched a MK209.4 billion 2025-26 Lean season Food Insecurity Response Programme. Additionally, she emphasized the need for Malawians to adapt to changing weather patterns through irrigation farming which her ministry is promoting as one way of ending hunger in the country.

Revocation of Visa-Free Access to Malawi

The Government revoked visa-free access to Malawi, effective 21 November 2025 and stated that visa application fees will apply on a reciprocal basis.

Policy and Regulatory Developments

The Government of Malawi announced the commencement of the Construction Industry Act No. 28 of 2025, effective 19 September 2025, establishing the Construction Industry Regulatory Authority (CIRA) to replace and expand the mandate of the National Construction Industry Council (NCIC). CIRA will regulate licensing, registration, compliance, and enforcement of construction standards nationwide, with provisions requiring mandatory registration of firms and suppliers, stronger compliance checks and penalties, promotion of local participation, and standardized practices for safety, quality, and sustainability.

Trade and economic partnerships

In May 2025, the Government of Malawi launched the Malawi National Single Window, a

Trade and economic partnerships (continued)

digital platform designed to streamline import and export licensing processes. This reform reduces the licensing period from 14 days to under 3 days, thereby improving trade efficiency and lowering operational costs for businesses. The platform supports real-time application, processing, and approval of trade permits, helping eliminate bureaucratic delays and minimize non-tariff trade barriers. It also introduces a QR-code verification system at border points, enabling instant verification of permits and enhancing both transparency and security in trade transactions.

In July 2025, the United Kingdom (UK) introduced new trade reforms under the Developing Countries Trading Scheme (DCTS) that will simplify market access for Malawi and other African nations. Key changes include relaxed rules of origin, allowing Malawian exporters to source inputs across the continent while retaining tariff-free access to the UK. The reforms aim to boost UK-Africa trade, support intra-African commerce, and contribute to poverty reduction. The UK will also offer targeted support to help exporters meet standards and navigate customs.

In September 2025, the African Growth and Opportunity Act (AGOA), which gave Malawi duty-free access to the US market, expired.

In September 2025, the Malawi Investment and Trade Centre (MITC) signed a pact with Afreximbank, making it the official Africa Trade Gateway (ATG) agent in Malawi. The agreement enables Malawian exporters to trade across Africa using the Pan-African Payment and Settlement System (PAPSS) to settle transactions instantly in local currencies. By cutting transaction costs by up to 70% and eliminating multiple currency conversions, the system allows farmers and businesses to sell directly across borders – receiving payments in Kwacha while buyers pay in their own currencies. With Africa's cross-border payments projected to hit USD1 trillion by 2035, the initiative cements Malawi's deeper role in the continent's trade future.

Mining

According to the world bank, mining has the potential to strengthen Malawi's public finances and become the country's largest export sector within the next decade. If all operating and prospective mines are developed, the mining sector could generate as much as USD200 million to USD500 million annually by the early 2030s, depending on project completion and agreed fiscal terms. However, there is high likelihood of lower revenues. Careful management of public expectations is therefore essential to avoid the risk of a presource curse.

As at November 2025, the Mining sector recorded progress, including the issuance of 1,222 licenses and upgrades to the Mining Cadastre system. Investor confidence was further strengthened by the recommissioning of the Kayelekera Uranium Mine under a new agreement in August 2025, followed by the first open-cast mining blast 24 November 2025.



Notable developments during the year (continued)

The price of petrol increased by 38% from MK2,530/litre in 2024 to MK3,499/litre in 2025, while the price of diesel increased by 28% from MK2,734/litre in 2024 to MK3,500/litre in 2025.

Mining (continued)

In March 2025, Lotus Resources Limited signed a binding uranium offtake agreement with a large North American power utility for the sale of 600,000 pounds (lbs) of Kayelekera uranium from 2026 to 2029. A separate agreement with Curzon secures an additional 700,000 lbs of uranium, with the potential for up to 1 million lbs by 2032. Lotus now has sales arrangements for up to 3.2 million lbs of uranium to be produced from Kayelekera

Lotus Resources Limited expects to begin earning foreign exchange from uranium exports at the Kayelekera Mine in early 2026, following its first production in the third quarter of 2025. Exports from the mine will be shipped through Tanzania's Dar es Salaam Port to converters in France, the United States, and Canada.

