airtel
A REASON TO **IMAGINE**

# ANNUAL GENERAL MEETING PACK

25TH ANNUAL GENERAL MEETING
OF AIRTEL MALAWI PLC

# CONTENTS

# NOTICE AND AGENDA OF THE ADJOURNED 25TH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the continuation of the adjourned 25th Annual General Meeting of members of Airtel Malawi PLC **("the Company")** will be held both virtually and physically from Bingu International Conference Centre, Lilongwe on 22nd day of October 2024 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 2023, 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/investors).

2. Additionally, the physical copy of the AGM pack can be collected from the Company's registered office or at the Company's Transfer Secretaries office at Standard Bank Regional Office, Blantyre. 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 or Custodymalawi@standardbank.co.mw, call or 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 or Custodymalawi@standardbank.co.mw or WhatsApp number **+265 999 161 161** not later than the 7th day of October 2024. The consolidated questions shall be shared via the Company's website (www.airtel.mw/investors).

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 receive, consider and if thought fit, adopt the audited Financial Statements for the period ended 31st December 2023.

**2. DIVIDEND**
To consider and, if deemed appropriate, to accept the Directors' recommendation not to pay any dividend for the year ended 31st December 2023.

**3. APPROVAL OF MINUTES**
To consider and, if deemed appropriate, to approve Minutes of the 24th Annual General Meeting of the Company held on 12th July 2023.

## 4. DIRECTORS' RETIREMENT AND RE-ELECTION

**4.1.** To re-elect Ms. Monicah Kambo who retires by rotation in terms of Article 74 of the Company's Articles of Association, but being eligible has offered herself for re-election.

**Ms. Monicah Kambo – 43 (Kenyan)**
**Brief Profile**

Ms. Monicah Kambo is the Group Human Resources Director at Airtel Africa based in Dubai and Nairobi. She has more than 22 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 attended INSEAD/ALU courses.

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

**Mr. Apoorva Mehrotra - 53 (Indian)**
**Brief Profile**

Mr. Apoorva Mehrotra is the Regional Director for East Africa at Airtel Africa based in Dubai. He has more than 30 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. Mehrotra holds Master's Management Studies, MBA Equivalent from University of Mumbai and BA - Psychology, Political Science & Economics - University of Allahabad.

# NOTICE AND AGENDA OF THE ADJOURNED 25TH ANNUAL GENERAL MEETING (Continued...)

**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 be maintained as follows:

**FEES**

Chairperson - K11,500,000 per annum payable quarterly in arrears (2023: K11,500,000).

Directors – K7,000,000 per annum payable quarterly in arrears (2023: K7,000,000).

**SITTING ALLOWANCE**

Chairperson- K900,000 per sitting (2023: K900,000).

Directors- K600, 000 per sitting (2023: K600,000).

**6. APPOINTMENT OF AUDITORS**

To re-appoint Deloitte – Chartered 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:

**7. STATEMENT OF RIGHTS**

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 or 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 form can be downloaded from the Company's website (www.airtel.mw/investors).

**Dated the 27th day of September 2024**
**BY ORDER OF THE BOARD.**

**HLUPEKIRE CHALAMBA FCG**
**COMPANY SECRETARY**

Registered office:

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

# MINUTES OF THE 24TH ANNUAL GENERAL MEETING OF AIRTEL MALAWI PLC HELD ON 12TH JULY 2023 AT MOUNT SOCHE HOTEL AT 10:00 HOURS MALAWI TIME.

**PRESENT**

| | |
|---|---|
| Bharti Airtel Malawi Holdings B.V | Member (By Proxy through Mr. Ms. Velma Gendo) |
| Bharti Airtel Africa B.V | Member (By Proxy through Ms. Velma Gendo) |
| Ms. Jantina Catharina Uneken | Member (By Proxy through Ms. Georgina Ogalo) |
| Old Mutual Investment Group and Thirteen (13) Other Members under it | Member (By Proxy through Mr. Mark Mikwamba) |
| Nico Asset Managers and Thirteen (13) Other Members under it | Member (By Proxy through Mr. Rupert Nkhono and Mr. Chikondi Gomani) |
| Mr. Wilson Kuyokwa | Member (By Proxy through the Chairman) |
| Mr. Kumbukani Lonnie Saini | Member |
| Mr. Rex Katunda | Member |
| Mrs. Dorothy Bwanali | Member |
| Mr. Bunch Josephus Store | Member |
| Dr. C. Makadia | Member |
| Mrs. Lexa Mapila | Member |
| Mr. Garri Mathanga | Member |
| Mr. Raphael Mhone | Member |
| Mr. A. Wachepa | Member |
| Mr. Gibson Mwamira | Member |
| Mr. Chisomo Ngulube | Member |
| Mr. Hendricks Mwenelupembe | Member |
| Mr. Mathews Kampeza | Member |
| Mr. Love Tinto Chikufenji | Member |
| Mr. Sunduzwayo Jere | Member |
| Mr. Redson K. Jere | Member |
| Mr. Enock Lipenga Sandikanda | Member |
| Mr. Gilbert Mwamira | Member |
| Mr. Takondwa Mlenga | Member |
| Mr. Chikafa Mickford | Member |
| Mr. William David Kanyoni | Member |
| Mr. S.G. Kaunda | Member |
| Mr. Luciano Kamoto | Member |
| Mr. Daniel Jere | Member |
| Mrs. Ennet Chipungu | Member |
| Mr. Francis Chikadza | Member |
| Mr. Jackson Chakuma | Member |
| Mr. Maclan Kankhomba | Member |
| Mr. Steve Chindongo | Member |
| Mrs. Ayanda Maere | Member |
| Mrs. Lucia Lucy Chola | Member |
| Mrs. Odette Mkwezalamba | Member |
| Berta Trading | Member |

# NOTICE AND AGENDA OF THE ADJOURNED 25TH ANNUAL GENERAL MEETING (Continued...)

## IN ATTENDANCE

**Board of Directors**

| | |
|---|---|
| Mr. Alex Chitsime | Chairman |
| Mr. Charles Kamoto | Director and Alternate Director for Mr. Apoorva Mehrotra and Mr. Alok Bafna |
| Mr. Mark Mikwamba | Director and Alternate Director for Mr. Anthony Shiner |
| Mr. Kayisi Sadala | Director and Alternate Director for Ms. Monicah Kambo |

**Company Secretary**

| | |
|---|---|
| Mrs. Hlupekire Chalamba | Company Secretary |

**Executive Management**

| | |
|---|---|
| Mr. Indradip Mazumdar | Former Finance Director via zoom |
| Mr. Jitendra Singh | Acting Finance Director |
| Mr. Misheck Kavuta | Sales and Distribution Director |
| Mr. Beston Ndhlovu | Supply Chain Management Director |
| Mr. Mphatso Manda | Networks Director |
| Mr. Allan Banda | IT Director |
| Mrs. Sibusiso Nyasulu | Customer Experience Director |
| Mrs. Mpho Bwanali | Human Resources Director |
| Mrs. Thokozani Sande | Marketing Director |
| Mrs. Stella Hara | Enterprise Director |

**External Auditors**

| | |
|---|---|
| Mr. Christopher Kapenda | Partner, Deloitte |
| Mr. Bright Mlotha | Manager, Deloitte |

