



# ANNUAL GENERAL MEETING PACK

24th ANNUAL GENERAL MEETING OF AIRTEL MALAWI PLC





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# NOTICE AND AGENDA OF THE 24<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 24<sup>th</sup> Annual General Meeting of members of Airtel Malawi PLC (“the Company”) will be held both virtually and physically from Mount Soche Hotel, Blantyre on 12<sup>th</sup> day of July 2023 at 10:00 hours.

## PROCEDURE OF HOLDING THE ANNUAL GENERAL MEETING

1. The electronic pack of the Annual General Meeting (AGM) consisting of the Notice, Agenda, Minutes, a Proxy Form and audited Financial Statements for the Company for the year ended 31st December 2022, together with the reports of the Directors and Auditors and proposed resolutions will be sent to email addresses provided by the shareholders and can also be accessed on the Company's website ([www.airtel.mw](http://www.airtel.mw)).
2. Additionally, the physical copy of AGM pack can be collected from the Company's registered office or at the Company's Transfer Secretaries office at Standard Bank Head Office, Blantyre upon request. Shareholders are also requested to send up to date postal addresses to the Company's Transfer Secretaries to enable them send physical copies of the AGM Pack.
3. Shareholders who wish to participate electronically either in person or by proxy are required to contact [investor@mw.airtel.com](mailto:investor@mw.airtel.com) or [Custodymalawi@standardbank.co.mw](mailto:Custodymalawi@standardbank.co.mw), send a WhatsApp message to Investor Services on telephone number **+265 999 161 161** not later than forty-eight (48) hours before start of meeting.
4. All questions and comments pertaining to the AGM should be channeled to [investor@mw.airtel.com](mailto:investor@mw.airtel.com) or [Custodymalawi@standardbank.co.mw](mailto:Custodymalawi@standardbank.co.mw) or WhatsApp number **+265 999 161 161** not later than the 28th day of June 2023. The consolidated questions shall be shared via the Company's website ([www.airtel.mw](http://www.airtel.mw)).
5. A link will be provided to shareholders on request through their registered email addresses or WhatsApp.

## AGENDA OF THE AGM

### BUSINESS TO BE TRANSACTED AT THE AGM

#### A. AS ORDINARY BUSINESS

To consider and, if deemed fit, to pass with or without modification the following ordinary resolutions:

##### 1. APPROVAL OF MINUTES

To consider and if deemed appropriate approve Minutes of the 23<sup>rd</sup> Annual General Meeting of the Company held on 30<sup>th</sup> June 2022.

##### 2. FINANCIAL STATEMENTS

To receive, consider and if thought fit adopt the Financial Statements for the period ended 31<sup>st</sup> December 2022.

##### 3. DIVIDEND

To consider and if deemed appropriate to declare a dividend of MK27.5 billion representing MK2.50 per share in respect of 2022 profits.

##### 4. DIRECTORS' APPOINTMENT, RE-ELECTION, AND RETIREMENT

**4.1** To confirm the appointment of Ms. Monicah Kambo who was co-opted as a non-executive director during the year to fill a casual vacancy pursuant to Article. 73(1)(b) of the Company's Articles of Association.

##### **Ms. Monicah Kambo – 42 (Kenyan) - Brief Profile**

Ms. Monicah Kambo is the Group Human Resources Director at Airtel Africa based in Dubai. She has more than 21 years of rich experience in human resource management and general management. She joined Airtel Africa from WPP-Scan Group, where she was the Group Human Resource Director. In this role, she was instrumental in developing and up-scaling talent across the Africa operations. Prior to that she was Managing Director for Wavemaker and Ogilvy Africa, both subsidiaries for WPP-Scan Group. Other roles held include General Manager - McCann Worldwide Group amongst expatriation roles in South Africa and Uganda.

Ms. Kambo holds a Master's Degree in Global Human Resource management from the University of Liverpool, is an accredited MCIM (Chartered institute of Marketing-UK) and recently attended INSEAD/ALU courses.

**4.2** To confirm the appointment of Mr. Apoorva Mehrotra who was co-opted as a non-executive director during the year to fill a casual vacancy pursuant to Article. 73(1)(b) of the Company's Articles of Association.

**Mr. Apoorva Mehrotra – 52 (Indian)- Brief Profile**

Mr. Apoorva Mehrotra is the Regional Director for East Africa at Airtel Africa based in Dubai. He has more than 29 years of rich experience in strategic and general management. He previously worked for Airtel Networks Zambia Plc as Chief Executive Officer & Managing Director, Vodafone India as EVP & Business Head and Hutchinson Whampoa/ Vodafone as General Manager – Sales. Mr. Apoorva holds Master's Management Studies, MBA Equivalent from University of Mumbai and BA - Psychology, Political Science & Economics - University of Allahabad.

**4.3** To confirm the appointment of Mr. Anthony Shiner who was co-opted as a non-executive director during the year to fill a casual vacancy pursuant to Article. 73(1)(b) of the Company's Articles of Association.

**Mr. Anthony Shiner – 50 (Australian)- Brief Profile**

Mr. Anthony Shiner is the Group Chief Commercial Officer at Airtel Africa based in Dubai. He has more than 25 years of rich experience in Commercial, Digital and Transformation in the telecommunications industry across Australia, Singapore, and the Middle East. He joined Airtel Africa from Emirates Integrated Telecommunications Company where he progressively held the role of Chief Digital, Transformation & Innovation Officer from 2018 to 2020 and Chief Customer & Channel Officer from 2020 until June 2022. Prior to that, he was Executive Director- Digital for Telstra. He also worked with Singtel in various roles including Chief Mobile Marketing and Chief Revenue Officer – Digital. Other roles include General Manager- Consumer Channels, General Manager- Optus Country, Vice President- Broadband, NBN, TV & Content for Optus. Mr. Shiner holds a Bachelor of Sports Science (Exercise Science), University of New South Wales Australia, Post-Graduate in Business Administration, MGSM, New South Wales Australia and a Master of Science in Management from Stanford University, Ca, USA.

**4.4** To appoint Dr. Ngeyi Ruth Kanyongolo as an independent and non -executive director of the Board of the Company.

**Dr. Ngeyi Ruth Kanyongolo – 53 (Malawian) - Brief Profile**

Dr Ngeyi Ruth Kanyongolo is an Associate Professor of law with 30 years' experience as a lawyer and academic specialized in Labour Law, Corporate Governance, Social Protection and Gender. Dr Kanyongolo has served on a number of Boards, the most recent at national level being the Standard Bank Board, where she also served as Chairperson of the Board, and the Advisory Board of the National Planning Commission. At international level she serves on the Trustees Board of SASPEN a network of social protection experts and Equality Effect Board of Canada. She has also previously served in leadership positions as a Member of Senate, Dean of Faculty and Head of Department at the University of Malawi. She holds a Bachelor of Laws (Honours) from the University of Malawi (1991), Master of Laws from the University of London (1999) and a PhD from the University of Warwick (2007).

**4.5** To re-elect Mr. Kayisi Sadala who retires by rotation in terms of Article 74 of the Company's Articles of Association, but being eligible has offered himself re-election.

**Kayisi M'bwana Sadala – 59 (Malawian) - Brief Profile**

Mr. Kayisi M'bwana Sadala is the former CEO of Tobacco Commission. Mr Sadala previously held the position of Deputy CEO and Acting CEO at Malawi Savings Bank, Business Development Manager at Continental Discount House Limited and other senior management roles at National Bank of Malawi Plc and Indefund Limited. He has previously served on a number of Boards as Chairman of the Board of Lilongwe Water Board and ESCOM. He has also previously served as a member of the Board of National Oil Company, Competition and Fair Trading Commission, Malawi Switch Centre Limited and Malawi Towers Limited. He is a career banker with more than 30 years' experience in the financial services industry. His areas of specialization have mainly revolved around business development, corporate relationship management, retail and business banking, treasury management and international trade. He holds an MBA in Banking and Finance from the University of Wales in the United Kingdom, a Bachelor of Arts in Public Administration from the University of Malawi and a Diploma in Development and Management of Small Businesses and Industries from the Galilee College, Israel.

**4.6** To retire Mr. P.A. Chitsime, who has served on the Board for eleven years and has exceeded the age limit of seventy (70) years in terms of Section 164 (2)(b) of the Companies Act No. 15 of 2013.

## **5. DIRECTORS' REMUNERATION**

To consider and, if deemed appropriate, to approve that the Directors' remuneration for their services after approval at the Annual General Meeting as follows:

### **5.1. Fees**

Chairman - **MWK11,500,000** per annum payable quarterly in arrears (2022: MWK13,000,000).

Directors – **MWK7,000,000** per annum payable quarterly in arrears (2022: MWK7,000,000).

### **5.2. Sitting Allowance**

Chairman- **MWK900,000** per sitting (2022: MWK1,100,000).

Directors- **MWK600,000** per sitting (2022: MWK600,000).

## **6. APPOINTMENT OF AUDITORS**

To re-appoint Deloitte – Certified Public Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration.

## **B. OTHER BUSINESS**

To transact such other business as may be transacted at an Annual General Meeting.

### **Statement of Rights**

The register of members will be closed from close of business on 21<sup>st</sup> day of July 2023 to 24<sup>th</sup> day of July 2023 both dates inclusive, and no transfer will be registered during that time. Only members whose names shall appear in the register as of 21<sup>st</sup> day of July 2023 shall be eligible for the dividend which will be payable on 4th August 2023.

A Member entitled to attend and vote at the meeting is entitled to appoint a representative (if it is a body corporate or unincorporated association), or proxy (or more than one proxy) to attend and vote in his/her/its stead. The proxy need not be a member of the company.

The instrument appointing a proxy or representative, and the- power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power or authority shall be deposited at the Company Secretary's office or sent to [investor@mw.airtel.com](mailto:investor@mw.airtel.com) or [Custodymalawi@- standardbank.co.mw](mailto:Custodymalawi@-standardbank.co.mw) not less than 48 hours before the time for holding the meeting and in default the instrument of proxy shall not be treated as valid. A copy of the proxy can be downloaded from the Company's website ([www.airtel.mw](http://www.airtel.mw)).

**Dated the 20<sup>th</sup> day of June 2023**

**BY ORDER OF THE BOARD.**



**Hlupekire Chalamba FCG**  
**COMPANY SECRETARY**

Registered office:

**Airtel Complex, City Centre,  
Off Convention Drive  
LILONGWE.**

## MINUTES OF THE 23<sup>RD</sup> ANNUAL GENERAL MEETING OF AIRTEL MALAWI PLC HELD ON 30<sup>TH</sup> JUNE 2022 HELD VIRTUALLY ON THE ZOOM PLATFORM HOSTED FROM BINGU INTERNATIONAL CONFERENCE CENTRE AT 10:00 HOURS MALAWI TIME.

### PRESENT

Bharti Airtel Malawi Holdings B.V	Member (By Proxy through Mr. Edgard Maidou)
Bharti Airtel Africa B.V	Member (By Proxy through Ms. Velma Gendo)
Ms. Jantina Catharina Uneken	Member (By Proxy through Ms. Velma Gendo)
Old Mutual Investment Group and Eleven (11) Other Members under it	Member (By Proxy through Mr. Cuthbert Mnyenyembe)
Nico Asset Managers and Thirteen (13) Other Members under it	Member (By Proxy through Mr. Rupert Nkhono and Mr. Chikondi Nkhono)
Mr. Samson Kandu	Member (By Proxy through the Chairman)
Mr. Eliya Dambo	Member
Mr. Wilson Kuyokwa	Member
Mr. Damiano Chimpandule	Member

### IN ATTENDANCE

Mr. Alex Chitsime	Chairman
Mr. Charles Kamoto	Director
Mr. Kayisi Sadala	Director
Mrs. Hlupekire Chalamba	Company Secretary
Mr. Indradip Mazumdar	Finance Director
Mr. Vilengo Beza	Partner, Deloitte
Mr. Bright Mlotha	Manager, Deloitte

### 23/1 NOTICE AND QUORUM

The notice convening the meeting having been circulated and the quorum being present, the Chairman declared the meeting properly constituted.

### 23/2 AGENDA

The Agenda for the meeting was unanimously adopted.

### 23/3 CONFIRMATION OF PREVIOUS MINUTES

The minutes of the 22<sup>nd</sup> Annual General Meeting held on 24<sup>th</sup> June 2021 were unanimously **APPROVED**.

### 23/4 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021

The shareholders **RESOLVED** that the Directors' and Auditors' Reports and the Audited Financial Statements for the year ended 31<sup>st</sup> December 2021 be **ADOPTED**.

### 23/5 DECLARATION OF DIVIDEND

The shareholders **RESOLVED** that a dividend of MWK32,450,000,000 representing **MWK2.95** per share be **APPROVED**.



23/6 APPOINTMENT AND RE-ELECTION OF DIRECTORS

The shareholders **RESOLVED** as follows: -

- i. That Mr. P.A. Chitsime, being a director of over the age of 70 years, whose office would fall vacant at the conclusion of the Annual General Meeting by virtue of Section 164 (2)(b) of the Companies Act 2013, **BE RE-APPOINTED** as director in line with Section 169 (6)(a) of the Companies Act, 2013.
- ii. That Mr. Mark Mikwamba who retired by rotation in terms of Article 74 of Articles of Association of the Company but being eligible, **BE RE-ELECTED** as Director of the Board in accordance with Article 75 of the Articles of Association.
- iii. That Mr. Alok Bafna who retired by rotation in terms of Article 74 of Articles of Association of the Company but being eligible, **BE RE-ELECTED** as Director of the Board in accordance with Article 75 of the Articles of Association.

23/7 DIRECTORS’ REMUNERATION

The shareholders **RESOLVED** that the remuneration of the Chairman and independent non-executive directors be maintained as follows: -

**FEES**

Chairman - MWK13, 000,000 per annum payable quarterly in arrears  
Directors - MWK7, 000,000 per annum payable quarterly in arrears.

**SITTING ALLOWANCE**

Chairman- MWK1, 100,000 per sitting.  
Directors- MWK600, 000 per sitting.

23/8 APPOINTMENT AND REMUNERATION OF AUDITORS

**(1). Appointment**

The shareholders **RESOLVED** to **RE-APPOINT** Deloitte-Certified Public Accountants as Auditors of the Company until the conclusion of the next Annual General Meeting.

**(2). Remuneration**

The shareholders **RESOLVED** that the Directors be **AUTHORIZED** to fix the remuneration of the Auditors”.

23/9 OTHER BUSINESS

The Chairman informed the members that as of 22<sup>nd</sup> June 2022, the company had received questions from Mr. Daniel Jere and Mr. Stan Kaunda which were responded by the Management during the Meeting.