Fortuna Metals, an Australian Securities Exchange listed company reported high-grade rutile at its Mkanda Project in Mchinji, with four drill holes ending in mineralisation above 1% rutile. The announcement followed the firm's quantitative electron microscopy analysis results which confirm rutile as the dominant titanium mineral, accounting for 80% of the minerals. The results, near the Kasiya deposit, indicate strong discovery potential, though officials say further exploration is needed to confirm deposit size.

African Minerals and Steel Limited secured a 15-year medium-scale mining license to extract limestone at Uliwa in Karonga. The rollout, pending final clearance from the Malawi Environmental Protection Authority (MEPA), is expected to create over 200 jobs across the mine site and a new processing facility in Mzuzu. The company has already procured a modern plant from China and plans to produce construction and agricultural lime locally.

Lindian Resources Limited, owner of the Kangankunde Rare Earth Project, plans to begin mining and plant construction in early 2026, targeting first concentrate production by late 2026. The company is progressing with non-processing infrastructure, including access roads, support facilities, and metallurgical drilling. A feasibility study projects the mine will generate USD114 million annually over 40 years, with production ramping up from 15,000 to 50,000 metric tonnes per year. The Malawi government is expected to earn USD5.56 million in royalties annually, in addition to income tax and other levies.

Manufacturing

In December 2025, Portland Cement Limited (PCL) in partnership with China-based Huixin Building Materials Group launched a USD100 million (about MK175 billion) cement plant in Balaka. This joint venture, aims to ease perennial supply shortages by producing 800,000 metric tonnes of cement annually. The Minister of Finance who officially commissioned the plant, highlighted that the project is a significant milestone, expected to create about 500 direct jobs and over 2,000 indirect jobs, while contributing MK35 billion annually in taxes and MK1 billion in mining royalties. The plant is also projected to save USD30 million previously spent on clinker imports and to generate USD15 million in annual export earnings.

Manufacturing (continued)

In April 2025, Coca-Cola Beverages Malawi commissioned a USD14.9 million (MK26.07 billion) production line at its Lilongwe plant. The facility aims to reduce reliance on imported plastic bottles, thereby conserving foreign exchange and enhancing self-sufficiency in the packaging supply chain. The move is expected to create jobs and ease pressure on forex reserves. The AI-powered system enhances efficiency by detecting and resolving issues before they disrupt production

Bakhresa Malawi Limited, a subsidiary of the Tanzania-based Bakhresa Group, launched a massive USD100 million (approximately MK175 billion) cooking oil refinery and solvent extraction plant in Blantyre, creating 500 direct jobs and thousands more indirectly across the value chain. Officially commissioned on 17 July 2025, this facility is designed to significantly boost the local agro-processing industry and reduce reliance on imported cooking oil.

Energy

In August 2025, the financing agreement between Malawi and the International Development Association (IDA) for the 358.5 MW Mpatamanga Hydropower Storage Project came into effect, following the World Bank's approval of a USD350 million IDA grant in May 2025. Once completed, the project is expected to generate 1,544 GWh of clean energy annually, supplying power to over one million additional households.

The Malawi-Mozambique Power Interconnection Project received a USD2.15 million (approximately MK3.8 billion) grant to update its feasibility and environmental and social impact studies for a 400-kilovolt transmission line linking Tanzania's Igango Substation to Malawi's Nkhoma Substation. The project, expected to feed 50 megawatts (MW) into Malawi's grid, aims to boost energy stability and regional connectivity.

The Electricity Supply Corporation of Malawi (ESCOM) announced the completion of tower installations for the 76.4-kilometre high-voltage power line under the Malawi-Mozambique power Interconnection Project. The development paves the way for the commencement of 50 megawatts (MW) of power imports from Mozambique. The USD154 million (MK270 billion) project, part of the Southern Africa Power Pool, will link Malawi's Phombeya Substation to Mozambique's Matambo Substation. The interconnection is projected to ease power outages and enhance grid reliability, with Malawi set to pay about USD4.5 million (MK7.8 billion) monthly for the imports over the five years. The country currently has an installed generation capacity of 554 MW.