**External Legal Advisor**

| | |
|---|---|
| Mr. Raphael Mhone | Racane Associates |

**Malawi Stock Exchange**

Mr. Douglas David Nyirenda

**Observers**

| | |
|---|---|
| Mr. Justin Mkweu | Times Group |
| Ms. Deborah Madeya | Times Group |
| Mr. S. Tembo | Times Group |
| Ms. Grace Phiri | Nation Paper Limited |
| Mr. Gerald Viyaji | Timveni Radio |
| Mr. Enock Phiri | Zodiak |
| Mr. Chris Sande | Zodiak |
| Mr. Yohane Nangwale | Radio Maria Malawi |
| Mr. Noel Mkwaila | Ndirande FM |
| Mr. K. Phiri | MBC |
| Mr. Lloyd Kaisi Phiri | MIJ |
| Mr. Luke Nthenda | FM101 |
| Mr. Aminah Harrid | Radio Islam |
| Mr. Arkangel Tembo | MANA |
| Mr. George Lumwira | Capital FM |
| Mr. Christy Gomani | Capital FM |
| Ms. Isabella Sangwa | FM |
| Mr. Andrew Tembo | Ufulu online |
| Mr. Mayamiko Phiri | Malavi Post |
| Mr. Archangel Nzangaya | MW24 |
| Mr. Panace Mapunda | Studio Oxygen |
| Mr. Roderick Phillipe | Studio Oxygen |
| Mr. Blessings Maleya | Bridgepath Capital |
| Mr. Stener Jossam | G&BCPS |
| Mr. W. Matiwama | MISALICO |
| Mr. Chisomo Phiri | 247 Malawi |
| Mr. Sterner Mkweza | Malawiforce Online |
| Ms. Beckie Muinde | Helios Towers plc |

| | |
|---|---|
| Mr. David Magombo | Stockbrokers |
| Mr. Arnold Khondiwa | Africa |
| Mr. Gift Kaimira | PL |
| Mrs. Della Kulemeka | Workforce |
| Mr. Andrew J. Kulemeka | Workforce |
| Mr. K. Nyirongo | Cedar |
| Mrs. Bubile Kayuni | Standard Bank plc |
| Mr. Hillary Chipo | Readia |
| Mr. Dango Nyirenda | Old Mutual |
| Mr. Rodney Msumuko | Say GSA |
| Ms. Kassandra | Corporate Graphics |
| Ms. Mirriam | Corporate Graphics |
| Mr. Joseph Maguza | Union |
| Mr. S.P. Kapachika | |
| Mr. M. Kaumphawi | |
| Mr. Dan Kumwenda | |
| Mr. Tika Mkwamba | |
| Mr. M. Namakhoma | |
| Mr. Thomson Banda | |
| Ms. Queen Saini | |
| Mr. Ivana Kasinja | |
| Mr. Chiza Chioza | |

**24/1 WELCOME REMARKS**

The meeting was called to order at 10:00 Hours by the Company Secretary who welcomed all those who attended the meeting. She introduced the Board of Directors, External Auditors and External Legal Adviser of the Company.

**24/2 NOTICE AND QUORUM**

The notice of the meeting, which was published in the local papers and also circulated to the members, was taken as read.

The Company Secretary confirmed that since there were more than three members representing 20% of the voting rights, present in person or by proxy, the requirement for a quorum set out in Article 100 of the Company's Memorandum and Articles of Association had been fulfilled.

**24/3 PROXIES**

The Company Secretary confirmed that 30 instruments of proxy had been received.

**24/4 ADOPTION OF THE AGENDA**

The Agenda was adopted after rearranging Agenda item number 4.6 on the retirement of Director P.A Chitsime as the last agenda item and for noting purposes only.

**24/5 CONFIRMATION OF PREVIOUS MINUTES**

On a proposal of the motion duly seconded, it was **RESOLVED** by show of hands that the minutes of the 23rd Annual General Meeting held on 30th June 2022 be **CONFIRMED** as a correct record of the proceedings thereat.

**24/6 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

On a proposal of the motion duly seconded, it was **RESOLVED** by show of hands that the Directors' and Auditors' Reports and the Audited Financial Statements for the year ended 31st December 2022 be **ADOPTED.**

**24/7 DECLARATION OF DIVIDEND**

On a proposal of the motion duly seconded, it was **RESOLVED** by show of hands that a final dividend of **K27,500,000,000** representing **K2.50** per share in respect of the financial year ended 31st December 2022 be **APPROVED** and would be payable to shareholders on 4th August 2023 to those shareholders registered in the books of the Company as at the close of business of 21st July 2023.

**24/8 APPOINTMENT AND RE-ELECTION OF DIRECTORS**

On a proposal of the motion duly seconded, it was **RESOLVED** by show of hands as follows: -

i. That Ms. Monicah 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 **BE CONFIRMED** as Director of the Board.

# NOTICE AND AGENDA OF THE ADJOURNED 25TH ANNUAL GENERAL MEETING (Continued...)

ii. That 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 **BE CONFIRMED** as Director of the Board.

iii. That 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 **BE CONFIRMED** as Director of the Board.

iv. That Dr. Ngeyi Ruth Kanyongolo **BE APPOINTED** as an independent and non -executive director of the Board of the Company.

v. That Mr. Kayisi M'bwana Sadala 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.

**24/9 DIRECTORS' REMUNERATION**

On a proposal of the motion duly seconded, it was **RESOLVED** by show of hands that the remuneration of the Chairman and independent non-executive directors be fixed as follows: -

**FEES**

Chairman - K11,500,000 per annum payable quarterly in arrears (2022: K13,000,000).

Directors – K7,000,000 per annum payable quarterly in arrears (2022: K7,000,000).

**SITTING ALLOWANCE**

Chairman- K900,000 per sitting (2022: K1,100,000).

Directors- K600, 000 per sitting (2022: K600,000).

**24/10 APPOINTMENT AND REMUNERATION OF AUDITORS**

On a proposal of the motion duly seconded, it was **RESOLVED** by show of hands that Deloitte certified public accountant be **RE-APPOINTED** as Auditors of the Company until the conclusion of the next Annual General Meeting and that the Directors be **AUTHORIZED** to fix their remuneration.

**24/11 OTHER BUSINESS**

The Chairman informed the members that as of 28th June 2023, the Company had received questions from Old Mutual which were responded to by the Management during the Meeting. Management also responded to all questions raised during the meeting.

**24/12 RETIREMENT OF DIRECTOR**

The shareholders **NOTED** the retirement of Mr. P.A. Chitsime, who had served on the Board for eleven years and had exceeded the age limit of seventy (70) years in terms of Section 164 (2)(b) of the Companies Act No.15 of 2013.

There being no other business the Chairman thanked all present for their valuable contributions at the meeting and declared the meeting closed at 11: 41 Hours Malawian time.

| | | |
|---|---|---|
| **CHAIRMAN** | **SECRETARY** | **DATE** |

AIRTEL MALAWI PLC

# ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

# DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2023

The directors have pleasure in presenting to members audited financial statements for the year ended 31 December 2023 and report thereon as follows:

## 1. 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 Malawi premises, 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 8.5% year on year growth and ending with a total of 7.1 million customers. During the year the Company added a total of 0.56 million new customers into its network. Data Customers grew 4.6% year on year basis to reach total customers of 2.5 million.

The Company's revenue continues to grow strong with 26.4% year on year growth on the back of customer base growth and Rate increase in voice and usage growth in data. The Company generated 8.8 billion minutes on its network in year 2023 as compared to 8.9 billion minutes in previous year giving a year-on-year degrowth of -1.4% in minutes. However, the OG voice rate increased from K9 per minute in year 2022 to K12 in year 2023 thus a year-on-year increase of 27%. The data revenue increase was supported by base growth and usage growth. In year 2023, the Company clocked 132 billion Mbs as against 87 billion Mbs in year 2022, a growth of 51.4% on yearly basis. Data realization dropped from K0.55 per Mb in year 2022 to K0.45 per Mb in year 2023, thus a drop of 18% on yearly basis. During the year Company expanded its network with roll out of additional 35 sites.