There being no other business the Chairman thanked all present for their valuable contributions at the meeting and declared the meeting closed at 10:26 Hours Malawian time.

\_\_\_\_\_  
CHAIRMAN

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
DATE



## **AIRTEL MALAWI PLC**

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### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

# DIRECTORS' REPORT

For the year ended 31 December 2022

The directors have pleasure in presenting to members audited financial statements for the year ended 31 December 2022 and report thereon as follows:

## REVIEW OF ACTIVITIES

Airtel Malawi Limited was incorporated in Malawi under the Malawi Companies Act 1984 as repealed by the Companies Act 2013 as a private company limited by shares. It was subsequently re-registered as Airtel Malawi Plc ("the company") on 18 November 2019.

The holding company is Bharti Airtel Malawi Holdings BV, incorporated in Netherlands. The company was listed on the Malawi Stock Exchange on 24th February 2020.

The registered office of the company is located at Airtel Complex, City Centre, Off Convention Drive, P.O. Box 57, Lilongwe, Malawi. The main business of the company consists of the provision of telecommunication services.

## OPERATIONS

The company is the leading provider of mobile telecommunication services (GSM mobile cellular telephone services) in Malawi, connecting millions of Malawians to the world through our voice telephony, messaging, data, international and national long-distance telecommunications services and value adding services.

The company continues to show growth in its customers with 4.7% year on year growth and ending with a total of 6.54 million customers. During the year the company added a total of 0.3 million new customers into its network. Data Customers grew 7.0% year on year basis to reach total customers of 2.4 million.

The company's revenue continues to grow strong with 16.5% year on year growth on the back of customer base growth and usage growth both in outgoing voice and data. The company generated 8.9 billion minutes on its network in year 2022 as compared to 7.3 billion minutes in previous year giving a year-on-year growth of 22% in minutes. However, the OG voice rate marginally declined from K10 per minute in year 2021 to K9 in year 2022 thus a year on year drop of 1.6%. The data revenue increase was supported by base growth and usage growth. In year 2022, the company clocked 87 billion Mbs as against 40 billion Mbs in year 2021, a growth of 116.4% on yearly basis. Data realization dropped from K1.07 per Mb in year 2021 to K0.55 per Mb in year 2021, thus a drop of 49% on yearly basis.

During the year, the company expanded its network with roll out of additional 48 sites.

## SHARE CAPITAL

The Authorised Share Capital of the company as at 31 December 2022 comprises of 11 000 000 000 (2021: 11 000 000 000) Ordinary shares. The issued and fully paid capital of the company comprises of 11 000 000 000 (2021: 11 000 000 000) Ordinary shares of K0.0001 each (2021: K0.0001 each), total amounting to K1 000 000 (2021: K1 000 000).

The key shareholders and their respective shareholding as at year-end were:

	2022	2021
	%	%
Bharti Airtel Malawi Holdings BV	80.00	80.00
General Public	11.4	11.4
Old Mutual Life Assurance	8.6	8.6
	100.00	100.00

## FINANCIAL COST AND INCOME

The results and state of affairs of the Company are set out in the accompanying statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, which include a summary of significant accounting policies.

	2022 K'000	2021 K'000
Revenue	153 463 598	131 769 046
Profit before tax	52 765 480	46 217 428
Income tax expense	15 840 174	13 882 494
<b>Profit for the year</b>	<b>36 925 306</b>	<b>32 334 934</b>

## CORPORATE GOVERNANCE

Airtel Malawi Plc takes the issue of corporate governance seriously. The Company's focus is to have a sound corporate governance framework that contributes to improved corporate performance and accountability in creating long term shareholder value.

The Company continues to embrace and abide by the main principles of modern corporate governance as contained in the Malawi Code II (Code of Best Practice for Corporate Governance in Malawi). In this regard, the Company's Board comprises of two independent Non-Executive Directors, five Non-Executive Directors and one Executive Director.

The Board meets at least four times a year and concerns itself with key matters and the responsibilities for implementing the Company's strategy is delegated to management. The Board of Directors continues to provide considerable depth of knowledge and experience to the business.

There is strong focus by the Audit, Risk and Investment Committee on matters relating to financial operations, fraud, application of accounting and control standards and results. The Audit, Risk and Investment Committee also meets at least four times a year.

The Company has put in place a Code of Conduct and Anti-Bribery and Anti-Corruption Policy that sets out the standards on how staff should behave with all stakeholders. An effective monitoring mechanism to support management's objective of enforcing the Code of Conduct and Anti-Bribery and Anti-Corruption has been developed and is being used across the Company.

## DONATIONS

During the year 2022, Airtel Malawi Plc donated school blocks, sanitary facilities, and double seater desks to Mkuyu Primary School in Chiradzulu for over 160 pupils. We also donated food items and school supplies for 95 children and their caretakers at Zoe Foundation Orphanage in Dodani area over Christmas.

The company additionally launched ZiliMwale, a K100 million campaign to support Malawians who are doing extraordinary things to uplift their communities. So far K23 million has been donated with K13 million given to Temwani Chilenga, a 28-year-old public primary school teacher who runs an orphanage and has supported over 2,400 children and K10 million given to 29-year-old Dumisani Kaliati who manufactures drones that deliver medical supplies to hard-to-reach areas.

## DIRECTORS' REPORT (continued)

For the year ended 31 December 2022

### DIRECTORS

The following directors were appointed in terms of the Articles of Association of the company served office during the year.

Name	Residence	Nationality	Effective Date
Alex Chitsime*	Malawi	Malawian	13 June 2012
Charles Kamoto**	Malawi	Malawian	27 July 2015
Alok Bafna*	UAE	Indian	4 January 2017
Ian Ferrao*	UAE	British	15 October 2019 up to 15 October 2022
Neelesh Singh*	UAE	Indian	3 May 2019 up to 31 December 2022
Kayisi Sadala*	Malawi	Malawian	12 September 2019
Mark Mikwamba*	Malawi	Malawian	17 July 2020
Mrs. Rogany Ramiah*	UAE	South African	17 July 2020 up to 23 August 2022
Monicah Kambo*	Kenya	Kenya	08 August 2022
Apoorva Mehrotra*	India	Indian	11 October 2022

\* Non-executive Director

\*\* Executive Director

### COMPANY SECRETARY

The secretary of the company is Mrs Hlupekire Chalamba.

### DIRECTORS' INTERESTS

The directors noted below hold the following ordinary shares in the company at the year-end.

Mr. Alex Chitsime	788,000 shares
Mr. Charles Kamoto	5,000,000 shares
Mr. Mark Mikwamba	197,005 shares
Mr. Kayisi Sadala	197,003 shares

### NUMBER OF BOARD MEETINGS HELD

The Board maintains a scheduled calendar of meetings and a standing agenda. The meetings are held quarterly and the Board at times also schedules adhoc meetings. Further, where necessary some specific items are added to the agenda in order to allow the Board to focus on key matters at each prevailing time. After each quarterly meeting, the Board schedules informal sessions and interactions, which allows directors, management and other stakeholders to discuss matters affecting the business.

During the year ended 31 December 2022, four meetings were held and attendance by each director is given below:

Members	22 FEB 22	06 APR 22	23 MAY 22	26 AUG 22	22 NOV 22
Plastone Alex Chitsime	✓	✓	✓	✓	✓
Charles Mustafa Kamoto	✓	✓	✓	✓	✓
Alok Bafna	A*	✓	✓	✓	A*
Ian Ferrao*	✓	✓	✓	A*	NA
Neelesh Pratap Singh**	✓	✓	✓	✓	A*
Kayisi M'bwana Sadala	✓	✓	✓	✓	✓
Rogany Ramiah***	✓	✓	✓	NA	NA
Mark Mikwamba	✓	✓	✓	✓	A
Monicah Kambo^	NA	NA	NA	✓	✓
Apoorva Mehrotra^^	A	A	A	A	✓

Key

✓= Attendance

A=Apology

NA= Not a Member of the Board

\*The director retired in October 2022

\*\* The director retired in December 2022

\*\*\* The director retired in August 2022

^ The director was appointed in August 2022

^^ The director was appointed in January 2022

The Board met five times during the year.

## PS

\*Alok Bafna appointed Charles Kamoto as his Alternate Director

Ian Ferrao appointed Charles Kamoto as his Alternate Director

Neelesh Singh appointed Charles Kamoto as his Alternate Director

## AUDIT, INVESTMENT AND RISK COMMITTEE MEETING ATTENDANCE

Members	21 FEB 22	04 APR 22	20 MAY 22	25 AUG 22	21 NOV 22
Mark Mikwamba	✓	✓	✓	✓	✓
Alok Bafna	A	✓	✓	✓	A*
Neelesh PratapSingh	✓	✓	✓	✓	✓

Key

✓= Attendance

A=Apology

NA= Not a Member of the Committee

The Committee met five times during the year.

## PS

\*Alok Bafna appointed Neelesh Singh as his Alternate Director.

# DIRECTORS' REPORT (continued)

For the year ended 31 December 2022

## HUMAN CAPITAL COMMITTEE MEETING ATTENDANCE

Members	18 FEB 22	04 APR 22	23 MAY 22	24 AUG 22	21 NOV 22
Kayisi M'bwana Sadala	✓	✓	✓	✓	✓
Rogany Ramiah	✓	✓	✓	NA	NA
Ian Ferrao	✓	✓	✓	A	NA
Monicah Kambo	NA	NA	NA	✓	✓
Apoorva Mehrotra	NA	NA	NA	NA	✓

Key

✓= Attendance

A=Apology

NA= Not a Member of the Committee

The Committee met five times during the year.

## PS

\*Ian Ferrao appointed Kayisi Sadala as his Alternate Director.

## HEATH AND SAFETY

The Company has policies and procedures to safeguard the occupational health, safety and welfare of its employees. To safeguard its employees against the Covid-19 pandemic, the Company has measures in place in line with the country's health guidelines which are monitored regularly.

## RESERVES

Details of the reserves of the company are shown in the statement of changes in equity on page 14.

## DIVIDENDS

The company paid a final dividend of K2.95 per share amounting to K32.45 billion during the year in respect of the year ended 31 December 2021. Further directors propose a final dividend of K27.5 billion equivalent of K 2.50 per share for the year ended 31 December 2022 (2021: K32.45 billion equivalent of K2.95 per share).

## GOING CONCERN

In accordance with their responsibilities, the directors considered the appropriateness of the going concern basis for the preparation of the financial statements. The company recorded a profit after taxation for the year ended 31 December 2022 of K36.9 billion (2021: K32.3 billion) and, as at that date, it had current liabilities of K84.7 billion (2021: K67.6 billion) against current assets of K 77.3 billion (2021: K67.2 billion). The company as at 31 December 2022 was in net current liabilities position of K7.4 billion (2021: K0.414 billion). The directors determined that the Company is a going concern and thus the financial statements should be prepared on a going concern basis.



**Mr Alex Chitsime**  
Chairperson



**Mr Charles Kamoto**  
Managing Director

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2022

The Malawi Companies Act, 2013 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results for that period.

The Act also requires the directors to ensure that the company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Malawi Companies Act, 2013.

In preparing the financial statements, the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with International Financial Reporting Standards, when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for establishing internal controls that ensure the propriety of transactions and accuracy and reliability of the accounting records and to safeguard the assets of the company against loss by theft, fraud, defalcation or otherwise.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe that the company is not a going concern in the near future from the date of this statement.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results and cash flows for the year ended 31 December 2022.



**Mr Alex Chitsime**  
Chairperson



**Mr Charles Kamoto**  
Managing Director

**7th June 2023**



# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDER OF AIRTEL MALAWI PLC



P.O Box 30364  
Capital City  
Lilongwe 3  
Malawi

Deloitte Chartered Accountants  
Registered Auditors  
City Centre  
Lilongwe  
Malawi

Tel : +265 (0) 1 773 699  
: +265 (0) 1 773 069  
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Email: [lldeloitte@deloitte.co.mw](mailto:lldeloitte@deloitte.co.mw)

[www.deloitte.com](http://www.deloitte.com)

### Opinion

We have audited the accompanying financial statements of Airtel Malawi Plc set out on pages 17 to 76, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Airtel Malawi Plc as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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



Partners: NT Uka VW BEZA CA Kapenda  
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

## Key audit matters

The company's billing systems for voice and data operate on dedicated computer platforms. These systems process millions of pieces of data to electronic records which enables the company to charge their customers, in real time, based on service usage.

The operations of these systems are fairly complex with dynamic and intelligent tariffs regimes which provide for various promotions and discounts that are dependent on demand and individual usage profiles. Income is determined taking into account the profile and usage of each individual customer.

In addition, prepaid phone units are used over periods that can straddle more than one accounting period. The determination of the correct cut off between what has been used and can be included in income and what has not been used and should be contract liabilities (creditor) is also a key audit consideration.

The nature of the systems and billing profiles make this a complex audit area in relation to the auditor assessing completeness and accuracy of income. Accordingly, we consider this a key audit matter.

The revenue recognition policy of the company has been disclosed in note 3.4 and the revenue streams analysis is in note 25 to the financial statements.

## How our audit addressed the key audit matter

We assessed the revenue recognition policy and ensured the policy is in line with International Financial Reporting Standards and industry practice.

We involved our Information Technology (IT) risk specialists in the engagement and:

- We assessed the general computer controls around the significant revenue and billing systems;
- We assessed the design and implementation of the relevant controls;
- We evaluated the process for capturing the tariff plans, combined with testing of a sample of related transactions. A key aspect of this exercise was to ensure that tariffs were properly approved;
- We obtained downloads of information recorded in the company's billing system and by using advanced data analytics mirror the dynamic, intelligent tariff regimes to independently compute the income for the selected months of the year and thus assess the completeness and accuracy of the figures in the revenue reports;
- We also performed analytical reviews for the other months of the year by developing an expectation using total revenue for the recalculated period;
- We also performed a call testing data / airtime to ensure that data / airtime used is accurate to the value captured in the system;
- We obtained a contract liabilities reconciliation for the expected contract liabilities as at period end and tested the accuracy and completeness of the reconciling items;
- We re-computed contract liabilities from Intelligent Network data using Computer Assisted Audit Techniques (CAATS); and
- We checked that the contract liabilities in the billing system were being reconciled to the records.

Based on the work performed, we concluded that revenue was properly recorded. We have also assessed the policy and found it to be in line with International Financial Reporting Standards and industry practice.

# INDEPENDENT AUDITOR'S REPORT (continued)

## TO THE SHAREHOLDER OF AIRTEL MALAWI PLC

### Other Information

The directors are responsible for the other information. The other information comprises the directors' report and the statement of directors' responsibilities, as required by the Companies Act, which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion on any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

### Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

**Auditor's Responsibilities for the Audit of the Financial Statements** (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The Deloitte logo, featuring the word "Deloitte" in a stylized, cursive script.