The Malawi Energy Regulatory Authority (MERA) announced that petrol and diesel pump prices had been adjusted upwards, effective 1 October 2025. The upward adjustment raised the pump price of petrol to MK3,499/litre from MK2,530/litre, a 38.30% increase, and the pump price of diesel to MK3,500/litre from MK2,734/litre, a 28.02% increase. The increase aimed at ensuring a sustained fuel supply and achieving cost-reflective pricing.

Appendices



Appendix 1: Historical Monthly Economic Indicators

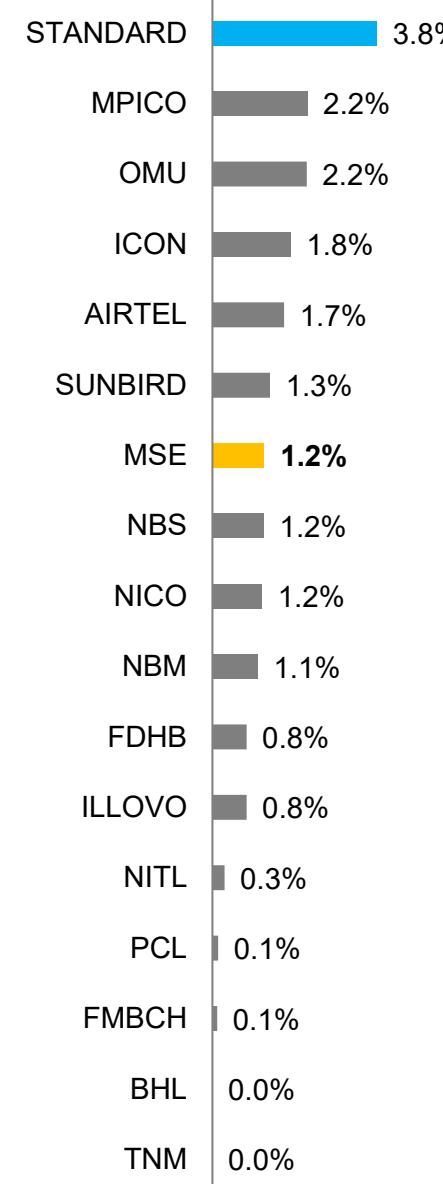
	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Exchange rates (middle rates)													
MK/USD	1,749.93	1,750.35	1,749.65	1,750.25	1,750.51	1,750.67	1,750.48	1,750.58	1,749.95	1,750.37	1,749.95	1,750.07	1,749.00
MK/GBP	2,250.25	2,233.84	2,268.53	2,329.61	2,412.28	2,415.65	2,473.04	2,408.88	2,424.53	2,423.25	2,371.39	2,377.10	2,416.04
MK/EUR	1,869.77	1,866.83	1,873.26	1,945.36	2,052.11	2,045.98	2,112.10	2,082.69	2,103.70	2,103.32	2,078.57	2,087.24	2,107.54
MK/ZAR	95.89	97.11	97.04	98.15	96.28	100.76	100.57	100.34	101.77	103.60	103.58	103.68	107.63
Foreign Exchange Reserves													
Total reserves (USD'mn)	530.9	570.6	569.5	536.0	530.0	521.0	555.9	607.7	521.9	511.8	526.8	530.0	N/A
Total reserves Import cover (months)	2.1	2.3	2.3	2.1	2.1	2.1	2.2	2.4	2.1	2.0	2.1	2.1	N/A
Inflation													
Headline	28.1%	28.5%	30.7%	30.5%	29.2%	27.7%	27.1%	27.3%	28.2%	28.7%	29.1%	27.9%	26.0%
Food	35.6%	36.0%	38.5%	37.7%	35.8%	32.7%	31.6%	32.4%	33.7%	33.0%	32.4%	30.1%	26.5%
Non-food	16.8%	16.9%	18.5%	19.2%	19.4%	20.0%	20.1%	19.3%	19.5%	21.7%	23.8%	24.2%	25.2%
Interest Rates													
Monetary Policy Rate	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
Average Interbank Rate	23.20%	23.19%	23.18%	23.19%	23.18%	23.82%	23.99%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%
Lombard Rate	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%
Commercial Bank Reference Rate	25.30%	25.20%	25.10%	25.10%	25.10%	25.20%	25.10%	25.30%	25.40%	25.30%	25.40%	25.30%	25.30%
Government Securities Yields													
91-days Treasury Bill	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
182-days Treasury Bill	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
364-days Treasury Bill	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
2-year Treasury Note	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%
3-year Treasury Note	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
5-year Treasury Note	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%
7-year Treasury Note	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
10-year Treasury Note	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Year-to-date Return													
MASI	55.06%	29.90%	64.92%	69.52%	68.39%	64.58%	91.77%	124.53%	211.15%	236.67%	250.27%	259.98%	247.63%
DSI	52.11%	32.35%	50.42%	56.52%	62.53%	62.41%	89.34%	120.03%	214.05%	236.40%	233.38%	217.65%	208.88%
FSI	75.65%	15.08%	152.62%	148.16%	103.82%	77.74%	106.49%	150.94%	195.28%	239.14%	348.11%	503.79%	470.87%