## 2. SHARE CAPITAL

The Authorised Share Capital of the Company as at 31 December 2023 comprises of 11 000 000 000 (2022: 11 000 000 000) Ordinary shares. The issued and fully paid capital of the Company comprises of 11 000 000 000 (2022: 11 000 000 000) Ordinary shares of K0.0001 each (2022: K0.0001 each), total amounting to K1 000 000 (2022: K1 000 000).

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

| | 2023 | 2022 |
|---|---|---|
| | % | % |
| Bharti Airtel Malawi Holdings BV | 79.95 | 80.00 |
| General Public | 11.41 | 11.40 |
| Old Mutual Life Assurance | 8.64 | 8.60 |
| | **100.00** | **100.00** |

# 3. 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 material accounting policy information.

| | 2023 | 2022 Restated* |
|---|---|---|
| | K'000 | K'000 |
| Revenue | 193 998 721 | 153 463 598 |
| (Loss)/profit before tax (*) | (21 773 081) | 44 928 869 |
| Income tax credit/(expense) (*) | 6 348 842 | (13 489 191) |
| **(Loss)/profit for the year** | **(15 424 239)** | **31 439 678** |

*The prior year financial statements have been restated, following the re-assessment of the accounting treatment for one of the lease contracts in line with IAS 21- *The Effects of Changes in Foreign Exchange Rates* and IFRS 16- *Leases*.

# 4. 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 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, Investment & Risk Committee on matters relating to financial operations, fraud, application of accounting and control standards and results. The Audit, Investment & Risk Committee also meets at least four times a year.

The Human Capital Committee (Nomination and Remuneration) ("the Committee") is constituted to assist the Board of Directors ("Board") of Airtel Malawi Plc ("the company") with its oversight and management of the nomination and remuneration philosophy and policies in the Company and its subsidiaries to ensure that Company attracts and retains the talent needed to deliver on its mandate and business objectives. The Human Capital Committee (Nomination and Remuneration) also meets at least four times a year.

# DIRECTORS REPORT FOR THE YEAR ENDED 31ST DECEMBER 2023 (Continued...)

## 4. CORPORATE GOVERNANCE (Continued...)

### DONATIONS

During the year 2023, Airtel Malawi plc donated tuition fees, bicycles, books, reusable sanitary kits, and school bags to top performing students at Mnjiri CDSS in Mzimba and Mitundu CDSS in Lilongwe. The Company also donated textbooks and administration stationery to the two adopted schools, Masenjere Primary School in Nsanje and Salima Primary School in Salima.

The Company additionally launched year 1 of our 5-year School Connectivity Project in August in partnership with UNICEF Malawi and the Ministry of Education where it enhanced 9 schools with tablets, smart TVs, and free internet, to empower Malawi's youth and transform education through digitalization.

Towards the end of 2023, we also supported the 2023 Presidential Charity Golf Tournament with K10 million towards tuition fees for needy students and communities impacted by Cyclone Freddy.

## 5. DIRECTORS

The following directors 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 up to 12 July 2023 |
| Charles Kamoto** | Malawi | Malawian | 27 July 2015 |
| Alok Bafna* | UAE | Indian | 4 January 2017 |
| Kayisi Sadala* | Malawi | Malawian | 12 September 2019 |
| Mark Mikwamba* | Malawi | Malawian | 17 July 2020 |
| Monicah Kambo* | Kenya | Kenyan | 08 August 2022 |
| Apoorva Mehrotra* | India | Indian | 11 October 2022 |
| Anthony Shiner* | UAE | Australian | 30 January 2023 |
| Ngeyi Ruth Kanyongolo* | Malawi | Malawian | 12 July 2023 |

** Non-executive Director*
*** Executive Director*

## 6. COMPANY SECRETARY

The secretary of the Company is Mrs Hlupekire Chalamba.

## 7. 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 |

* The director retired in July 2023

# 8. NUMBER OF COMMITTEE AND 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 2023, four meetings were held and attendance by each director is given below:

| Members | 22 FEB 23 | 01 JUN 23 | 28 AUG 23 | 30 NOV 23 |
|---|---|---|---|---|
| Mr. Plastone Alex Chitsime# | ✔ | ✔ | NA | NA |
| Mr. Charles Mustafa Kamoto | ✔ | ✔ | ✔ | ✔ |
| Mr. Alok Bafna | ✔ | ✔ | ✔ | ✔ |
| Mr. Kayisi Sadala | ✔ | ✔ | ✔ | ✔ |
| Mr. Mark Mikwamba | ✔ | ✔ | ✔ | ✔ |
| Ms. Monicah Kambo | ✔ | A* | ✔ | ✔ |
| Mr. Apoorva Mehrotra | A* | ✔ | A* | ✔ |
| Mr. Anthony Shiner | ✔ | ✔ | ✔ | A* |
| Dr. Ngeyi Ruth Kanyongolo | NA | NA | ✔ | ✔ |

**KEY**

| ✔ | A | NA |
|---|---|---|
| Attendance | Apology | Not a Member of the Board |

#The director retired in July 2023.

The Board met four times during the year.

**PS**

*Mr. Apoorva Mehrotra appointed Ms. Monicah Kambo as his Alternate Director
*Mr. Anthony Shiner appointed Mr. Alok Bafna as his Alternate Director
*Ms. Monicah Kambo appointed Mr. Apoorva Mehrotra as her Alternate Director

# AUDIT, INVESTMENT AND RISK COMMITTEE MEETING ATTENDANCE

| Members | 21 FEB 23 | 31 MAY 23 | 25 AUG 23 | 29 NOV 23 |
|---|---|---|---|---|
| Mr. Mark Mikwamba | ✔ | ✔ | ✔ | ✔ |
| Mr. Alok Bafna | ✔ | ✔ | A* | ✔ |
| Mr. Anthony Shiner | ✔ | A* | ✔ | A* |

**KEY**

| ✔ | A | NA |
|---|---|---|
| Attendance | Apology | Not a Member of the Committee |

The Board met four times during the year.

**PS**

*Alok Bafna appointed Neelesh Singh as his Alternate Director.
*Mr. Anthony Shiner appointed Mr. Alok Bafna as his Alternate Director.

# DIRECTORS REPORT FOR THE YEAR ENDED 31ST DECEMBER 2023 (Continued...)

## HUMAN CAPITAL COMMITTEE MEETING ATTENDANCE

| Members | 20 FEB 23 | 31 MAY 23 | 24 AUG 23 | 27 NOV 23 |
|---|---|---|---|---|
| Mr. Kayisi M'bwana Sadala | ✔ | ✔ | ✔ | ✔ |
| Ms. Monicah Kambo | ✔ | ✔ | ✔ | ✔ |
| Mr. Apoorva Mehrotra | A* | ✔ | ✔ | A* |

**KEY**

| ✔ | A | NA |
|---|---|---|
| Attendance | Apology | Not a Member of the Committee |

The Committee met four times during the year.

**PS**

*Mr. Apoorva Mehotra appointed Ms. Monicah Kambo and his Alternate Director

## 9. HEALTH 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.

## 10. ENVIRONMENTAL SOCIO AND CORPORATE GOVERNANCE

Airtel Malawi Plc is committed to reducing and eliminating the environmental impact of our operations along our entire value chain. As part of our environmental stewardship goal, the entity continued to focus on re-use and recycling of our electrical and electronic waste (e-waste). During the year as part of Airtel Africa group-wide contract renewal process with our strategic equipment manufacturers and suppliers such as Ericsson, ZTE and Huawei, we added a clause on 'obsolete equipment take-back' where the suppliers are obligated to take back any old equipment for recycling and safe disposal. We also enhanced our collection and recycling across the business by providing safe disposal mechanisms and building awareness among staff and partners for other solid waste generated from our operations. These initiatives are part of the larger Airtel Africa's sustainability strategy and environmental stewardship goal which aims to eliminate hazardous waste from our operations, and significantly reduce non-hazardous waste outputs.