Chartered Accountants

**Christopher Kapenda**  
Partner

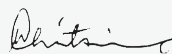
7th June 2023

# STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2022

	Notes	2022 K'000	2021 K'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	66 154 743	61 503 714
Intangible assets	6	340 848	653 011
Right of use assets	7	38 436 487	21 849 320
Deferred tax asset	8	3 248 157	1 496 419
Other non-current assets	9	10 725 495	7 868 598
Investment	10	81 000	81 000
<b>Total non-current assets</b>		<b>118 986 730</b>	<b>93 452 062</b>
<b>Current assets</b>			
Inventories	11	278 084	292 722
Trade and other receivables	13.1	7 712 084	23 006 453
Other current assets	13.2	10 328 617	5 389 551
Cash and cash equivalents	15	59 072 915	38 522 971
<b>Total current assets</b>		<b>77 391 700</b>	<b>67 211 697</b>
<b>Total assets</b>		<b>196 378 430</b>	<b>160 663 759</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		1 000	1 000
Share premium		398 375	398 375
Retained earnings		37 404 064	32 928 758
<b>Total shareholders' equity</b>		<b>37 803 439</b>	<b>33 328 133</b>
<b>Non-current liabilities</b>			
Borrowings	16	33 872 355	32 582 000
Lease liabilities	17	39 933 211	26 991 750
Deferred spectrum liabilities	18	-	136 654
<b>Total non-current liabilities</b>		<b>73 805 566</b>	<b>59 710 404</b>
<b>Current liabilities</b>			
Borrowings	16	109 284	32 688
Deferred spectrum liabilities	18	201 028	176 275
Lease Liabilities	17	3 169 923	4 309 420
Trade and other payables	19	46 709 702	30 570 222
Contract liabilities	20	9 975 227	8 130 675
Other current liabilities	21	16 305 269	15 932 610
Provisions	24	2 514 042	1 454 097
Income tax payable	14	5 784 950	7 019 235
<b>Total current liabilities</b>		<b>84 769 425</b>	<b>67 625 222</b>
<b>Total liabilities</b>		<b>158 574 991</b>	<b>127 335 626</b>
<b>Total equity and liabilities</b>		<b>196 378 430</b>	<b>160 663 759</b>

The financial statements on pages 17 to 76 were approved and authorised for issue by the Board of Directors on 7th June 2023 and signed on its behalf by:



**Mr Alex Chitsime**  
Chairperson



**Mr Charles Kamoto**  
Managing Director

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 K'000	2021 K'000
<b>Income</b>			
Operating revenue	25	153 463 598	131 769 046
Other income	26	2 988 885	3 305 312
		<b>156 452 483</b>	135 074 358
<b>Expenses</b>			
Network operation and maintenance		(23 400 619)	(21 003 756)
Sales and marketing expenses		(13 828 774)	(12 080 165)
Employee benefits expenses		(6 179 925)	(5 193 733)
Access charges		(3 543 958)	(3 148 706)
Other expenses	28	(17 566 737)	(14 256 350)
Licence fee and spectrum usage charges	29a	(11 178 259)	(10 310 154)
Impairment loss recovered on financial assets	13	740 734	603 139
Depreciation and amortization	29b	(14 412 325)	(15 252 684)
		<b>(89 369 863)</b>	(80 642 409)
<b>Operating profit</b>	27	<b>67 082 620</b>	54 431 949
Finance cost	31	(6 872 071)	(2 588 699)
Other non-operating income		5 344 970	-
Foreign exchange loss	30	(12 790 039)	(5 625 822)
<b>Profit before tax</b>		<b>52 765 480</b>	46 217 428
Income tax expense	32	(15 840 174)	(13 882 494)
<b>Profit and total comprehensive income for the year</b>		<b>36 925 306</b>	32 334 934
Basic and diluted earnings per share (K)	36	<b>3.36</b>	2.94

There were no items of other comprehensive income for the year (2021: Nil)

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital K'000	Share premium K'000	Retained earnings K'000	Total K'000
<b>Year ended 31 December 2022</b>				
At beginning of the year	1 000	398 375	32 928 758	33 328 133
Dividend declared for 2021 profit	-	-	(32 450 000)	(32 450 000)
Total comprehensive income for the year	-	-	36 925 306	36 925 306
<b>At end of the year</b>	<b>1 000</b>	<b>398 375</b>	<b>37 404 064</b>	<b>37 803 439</b>

## Year ended 31 December 2021

At beginning of the year	1 000	398 375	23 693 824	24 093 199
Dividend declared for 2020 profit	-	-	(23 100 000)	(23 100 000)
Total comprehensive income for the year	-	-	32 334 934	32 334 934
<b>At end of the year</b>	<b>1 000</b>	<b>398 375</b>	<b>32 928 758</b>	<b>33 328 133</b>

	2022 K'000	2021 K'000
<b>SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
11 000 000 000 (2021: 11 000 000 000) Ordinary shares	1 000	1 000
<b>Issued and fully paid share Capital</b>		
11 000 000 000 (2021: 11 000 000 000) Ordinary shares	1 000	1 000



# STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 K'000	2021 K'000
<b>Cash flows from operating activities</b>			
Profit before taxation		52 765 480	46 217 428
Adjustments for:			
Depreciation and amortisation	29(b)	14 412 325	15 252 684
Interest income		(3 001 570)	(1 863 628)
Unrealised exchange losses		8 678 839	2 927 824
Miscellaneous income		-	(12 846)
Other non -operating income		(5 344 970)	-
Movement in provisions		1 059 946	56 268
Loss / (profit) on disposal of plant and equipment	26	12 180	(1 428 838)
Finance cost	31	6 705 805	2 564 432
<b>Operating cash flow before working capital changes</b>		<b>75 288 035</b>	<b>63 713 324</b>
Decrease) / (increase) in trade and other receivables		15 294 369	(3 402 538)
Decrease / (increase) in inventories		14 638	(31 097)
Increase in other assets		(7 795 963)	(857 257)
Increase / (decrease) in trade and other payables		16 139 481	(6 749 081)
Increase in other liabilities		1 825 902	1 348 219
<b>Cash generated from operations before tax</b>		<b>100 766 461</b>	<b>54 021 570</b>
Income tax paid	14	(18 826 198)	(11 892 985)
<b>Net cash generated from operating activities</b>		<b>81 940 263</b>	<b>42 128 585</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment and intangibles	5	(15 831 169)	(8 504 107)
Interest received		3 001 570	1 863 628
Proceeds from sale of property, plant and equipment		532 781	7 859 838
<b>Net cash (used in) / generated from investing activities</b>		<b>(12 296 818)</b>	<b>1 219 359</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings – principal	16	(5 489 519)	(607 306)
Repayment of borrowings – interest	16	(1 340 498)	(579 728)
Other finance costs paid		(3 677 075)	-
Dividend payment	22	(32 058 690)	(12 491 524)
Repayment of spectrum liability – principal	18	(166 252)	(133 268)
Repayment of spectrum liability – interest	18	(15 549)	(22 159)
Lease write back	17	(2 127)	-
Repayment of lease liability – principal	17	(4 671 107)	(6 531 506)
Repayment of lease liability – interest	17	(1 672 684)	(1 877 247)
<b>Net cash used in financing activities</b>		<b>(49 093 501)</b>	<b>(22 242 738)</b>
Net increase in cash and cash equivalents		20 549 944	21 105 206
<b>Cash and cash equivalents at the beginning of the year</b>		<b>38 522 971</b>	<b>17 417 765</b>
<b>Cash and cash equivalents at the end of the year</b>	15	<b>59 072 915</b>	<b>38 522 971</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

**1. CORPORATE INFORMATION**

Airtel Malawi Limited was incorporated in Malawi under the Malawi Companies Act 1984 as repealed by the Companies Act 2013 as a private company limited by shares. It was subsequently re-registered as Airtel Malawi Plc (“the company”) on 18 November 2019. The registered office of the company is located at Airtel Complex, City Centre, Off Convention Drive, P.O. Box 57, Lilongwe, Malawi.

The holding company is Bharti Airtel Malawi Holdings B.V incorporated in the Netherlands. The main business of the company consists of the provision of telecommunication services.

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**  
**2.1. Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements**

In the current year, the entity has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2022.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2022	<b>Reference to the Conceptual Framework (Amendments to IFRS 3)</b>  The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard
Annual reporting periods beginning on or after 1 January 2022	<b>Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)</b>  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
Annual reporting periods beginning on or after 1 January 2022	<b>Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)</b>  The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

### 2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements (continued)

Annual reporting periods beginning on or after 1 January 2022	<p>Makes amendments to the following standards:</p> <ul style="list-style-type: none"> <li>IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.</li> <li>IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.</li> <li>IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example</li> </ul>
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The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements.

### 2.2. Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these financial statements.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2023	<p><b>IFRS 17 Insurance Contracts</b></p> <p>IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p>IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p> <p>The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**  
**2.2 Standards and Interpretations in issue, not yet effective (continued)**

Annual reporting periods beginning on or after 1 January 2024	<p><b>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</b></p> <p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p>
Annual reporting periods beginning on or after 1 January 2023	<p><b>Amendments to IFRS 17</b></p> <p>Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:</p> <ul style="list-style-type: none"><li>• Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023</li><li>• Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk</li><li>• Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination</li><li>• Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level</li><li>• Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements</li><li>• Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives</li><li>• Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held</li><li>• Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts</li><li>• Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach</li></ul>

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS** (continued)  
**2.2 Standards and Interpretations in issue, not yet effective** (continued)

Annual reporting periods beginning on or after 1 January 2023	<p><b>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</b></p> <p>The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.</p>
Annual reporting periods beginning on or after 1 January 2023	<p><b>Definition of Accounting Estimates (Amendments to IAS 8)</b></p> <p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.</p>
Annual reporting periods beginning on or after 1 January 2023	<p><b>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)</b></p> <p>The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p>
Annual reporting periods beginning on or after 1 January 2024	<p><b>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</b></p> <p>The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.</p>
Annual reporting periods beginning on or after 1 January 2024	<p><b>Non-current Liabilities with Covenants (Amendments to IAS 1)</b></p> <p>The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.</p>

The directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the company.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the company. These policies have been consistently applied to all year presented, unless otherwise stated.

### 3.1. Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### 3.2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies 3.18 below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised in Level 1, 2 or 3 based on the degree to which the inputs to their fair value measurements are observable and the significance of the inputs to fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies of the company, which are set out below, have been consistently followed in all material respects.

### 3.3. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key judgements made by management in the application of IFRS's that have significant effect on the amounts recognised in the financial statements includes IFRS 16 Leases, Expected Credit Losses, determination of useful lives of assets, contingent liabilities, provisions and application of deferred taxes. More details have been explained in note 4.1 to these financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4. Revenue

The Company's revenue arises from billing customers for monthly subscription, airtime usage, connections, reconnection fees and sale of simcards, equipment (handsets) and accessories and interconnection revenue.

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties and discounts. When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether the intermediary is a principal or agent in the onward sale to the end customer. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary. To the extent that the intermediary is considered an agent, the consideration to which the Company is entitled is determined to be the amount received from the customer; the discount provided to the intermediary is recognised as a cost of sale.

The Company has entered into certain multiple-element revenue arrangements which involve the delivery or performance of multiple products, services or rights to use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately. Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their relative standalone selling prices. The stand-alone selling prices are determined based on the list prices at which the Company sells equipment and network services separately. Revenue is recognised when, or as, each distinct performance obligation is satisfied.

Service revenue is derived from the provision of telecommunication services to customers. The majority of the customers of the Company subscribe to the services on a pre-paid basis. Telecommunication service revenues mainly pertain to usage, subscription and customer onboarding charges, which include activation charges and charges for voice, data, messaging and value added services.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Company's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

The Company recognises revenue from these services when performance obligation has been met. Revenue is recognised based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services consumed.

Subscription charges are recognised over the subscription pack validity period. Customer onboarding revenue is recognised upon successful onboarding of customer i.e. upfront.

Revenues recognised in excess of amounts invoiced are classified as unbilled revenue.

Service revenues also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signaling services. These are recognised upon transfer of control of services being transferred over time.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4. Revenue (continued)

Revenues from long distance operations comprise of voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangements.

The Company has interconnect agreements with local and foreign operators. This allows customers from either network to originate or terminate calls to each others' network.

Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Company's network i.e. the service is rendered.

The Company has estimated that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and recognises customer acquisition cost over the expected average life time of the customer, and amortise annually (for more details refer to note 9).

Equipment sales mainly pertain to sale of telecommunication equipment , handsets and related accessories for which revenue is recognised when the control of equipment is transferred to the customer i.e. transferred at a point in time.

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### 3.5. Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. All property, plant and equipment is subsequently measured at historical cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

In case, an item of property, plant and equipment is replaced, then its carrying amount of the replaced item is de-recognized/ written off from the book of accounts and the cost of new property, plant and equipment is capitalised.

The expenditures that are incurred after an item of property, plant and equipment has been put to use, such as repairs and maintenance, are normally charged to the profit or loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as separate components of assets. When an item of property, plant and equipment is replaced, then its carrying amount is de-recognised from the statement of financial position and cost of the new item is recognised.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.5. Property, plant and equipment (continued)

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment and adjusted prospectively. Land is not depreciated

Any future changes in either useful lives or estimated residual values are accounted for prospectively as a change in accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Depreciation is calculated on a straight-line basis at a rate that will reduce book amounts to estimated residual values over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Leaseholds improvements	10 or period of lease applicable, which ever is less
Network equipment	3-25
Computer equipment	3 -5
Furniture and equipment	1- 5
Vehicles	5

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement and disposal.

The useful lives, residual values and depreciation method of property, plant and equipment are reviewed, and adjusted appropriately, at-least as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and/ or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the property, plant and equipment 's remaining revised useful life.

Property, plant and equipment in the course of construction is carried at cost, less any accumulated impairment and presented separately as capital work-in-progress ('CWIP') including capital advances in the statement of financial position until capitalised. Such cost comprises of purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost.

#### 3.6. Intangible assets

The Company's intangible asset comprise of licenses and Spectrum (Spectrum is a range of electromagnetic radio frequencies used for transmission of voice, data and images). These are recognised as an asset when it is probable that future economic benefits from the asset will flow to the Company and the cost of their costs can be reliably measured.

Licenses and spectrum are initially measured at cost and subsequently amortised on a straight- line basis over their useful lives. Intangible assets are measured at cost less accumulated amortisation and impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6. Intangible assets

Amortisation periods are reviewed annually and adjusted prospectively as required. Gains or losses arising from derecognition of licenses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Licenses are amortised over a period of 15 years while spectrum are amortised over a period of 10 years.