Appendix 2: Historical Annual Economic Indicators at Year-end

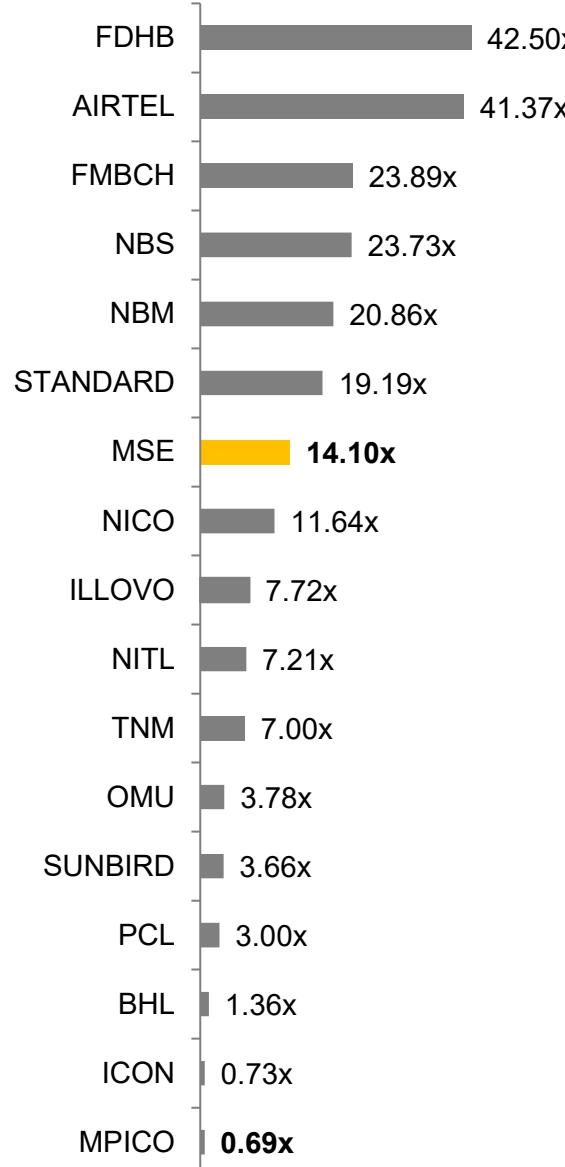
	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Exchange rates (middle rates)					
MK/USD	818.44	1,034.67	1,697.98	1,749.93	1,749.00
MK/GBP	1,208.01	1,282.60	2,224.30	2,250.25	2,416.04
MK/EUR	1,138.47	1,130.92	1,917.45	1,869.77	2,107.54
MK/ZAR	57.68	62.69	94.17	95.89	107.63
Foreign Exchange Reserves					
Gross Official Reserves (USD'mn)	429.2	304.7	239.3	N/A	N/A
Private Sector Reserves (USD'mn)	425.5	399.2	433.0	N/A	N/A
Total reserves (USD'mn)	854.7	703.9	672.3	530.9	N/A
Gross Official Reserves Import cover (months)	1.7	1.2	1.0	N/A	N/A
Inflation					
Headline	11.5%	25.4%	34.5%	28.1%	26.0%
Food	13.6%	31.3%	43.5%	35.6%	26.5%
Non-food	9.5%	18.6%	22.8%	16.8%	25.2%
Average annual inflation	9.3%	21.0%	28.8%	32.2%	28.4%
Interest Rates					
Monetary Policy rate	12.00%	18.00%	24.00%	26.00%	26.00%
Average Interbank rate	11.98%	15.00%	23.00%	23.20%	23.98%
Average base lending rate	12.20%	18.20%	24.20%	25.30%	25.30%
Government Securities Yields					
91-days Treasury Bill	9.70%	13.00%	14.70%	16.00%	16.00%
182-days Treasury Bill	13.00%	17.50%	18.00%	20.00%	20.00%
364-days Treasury Bill	14.47%	19.50%	24.00%	26.00%	26.00%
2-year Treasury Note	16.66%	22.50%	26.75%	28.75%	28.75%
3-year Treasury Note	19.05%	24.00%	28.00%	30.00%	30.00%
5-year Treasury Note	20.54%	26.00%	30.00%	32.00%	32.00%
7-year Treasury Note	20.94%	27.50%	32.00%	34.00%	34.00%
10-year Treasury Note	22.50%	28.50%	33.00%	35.00%	35.00%
Year-to-date Return					
MASI	40.05%	36.74%	78.85%	55.06%	247.63%
DSI	33.53%	37.08%	69.99%	52.11%	208.88%
FSI	209.64%	32.94%	181.28%	75.65%	470.87%