The Company also complied with all legal and regulatory requirements on responsible waste management by working with authorized and licensed third-party waste management partners across the country. In addition, we conducted training for staff at our three offices in Lilongwe, Blantyre and Mzuzu on e-waste collection and recycling.

# 11. RESERVES

Details of the reserves of the Company are shown in the statement of changes in equity on page 23.

# 12. DIVIDENDS

Given the company has a negative retained earnings position as at 31 December 2023, the Board has not recommended a dividend for the year ended 31 December 2023. (dividend for 2022 : K27 500 million representing K2.5 per share).

# 13. GOING CONCERN

In accordance with their responsibilities, the directors considered the appropriateness of the going concern basis for the preparation of the revised financial statements. The Company recorded a loss after taxation for the year ended 31 December 2023 of K15.4 billion (Profit for the year 2022: K31.4 billion), as at that date, it had a net liabilities position of K88.9 billion (2022: K41.5 billion) and had negative shareholders' equity of K10.6 billion (2022: positive shareholders' equity of K32.3 billion). The directors prepared a cash flow forecast until August 2025 which shows that the company has adequate financial resources to meet its obligations as they become due. Therefore, the directors determined that the Company is a going concern and thus prepared financial statements on a going concern basis.

# 14. REVISION OF 2023 AFS

The Company has lease contracts of passive infrastructure related to tower space which are accounted as per IFRS 16- *Leases* (refer to note 3.8 for accounting policy on leases). Lease consideration under one of these contracts entered in March 2022, comprise of a combination of Malawi Kwacha-based lease payment and a portion of the lease consideration that gets adjusted for an adjustment factor which is indexed to Malawi Kwacha to United States Dollars exchange rates (such portion of lease rental referred to as US$ portion), but invoiced and paid in Malawi Kwacha.

Historically, the impact of foreign exchange movement on such US$ portion was treated as an index adjustment under IFRS 16- *Leases* and was recognised as a ROU asset. On performing a review of relevant lease contracts, the Company concluded that accounting of such leases should be revisited. Following a comprehensive research of IFRS literature and analysis of this contract, it was concluded that the interpretation of IFRS to such contracts should be revised such that the US$ portion of lease payments in such tower leases should be remeasured to the Kwacha/US$ spot exchange rate at the end of each reporting period, in line with IAS 21- *The Effects of Changes in Foreign Exchange Rates* and IFRS 16- *Leases.*

Accordingly, Airtel Malawi has revised its previously issued financial statements for the year ended 31 December 2023 and restated its audited financial statements for the year ended 31 December 2022. This restatement does not impact the balances as of 1 January 2022 since this contract was entered into March 2022. This revision and restatement impact the lease liability and right-of-use asset with corresponding changes to the finance cost, depreciation, and deferred tax accounts.

| Chairperson | Managing Director |
|---|---|
| **Dr. Ngeyi Ruth Kanyongolo** | **Mr. Charles Kamoto** |

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 material accounting policy information and consistent application thereof;
- Making judgements and estimates that are reasonable and prudent;
- IFRS Accounting Standards as issued by the International Accounting Standards Board
- 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 2023.

Chairperson
**Dr. Ngeyi Ruth Kanyongolo**

Managing Director
**Mr Charles Kamoto**

**29th August, 2024**

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF AIRTEL MALAWI PLC

Deloitte.

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Blantyre
Malawi

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Registered Auditors
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### Opinion

We have audited the accompanying financial statements of Airtel Malawi Plc set out on pages 20 to 87, which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

### Emphasis of Matter

#### Withdrawal of Previously Issued 2023 Financial Statements and Prior Period Restatements

We draw attention to note 45 to the financial statements, the financial statements for the year ended 31 December 2023, on which we issued an Independent Auditor's Report dated 10 April 2024, have been revised and replaced by the accompanying financial statements. The revision was necessary because the previously issued audited financial statements erroneously treated the accounting for effects of changes in exchange rates for the foreign currency denominated portion of certain tower leases as a change in index under IFRS 16 and not under IAS 21. Our audit opinion is not modified in respect of this matter.

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# INDEPENDENT AUDITOR'S REPORT (Continued...)

***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.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Recognition of revenue** | |
| 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.<br><br>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.<br><br>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.<br><br>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.<br><br>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. | We assessed the revenue recognition policy and ensured the policy is in line with International Financial reporting Standards and industry practice.<br><br>We involved our Information Technology (IT) audit specialists in the engagement and:<br><br>• We assessed the general computer controls around the significant revenue and billing systems;<br>• We assessed the design and implementation of the relevant controls;<br>• 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;<br>• We obtained downloads of information recorded in the Company's billing system and by using advanced data analytics to 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;<br>• We also performed analytical reviews for the other months of the year by developing an expectation using total revenue for the recalculated period;<br>• We also performed a call testing data / airtime to ensure that data / airtime used is accurate to the value captured in the system;<br>• 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;<br>• We re-computed contract liabilities from Intelligent Network data using Computer Assisted Audit Techniques (CAATS); and<br>• We checked that the contract liabilities in the billing system were being reconciled to the records.<br><br>Based on the work performed, we concluded that revenue was properly recorded and the disclosures pertaining to the revenue were found to be appropriate. We have also assessed the policy and found it to be in line with International Financial Reporting Standards and industry practice. |
| **Accounting for lease under Master Tower Sharing Agreement (MTSA)** | |
| Airtel Malawi plc has lease contracts, related to tower space which are accounted for as per International Financial Reporting Standard (IFRS) 16 *Leases*.<br><br>The Lease payments under one of these contracts (entered into in March 2022) are payable in Malawi Kwacha, but a portion of these payments either increase or decrease each year | We performed the following audit procedures, among others:<br>• We involved our internal legal experts in the review and interpretation and application of the lease terms:<br>• With the involvement of our internal IFRS technical experts, we reperformed the lease liability computations of management and assessed reasonableness of the inputs and assumptions used to ensure they were in line with the provisions of IFRS 16; |

| | |
|---|---|
| depending on movements in the Malawi Kwacha to United States Dollar exchange rate (hereafter termed the US$ portion).<br><br>Historically, the impact of foreign exchange movements on the US$ portion was treated as an index or rate adjustment under IFRS16 and was recognized as an adjustment to the Right of Use asset (ROU) within the Company's balance sheet.<br><br>Following comprehensive research of relevant accounting standards Literature and analysis of the contract, the Company has concluded that the interpretation of accounting standards to such contracts should be revised and that the US$ portion of the lease payments should be remeasured to the Kwacha/US$ spot exchange rate at the end of each reporting period, in line with IAS 21 *The Effects of Changes in Foreign Exchange Rates* with the foreign exchange movements recorded in the statement of comprehensive income.<br><br>Accordingly, the Directors have revised the Company's financial statements for the year ended 31 December 2023 and restated its audited financial statements for the year ended 31 December 2022. This restatement does not impact the Company's financial statements as of 1 January 2022 since this contract was entered into in March 2022.<br><br>Refer to note 45 to the financial statements for details including the impact on the Company's financial statements.<br><br>This was considered a key audit matter due to the complexity in interpretation of the contractual terms and determination of the appropriate accounting treatment in line with the applicable accounting standards; significant efforts made to analyse and conclude on the matter; and the magnitude of the impact on the financial statements. | • We assessed the reasonableness of the exchange rates used to translate the USD denominated lease liability to ensure accuracy of the valuation of the lease liability and the related foreign exchange movements taken to the income statement; and<br>• We assessed appropriateness of the adjustments to correct the error and related disclosures in line with the applicable accounting standards.<br><br>Based on the work performed, we concluded that restated numbers were properly recorded and the disclosures pertaining to this were found to be appropriate. ` |