The cost of intangible assets under development includes the amount of spectrum awarded to the Company for which services are yet to be rolled out.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful life for current and comparative periods for acquired computer software is 5 years.

### 3.7. Impairment of non-financial assets

#### Property, plant and equipment (PPE), right-of-use assets (ROU) and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

PPE, ROU and intangible assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro rata basis. Impairment losses, if any, are recognised in statement of profit and loss.

When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating units) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

### 3.8. Leases

#### a. Company as a lessee

At the inception of a contract, the company assesses a contract as or containing a lease if the contract conveys

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.8. Leases (continued)

##### a. Company as a lessee (continued)

the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether the contract involves the use of an identified asset, the company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and the company has right to direct the use of the asset. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on consumer price index ('CPI'), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including due to changes in CPI or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately. When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### b. Company as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.8. Leases (continued)

#### b. Company as a lessor (continued)

investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

The Company enters into 'Indefeasible right to use' ('IRU') arrangements wherein the right to use the assets is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the statement of financial position.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

For lessors lease income from operating leases is recognised in income on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Leases of property, plant and equipment where the Company has substantially retained all risks and rewards of ownership are classified as finance leases. Finance leases are capitalised by the lessee at the lease's commencement at the lower of fair value of the leased property and present value of minimum lease payments. The Lessor recognises assets held under a finance lease in their statements of financial position and present them as a receivable at an amount equal to the net investment in the lease.

For a finance lease interest and depreciation is charged as expense in the periods in which they are incurred.

### 3.9. Non current assets held for sale (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets-held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn, and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets (measured in accordance with IAS 12) and financial assets which are measured at fair value in accordance with IFRS 9. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

Loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative loss previously recognised.

If the criteria for the held for sale are no longer met, it ceases to be classified as held for sale and are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for any

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.9. Non current assets held for sale (or disposal groups) held for sale (continued)

depreciation/amortisation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

#### 3.10. Taxation

Income tax expense represents the sum of the tax currently payable and deferred.

##### Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

##### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except: When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised, except: when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.11. Functional currency translations

#### a. Functional and presentation currency

The financial statements are presented in Malawi Kwacha, being the currency of the primary economic environment in which the Company operates (the functional currency). Transactions in foreign currencies are converted into Malawi Kwacha using the exchange rates prevailing at the dates of the transactions.

#### b. Transactions and balances

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the foreign exchange rate ruling at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – with the resulting foreign exchange difference, on subsequent re-statement/settlement, recognised in the profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

All exchange differences are taken to profit and loss.

### 3.12. Employee benefits

#### a. Retirement benefit obligations

The Company operates a defined contribution scheme for all its employees. The Company and all its employees also contribute to the National Pension Scheme Fund, which is a defined contribution scheme. A defined contribution plan is a retirement benefit plan under which the Company pays fixed contributions into a separate Company. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions to the defined contribution schemes are recognised in profit or loss in the year in which they fall.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The company contributes to a defined contribution pension scheme that is administered by NICO pension fund.

#### b. Other entitlements

The estimated liability for employees' accrued gratuity and annual leave entitlement at the reporting date is recognised as an expense accrual.

### 3.13. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first in first out method (FIFO), and includes all expenditure incurred in bringing the inventories to their present value and condition, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The amount of any write down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write down or loss occurs.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.14. Dividend

Dividends payable to the company's shareholders are charged to equity in the period in which they are declared.

#### 3.15. Earnings per share

The Company presents the Basic and Diluted EPS data. Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

#### 3.16. Share capital and share premium

Issued ordinary shares are classified as 'share capital' in equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

#### 3.17. Statement of cash flows

Cash flows are reported using the indirect method as per IAS-7 "Statement of cash flows", whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferral or accrual of past or future cash operating receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

#### 3.18. Financial instruments

##### 3.18.1. Recognition, classification and presentation

Financial instruments are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all non-derivative financial liabilities as measured at amortised cost.

Financial assets with embedded derivatives are considered in their entirety for determining the contractual terms of the cash flow and accordingly, embedded derivatives are not separated. However, derivatives embedded in non-financial instrument/financial liabilities (measured at amortised cost) host contracts are classified as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts.

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, the Company currently has a



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.18. Financial instruments (continued)

#### 3.18.1. Recognition, classification and presentation (continued)

legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

#### 3.18.2. Measurements – Non derivative financial instruments

##### Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the Statement of Comprehensive Income.

##### Subsequent measurement - financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

##### i. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate ('EIR') method. Interest income from these financial assets is included in finance income.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

##### ii. Financial assets at fair value through profit or loss ('FVTPL')

##### Equity Investment

All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ('FVTOCI') are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

#### 3.18.3 Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.18. Financial instruments (continued)

##### 3.18.3. Amortised cost and effective interest method (continued)

credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss.

##### 3.18.4 Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

##### 3.18.5 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.18. Financial instruments (continued)

#### 3.18.5 Impairment of financial assets (continued)

However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial assets are subsequently measured at amortised cost using the EIR method (if the impact of discounting/any transaction costs is significant).

#### 3.18.5.1 Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.18. Financial instruments (continued)

##### 3.18.5 Impairment of financial assets (continued)

###### 3.18.5.1 Significant increase in credit risk (continued)

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

###### 3.18.5.2 Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

###### 3.18.5.3 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a. significant financial difficulty of the issuer or the borrower;
- b. a breach of contract, such as a default or past due event
- c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e. the disappearance of an active market for that financial asset because of financial difficulties.

###### 3.18.5.4 Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

###### 3.18.5.5 Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.18. Financial instruments (continued)

#### 3.18.5 Impairment of financial assets (continued)

##### 3.18.5.5 Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

### 3.19. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 3.20. Financial liabilities and equity instruments

#### 3.20.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### 3.20.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.20. Financial liabilities and equity instruments (continued)

##### 3.20.3 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### 3.20.4 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

##### 3.20.5 Financial liabilities at FVTPL

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 Financial Instruments: permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the statement of comprehensive income. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item in other comprehensive income.

##### 3.20.6 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### 3.21. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.22. Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised and disclosed only where an inflow of economic benefits is probable.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

### 4.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### Receivables

Critical estimates are made by the Directors in determining the recoverable amount of receivables. The Company uses a provision matrix to measure the expected credit loss of trade receivables. Factors taken into consideration in making such judgments include historical trends and the number of days a debt is past its due date for payment. The carrying amount of impaired receivables is set out in Note 14.

An assessment of both the current economic conditions as well as the forecasted economic is done at the reporting date, including assessment of time value of money where appropriate.

Malawi economy, financial difficulties of the debtors, or financial reorganisation and delinquency in paying, amongst others, are also taken into account.

#### Deferred Tax Assets

Deferred tax assets are recognised by the Company, for the unused tax losses and temporary differences for which there is probability of utilisation against the taxable profit.

Uncertainties exist in determination of the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. For details, refer Note 9.

#### Determination of residual values and useful lives

Judgment and estimations are used when determining the residual values and useful lives of property, plant and equipment on annual basis.

#### Contingent liabilities and provisions

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Company. Management in consultation with the legal, tax and other advisers to assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable. However, given the nature of these matters, there may be a risk of a material change within the next financial year.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

##### 4.2. Critical judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made judgments in determining:

##### a. Determining the incremental borrowing rate for lease contracts

The Company has recognised lease liabilities at present value using the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. Since determination of incremental borrowings is not directly available for the given markets in which Company operates, the Company has used judgement in determining the IBR by taking into consideration risk free borrowing rate based on US\$ bonds and adjusting it for country and Company specific risk premiums. The IBR used across the Company is 8.48% for USD leases and 11.24% for MW leases.

##### b. Separating lease and non-lease components

The consideration paid by the Company in telecommunication towers lease contracts include the use of land, passive infrastructure as well as maintenance, security services, etc. Therefore, in determining the allocation of consideration between lease and non-lease components, for the additional services that are not separately priced, the Company performs detailed analysis of cost split to arrive at relative stand-alone prices of each of the components.

##### c. Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

### 5. PROPERTY, PLANT AND EQUIPMENT

	Network Equipment	Furniture and office equipment	Land and buildings	Motor Vehicles	Leasehold improvements	Capital work in progress	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000
<b>For the year ended 31 December 2022</b>							
<b>Cost</b>							
At the beginning of the year	114 608 934	22 920 403	4 412 442	342 098	464 824	1 178 395	143 927 096
Additions	9 205 455	2 957 488	-	-	10 846	3 657 380	15 831 169
*Disposals to Airtel Mobile Commerce Limited	(1 447 092)	(232 558)	-	-	-	-	(1 679 650)
At the end of the year	122 367 297	25 645 333	4 412 442	342 098	475 670	4 835 775	158 078 615
<b>Accumulated depreciation</b>							
At the beginning of the year	59 361 922	20 128 556	2 156 025	341 964	434 915	-	82 423 382
Disposal to Airtel Mobile Commerce Limited	(902 130)	(232 558)	-	-	-	-	(1 134 688)
Charge for the year	8 392 445	2 018 754	206 786	57	17 136	-	10 635 178
At end of the year	66 852 237	21 914 752	2 362 811	342 021	452 051	-	91 923 872
<b>NBV for 31 December 2022</b>	55 515 060	3 730 581	2 049 631	77	23 619	4 835 775	66 154 743
<b>NBV 31 December 2021</b>	55 247 012	2 791 847	2 256 417	134	29 909	1 178 395	61 503 714

A register of land and buildings giving details required under the Companies Act 2013, Schedule 3, and Section 16 is maintained at the registered office of the company and is open for inspection by members or their duly authorized agents.

The carrying value of CWIP as at 31 December 2022 and 2021 is MK 4 836 million and MK 1 178 million respectively, mainly pertains to telecom equipment.

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Network Equipment	Furniture and office equipment	Land and buildings	Motor Vehicles	Leasehold improvements	Capital work in progress	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000
<b>For the year ended 31 December 2021</b>							
<b>Cost</b>							
At the beginning of the year	105 137 262	24 069 919	4 412 442	342 098	479 374	4 878 325	139 319 420
Additions	9 578 006	2 476 458	-	-	-	(3 550 357)	8 504 107
*Disposals to Airtel Mobile Commerce Limited	(26 563)	(3 625 974)	-	-	(14 550)	(914 171)	(4 581 258)
Reclassification from "Assets classified as held for sale"	(79 771)	-	-	-	-	764 598	686 827
At the end of the year	114 608 934	22 920 403	4 412 442	342 098	464 824	1 178 395	143 927 096
<b>Accumulated depreciation</b>							
At the beginning of the year	50 847 134	19 806 449	1 979 595	341 907	411 143	-	73 386 228
Disposal to Airtel Mobile Commerce Limited	(6 035)	(1 307 516)	-	-	(1 957)	-	(1 315 508)
Charge for the year	8 570 925	1 606 493	206 784	57	20 115	-	10 404 374
**Reclassification – reversal of ARO	52 155	-	-	-	-	-	52 155
Reclassification from "Assets classified as held for sale"	(102 257)	23 130	(30 354)	-	5 614	-	(103 867)
At end of the year	59 361 922	20 128 556	2 156 025	341 964	434 915	-	82 423 382
<b>NBV for 31 December 2021</b>	55 247 012	2 791 847	2 256 417	134	29 909	1 178 395	61 503 714
<b>NBV 31 December 2020</b>	54 290 128	4 263 470	2 432 847	191	68 231	4 878 325	65 933 192

\*The disposal to Airtel Mobile Commerce Limited was in relation of the sale of Kiosks.

\*\* Reclassification reversal of ARO (Asset Retirement Obligation) was due to the impact of revamping of ARO process during the year. The amount of Mk 52 million was as a result of reversal of Old ARO entries.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 6. INTANGIBLE ASSETS

	Celluar License	Deferred Spectrum	Total
	K'000	K'000	K'000
<b>Cost</b>			
At 31 December 2021	1 800 000	509 257	2 309 257
At January 2022	1 800 000	509 257	2 309 257
<b>At 31 December 2022</b>	<b>1 800 000</b>	<b>509 257</b>	<b>2 309 257</b>
<b>Amortization</b>			
At January 2021	1 244 767	101 383	1 346 150
Charge of the year	179 982	130 114	310 096
At 31 December 2021	1 424 749	231 497	1 656 246
At January 2022	1 424 749	231 497	1 656 246
Charge of the year	179 982	132 181	312 163
At 31 December 2022	1 604 731	363 678	1 968 409
<b>Carrying amount</b>			
At 31 December 2022	195 269	145 579	340 848
At 31 December 2021	375 251	277 760	653 011

## 7. RIGHT OF USE ASSETS

	Leasehold buildings	Leasehold land	Telecom equipment	Dark fibre	Motor Vehicle	Total
	K'000	K'000	K'000	K'000	K'000	K'000
<b>For the year ended 31 December 2022</b>						
<b>Cost</b>						
At the beginning of the year	789,571	239 526	29 482 037	952 412	171 948	31 635 494
Additions	-	-	33 753 165	-	-	33 753 165
Disposal / retirement	-	-	(20 922 115)	-	-	(20 922 115)
At the end of the year	789 571	239 526	42 313 087	952 412	171 948	44 466 544
<b>Amortisation</b>						
At the beginning of the year	402 859	36 181	8 967 021	208 165	171 948	9 786 174
Charge for the year	108 580	3 757	3 221 288	131 359	-	3 464 984
Disposal / retirement	-	-	(7 221 101)	-	-	(7 221 101)
At end of the year	511 439	39 938	4 967 208	339 524	171 948	6 030 057
<b>Carrying amount:</b>						
At 31 December 2022	278 132	199 588	37 345 879	612 888	-	38 436 487
At 31 December 2021	368 712	203 345	20 515 016	744 248	-	21 849 320

The company leases several offices, vehicles, network equipment and tools. The Company assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. When a contract includes lease and non-lease components, the company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components. Detailed policies have been stated on note 3.8 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 7. RIGHT OF USE ASSETS (continued)

	Leasehold buildings	Leasehold land	Telecom equipment	Dark fibre	Motor Vehicle	Total
	K'000	K'000	K'000	K'000	K'000	K'000
<b>For the year ended 31 December 2021</b>						
<b>Cost</b>						
At the beginning of the year	665 575	239 526	19 598 177	952 412	171 948	21 627 638
Additions	123 996	-	9 883 860	-	-	10 007 856
At the end of the year	789 571	239 526	29 482 037	952 412	171 948	31 635 494
<b>Amortisation</b>						
At the beginning of the year	263 400	32 397	4 711 199	69 016	171 948	5 247 960
Charge for the year	139 459	3 784	4 255 822	139 149	-	4 538 214
At end of the year	402 859	36 181	8 967 021	208 165	171 948	9 786 174
<b>Net right of use asset 2021</b>	386 712	203 345	20 515 016	744 247	-	21 849 320
Net right of use asset 2020	402 175	207 129	14 886 978	883 396	-	16 379 678