Appendix 3: Selected stock market statistics as of 31 December 2025

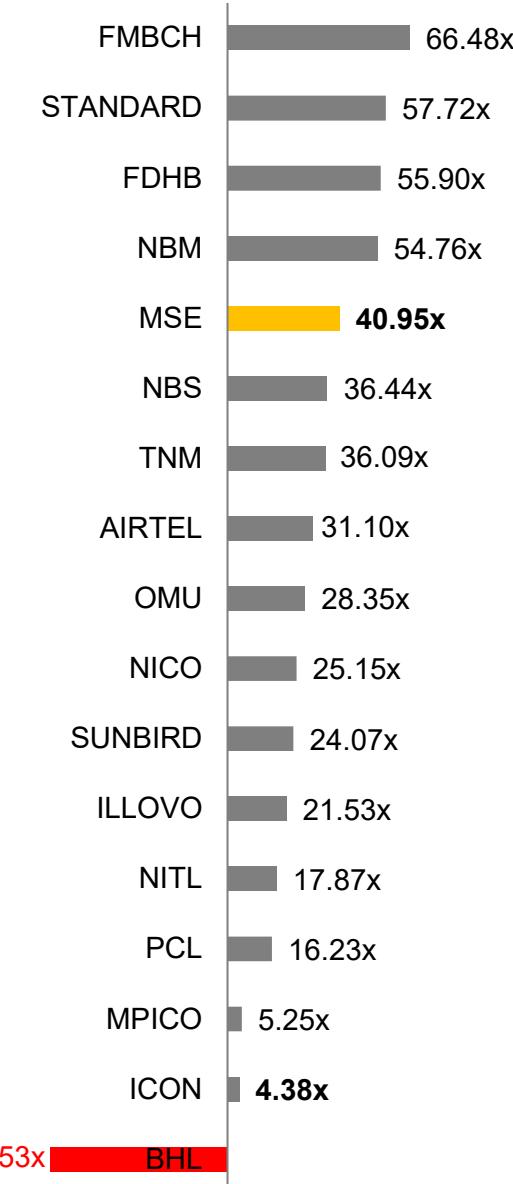
Dividend Yield (%) - the weighted average dividend yield on the MSE was 1.2% in December 2025. The counter with the highest dividend yield was STANDARD at 3.8%.