**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 or 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

# INDEPENDENT AUDITOR'S REPORT (Continued...)

**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;
- 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.

Deloitte

Chartered Accountants
**Christopher Kapenda**
Partner
30 August 2024

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

| | Notes | As at 31 Dec 2023 K'000 | As at 31 Dec 2022 Restated* K'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current Assets** | | | |
| Property, plant and equipment | 5 | 72 582 812 | 66 154 743 |
| Intangible assets | 6 | 28 686 | 340 848 |
| Right-of-use assets | 7 | 58 842 642 | 38 436 487 |
| Deferred tax asset (*) | 8 | 27 632 096 | 5 599 140 |
| Other non-current assets | 9 | 17 782 985 | 10 725 495 |
| Investment | 10 | 81 000 | 81 000 |
| **Total non-current assets** | | **176 950 221** | **121 337 713** |
| **Current assets** | | | |
| Inventories | 11 | 1 356 123 | 278 084 |
| Trade and other receivables | 13.1 | 6 827 929 | 7 712 084 |
| Cash and cash equivalents | 15 | 42 264 053 | 59 072 915 |
| Other current assets | 13.2 | 28 161 374 | 10 328 617 |
| **Total current assets** | | **78 609 479** | **77 391 700** |
| **Total assets** | | **255 559 700** | **198 729 413** |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Share capital | | 1 000 | 1 000 |
| Share premium | | 398 375 | 398 375 |
| (Accumulated losses)/retained earnings (*) | | (11 005 803) | 31 918 436 |
| **Total Shareholders' (deficit)/equity** | | **(10 606 428)** | **32 317 811** |
| **Non-current liabilities** | | | |
| Lease liabilities (*) | 17 | 98 651 640 | 47 522 899 |
| **Total non-current liabilities** | | **98 651 640** | **47 522 899** |

# STATEMENT OF FINANCIAL POSITION (Continued...)

**As at 31 December 2023**

| | | | |
|---|---|---|---|
| **Current liabilities** | | | |
| Borrowings (*) | 16 | 55 758 596 | 33 981 639 |
| Lease liabilities (*) | 17 | 3 557 877 | 3 416 846 |
| Deferred spectrum liabilities | 18 | - | 201 028 |
| Provisions | 24 | 3 206 740 | 2 514 042 |
| Trade and other payables | 19 | 73 122 513 | 46 709 702 |
| Contract liabilities | 20 | 9 704 588 | 9 975 227 |
| Income tax payable | 14 | 4 276 435 | 5 784 950 |
| Other current liabilities | 21 | 17 887 739 | 16 305 269 |
| **Total current liabilities** | | **167 514 488** | **118 888 703** |
| **Total liabilities** | | **266 166 128** | **166 411 602** |
| **Total equity and liabilities** | | **255 559 700** | **198 729 413** |

* Refer to note 45 & 46 to the financial statements for details.

The financial statements were approved and authorised for issue by the Board of Directors on 26 August 2024 and signed on its behalf by:

Chairperson
**Dr. Ngeyi Ruth Kanyongolo**

Managing Director
**Mr Charles Kamoto**

# STATEMENT OF COMPREHENSIVE INCOME

**For the year ended 31 December 2023**

| | Notes | For the Year ended 31 Dec 2023 K'000 | For the Year ended 31 Dec 2022 Restated* K'000 |
|---|---|---|---|
| **Income** | | | |
| Revenue | 25 | 193 998 721 | 153 463 598 |
| Other income/ (loss) | 26 | 27 990 | (12 685) |
| | | **194 026 711** | **153 450 913** |
| **Expenses** | | | |
| Network operation and maintenance | 28 | (39 855 539) | (23 400 619) |
| Sales and marketing expenses | 28 | (17 190 521) | (13 828 774) |
| Employee benefits expenses (*) | 28 | (7 131 776) | (6 176 726) |
| Access charges | 28 | (3 296 356) | (3 543 958) |
| Other expenses (*) | 29 | (22 103 090) | (17 569 936) |
| License fee and spectrum usage charges | 30a | (12 927 612) | (11 178 259) |
| Impairment loss (charged)/recovered on financial assets | 13 | (463 555) | 740 734 |
| Depreciation and amortisation | 30b | (17 812 066) | (14 412 325) |
| | | **(120 780 515)** | **(89 369 863)** |
| **Operating profit** | | **73 246 196** | **64 081 050** |
| Finance costs (*) | 31,32 | (98 380 289) | (27 498 721) |
| Finance income | 27 | 3 361 012 | 3 001 570 |
| Other non-operating income | | - | 5 344 970 |
| **(Loss)/profit before tax** | | **(21 773 081)** | **44 928 869** |
| Income tax credit/(expense) (*) | 33 | 6 348 842 | (13 489 191) |
| **(Loss)/profit and total comprehensive (loss)/income for the year** | | **(15 424 239)** | **31 439 678** |
| Basic and diluted (loss)/earnings per share (K) (*) | 37 | (1.40) | 2.86 |

There were no items of other comprehensive income for the year (2022: Nil).

* Refer to note 45 & 46 to the financial statements for details.

# STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2023**

| | Notes | Share Capital<br>K'000 | Share Premium<br>K'000 | (Accumulated losses)/ retained earnings<br>K'000 | Total<br>K'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2023** | | | | | |
| At the beginning of the year | | 1 000 | 398 375 | 31 918 436 | 32 317 811 |
| Dividend declared for 2022 profit | 22 | - | - | (27 500 000) | (27 500 000) |
| Total comprehensive loss for the year | | - | - | (15 424 239) | (15 424 239) |
| **Balance at 31 December 2023** | | 1 000 | 398 375 | (11 005 803) | (10 606 428) |
| **Year ended 31 December 2022 (Restated*)** | | | | | |
| At the beginning of the year | | 1 000 | 398 375 | 32 928 758 | 33 328 133 |
| Dividend declared for 2021 profit | 22 | - | - | (32 450 000) | (32 450 000) |
| Total comprehensive income for the year (Restated*) | | - | - | 31 439 678 | 31 439 678 |
| **Balance at 31 December 2022 (Restated*)** | | **1 000** | **398 375** | **31 918 436** | **32 317 811** |

* Refer to note 45 to the financial statements for details.