## 8. DEFERRED TAX ASSET

Deferred tax liability is calculated using the enacted income tax rate of 30% (2021: 30%). The movement on the deferred tax account is as follows:

	2022 K'000	2021 K'000
<b>1 January</b>	<b>1 496 419</b>	962 582
Charge to profit and loss (note 32)	<b>1 751 738</b>	533 837
<b>At 31 December</b>	<b>3 248 157</b>	1 496 419

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets (liabilities), deferred tax (charge)/credit in profit or loss, and deferred tax (charge)/credit in equity are attributable to the following items:

	At 1 January K'000	Credited/ (Charged) to income statement/equity K'000	At 31 December K'000
<b>2022</b>			
<b>Deferred tax asset</b>			
Property and equipment	(8 066 303)	(710 213)	(8 776 516)
Unrealised exchange losses and deferred revenue	2 236 666	6 102 134	8 338 800
Provision and fair value loss	7 326 056	(3 640 183)	3 685 873
<b>Net deferred tax</b>	<b>1 496 419</b>	<b>1 751 738</b>	<b>3 248 157</b>
<b>2021</b>			
<b>Deferred tax asset</b>			
Property and equipment	(7 348 723)	(717 580)	(8 066 303)
Unrealised exchange losses and deferred revenue	2 589 130	(352 464)	2 236 666
Provision and fair value loss	5 722 175	1 603 881	7 326 056
<b>Net deferred tax</b>	<b>962 582</b>	<b>533 837</b>	<b>1 496 419</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

### 9. OTHER NON-CURRENT ASSETS

	2022 K'000	2021 K'000
Security deposit *	45 000	45 000
Prepayments (Bandwidth)**	8 488 549	5 657 714
Other payment under protest on CFTC Case***	2 113 099	2 113 099
Other – (deferred customer acquisition costs)	78 847	52 785
Total other non-current assets	10 725 495	7 868 598

\*In February 2014, as part of the licensing agreement, the company provided a guarantee to the Authority (MACRA) at the amount of K 45 million to secure the performance of the obligations contained in the Licence. In the event that the Authority imposes a penalty upon the company for any breach of the Licence conditions, the Authority shall have the right to draw upon the performance guarantee.

\*\*Prepayments (bandwidth) relate to amounts that the company paid in advance for Bandwidth frequency for more than 18 months hence being classified as other non-current assets.

\*\*\* Other payment under protest relates to payment that the company made to Competition and Fair-Trading Commission on the on-going Khetekhethe promotion case. Subsequent to the year end the court has set 16 June as the date of hearing the case.

	2022 K'000	2021 K'000
<b>Deferred customer acquisition costs</b>		
At the beginning of the year	2 267 337	1 868 303
Additions	4 032 091	3 779 596
Amortisation	(3 583 162)	(3 380 562)
At the end of the year	2 716 266	2 267 337
<b>Deferred customer acquisition costs analysis</b>		
Current prepayment (note 13)	2 637 780	2 214 552
Non current prepayment	78 847	52 785
	2 716 626	2 267 337

The Company defer the customer acquisition costs on recognition and amortise over the average anticipated customer life. The Company estimates that the historic average customer life is longer than 12 months (up to 18 months) and believes that its churn rate provides the best indicator of anticipated average customer life.

## 10. INVESTMENT IN NATIONAL SWITCH LTD

	2022 K'000	2021 K'000
Long term investment – National Switch Ltd	81 000	81 000

Long-term investment relates to shares in National Switch Limited. In 2018, the company invested by acquiring 30 million shares (8.33%) of National Switch Limited at a price of K2.70 per share. The investment is carried at its fair value. The Directors believe that the fair value has remained unchanged in the current period because there were no changes in the operating environment of the investment. In addition, the company also paid a joining fee of USD 50,000 that was expensed off in the year of payment.

## 11. INVENTORIES

	2022 K'000	2021 K'000
Merchandise held for sale	528 883	756 457
Provision	(250 799)	(463 735)
	278 084	292 722

The cost of inventories recognized as an expense and included in 'cost of sales' amounted to K238 million (2021: K 239 million). The movement in provision has been expensed through sales and distribution.

## 12. RELATED PARTY DISCLOSURES

### 12.1. Amount due from other related parties

Name of the related party	Country of incorporation	Relationship	2022 K'000	2021 K'000
Bharti Airtel Limited	India	Intermediary parent	249 087	135 507
Malawi Towers Limited	Malawi	Fellow subsidiary	-	15 018 989
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	2 482 269	1 895 415
NXTRA Data Limited	India	Fellow subsidiary	-	1 486
Bharti Hexacom Limited	India	Fellow subsidiary	-	35
Celtel Niger SA	Niger	Fellow subsidiary	6 072	5 237
Airtel Tchad S.A.	Tchad	Fellow subsidiary	1 020	846
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	14 566	11 568
Airtel Mobile Commerce Ltd	Malawi	Fellow subsidiary	2 530	-
Bhart Airtel Sri Lanka (Pvt)	Sri Lanka	Fellow subsidiary	4	-
<b>Totals as disclosed in note 13.1</b>			<b>2 755 548</b>	<b>17 069 083</b>



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 12. RELATED PARTY DISCLOSURES (continued)

### 12.2.Amount due to other related parties

Name of the related party	Country of incorporation	Relationship to company	2022 K'000	2021 K'000
Airtel Mobile commerce Limited	Malawi	Fellow subsidiary	-	369 668
Bharti Airtel International (Netherlands) BV	Netherlands	Intermediary parent	4 090 244	3 510 796
Network i2i Limited	Mauritius	Intermediary parent	336 056	603 331
Airtel Tanzania plc	Tanzania	Fellow subsidiary	3 957 064	336 235
Emtel Mauritius	Mauritius	Other related party*	27	128
Airtel networks Zambia plc	Malawi	Fellow subsidiary	2 550 313	1 609 838
Airtel Networks Limited	Nigeria	Fellow subsidiary	28 825	52 730
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	330 796	233 933
Nxtra Data Limited	India	Fellow subsidiary	19 032	-
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	160 174	133 658
Airtel Congo (RDC) S.A	Congo (DRC)	Fellow subsidiary	15 149	9 077
Airtel Madagascar S.A	Madagascar	Fellow subsidiary	37 463	29 654
Airtel Uganda Limited	Uganda	Fellow subsidiary	176 462	137 943
Airtel Congo S.A	Congo	Fellow subsidiary	134 202	106 344
Airtel Gabon S.A	Gabon	Fellow subsidiary	23 170	18 475
Bharti Airtel Malawi Holdings BV	Netherlands	Holding company	699 649	555 222
Centum Learning Limited	India	Other related party*	10 421	16 560
Bharti Airtel (France) SAS	France	Fellow subsidiary	799 550	431 507
Bharti Airtel Services Limited	India	Fellow subsidiary	63 134	50 101
Bharti Hexacom Limited	India	Fellow subsidiary	56	-
Airtel Africa Services (UK) Ltd	Dubai	Fellow subsidiary	4 049 306	-
Airtel Africa Telesonic Limited	Dubai	Fellow subsidiary	294 164	-
<b>Totals as disclosed in note 19</b>			<b>17 775 257</b>	<b>8 205 200</b>

No provisions for impairment losses have been required in 2022 and 2021 for any related party receivables. Amounts due from/to related parties carry no interest, are receivable/payable on demand and are at arm length.

\* Other related parties' though not 'Related Parties' as per the definition under IAS 24, 'Related party disclosures', have been included by way of a voluntary disclosure, following the best corporate governance practices.

## 12. RELATED PARTY DISCLOSURES (continued)

### 12.3. Related party transactions

#### 12.3.1 Sales of goods and services

Name of the related party	Country of incorporation	Relationship to company	2022 K'000	2021 K'000
Airtel (Ghana) Limited	Ghana*	Other related party	-	33
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	59	2
Airtel Congo (RDC) S.A	Congo (DRC)	Fellow subsidiary	4 194	1 455
Airtel Congo S.A	Congo	Fellow subsidiary	54	-
Airtel Gabon S.A	Gabon	Fellow subsidiary	154	5
Airtel Madagascar S.A	Madagascar	Fellow subsidiary	1	51
Airtel Mobile Commerce Limited	Malawi	Fellow subsidiary	1 812 084	5 288 450
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	15 124	26 076
Airtel Networks Limited	Nigeria	Fellow subsidiary	4 578	2 354
Airtel Networks Zambia Plc	Zambia	Fellow subsidiary	89 659	118 700
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	125	26
Airtel Tanzania Limited	Tanzania	Fellow subsidiary	69 350	53 889
Airtel Tchad S.A	Tchad	Fellow subsidiary	77	-
Airtel Uganda Limited	Uganda	Fellow subsidiary	5 564	3 673
Bharti Airtel (UK) Limited	United kingdom	Fellow subsidiary	2 856 013	1 707 209
Bharti Airtel Limited	India	Intermediary parent	43 233	33 899
Bharti Hexacom Limited	India	Fellow subsidiary	14	11
Celtel Niger S.A	Niger	Fellow subsidiary	124	1
Emtel Mauritius	Mauritius	Other related party	1	3
Jersey Airtel Limited	Jersey	Fellow subsidiary	34	1
Malawi Towers Limited	Malawi	Fellow subsidiary	-	5 214 289
			<b>4 900 442</b>	<b>12 450 127</b>

\*During prior year, the group sold its Airtel (Ghana) Limited stake as such it is no longer a related party as at 31 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 12. RELATED PARTY DISCLOSURES (continued)

### 12.3. Related party transactions (continued)

#### 12.3.2 Purchase of goods and services

Name of the related party	Country of incorporation	Relationship to company	2022 K'000	2021 K'000
Airtel (Ghana) Limited	Ghana*	Other related parties	-	162
Airtel Congo (RDC) S.A	Congo (DRC)	Fellow subsidiary	36 915	26 527
Airtel Congo S.A	Congo	Fellow subsidiary	445	45
Airtel Gabon S.A	Gabon	Fellow subsidiary	191	529
Airtel Madagascar S.A	Madagascar	Fellow subsidiary	352	264
Airtel Mobile Commerce Limited	Malawi	Fellow subsidiary	12 148 603	9 388 471
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	46 932	9 849
Airtel Networks Limited	Nigeria	Fellow subsidiary	8 489	45 805
Airtel Networks Zambia Plc	Zambia	Fellow subsidiary	678 226	497 196
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	15 814	19 619
Airtel Tanzania Plc	Tanzania	Fellow subsidiary	3 605 912	202 709
Airtel Tchad S.A	Tchad	Fellow subsidiary	142	15
Airtel Uganda Limited	Uganda	Fellow subsidiary	9 806	7 230
Bharti Airtel (France) SAS	France	Fellow subsidiary	270 466	320 863
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	1 153 393	867 828
Bharti Airtel International (Netherlands) B.V	Netherlands	Intermediary parent	3 337 000	3 860 532
Bharti Airtel Limited	India	Intermediary parent	30 804	10 610
Bharti Airtel Malawi Holdings B.V	Netherlands	Other related parties	-	3 518
Bharti Airtel Services Limited	India	Fellow subsidiary	-	-
Bharti Hexacom Limited	India	Fellow subsidiary	161	74
Celstel Niger S.A	Niger	Fellow subsidiary	741	38
Centum Learning Limited	India	Other related party	72 311	90 902
Emtel Mauritius	Mauritius	Other related party	545	227
Jersey Airtel Limited	India	Fellow subsidiary	3	-
Malawi Towers Limited	Malawi	Fellow subsidiary	-	12 385 459
Network i2i Limited	Mauritius	Intermediary parent	589 342	503 250
Nxtra Data Limited	India	Fellow subsidiary	55 170	47 145
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	44 827	147
Airtel Africa Services (UK) Limited	Dubai	Fellow subsidiary	942 254	-
Airtel Africa Telesonic Limited	Dubai	Fellow subsidiary	294 164	-
			<b>23 343 008</b>	<b>28 289 014</b>

\* During prior year, the group sold its Airtel (Ghana) Limited stake as such it is no longer a related party as at 31 December 2022.

## 12. RELATED PARTY DISCLOSURES (continued)

### 12.3. Related party transactions (continued)

#### 12.3.3 Management fees

	2022 K'000	2021 K'000
Airtel Africa Services (UK) Limited	942 254	-
Bharti Airtel International (Netherlands) BV	2 831 662	3 506 993

## 13. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS

### 13.1. Trade and other receivables

Trade receivables	9 438 851	11 735 651
Less: provision for impairment losses	(4 687 197)	(5 803 051)
	4 751 654	5 932 600
Amount due from related parties (Note 12.1)	2 755 548	17 069 083
Other receivables	204 882	4 770
	7 712 084	23 006 453

Other receivables relate to sundry receivables from other shop agents.

### 13.2. Other current assets

Prepayments	4 529 925	1 604 515
Deferred customer acquisition costs (note 9)	2 637 780	2 214 552
Interest accrued on investment	97 833	58 444
Advance to supplier	1 119 005	203 956
Tax recoverable	823 995	521 683
Others current assets	1 120 079	786 401
	10 328 617	5 389 551

Prepayments relate to amounts that the company paid in advance for various services such as cost to obtain or fulfill contracts with customers, prepaid payment in respect of indefeasible right to use (IRU), network costs and advance rent related to offices and shops while other receivables relate to staff advances and other advances. Taxes recoverable include value added tax.

Advance to suppliers (net) are disclosed net of provision of MWK 52 million and MK 132 million as of 31 December 2022 and 2021 respectively.

With increased and more reliable data the company now estimates that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and has updated its policy on cost deferral recognition in these financial statements.

The prepaid- related to customer acquisition costs amounted to K2 716 million (2021: K2 267). Refer to note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

13. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS (continued)  
13.2. Other current assets (continued)

No interest is charged on trade and other receivables.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value due to their short term nature.

Expected credit losses of receivables is further analysed as follows: -

	2022 K'000	2021 K'000
At the beginning of the year	5 803 051	6 751 771
Loss allowance recovered	(1 115 854)	(948 720)
<b>Total</b>	<b>4 687 197</b>	<b>5 803 051</b>

Analysis of impairment of expected credit losses (credited) / charged to statement of comprehensive income

	2022 K'000	2021 K'000
Current year expected credit losses recovered	<b>(1 115 854)</b>	(948 720)
Roaming reversal	<b>375 120</b>	345 581
Credit to statement of comprehensive income	<b>(740 734)</b>	( 603 139)

The average credit period on sales of goods is 30 days while for interconnect for above 90 days. No interest is charged on outstanding trade receivables. The expected credit loss (ECL) is mainly based on the ageing of the receivable balances and historical experience, the willingness or otherwise of customers to acknowledge their indebtedness, together with other objective evidence of impairment as a result of one or more events that have occurred after initial debt recognition which suggest that future cash flows may be impaired. Provisioning on this basis can be subjective by nature as it requires the assessment of financial, as well as non-financial information in arriving at an impairment value, which can only be borne out by future events.