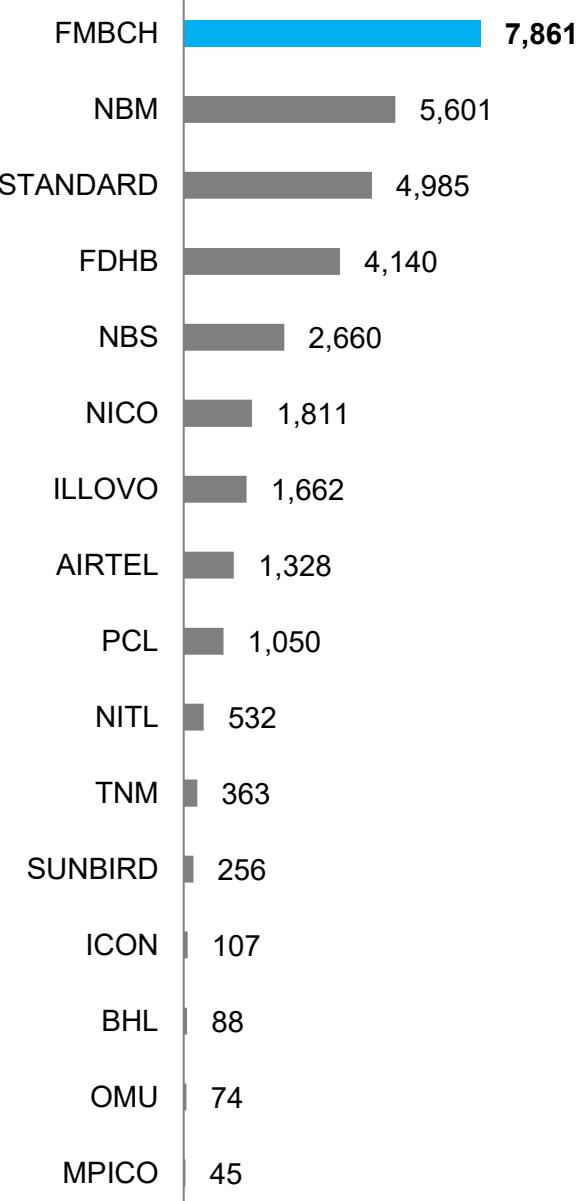
P/BV Ratio - the weighted average price to book value ratio on the MSE was 14.10x in December 2025. The counter with the lowest positive ratio was MPICO at 0.69x.



P/E Ratio - the weighted average price to earnings ratio on the MSE was 40.95x in December 2025. The counter with the lowest positive ratio was ICON at 4.38x.



Market Capitalization (MK'billion) - FMBCH had the highest market capitalization at MK7.86 trillion in December 2025.



Appendix 4: IMF, World Bank, and AfDB Projections

IMF projections

Annual percentage change (unless otherwise indicated)					
	2022	2023	2024	2025	2026
Real GDP	0.9	1.9	1.8	2.4	2.7
Consumer prices, annual average	20.8	28.8	32.2	28.2	24.1
Overall fiscal balance, including grants (% of GDP)	-9.3	-7.8	-11.0	-10.6	-12.8
Government debt (% of GDP)	75.7	86.7	87.6	80.4	78.3
Broad money (% of GDP)	23.6	23.8	26.3	26.9	32.7
External current account, including grants	-17.6	-17.3	-21.9	-18.3	-16.4
External debt (% of GDP)	32.0	31.7	37.2	30.5	26.2
Reserves (months of imports of goods and services)	0.4	0.6	0.4	0.3	0.3

Source: IMF Sub-Saharan Africa Regional Economic Outlook, October 2025

AfDB projections

Annual percentage change (unless otherwise indicated)					
	2022	2023	2024	2025	2026
Real GDP growth	0.9	1.9	1.8	3.0	3.8
Consumer price index inflation	20.8	28.7	32.3	23.8	15.8

Source: AfDB Malawi Country Focus Report, June 2025

World Bank projections

Annual percentage change (unless otherwise indicated)						
	2022	2023	2024	2025	2026	2027
Real GDP growth, at constant market prices	0.9	1.9	1.7	1.9	2.6	3.1
Private consumption	0.8	4.2	3.7	4.0	4.1	4.2
Government consumption	5.1	-4.4	1.7	17.1	1.0	-4.7
Gross fixed capital investment	-14.0	-15.5	-22.4	-42.2	7.4	47.0
Exports, goods and services	-24.1	22.4	4.6	-7.6	-9.9	-12.5
Imports, goods and services	-16.5	1.7	-1.5	1.3	0.8	1.6
Real GDP growth, at constant factor prices	1.1	1.5	1.8	1.9	2.6	3.1
Agriculture	0.9	0.5	-0.2	1.0	1.9	2.6
Industry	-0.7	2.2	2.1	1.7	2.3	2.8
Services	1.9	1.6	2.6	2.3	3.0	3.4
Inflation (consumer price index)	20.9	28.7	32.3	29.5	25.6	20.5
Current account balance (% of GDP)	-18.3	-15.7	-17.6	-20.8	-21.2	-21.7
Net foreign direct investment inflow (% of GDP)	1.7	1.5	1.8	2.2	2.5	3.1
Fiscal balance (% of GDP)	-10.8	-12.8	-9.2	-12.5	-13.3	-12.7
Revenues (% of GDP)	17.2	17.8	21.8	24.6	24.7	24.1
Debt (% of GDP)	74.4	83.4	90.9	90.7	87.3	85.9
Primary balance (% of GDP)	-6.1	-7.9	-2.3	-3.6	-3.0	-2.5