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| **SHARE CAPITAL** | | |
| **Authorised Share Capital** | | |
| 11 000 000 000 (2022: 11 000 000 000) Ordinary shares | 1 000 | 1 000 |
| **Issued and fully paid Share Capital** | | |
| 11 000 000 000 (2022: 11 000 000 000) Ordinary shares | 1 000 | 1 000 |

# STATEMENT OF CASH FLOWS

**For the year ended 31 December 2023**

| | Notes | For the Year ended 31 Dec 2023<br>K'000 | For the Year ended 31 Dec 2022 Restated*<br>K'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **(Loss)/profit Before taxation** | | **(21 773 081)** | **44 928 869** |
| **Adjustments for:** | | | |
| Depreciation & amortization | 30 b | 17 812 066 | 14 412 325 |
| Interest income | 27 | (3 361 012) | (3 001 570) |
| Unrealised exchange losses (*) | | 65 890 468 | 16 515 450 |
| Other non -operating income | | - | (5 344 970) |
| Movement in Provisions | | 692 698 | 1 059 946 |
| (Profit)/loss on disposal of plant and equipment | 26 | (22 414) | 12 180 |
| Finance cost | 32 | 17 839 782 | 6 705 805 |
| **Operating cash flow before working capital changes** | | **77 078 507** | **75 288 035** |
| **Changes in working capital:** | | | |
| Decrease in trade and other receivables | | 1 895 898 | 15 294 369 |
| (Increase)/decrease in inventory | | (1 078 039) | 14 638 |
| Increase in other assets | | (24 890 247) | (7 795 963) |
| Increase in trade and other payables | | 7 243 766 | 16 139 481 |
| (Decrease)/increase in other liabilities | | (171 800) | 1 825 902 |
| **Net cash generated from operations before tax** | | **60 078 085** | **100 766 461** |
| Income tax paid | 14 | (17 192 629) | (18 826 198) |
| **Net cash generated from operating activities** | | **42 885 456** | **81 940 263** |
| **Cash flows from investing activities** | | | |
| Purchase of plant and equipment | 5 | (17 241 415) | (15 831 169) |
| Interest received | 27 | 3 361 012 | 3 001 570 |
| Proceeds from sale of property, plant and equipment | | 22 414 | 532 781 |
| **Net cash used investing activities** | | **(13 857 989)** | **(12 296 818)** |

# STATEMENT OF CASH FLOWS (Continued...)

**For the year ended 31 December 2023**

| | Notes | For the Year ended 31 Dec 2023 K'000 | For the Year ended 31 Dec 2022 Restated* K'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Repayment of borrowings – principal | 16 | (165 121) | (5 489 519) |
| Repayment of borrowings – interest | 16 | (3 055 840) | (1 340 498) |
| Other finance costs | | (5 107 297) | (3 677 075) |
| Dividends paid | 22 | (26 016 367) | (32 058 690) |
| Repayment of spectrum liability – principal | 18 | (207 175) | (166 252) |
| Repayment of spectrum liability – interest | 18 | (7 426) | (15 549) |
| Lease write back | 26 | (5 576) | (2 127) |
| Repayment of lease liability – principal | 17 | (1 590 477) | (4 671 107) |
| Repayment of lease liability – interest | 17 | (9 681 050) | (1 672 684) |
| **Net cash used in financing activities** | | **(45 836 329)** | **(49 093 501)** |
| Net (decrease)/increase in cash & cash equivalents | | (16 808 862) | 20 549 944 |
| **Cash & cash equivalents at the beginning of the year** | | **59 072 915** | **38 522 971** |
| **Cash & cash equivalents as at the end of the year** | **15** | **42 264 053** | **59 072 915** |

* Refer to note 45 to the financial statements for details.

# NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 December 2023**

## 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 Company 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 2023. The adoption of these standards did not have a material impact on the financial statements of the Company.

| Effective date | Standard, Amendment or Interpretation |
|---|---|
| Annual reporting periods beginning on or after 1 January 2023 | IAS 12 *Income Taxes* -Deferred Tax related to Assets and Liabilities arising from a single Transaction<br><br>The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.<br><br>Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. |
| Annual reporting periods beginning on or after 1 January 2023 | IAS 8 *Accounting Policies, Changes in accounting Estimates and Errors*- Definition of Accounting Estimates<br><br>The Company has adopted the amendments to IAS 8 for the first time in the current year. 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. The definition of a change in accounting estimates was deleted. |
| Annual reporting periods beginning on or after 1 January 2023 | IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies<br><br>The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.<br><br>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. |

## 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 2024 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

| Effective date | Standard, Amendment or Interpretation |
|---|---|
| Annual reporting periods beginning on or after 1 January 2024 | Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)<br><br>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. |
| Annual reporting periods beginning on or after 1 January 2024 | Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)<br><br>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. |
| Annual reporting periods beginning on or after 1 January 2024 | Non-current Liabilities with Covenants (Amendments to IAS 1)<br><br>The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. |
| Annual reporting periods beginning on or after 1 January 2024 | Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements<br><br>The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. |
| Annual reporting periods beginning on or after 1 January 2024 | IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information<br><br>IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. |
| Annual reporting periods beginning on or after 1 January 2027 | IFRS 18 - Presentation and Disclosure in Financial Statements<br><br>The new accounting standard sets out new requirements on presentation of financial statements with particular focus on the statement of profit or loss, including requirements for mandatory sub-totals to be presented, aggregation and disaggregation of information. The new standard also introduces new disclosures requirements on Management defined Performance Measures (MPMs). The new standard will replace the existing IAS 1 'Presentation of Financial Statements'. |

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

## 3. Material accounting policy information

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 IFRS Accounting Standards 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.

### 3. Material accounting policy information (continued...)

### 3.3 Use of estimates and judgments (continued...)

Key judgements made by management in the application of IFRS's that have significant effect on the amounts recognised in the financial statements more details have been explained in note 4.1 to these financial statements.

### 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.

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.

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.

**For the year ended 31 December 2023**

### 3. Material accounting policy information (continued...)

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

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 assets 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.

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 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 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 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.

# NOTES TO THE FINANCIAL STATEMENTS (Continued...)

**For the year ended 31 December 2023**

## 3. Material accounting policy information (continued...)

### 3.9 Taxation (continued...)

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.

### 3.10 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.

## 3.11 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 Old Mutual 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.

## 3.12 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. Material accounting policy information (continued...)

### 3.13 Dividends

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

### 3.14 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.

### 3.15 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.

### 3.16 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.

### 3.17 Financial instruments

#### 3.17.1. 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 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.

### 3.17.2. 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, 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.

### 3.17.3 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 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.

## 3. Material accounting policy information (continued...)

### 3.17 Financial instruments (continued...)

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

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.

#### 3.17.4 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: and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

#### 3.17.5 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. 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. The Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. 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.

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

##### 3.17.5.1. 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.

3.17.5.2. Derecognition of financial assets

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.

## 3.18. 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.

## 3.19 Financial liabilities and equity instruments

3.19.1 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.

3.19.2 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.

3.19.3 Financial liabilities

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

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.

3.19.4 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.

3.19.5 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.

### 3.20 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, considering 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.

### 3.21 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 13.

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 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.

### 4.2 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 16.14% for USD leases and 20.84% 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. Foreign exchange movement on USD portion of leases

The company has lease contracts with payments that are payable in Malawi Kwacha, however, a portion of payments either increase or decrease each year depending on movements in the Malawi Kwacha to United States Dollar exchange rate (hereafter termed the US$ portion). The company has used judgment in determining that the impact of foreign exchange movement on the USD portion is not treated as an index adjustment or rate adjustment under IFRS 16 - *Leases* but is remeasured to the Kwacha/USD spot exchange rate at the end of each reporting period in line with IAS 21 - *The Effects of Changes in Foreign Exchange Rates.*

d. 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 2023**

## 5. Property, plant and equipment

| | Network Equipment | Furniture and office equipment |
|---|---|---|
| | K'000 | K'000 |
| **For the year ended 31 December 2023** | | |
| **Cost** | | |
| At the beginning of the year | 122 367 297 | 25 645 333 |
| Additions | 13 629 298 | 2 933 260 |
| Disposal | (157) | - |
| **At the end of the year** | **135 996 438** | **28 578 593** |
| **Accumulated depreciation** | | |
| At the beginning of the year | 66 852 237 | 21 914 752 |
| Disposal | (157) | - |
| Charge for the year | 10 330 657 | 2 573 291 |
| At end of the year | 77 182 737 | 24 488 043 |
| **NBV 31 December 2023** | **58 813 701** | **4 090 550** |
| **NBV 31 December 2022** | **55 515 060** | **3 730 581** |

A register of land and buildings giving details required under the Companies Act 2013, Schedule 3, and Sectio authorized agents.