The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

The Company uses a provision matrix to measure the expected credit loss of trade receivables. Based on the industry practices and the business environment in which the Company operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due (Interconnect more than 9 months-as stated above).

The Company performs on-going credit evaluations of its customers' financial condition and monitors the creditworthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

### 13. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS (continued)

#### 13.2. Other current assets (continued)

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables has crossed the law of limitation period past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

For the purposes of grouping, Airtel's receivables are grouped based on the shared credit risk characteristics. Airtel identified nine (9) groups of debtors as follows:

1. Airtel shops; 2. Channel partner; 3. Enterprise; 4. Interconnect; 5. Lease line;
6. Postpaid; 7. Roaming; 8. Site sharing and
9. All other remaining receivables.

At 31 December 2022, the lifetime expected loss provision for trade receivables is as follows:

Expected credit loss rate	1 to 30days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	>360 days
Airtel shops	0%	0%	0%	100%	100%	100%
Channel partner	0%	0%	0%	0%	0%	100%
Enterprise	0%	0%	0%	100%	100%	100%
Interconnect	0%	0%	0%	0%	5%	8%
Lease line	0%	0%	0%	100%	100%	100%
Postpaid	0%	0%	0%	100%	100%	100%
Roaming	0%	0%	0%	100%	100%	100%
Site sharing	0%	0%	0%	100%	100%	100%
Other receivables**	0%	0%	0%	0%	0%	100%

\*\* Other receivables mainly include unapplied receipts hence since the amounts have been received and mostly in credit as such they have zero default rates. The company expects no change to this in the foreseeable future hence no expected credit losses for the same is determined.

Gross carrying amount	1 to 30 days K'000	31 to 60 days K'000	61 to 90 days K'000	91 to 180 days K'000	181 to 360 days K'000	>360 days K'000	Totals K'000
Airtel shops	102	12 980	4 266	9 515	9 500	28 893	65 256
Channel partner	1 241 208	-	-	-	-	365 160	1 606 368
Enterprise	1 511	5 826	-	299 615	65 762	535 921	908 635
Interconnect	(1 361 832)	267 380	64 510	200 096	363 893	1 007 840	541 887
Lease line	289 238	195 629	268 316	71 052	236 158	768 235	1 828 628
Postpaid	174 563	44 049	4 985	9 055	10 223	1 690 842	1 933 718
Roaming	53 922	153 048	19 014	14 408	10 793	267 100	518 285
Site sharing	-	-	11 534	23 170	18 033	26 369	79 106
Intercompany	1 179 878	-	-	-	-	-	1 179 879
Other receivables**	446 329	95 971	107 076	-	-	127 715	777 091
<b>Total</b>	<b>2 024 919</b>	<b>774 883</b>	<b>479 701</b>	<b>626 911</b>	<b>714 362</b>	<b>4 818 075</b>	<b>9 438 851</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 13. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS (continued)

### 13.2. Other current assets (continued)

Expected credit losses	1-30days K'000	31 to 60 days K'000	61 to 90 days K'000	91 to 180 days K'000	181 to 360 days K'000	>360 days K'000	Totals K'000
Airtel shops	-	-	-	9 515	9 500	28 893	47 907
Channel partner	-	-	-	-	-	365 160	365 160
Enterprise	-	-	-	299 615	65 762	535 921	901 298
Interconnect	-	-	-	-	18 485	81 193	99 678
Lease line	-	-	-	71 052	236 158	768 235	1 075 445
Postpaid	-	-	-	9 055	10 223	1 690 842	1 710 120
Roaming	-	-	-	14 408	10 793	267 100	292 301
Site sharing	-	-	-	23 170	18 033	26 369	67 572
**Other receivables	-	-	-	-	-	127 715	127 715
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426 815</b>	<b>368 954</b>	<b>3 891 428</b>	<b>4 687 197</b>

At 31 December 2021, the lifetime expected loss provision for trade receivables is as follows:

Expected creditloss rate	1-30days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	>360 days
Airtel shops	0%	0%	0%	0%	100%	100%
Channel partner	0%	0%	0%	0%	100%	100%
Enterprise	0%	0%	0%	100%	100%	100%
Interconnect	0%	0%	0%	0%	0%	25%
Lease line	0%	0%	0%	100%	100%	74%
Postpaid	0%	0%	0%	100%	100%	100%
Roaming	0%	0%	0%	100%	100%	100%
Site sharing	0%	0%	0%	100%	100%	23%
Other receivables**	0%	0%	0%	0%	0%	0%

\*\* Other receivables mainly include unapplied receipts hence since the amounts have been received and mostly in credit, as such they have zero default rates. The company expects no change to this in the foreseeable future hence no expected credit losses for the same is determined.

Gross carrying amount	1-30days K'000	31 to 60 days K'000	61 to 90 days K'000	91 to 180 days K'000	181 to 360 days K'000	>360 days K'000	Totals K'000
Airtel shops	30	-	540	-	4560	31 838	36 968
Channel partner	980 009	79 006	(1 131)	331	6 499	358 670	1 423 384
Enterprise	280 328	93 275	71 264	79 418	135 599	733 145	1 393 029
Interconnect	(1 046 616)	59 828	4 360	6 752	349 153	5 251 675	4 625 152
Lease line	174 024	157 461	31 020	68 940	157 052	1 056 124	1 644 621
Postpaid	150 854	14 274	3 518	15 912	23 272	1 696 185	1 904 015
Roaming	12 594	6 890	4 603	18 799	2 577	281 219	326 682
Site sharing	-	-	5 003	5 003	9 938	363 450	383 394
Other receivables**	390 345	(30 159)	(87 548)	(24 111)	(54 274)	(195 847)	(1 594)
<b>Total</b>	<b>941 568</b>	<b>380 575</b>	<b>31 629</b>	<b>171 044</b>	<b>634 376</b>	<b>9 576 459</b>	<b>11 735 651</b>

### 13. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS (continued)

#### 13.2. Other current assets (continued)

Expected credit losses	1-30days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	>360 days	Totals
	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Airtel shops	-	-	-	-	4 560	31 838	36 398
Channel partner	-	-	-	331	6 499	358 670	365 500
Enterprise	-	-	-	79 418	135 599	733 145	948 162
Interconnect	-	-	-	-	-	1 306 290	1 306 290
Lease line	-	-	-	68 940	157 052	784 067	1 010 059
Postpaid	-	-	-	15 912	23 272	1 696 185	1 735 369
Roaming	-	-	-	18 799	2 577	281 219	302 595
Site sharing	-	-	-	5 003	9 938	83 737	98 678
**Other receivables	-	-	-	-	-	-	-
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188 403</b>	<b>339 497</b>	<b>5 275 151</b>	<b>5 803 051</b>

### 14. INCOME TAX PAYABLE

	2022	2021
	K'000	K'000
Balance at the beginning of the year	7 019 235	4 495 889
Withholding tax paid during the year	(365 980)	(1 791 850)
Provisional tax paid during the year	(18 460 217)	(10 042 954)
Capital gain tax	-	(58 181)
Charge for the year (note 32)	17 591 912	14 416 331
Income tax payable	5 784 950	7 019 235

### 15. CASH AND CASH EQUIVALENTS

Current bank accounts	19 542 862	14 372 725
FCDA account	2 203	385 052
Cash in hand	626 455	528 134
Short term deposit accounts	38 901 395	23 237 060
<b>Totals</b>	<b>59 072 915</b>	<b>38 522 971</b>

For the purpose of the statement of cash flows, cash and cash equivalents are as follows:

Included in bank balances and cash are foreign currency denominated balances valued at K 2 million (2021: K385 million) at 31 December 2022. The balances were earning nil interest in 2022 (2021: nil ) per annum. The rest of the bank balances are denominated in Malawi Kwacha and were earning interest between 5-12% per annum (2021:5-12%).

The carrying amount of K59 072 million (2021: K38 523 million) is a reasonable approximation of fair value.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 16. BORROWINGS

	2022	2021
	K'000	K'000
<b>Non-current</b>		
Non current portion of the loan	33 872 355	32 582 000
Current portion of the loan	109 284	32 688
<b>Total borrowings</b>	<b>33 981 639</b>	<b>32 614 688</b>

Analysis as below:

	Bharti Airtel Malawi Holdings BV Holding company related party	Bank of America Hong Kong branch	Closing Balance
	K'000	K'000	K'000
<b>As at 31 December 2022</b>			
At the beginning of the year	-	32 614 688	32 614 688
Drawdown during the year	-	1 340 498	1 340 498
Repayments in the year	-	(6 830 017)	(6 830 017)
Exchange loss	-	6 856 471	6 856 471
<b>At the end of the year</b>	<b>-</b>	<b>33 981 639</b>	<b>33 981 639</b>

The term loans are due to the following:-

	Bharti Airtel Malawi Holdings BV Holding company related party	Bank of America Hong Kong branch	Closing Balance
	K'000	K'000	K'000
<b>As at 31 December 2021</b>			
At the beginning of the year	535 506	30 950 290	31 485 796
Drawdown during the year (Interest charges capitalised)	4 122	575 606	579 728
Repayments in the year	(589 544)	(597 490)	(1 187 034)
Exchange loss	49 916	1 686 282	1 736 198
<b>At the end of the year</b>	<b>-</b>	<b>32 614 688</b>	<b>32 614 688</b>

In 2018, the company had taken an external loan of USD 40 million from Bank of America NA, Hong Kong Branch. The original Tenor of the loan was for 2 years. Interest rate was at 3 months Libor plus 105 bps. The facility was uncommitted and unsecured revolving credit facility in USD and principal repayment was at the end of two years on 14 March 2020. On 12 March 2020, the loan facility was extended to expire on 13 September 2021 with change in term as 3 months Libor +120 bps. The facility was extended to expire on 13 September 2023. On 04 January 2023, the facility was further extended to expire on 12 September 2025. The facility is uncommitted and unsecured revolving credit facility. The renewed loan attracts an interest of 3 months Libor plus 170 bps.

## 17. LEASE LIABILITIES

As at 31 December 2022, the company had the following lease liabilities:-

	2022 K'000	2021 K'000
Current portion of leases liabilities	3 169 923	4 309 420
Non-current portion of leases liabilities	39 933 211	26 991 750
Total lease liabilities	43 103 134	31 301 170

### Lease details are as below:-

Opening lease liability	31 301 170	26 420 877
Additional lease during the year	33 753 165	10 007 856
Retirement of leased assets	(19 045 984)	-
Interest on lease liability	1 672 684	1 877 247
Repayment of lease liabilities	(6 343 791)	(8 408 753)
Adjustment lease write back	(2 127)	-
Unrealised exchange movement	1 768 017	1 403 943
	43 103 134	31 301 170

### Incremental borrowing rate used for IFRS 16 application (IBR)

IFRS 16 requires a lessee to measure a right of use asset and a lease liability, with the liability being established at the present value of the lease payments that are to be paid over the life of the lease, at the commencement date. A key input into the same calculation is the discount rate. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

### Definition of Incremental Borrowing Rate

The rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### Determination of Incremental Borrowing Rate (IBR)

The incremental borrowing rate (IBR) has been determined considering the following three key components applying practical expedients from the standard and various IBR determination approach guidelines –

#### a. Currency

The company has transactions that operate in multi currencies. The IBR should be the rate that reflects how the contract is priced. Hence, the IBR is determined so that it matches to the currency in which the major lease cash flows are denominated in the contract and adjusted for the differential rate in which it is paid by the entity.

#### b. Economic environment

The company operates under complex and dynamic economic environment altogether in comparison to Indian entities of Airtel. The volatility in economies with factors like interest rates, inflation rates and currency fluctuations impact the earnings and operations of the entity. The company has borrowings outside its base hence the IBR should consider that effect.

#### c. Term

A lessee may apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease term for a similar class of underlying asset in a similar economic environment). Maturity analysis of all leases have been done to understand the remaining maturity of the existing leases as on the date of transition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

17. LEASE LIABILITIES (continued)  
Determination of Incremental Borrowing Rate (IBR) (continued)

Below is IBR which has been applied to all the leases as at 31 December 2022;

Name of the Entity	Local Currency Leases	USD Leases
Airtel Malawi Plc	11.24%	8.48%

Undiscounted Maturity Schedule

Maturity analysis of lease liabilities

Lease liability	2022 K'000	2021 K'000
<b>Aging</b>		
Less than one year	9 391 986	6 129 059
One to two years	9 060 580	6 083 780
Two to three years	23 420 140	11 697 650
More than five years	45 614 247	11 702 839
	87 486 953	35 613 328
Less: future finance charges	(44 383 819)	(4 312 158)
	43 103 134	31 301 170

18. DEFERRED SPECTRUM LIABILITIES

As at 31 December 2022, the company had the following deferred spectrum liabilities:-

	2022 K'000	2021 K'000
Non-current portion of deferred spectrum liabilities	-	136 654
Current portion of deferred spectrum liabilities	201 028	176 275
<b>Total</b>	<b>201 028</b>	<b>312 929</b>

The movement for the year is as follows:

	2022 K'000	2021 K'000
At the beginning of the year	312 929	430 484
Interest during the year	15 549	22 159
Repayments during the year	(181 801)	(155 426)
Exchange loss	54 351	15 712
	201 028	312 929

**19. TRADE AND OTHER PAYABLES**

	<b>2022</b> <b>K'000</b>	<b>2021</b> <b>K'000</b>
Trade payable	<b>11 939 090</b>	4 955 572
Amount due to related parties (Note 12.2)	<b>17 775 257</b>	8 205 200
Other payables	<b>16 995 355</b>	17 409 450
	<b>46 709 702</b>	30 570 222

Trade payables are represented by amounts payable both to local and foreign suppliers.

The other payables comprise accrued expense, PAYE, accrued security expenses, withholding tax deducted from suppliers, accrued audit fees, levies and payables clearing account balances.

No interest is charged on outstanding balances.

The directors consider that the carrying amount of payables approximates their fair value due to their short term nature.

**20. CONTRACT LIABILITIES**

	<b>2022</b> <b>K'000</b>	<b>2021</b> <b>K'000</b>
Deferred income	<b>9 975 227</b>	8 130 675

Amounts received in advance from prepaid customers for delivery of internet and voice service.

Revenue relating to internet and voice services is recognised over time, when a customer makes use of the talk-time that was carried forward. There is no significant change in contract liability balances during the reporting period.