Source: World Bank Sub-Saharan Africa Macro-poverty Outlook, October 2025

Appendix 5: EIU and Oxford Economics Projections

IEU projections

Economic growth (%)	2025	2026	2027	2028	2029	2030
Real GDP	1.6	2.0	1.8	2.6	2.9	2.9
Private consumption	1.2	1.1	1.2	1.0	1.2	1.1
Government consumption	1.6	1.5	1.6	1.4	1.2	1.3
Gross fixed investment	2.6	2.2	2.4	2.3	2.4	2.3
Exports of goods & services	3.8	4.0	3.9	4.6	4.8	4.7
Imports of goods & services	3.2	2.9	3.1	3.0	3.1	3.0
Domestic demand	1.4	1.3	1.4	1.2	1.3	1.3
Agriculture	1.3	1.6	1.6	2.3	2.8	3.3
Industry	2.0	2.2	2.7	2.9	2.9	3.0
Services	1.6	2.6	2.9	3.0	3.2	2.7
Key indicators						
Consumer price inflation (av; %)	28.8	29.0	27.0	26.0	25.0	24.0
Government balance (% of GDP)	-9.9	-9.4	-8.9	-8.4	-8.0	-7.6
Current-account balance (% of GDP)	-17.9	-15.7	-15.3	-15.2	-15.1	-15.0
Short-term interest rate (av; %)	15.0	14.0	13.0	11.0	10.0	9.0
Exchange rate MK: US\$ (av)	1,734	1,734	1,853	2,127	2,514	2,792

Source: EIU Malawi Five-year Forecast Report, December 2025

Oxford Economics Projections

Annual percentage unless indicated otherwise	2023	2024	2025	2026	2027	2028
Real GDP growth	1.9	1.8	2.4	3.5	3.4	5.6
CPI inflation	28.8	32.2	28.8	32.5	20.9	5.0
Exports of goods (\$ bn)	1.0	1.0	1.1	1.2	1.4	1.5
Imports of goods (\$ bn)	3.0	3.0	3.0	2.9	3.0	3.3
Current account (\$ bn)	-2.1	-2.1	-2.1	-1.8	-1.6	-1.7
Current account balance (% of GDP)	-16.7	-18.7	-13.2	-11.5	-9.6	-9.3
Exchange rate per USD (year average)	1,161.1	1,735.3	1,825.3	1,929.9	2,035.2	2,035.2
External debt total (\$ bn)	4.2	4.8	5.3	5.7	6.1	6.1
Government balance (% of GDP)	-7.6	-6.2	-5.8	-5.4	-5.2	-5.2
Government debt (% of GDP)	81.3	81.3	81.2	80.3	80.0	80.0
Population (millions)	21.1	21.7	22.2	22.8	23.4	23.4
Nominal GDP (\$ bn)	13.3	11.9	13.5	14.6	15.5	15.5
GDP per capita (\$ current prices)	628.3	551.5	607.8	638.8	665.1	665.1

27 Source: Oxford Economics Malawi Economic Forecast, October 2025

Appendix 6: World Bank commodity market prices

World Bank commodity prices

	Annual averages					October	Monthly averages	
	2021	2022	2023	2024	2025		November	December
Produce (USD/mt)								
Soybeans	583.0	675.0	598.0	462.0	414.0	404.0	446.0	440.0
Maize	259.5	318.8	252.7	190.6	203.2	198.1	202.0	205.7
Sugar & Tea (USD/Kg)								
Sugar - EU	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Sugar - U.S.	0.7	0.8	0.9	0.8	0.8	0.8	0.7	0.7
Sugar - World	0.4	0.4	0.5	0.5	0.4	0.3	0.3	0.3
Tea - average	2.7	3.1	2.7	3.0	2.9	3.0	3.0	2.9
Fertilizers (USD/mt)								
DAP	601.0	772.2	550.0	563.7	685.2	754.0	708.3	627.5
Phosphate rock	123.2	266.2	321.7	321.7	152.5	152.5	152.5	152.5
Potassium chloride	542.8	863.4	383.2	295.1	347.5	352.0	353.8	358.3
TSP	538.2	716.1	480.2	474.6	577.6	658.5	636.3	538.5
Urea, E. Europe	483.2	700.0	358.0	338.3	422.7	394.4	409.3	392.5
Precious Metals (USD/toz)								
Gold	1,800.0	1,801.0	1,943.0	2,388.0	3,442.0	4,058.0	4,087.0	4,309.0
Platinum	1,091.0	962.0	966.0	955.0	1,278.0	1,616.0	1,565.0	1,893.0
Silver	25.2	21.8	23.4	28.3	39.8	49.4	50.4	62.3