The carrying value of CWIP as at 31 December 2023 and 2022 is K7 773 million and K4 836 million respectiv

| Land and buildings | Motor vehicles | Leasehold improvements | Capital work in progress | Total |
|---|---|---|---|---|
| K'000 | K'000 | K'000 | K'000 | K'000 |
| 4 412 442 | 342 098 | 475 670 | 4 835 775 | 158 078 615 |
| - | - | 47 309 | 2 937 527 | 19 547 394 |
| - | - | - | - | (157) |
| **4 412 442** | **342 098** | **522 979** | **7 773 302** | **177 625 852** |
| 2 362 811 | 342 021 | 452 051 | - | 91 923 872 |
| - | - | - | - | (157) |
| 206 786 | 58 | 8 533 | - | 13 119 325 |
| 2 569 597 | 342 079 | 460 584 | - | 105 043 040 |
| **1 842 845** | **19** | **62 395** | **7 773 302** | **72 582 812** |
| **2 049 631** | **77** | **23 619** | **4 835 775** | **66 154 743** |

on 16 is maintained at the registered office of the company and is open for inspection by members or their duly

ely, mainly pertains to telecom equipment.

## 5. Property, plant and equipment (Continued)

| | Network Equipment | Furniture and office equipment |
|---|---|---|
| | K'000 | K'000 |
| **For the year ended 31 December 2022** | | |
| **Cost** | | |
| At the beginning of the year | 114 608 934 | 22 920 403 |
| Additions | 9 205 455 | 2 957 488 |
| ***Disposals to Airtel Mobile Commerce Limited** | **(1 447 092)** | **(232 558)** |
| **At the end of the year** | **122 367 297** | **25 645 333** |
| **Accumulated depreciation** | | |
| At the beginning of the year | 59 361 922 | 20 128 556 |
| Disposal to Airtel Mobile Commerce Limited | (902 130) | (232 558) |
| Charge for the year | 8 392 445 | 2 018 754 |
| At end of the year | 66 852 237 | 21 914 752 |
| **NBV 31 December 2022** | **55 515 060** | **3 730 581** |
| **NBV 31 December 2021** | **55 247 012** | **2 791 847** |

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

| Land and buildings | Motor vehicles | Leasehold improvements | Capital work in progress | Total |
|---|---|---|---|---|
| K'000 | K'000 | K'000 | K'000 | K'000 |
| 4 412 442 | 342 098 | 464 824 | 1 178 395 | 143 927 096 |
| - | - | 10 846 | 3 657 380 | 15 831 169 |
| **-** | **-** | **-** | **-** | **(1 679 650)** |
| **4 412 442** | **342 098** | **475 670** | **4 835 775** | **158 078 615** |
| 2 156 025 | 341 964 | 434 915 | - | 82 423 382 |
| - | - | - | - | (1 134 688) |
| 206 786 | 57 | 17 136 | - | 10 635 178 |
| 2 362 811 | 342 021 | 452 051 | - | 91 923 872 |
| **2 049 631** | **77** | **23 619** | **4 835 775** | **66 154 743** |
| **2 256 417** | **134** | **29 909** | **1 178 395** | **61 503 714** |

## 6. Intangible assets

| | Cellular license K'000 | Defered spectrum K'000 | Total K'000 |
|---|---|---|---|
| **Cost** | | | |
| At January 2022 | 1 800 000 | 509 257 | 2 309 257 |
| At 31 December 2022 | 1 800 000 | 509 257 | 2 309 257 |
| **Cost** | | | |
| At January 2023 | 1 800 000 | 509 257 | 2 309 257 |
| At 31 December 2023 | 1 800 000 | 509 257 | 2 309 257 |
| **Amortization** | | | |
| At January 2022 | 1 424 749 | 231 497 | 1 656 246 |
| Charge for the year | 179 982 | 132 181 | 312 163 |
| At 31 December 2022 | 1 604 731 | 363 677 | 1 968 409 |
| At January 2023 | 1 604 731 | 363 677 | 1 968 408 |
| Charge of the year | 179 982 | 132 181 | 312 163 |
| **At 31 December 2023** | **1 784 713** | **495 858** | **2 280 571** |
| **Carrrying amount** | | | |
| **At 31 December 2023** | **15 287** | **13 399** | **28 686** |
| **At 31 December 2022** | **195 269** | **145 579** | **340 848** |

## 7. Right of use assets

| | Leasehold buildings | Leasehold land | Telecom equipment | Dark fiber | Total |
|---|---|---|---|---|---|
| | K'000 | K'000 | K'000 | K'000 | K'000 |
| **For the year ended 31 December 2023** | | | | | |
| At the beginning of the year | 278 132 | 199 588 | 37 345 879 | 612 888 | 38 436 487 |
| Additions (net) | 134 089 | - | 31 880 999 | - | 32 015 088 |
| Depreciation charge for the year | (118 328) | (3 757) | (4 127 134) | (131 359) | (4 380 578) |
| Disposal / retirement | - | - | (7 228 355) | - | (7 228 355) |
| **At the end of the year** | **293 893** | **195 831** | **57 871 389** | **481 529** | **58 842 642** |
| **For the year ended 31 December 2022** | | | | | |
| At the beginning of the year | 386 712 | 203 345 | 20 515 016 | 744 247 | 21 849 320 |
| Additions (net) | - | - | 33 753 165 | - | 33 753 165 |
| Depreciation charge for the year | (108 580) | (3 757) | (3 221 288) | (131 359) | (3 464 984) |
| Disposal / retirement | - | - | (13 701 014) | - | (13 701 014) |
| **At the end of the year** | **278 132** | **199 588** | **37 345 879** | **612 888** | **38 436 487** |

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.

## 8. Deferred tax asset

Deferred tax is calculated using the enacted income tax rate of 30% (2022: 30%). The movement on the deferred tax account is as follows:

| | 2023 | 2022 Restated* |
|---|---|---|
| | K'000 | K'000 |
| **At 1 January** | 5 599 140 | 1 496 419 |
| Charge to profit and loss (note 33) (*) | 22 032 956 | 4 102 721 |
| **At 31 December (*)** | **27 632 096** | **5 599 140** |

## 8. Deferred tax asset (Continued...)

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 | Credited/(Charges) to income statement | At 31 December |
|---|---|---|---|
| | K'000 | K'000 | K'000 |
| **At 31 December 2023** | | | |
| **Deferred tax asset** | | | |
| Property and equipment | (8 776 516) | (382 285) | (9 158 801) |
| Unrealised exchange losses and deferred revenue | 10 689 783 | 20 186 001 | 30 875 784 |
| Provision and fair value loss | 3 685 873 | 2 229 240 | 5 915 113 |
| **Net deferred tax** | **5 599 140** | **22 032 956** | **27 632 096** |
| **At 31 December 2022 (Restated*)** | | | |
| **Deferred tax asset** | | | |
| Property and equipment | (8 066 303) | (710 213) | (8 776 516) |
| Unrealised exchange losses and deferred revenue (Restated*) | 2 236 666 | 8 453 117 | 10 689 783 |
| Provision and fair value loss | 7 326 056 | (3 640 183) | 3 685 873 |
| **Net deferred tax (Restated*)** | **1 496 419** | **4 102 721** | **5 599 140** |

* Refer to note 45 to the financial statements for details.