**21. OTHER CURRENT LIABILITIES**

	<b>2022</b> <b>K'000</b>	<b>2021</b> <b>K'000</b>
Dividends (note 22)	<b>15 857 832</b>	15 466 523
Employee benefits (note 23)	<b>447 437</b>	466 087
	<b>16 305 269</b>	15 932 610

**22. DIVIDEND PAYABLE**

	<b>2022</b> <b>K'000</b>	<b>2021</b> <b>K'000</b>
At beginning of the year	<b>15 466 522</b>	4 858 047
Dividend declared	<b>32 450 000</b>	23 100 000
Dividend paid	<b>(32 058 690)</b>	(12 491 524)
<b>At the end of the year</b>	<b>15 857 832</b>	<b>15 466 523</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 23. EMPLOYEE BENEFITS

	At the beginning of the year	Additions in the year	Reversed/ transferred in the year	Utilised in the year	At the end of the year
	K'000	K'000	K'000	K'000	K'000
<b>For the year ended 31 December 2022</b>					
Bonus provision	283 793	494 888	272 432	(752 847)	298 266
Provision for leave	182 294	149 171	(156 194)	(26 100)	149 171
Current amount payable within 12 months	466 087	644 059	116 238	(778 947)	447 437
<b>For the year ended 31 December 2021</b>					
Bonus provision	268 436	481 924	311 625	(778 192)	283 793
Provision for leave	166 890	182 294	(131 532)	(35 358)	182 294
Current amount payable within 12 months	435 326	664 218	180 093	(813 550)	466 087

## 24. PROVISIONS

	At the beginning of the year	Additions in the year	Reversed/ transferred in the year	Utilised in the year	At the end of the year
	K'000	K'000	K'000	K'000	K'000
<b>For the year ended 31 December 2022</b>					
Provision for legal claims	1 433 060	1 039 509	-	(34 700)	2 437 869
Asset retirement obligation	1 965	5 815	-	-	7 780
Tevet provision	19 072	49 321	-	-	68 393
Current amount payable within 12 months	1 454 097	1 094 645	-	(34 700)	2 514 042
<b>For the year ended 31 December 2021</b>					
Provision for legal claims	972 557	460 503	-	-	1 433 060
Tevet provision	58 473	37 363	13 348	(90 112)	19 072
Asset retirement obligation	62 513	1 965	(62 513)	-	1 965
Provision for MACRA	304 286	-	(286)	(304 000)	-
Current amount payable within 12 months	1 397 829	499 831	(49 451)	(394 112)	1 454 097

## 25. OPERATING REVENUE

Provisions for legal claims relate to expected payments to the outcome of on-going cases while provisions for asset retirement obligation relates to costs for the retirement of network assets. Tevet provision relates to the payment to be made to Tevet authority based on Tevet Act.

	2022 K'000	2021 K'000
Airtime revenue	86 857 939	72 971 025
Data revenue	52 609 457	47 293 671
Interconnect	5 767 461	4 787 432
Other services	441 358	606 076
Short messaging services	8 308 023	5 818 728
Value added services content	3 174 851	4 012 483
Roaming	878 588	702 995
Activation revenue	46 905	396 708
Handset & accessories	278 777	394 597
Trade discount	(4 899 761)	(5 214 669)
<b>Total</b>	<b>153 463 598</b>	<b>131 769 046</b>

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to MK 9 975 million at 31 December 2022 and MK 8 131 million as at 31 December 2021 will be satisfied within a period of one year, respectively.

Revenue recognised that was included in the contract liability balance at the beginning of the year is MK 8 131 million (2021: MK 6 813 million). Transfers from unbilled revenue (contract assets) recognized at the beginning of the period to receivables is MK 489 million for 2022 (2021: MK 434 million).

## 26. OTHER INCOME

	2022 K'000	2021 K'000
Interest income	3 001 570	1 863 628
Other operating income (loss)/ profit on disposal of PPE	(12 180)	1 428 838
Liability written back	(505)	-
Insurance claim received	-	12 846
	<b>2 988 885</b>	<b>3 305 312</b>

## 27. PROFIT BEFORE TAX

Profit before tax is arrived after deducting the following:

	2022 K'000	2021 K'000
Network operating and maintenance	23 400 619	21 003 756
Sales and marketing expenses	13 828 774	12 080 165
Employee benefits expenses	6 179 925	5 193 733
Access charges	3 543 958	3 148 706
	<b>46 953 276</b>	<b>41 426 360</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

### 28. OTHER EXPENSES

	2022 K'000	2021 K'000
IT expenses	1 270 933	1 477 863
Management fees	3 342 641	2 795 238
Content charges	5 881 167	4 961 837
Travel expenses	1 459 651	1 105 905
Administrative expenses	1 316 923	608 916
Provisions for legal cases	1 015 092	-
Customer services expenses	306 615	401 564
Rates and taxes	1 400	972
Billing and collection expenses	931 440	869 442
Corporate social responsibility	41 350	134 407
Directors' remuneration – for managerial services	1 589 064	1 528 144
Directors' remuneration – for services as Director	54 391	49 120
Cost of goods sold	238 826	239 342
Auditors' remuneration	117 244	83 600
	<b>17 566 737</b>	<b>14 256 350</b>

### 29.

#### (a). Licence fee/spectrum usage charges

	2022 K'000	2021 K'000
Net Operating Revenue (January – March) / (2021 full)	31 255 226	124 336 032
Gross Operating Revenue (April – Dec)	118 637 511	-
MACRA levy at 5%	1 562 761	6 216 802
MACRA levy at 3.5%	4 152 313	-
Spectrum and frequency fees	5 463 185	4 093 352
	<b>11 178 259</b>	<b>10 310 154</b>

As part of the licensing agreement, the company pays the Malawi Government, through the Malawi Communication Regulatory Authority (MACRA), a levy at 5% of Net Operating Revenue per annum as royalty before the amendment in April 2022 where the levy was changed to 3.5% of gross revenue.

	2022 K'000	2021 K'000
Interconnect Call Termination Rate Cost (0.08 cents)	990 121	870 038

Note that interconnect Call termination rate costs is part of network operating and maintenance costs

#### (b). Depreciation and amortisation

	2022 K'000	2021 K'000
Depreciation on property and equipment (note 5)	10 635 178	10 404 374
Depreciation on right-of-use assets (note 7)	3 464 984	4 538 214
Amortisation of intangible assets (note 6)	312 163	310 096
	<b>14 412 325</b>	<b>15 252 684</b>

### 30. FOREIGN EXCHANGE LOSSES

	2022 K'000	2021 K'000
Realised exchange gain	(454 542)	(1 271 260)
Realised exchange loss	4 726 118	4 002 373
Unrealised exchange gain	(160 376)	(33 115)
Unrealised exchange loss	8 678 839	2 927 824
<b>Net foreign exchange loss</b>	<b>12 790 039</b>	<b>5 625 822</b>

### 31. FINANCE COST

	2022 K'000	2021 K'000
Interest expenses	1 340 498	579 728
Bank charges	166 265	24 267
Interest on deferred spectrum and other	17 860	107 457
Interest on lease liability	5 347 448	1 877 247
<b>Total finance cost</b>	<b>6 872 071</b>	<b>2 588 699</b>

### 32. INCOME TAX EXPENSES

	2022 K'000	2021 K'000
<b>Income tax expense</b>		
Current income – note 14	17 591 912	14 416 331
Deferred tax – note 8	(1 751 738)	(533 837)
	<b>15 840 174</b>	<b>13 882 494</b>

A reconciliation between tax expense and accounting profit is as follows

	2022 K'000	2021 K'000
Profit before tax	52 765 479	46 217 428
Income tax at 30%	15 829 644	13 865 228
Expenses not deductible for tax purposes	10 530	17 266
	<b>15 840 174</b>	<b>13 882 494</b>

### 33. COMPENSATION OF KEY SENIOR MANAGEMENT PERSONNEL

	2022 K'000	2021 K'000
Salaries	725 953	687 774
Benefits	509 045	443 946
Bonuses	357 265	396 424
	<b>1 592 263</b>	<b>1 528 144</b>

The remuneration of the key management personnel of the company set out above is in aggregate for each of the category.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

### 33. COMPENSATION OF KEY SENIOR MANAGEMENT PERSONNEL (continued)

Key management personnel are:

	Employee Name	Designation	
1	Mr. Charles Kamoto	Managing Director	Full year
2	Mr. Indradip Mazumdar	Finance Director	Full year
3	Ms. Hlupekire Chalamba	Legal & Regulatory Director	Full year
6	Mr. Allan Banda	IT Director	Full year
7	Ms. Thokozani Kamkondo	Marketing Director	Full year
8	Mr.Beston Ndhlovu	Supply Chain Management Director	Full year
9	Ms. Sibusiso Twea Nyasulu	Customer Experience Director	Full year
10	Ms. Stella Hara	Enterprise Director	Full year
11	Mr. Misheck Kavuta	Sales and Distribution Director	Full year
12	Mr. Mphatso Manda	Network Director	Full year
13	Mpho Bwanali	Human Resources Director	Effective February 2022

#### Directors remuneration

	2022 K'000	2021 K'000
Directors' remuneration – for services as Director	54 391	49 120

### 34. DEFINED CONTRIBUTION PLAN EXPENSES

	2022 K'000	2021 K'000
Defined contribution plan expenses	396 227	342 764

### 35. CAPITAL COMMITMENTS

Capital expenditure	2022 K'000	2021 K'000
Approved capital expenditure to be incurred	9 163 252	4 790 605

The expenditure will be financed from internal resources.

### 36. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares outstanding at 31 December 2022 and 31 December 2021. Dilutive earnings per share is therefore the same as basic earnings per share.

**36. EARNINGS PER SHARE** (continued)

	<b>2022</b> <b>K'000</b>	<b>2021</b> <b>K'000</b>
Profit attributable to ordinary shareholders for the year	<b>36 925 305</b>	32 334 934
Weighted average number of shares	<b>11 000 000 000</b>	11 000 000 000
	<b>2022</b> <b>K'000</b>	<b>2021</b> <b>K'000</b>
Basic earnings per share (MK)	<b>3.36</b>	2.94
Diluted earnings per share (MK)	<b>3.36</b>	2.94

**37. CONTINGENT LIABILITIES**

As at 31 December 2022, the Company had contingent liabilities of K 3 479 million (2021: K 3 million) in respect of on-going legal cases. The cases are still in court awaiting deliberations hence no provisions have been made in the financial statements as the outcome is not certain that this amount may arise as a probable loss.

**38. FINANCIAL RISK MANAGEMENT****38.1. Categorisation of financial instruments**

The analysis below sets out the company's classification of financial assets and liabilities and their fair value including accrued interest.

	<b>2022</b> <b>K'000</b>	<b>2021</b> <b>K'000</b>
<b>Financial assets held at amortised cost</b>		
Trade and other receivables	<b>4 751 654</b>	5 932 600
Amount due from related parties	<b>2 755 548</b>	17 069 083
Cash and cash equivalents	<b>59 072 915</b>	38 522 791
	<b>66 580 117</b>	61 524 474
<b>Financial assets at FVTPL</b>		
Investment – long term	<b>81 000</b>	81 000
Total financial assets	<b>66 661 117</b>	61 605 474
<b>Financial liabilities held at amortised cost</b>		
Loan due to Bank of America	<b>33 981 639</b>	32 614 688
Amount due to related parties	<b>17 775 257</b>	8 205 200
Lease liabilities	<b>43 103 134</b>	31 301 170
Trade payables	<b>11 939 090</b>	4 955 572
<b>Total</b>	<b>106 799 120</b>	77 076 630

The company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finances for the company's operations. The company has trade and other receivables, and cash and short-term deposits that are derived directly from its operations.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 38. FINANCIAL RISK MANAGEMENT (continued)

### 38.1. Categorisation of financial instruments (continued)

The company is exposed to the following risks;

- Capital risk
- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

### 38.2. Financial risk management objectives and policies

The company's senior management oversees the management of these risks. The company's senior management is supported by the board of directors who advise on financial risks and the appropriate financial risk governance framework for the company.

The board provides assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Bharti Company policies and company risk appetite. All risk management procedures are carried out by specialist teams that have the appropriate skills, experience and supervision.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for identification, measurement, monitoring and controlling risk, and the company's management of capital. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

#### a. Capital risk management

Capital includes equity attributable to the equity holders of the company. The primary objective of the company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the period ended 31 December, 2022.

#### b. Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company primarily transacts business in U.S. dollars with parties of other countries. The Company has obtained foreign currency loans and imports equipment and services; and is therefore, exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollar.

The company's policy to manage the foreign currency risk is to settle all its foreign liabilities as they fall due for payment in order to mitigate the risk associated with the Malawi Kwacha depreciating significantly in value against the respective currencies of the suppliers.

As at 31 December 2022, if the Kwacha had weakened/strengthened by 5% against the US dollar with all other variables held constant, profit before tax for the year would have been K3 176 million (2021: K1 906 million) lower/higher, mainly as a result of US dollar denominated borrowings.

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### 38.2. Financial risk management objectives and policies (continued)

##### c. Interest rate risk management

The company is exposed to interest rate risk as it borrows funds from related party at variable i.e. Libor +450 bps. The amount arose as a result of the conversion of the amount payable to Bharti Airtel International BV following the agreement figured between Bharti Airtel Malawi Holdings BV and Airtel Malawi plc on 23 April 2015 and subsequent agreements on 15 April 2016 and 29 August 2017 respectively. The risk is managed by the group's global treasury function. Any adverse changes in the Libor rate are adjusted in the structure of the loan in terms of the interest repayments since it is intercompany. In addition the company has borrowed from Bank of America a USD denominated loan during the year at variable interest rate of 3 month Libor plus 105 bps. The Libor is a stable rate derived from stable environment, thus any changes are unlikely to have a significant impact on the company's operations.

As at 31 December 2022, if effective interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax would have been K339 million (2021: K321 million) lower/higher.

##### d. Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The company does not hold collateral as security on all the balances receivable.

The requirement for impairment is analyzed at each reporting date. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Refer note 13 for details on the impairment of trade receivables.

Credit risk from balances with banks and financial institutions is managed by company's treasury in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The company monitors ratings, credit spreads and financial strength on at least a quarterly basis. Based on its on-going assessment of counterparty risk, the company adjusts its exposure to various counterparties. The company's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2022 and December 31, 2021 is the carrying amounts as reflected in Note 13.