Source: World Bank Commodities Price Data (The Pink Sheet), January 2026

Appendix 7: List of Acronyms and Abbreviations

ADB:	Authorized Dealer Bank	IDC:	Industrial Development Corporation	ORB:	OPEC Reference Basket
AfDB:	African Development Bank	IFAD:	International Fund for Agricultural Development	P/BV:	Price to book value
AfCFTA	African Continental Free Trade Area	IFC:	International Finance Corporation	P/E:	Price to earnings
Afreximbank:	African Export-Import Bank	IFPRI:	International Food Policy Research Institute	PAPSS:	Pan-African Payment and Settlement System
AGOA:	African Growth and Opportunity Act	IIP:	Integrated Industrial Platforms	PAYE:	Pay As You Earn
AHL:	Auction Holdings Limited	IMF:	International Monetary Fund	PCL:	Press Corporation Limited Plc
AIP:	Affordable Inputs Program	Kg:	Kilogram	RBM:	Reserve Bank of Malawi
AUD	Australian Dollars	Kt/a:	Kilotonne per annum	TN:	Treasury Note
ATG	Africa Trade Gateway	lb	Pound	TNM:	Telekom Networks Malawi Plc
ATM:	Agriculture, Tourism, and Mining	LRR:	Liquidity Reserve Requirement	TT:	Telegraphic Transfer
BHL:	Blantyre Hotels Plc	MASI:	Malawi All Share Index	UN:	United Natons
BII:	British International Investment	MAT:	Minimum Alternate Tax	US:	United States of America
bn:	Billion	Mb/d:	Million barrels per day	USD:	United States Dollar
CIRA	Construction Industry Regulatory Authority	MEPA:	Malawi Environment Protection Authority	USD/b:	United States Dollar per barrel
CPI:	Consumer Price Index	MERA:	Malawi Energy Regulatory Authority	USD/Kg:	United States Dollar per Kilogram
DAP:	Diammonium Phosphate	MHPL:	Mpatamanga Hydro Power Limited	USD/mt:	United States Dollar per metric ton
DoDMA	Department of Disaster Management Affairs	MITC	Malawi Investment and Trade Centre	USD/toz:	United States Dollar per troy ounce
DCTS	Developing Countries Trading Scheme	MK:	Malawi Kwacha	VAT:	Value Added Tax
DSI:	Domestic Share Index	mn:	Million	Y-O-Y:	Year-on-year
ECF:	Extended Credit Facility	MPC:	Monetary Policy Committee	YTD:	Year-to-date
EDF:	Export Development Fund	MSE:	Malawi Stock Exchange	ZAR:	South African Rand
EIU:	Economist Intelligence Unit	MT:	Metric tonnes		
ESCOM:	Electricity Supply Corporation of Malawi	MW:	Megawatts		
EU:	European Union	NBM:	National Bank of Malawi Plc		
EUR:	Euro	NCIC:	National Construction Industry Council		
FDHB:	FDH Bank Plc	NERP:	National Economic Recovery Plan		
FISP:	Farm Input Subsidy Program	NICO:	NICO Holdings Plc		
FMBCH:	FMB Capital Holdings Plc	NITL:	National Investment Trust Limited Plc		
FSI:	Foreign Share Index	NSO:	National Statistical Office		
GBP:	Great British Pound	OECD:	Organisation for Economic Co-operation and Development		
GDP:	Gross Domestic Product	OMU:	Old Mutual Limited Plc		
GWh	Gigawatt-hours	OPEC:	Organization of the Petroleum Exporting Countries		
IDA:	International Development Association				

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