##### e. Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and short-term borrowings. In addition, the company is converting some foreign denominated debt into local currency as a means of addressing excessive cash outflows following devaluation of the local currency.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT (continued)

38.2. Financial risk management objectives and policies (continued)

e. Liquidity risk (continued)

The table below summarises the maturity profile of the company's financial liabilities based on contractual payments:-

	0 to 3 Months K'000	4 -12 Months K'000	Over 1 year K'000	Carrying amount and fair value K'000
As at 31 December 2022				
Liabilities				
Loan due to Bank of America	-	109 284	33 872 355	33 981 639
Lease liabilities	792 480	2 377 443	39 933 211	43 103 134
Amounts due to related parties	17 775 257	-	-	17 775 257
Trade and other payables	11 939 090	-	-	11 939 090
Total liabilities	30 506 827	2 486 727	73 805 566	106 799 120
As at 31 December 2021				
Liabilities				
Loan due to Bank of America	32 688	32 582 000	-	32 614 688
Lease liabilities	1 077 355	3 232 065	26 991 750	31 301 170
Amounts due to related parties	8 205 200	-	-	8 205 200
Trade and other payables	4 955 572	-	-	4 955 572
Total liabilities	14 270 815	35 814 065	26 991 750	77 076 630

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### 38.2. Financial risk management objectives and policies (continued)

##### e. Liquidity risk (continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2022 to the contractual maturity date.

	0 to 3 Months K'000	4 - 12 Months K'000	Over 1 year K'000	Carrying amount and fair value K'000
<b>As at 31 December 2022</b>				
<b>Assets</b>				
Trade and other receivables	2 229 801	1 800 088	926 647	4 956 536
Amount due from related parties	2 755 548	-	-	2 755 548
Cash and cash equivalents	59 072 915	-	-	59 072 915
<b>Total assets</b>	<b>64 058 264</b>	<b>1 800 088</b>	<b>926 647</b>	<b>66 784 999</b>
<b>Liabilities</b>				
Loan due to Bank of America	-	109 284	33 872 355	33 981 639
Lease liabilities	792 480	2 377 443	39 933 211	43 103 134
Amounts due to related parties	17 775 257	-	-	17 775 257
Trade and other payables	11 939 090	-	-	11 939 090
<b>Total liabilities</b>	<b>30 506 827</b>	<b>2 486 727</b>	<b>73 805 566</b>	<b>106 799 120</b>
<b>Gap</b>	<b>33 551 437</b>	<b>(686 639)</b>	<b>(72 878 919)</b>	<b>(40 014 121)</b>
<b>Cumulative Gap</b>	<b>33 551 437</b>	<b>32 864 798</b>	<b>(40 014 121)</b>	<b>(40 014 121)</b>

#### As at 31 December 2021

<b>Assets</b>				
Trade and other receivables	946 338	689 724	4 301 308	5 937 370
Amount due from related parties	17 069 083	-	-	17 069 083
Cash and cash equivalents	38 522 971	-	-	38 522 971
<b>Total assets</b>	<b>56 538 392</b>	<b>689 724</b>	<b>4 301 308</b>	<b>61 529 424</b>
<b>Liabilities</b>				
Loan due to Bank of America	32 688	32 582 000	-	32 614 688
Lease liabilities	1 077 355	3 232 065	26 991 750	31 301 170
Amounts due to related parties	8 205 200	-	-	8 205 200
Trade and other payables	4 955 572	-	-	4 955 572
<b>Total liabilities</b>	<b>14 270 815</b>	<b>35 814 065</b>	<b>26 991 750</b>	<b>77 076 630</b>
<b>Gap</b>	<b>42 267 577</b>	<b>(35 124 341)</b>	<b>(22 690 442)</b>	<b>(15 547 206)</b>
<b>Cumulative Gap</b>	<b>42 267 577</b>	<b>7 143 236</b>	<b>(15 547 206)</b>	<b>(15 547 206)</b>

Note that the comparative prior year disclosure under liquidity risk note has been amended to include lease liabilities as part of financial liability to conform with current year presentation.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

## 38. FINANCIAL RISK MANAGEMENT (continued)

### 38.3.Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. In order to maintain or adjust the capital structure, the company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The gearing ratios at 31 December 2022 and 31 December 2021 were as follows:

	2022 K'000	2021 K'000
Total borrowings (including borrowings and lease liabilities)	77 084 773	63 915 858
Less: cash and cash equivalents	(59 072 915)	(38 522 971)
Net debt	18 011 858	25 392 887
Total equity	37 803 439	33 328 133
Total capital	55 815 297	58 721 020
Gearing ratio	32%	43%

## 39. FAIR VALUE MEASUREMENTS

IFRS 13 Fair Value Measurement establishes a single source of guidance for fair value measurement and disclosure and this applies to both financial and non-financial instruments items which either IFRS require or permit fair value measurements except for share based payments that are within the scope of IFRS 2 Share- Based Payment, leasing transactions that are within the scope of IFRS 16 Leases and other measurements that have similarities to fair value but are not fair value such as Net Realisable Value (NRV) for measuring of inventories and value in use for impairment assessment purposes.

Set out below is a comparison by class of the carrying amount and fair value of the financial instruments that are recognised in the financial statements. The carrying amount of the financial assets and financial liabilities approximate their fair values because of their short term nature as shown below.

### 39.1.Valuation techniques and assumptions applied for the purposes of measuring fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate fair values.

The fair values of financial assets and financial liabilities are determined as follows;

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes); and

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

### 39.2.Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable:

### 39. FAIR VALUE MEASUREMENTS (continued)

#### 39.2. Fair value measurements recognized in the statement of financial position (continued)

- Level 1 fair value measurements are those derived from quoted prices(unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those that are derived from inputs of other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

#### 39.3. Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis (but fair value disclosures are required)

	2022 Carrying amount	2022 Fair value	2021 Carrying amount	2021 Fair value
<b>Financial assets classified at amortized cost</b>				
Trade and other receivables	4 751 653	4 751 653	5 937 370	5 937 370
Amount due from related parties	2 755 549	2 755 549	17 069 083	17 069 083
<b>Total</b>	<b>7 502 202</b>	<b>7 507 202</b>	<b>23 006 453</b>	<b>23 006 453</b>
<b>Financial assets classified at FVTPL</b>				
Investment	81 000	81 000	81 000	81 000
<b>Financial liabilities at amortized cost</b>				
Loan due to Bank of America	33 981 639	33 981 639	32 614 688	32 614 688
Amounts due to related parties	17 775 257	17 775 257	8 205 199	8 205 199
Trade and other payables	11 939 090	11 939 090	4 955 752	4 955 572
<b>Total</b>	<b>63 695 986</b>	<b>63 695 986</b>	<b>45 775 439</b>	<b>45 775 439</b>

Fair value hierarchy as at 31 December 2022

	Level 1 K'000	Level 3 K'000	Total K'000
<b>Financial assets classified at FVTPL</b>			
Investments	-	81 000	81 000
<b>Total</b>	<b>-</b>	<b>81 000</b>	<b>81 000</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

39. FAIR VALUE MEASUREMENTS (continued)  
39.3. Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis (but fair value disclosures are required) (continued)

Fair value hierarchy as at 31 December 2021

	Level 1	Level 3	Total
	K'000	K'000	K'000
Financial assets classified at FVTPL			
Investments	-	81 000	81 000
Total	-	81 000	81 000

Note that the investment was classified as level 2 in the previous year and this year has been correctly classified as level 3 in line with the nature of the investment.

40. ECONOMIC FACTORS

The average of the year-end buying and selling rates of the foreign currencies is stated below, together with the increase in the National Consumer Price Index for the year, which represents an official measure of inflation.

	31 December 2022	31 December 2022
Kwacha/US Dollar	1 034.67	814.50
Inflation	25.8%	11.5%

At the time of approving these financial statements, the above economic factors had moved as follows: Kwacha/US

Kwacha/US Dollar	1 034.78
Inflation (April 2023)	28.8%

No adjustments arising from the movement of the exchange rates after the reporting period- end have been made in the financial statements.

41. COMPARATIVES

Where necessary, certain comparative figures have been reclassified to conform to changes in the presentation in the current period.

## 42. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the Executive management committee that are used to make strategic decisions. The committee considers the business as a single operating segment, being the Malawi operations, as the information reported to the executive management committee for the purpose of strategic decision making is not presented per product line.

The reportable operating segment derives its revenue primarily from the sale of voice and data services to subscribers of the network and to foreign telephone operators when their subscribers utilize the Airtel Malawi network. Other revenue consists of connection and subscription charges and sale of mobile handsets to customers.

The executive management committee measures the performance of the operating segment based on a measure of Earnings before Interest, Tax, Depreciation and Amortisation.

Breakdown of revenue from all services is shown in note 25 to the financial statements.

## 43. SUBSEQUENT EVENTS

### **Dividend**

Subsequent to the year end on 1 June 2023, the company proposed a dividend of K 27.5 billion in respect of 2022 financial results.

# PROPOSED RESOLUTIONS

FOR THE 24TH ANNUAL GENERAL MEETING OF AIRTEL MALAWI PLC

Agenda Items	Resolutions
1. Receipt of the audited Financial Statements for the period ended 31st December 2022 together with the reports of the directors and auditors thereon.	"The shareholders resolved that the Directors' and Auditors' Reports and the Audited Financial Statements for the year ended 31st December 2022 be adopted".
2. Declaration of Dividend	"The shareholders resolved that a dividend of <b>MK27.5 billion</b> representing <b>MWK2.50</b> per share be approved".
3. Retirement and Appointment of Directors	<p>"The shareholders resolved as follows: -</p> <p><b>3.1</b> That the appointment of Ms. Monicah Kambo as a non-executive director be confirmed.</p> <p><b>3.2</b> That the appointment of Mr. Apoorva Mehrotra as a non-executive director be confirmed.</p> <p><b>3.3</b> That the appointment of Mr. Anthony Shiner as a non-executive director be confirmed.</p> <p><b>3.4</b> That Dr. Ngeyi Ruth Kanyongolo be appointed as a non-executive and independent director.</p> <p><b>3.5</b> That Mr. Kayisi Sadala who retired by rotation in terms of Article 74 of the Company's Articles of Association but being eligible, be re-elected as Director of the Board.</p> <p><b>3.6</b> That Mr. P.A. Chitsime, who has served on the Board for eleven years and has exceeded the age limit of seventy (70) years in terms of Section 164 (2)(b) of the Companies Act 2013 be retired.</p>
4. Approval of Directors' Fees	<p>The shareholders resolved that the remuneration of the Chairman and independent non-executive directors be as follows: -</p> <p><b>4.1 FEES</b></p> <p><b>Chairman</b> - MWK11,500,000 per annum payable quarterly in arrears (2022: MWK13,000,000). <b>Directors</b> – MWK7,000,000 per annum payable quarterly in arrears (2022: MWK7,000,000).</p> <p><b>4.2 SITTING ALLOWANCE</b></p> <p><b>Chairman</b>- MK900,000 per sitting (2022: MWK1,100,000). <b>Directors</b>- MWK700, 000 per sitting (2022: MWK600,000).</p>
5. Appointment of Auditors and Authorization of Directors to fix Auditors' remuneration	<p><b>5.1</b> "The shareholders resolved to re-appoint, Deloitte-Certified Public Accountants as Auditors of the Company until the conclusion of the next Annual General Meeting.</p> <p><b>5.2</b> "The shareholders resolved that the Directors be authorized to fix the remuneration of the Auditors".</p>

# PROXY FORM

## FOR THE 24<sup>TH</sup> ANNUAL GENERAL MEETING OF AIRTEL MALAWI PLC

I, We \_\_\_\_\_  
(name/s in block letters)

Of \_\_\_\_\_ address

Number of votes

Being the shareholder/member of the above-named company and entitled to

Do hereby appoint.

(1 share = 1 vote)

1 \_\_\_\_\_ of \_\_\_\_\_  
Or failing him/her

2 \_\_\_\_\_ of \_\_\_\_\_  
Or failing him/her

3. the Chairman of the meeting

as my/our proxy to attend, speak and vote for me/us or on my/our behalf at the annual general meeting of the company to be held both virtually and physically from Mount Soche Hotel, Blantyre on 12<sup>th</sup> day of July 2023 at 10:00 hours.

and at any adjournment thereof as follows:

AGENDA ITEM		Mark with x where applicable		
		IN FAVOUR	AGAINST	ABSTAIN
1	Approval of Financial Statements			
2	Approval of Payment of Dividend			
3.1	Confirmation of appointment of Ms. Monica Kambo who was co-opted as a non-executive director during the year to fill a casual vacancy pursuant to Art. 73(1)(b) of the Company's Articles of Association.			
3.2	Confirmation of appointment of Mr. Apoorva Mehrotra who was co-opted as a non-executive director during the year to fill a casual vacancy pursuant to Art. 73(1)(b) of the Company's Articles of Association.			
3.3	Confirmation of appointment of Mr. Anthony Shiner who was co-opted as a non-executive director during the year to fill a casual vacancy pursuant to Art. 73(1)(b) of the Company's Articles of Association.			
3.4	Appointment of Dr. Ngeyi Ruth Kanyongolo as non-executive and independent director.			
3.5	Re-election of Mr. Kayisi Sadala who retired by rotation in terms of Article 74 of Articles of Association.			
3.6	Retirement of Mr. Plastone Alex Chitsime in line with Section 164 (2)(b) of the Companies Act 2013 as read together with Section 169 (6)(a) of the Companies Act, 2013.			
4.	Approval of Directors' Remuneration			
5.	Re-appointment of Deloitte - Certified Public Accountants as Auditors			

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Signature\_\_\_\_\_

Assisted by me (where applicable) (see note 3): \_\_\_\_\_

Full name/s of signatory/ies if signing in a representative capacity (see note 4)\_\_\_\_\_

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies or representative(s) to attend, speak and vote in his/her stead. A proxy or representative need not be a member of the company.
2. If this proxy form is returned without any indication as to how the proxy or representative should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. A minor must be assisted by his/her guardian.
4. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the company has already recorded that authority.
5. In order to be effective, proxy forms must reach the registered office of the company (Airtel Malawi Plc) Airtel Complex, City Centre, Off Conventional Drive, Post Office Box 57, Lilongwe, Malawi) or the Transfer Secretaries, Standard Bank Plc, Transactional Products and Services, Standard Bank Head Office, City Centre P.O Box 30380 , Lilongwe 3, Malawi or sent by email to [investor@mw.airtel.com](mailto:investor@mw.airtel.com) or [Custodymalawi@standardbank.co.mw](mailto:Custodymalawi@standardbank.co.mw) or WhatsApp number **+265 999 161 161** not less than 48 hours before the time for holding the meeting and in default the instrument of proxy shall not be treated as valid.
6. The delivery of the duly completed proxy form shall not preclude any member of his/her duly authorized representative from attending the meetings, speaking, and voting instead of such duly appointed proxy.
7. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, or whose name is not deleted, shall be regarded as the appointed proxy.





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