## 9. Other non-current assets

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Security deposit * | 48 600 | 45 000 |
| Prepayment (Bandwidth)** | 16 481 612 | 8 488 549 |
| Other payment under protest on CFTC Case*** | (1) | 2 113 099 |
| Other – (deferred customer acquisition costs) | 1 252 774 | 78 847 |
| **Total other non-current assets** | 17 782 985 | 10 725 495 |

*In February 2014, as part of the licensing agreement, the company provided a guarantee to the Authority (MACRA) at the amount of K45 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. In the current year, K3.6 million was paid as security deposit for new Airtel shop in Blantyre Plantation House, this was paid to Knight Frank, (Estate Agent).

**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 Khetekhete promotion case in 2022 which was closed in the year and Company was refunded in July 2023.

### Deferred customer acquisition costs

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| At the beginning of the year | 2 716 627 | 2 267 337 |
| Additions | 6 156 910 | 4 032 452 |
| Amortisation | (3 516 852) | (3 583 162) |
| **Total other non-current assets** | 5 356 685 | 2 716 627 |

| | | |
|---|---|---|
| **Deferred customer acquisition costs analysis** | | |
| Current prepayment (note 13) | 4 103 911 | 2 637 780 |
| **Non current prepayment** | **1 252 774** | **78 847** |
| **Total other non-current assets** | **5 356 685** | **2 716 627** |

The company defers the customer acquisition costs on recognition and amortises 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.

**For the year ended 31 December 2023**

## 10. Investment in National Switch Ltd

| | 2023<br>K'000 | 2022<br>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

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Merchandise held for sale | 1 576 285 | 528 883 |
| Provision | (220 162) | (250 799) |
| **At the end of the year** | **1 356 123** | **278 084** |

The cost of inventories recognized as an expense and included in 'cost of sales' amounted to K442 million (2022: K238 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 | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|---|---|
| Bharti Airtel (UK) Limited | United Kingdom | Fellow subsidiary | 1 713 938 | 2 482 269 |
| Bharti Airtel Malawi Holdings BV | Netherlands | Holding Company | 31 299 | - |
| Bharti Airtel Limited | India | Intermediate parent | 57 779 | 249 087 |
| Airtel (Seychelles) Limited | Seychelles | Fellow subsidiary | - | 14 566 |
| Airtel Mobile Commerce Limited | Malawi | Fellow subsidiary | 468 232 | 2 530 |
| Celtel Niger S.A. | Niger | Fellow subsidiary | 9 589 | 6 072 |
| Airtel Tchad S.A. | Chad | Fellow subsidiary | 1 330 | 1 020 |
| Bharti Hexacom Limited | India | Fellow subsidiary | 103 | - |
| Bharti Airtel Sri Lanka (Private) Limited | Sri Lanka | Fellow subsidiary | - | 4 |
| Jersey Airtel Limited | Jersey | Fellow subsidiary | 6 | - |
| **Totals as disclosed in note 13.1** | | | **2 282 276** | **2 755 548** |

### 12.2 Amount due to other related parties

| Name of the related party | Country of incorporation | Relationship | 2023 K'000 | 2022 K'000 |
|---|---|---|---|---|
| Bharti Airtel Malawi Holdings BV | Netherlands | Holding Company | - | 699 649 |
| Bharti Airtel International (Netherlands) BV | Netherlands | Intermediate parent | 6 851 935 | 4 090 244 |
| Airtel Africa Services (UK) Limited | Dubai | Fellow subsidiary | 2 739 291 | 4 049 306 |
| Airtel Networks Zambia Plc | Zambia | Fellow subsidiary | 5 164 039 | 2 550 313 |
| Bharti Airtel (France) SAS | France | Fellow subsidiary | 230 478 | 799 550 |
| Airtel Africa Telesonic Limited | Dubai | Fellow subsidiary | 18 565 337 | 294 164 |
| Network i2i Ltd. | Mauritius | Intermediate parent | 344 979 | 336 056 |
| Airtel Tanzania plc | Tanzania | Fellow subsidiary | 3 443 818 | 3 957 064 |
| Airtel Networks Kenya Limited | Kenya | Fellow subsidiary | 563 275 | 330 796 |
| Airtel (Seychelles) Limited | Seychelles | Fellow subsidiary | 48 194 | - |
| Airtel Uganda Limited | Uganda | Fellow subsidiary | 291 676 | 176 462 |
| Airtel Rwanda Limited | Rwanda | Fellow subsidiary | 270 048 | 160 174 |
| Airtel Congo S.A | Congo B | Fellow subsidiary | 219 943 | 134 202 |
| Bharti Airtel Services Limited | India | Fellow subsidiary | 103 540 | 63 134 |
| Airtel Madagascar S.A. | Madagascar | Fellow subsidiary | 61 810 | 37 463 |
| Airtel Networks Limited | Nigeria | Fellow subsidiary | 6 942 | 28 825 |
| Airtel Gabon S.A. | Gabon | Fellow subsidiary | 37 809 | 23 170 |
| Bharti Hexacom Limited | India | Fellow subsidiary | - | 56 |
| Airtel Congo (RDC) S.A. | Congo (DRC) | Fellow subsidiary | 27 032 | 15 149 |
| Nxtra Data Limited | India | Fellow subsidiary | 216 129 | 19 032 |
| Bharti Airtel Sri Lanka (Private) Limited | Sri Lanka | Fellow subsidiary | 1 | - |
| Centum Learning Limited | India | *Other related party | 9 491 | 10 421 |
| Emtel Mauritius | Mauritius | *Other related party | 12 | 27 |
| **Totals as disclosed in note 19** | | | **39 195 779** | **17 775 257** |

No provisions for impairment losses have been required in 2023 and 2022 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, these are investments done by the group companies.

### 12.3 Related party transactions

### 12.3.1 Sales of goods and services

| Name of the related party | Country of incorporation | Relationship | 2023 | 2022 |
|---|---|---|---|---|
| | | | K'000 | K'000 |
| Airtel (Seychelles) Limited | Seychelles | Fellow subsidiary | 168 | 59 |
| Airtel Congo (RDC) S.A. | Congo (DRC) | Fellow subsidiary | 10 003 | 4 194 |
| Airtel Congo S.A | Congo B | Fellow subsidiary | 129 | 54 |
| Airtel Gabon S.A. | Gabon | Fellow subsidiary | 7 441 | 154 |
| Airtel Madagascar S.A. | Madagascar | Fellow subsidiary | 3 | 1 |
| Airtel Mobile Commerce Limited | Malawi | Fellow subsidiary | 2 517 921 | 1 812 084 |
| Airtel Networks Kenya Limited | Kenya | Fellow subsidiary | 17 644 | 15 124 |
| Airtel Networks Limited | Nigeria | Fellow subsidiary | 3 679 | 4 578 |
| Airtel Networks Zambia Plc | Zambia | Fellow subsidiary | 110 437 | 89 659 |
| Airtel Rwanda Limited | Rwanda | Fellow subsidiary | 137 | 125 |
| Airtel Tanzania plc | Tanzania | Fellow subsidiary | 43 435 | 69 350 |
| Airtel Tchad S.A. | Chad | Fellow subsidiary | 182 | 77 |
| Airtel Uganda Limited | Uganda | Fellow subsidiary | 8 735 | 5 564 |
| Bharti Airtel (UK) Limited | United Kingdom | Fellow subsidiary | 3 393 586 | 2 856 013 |
| Bharti Airtel Limited | India | Intermediate parent | 41 668 | 43 233 |
| Bharti Hexacom Limited | India | Fellow subsidiary | 48 | 14 |
| Celtel Niger S.A. | Niger | Fellow subsidiary | 235 | 124 |
| Emtel Mauritius | Mauritius | *Other related party | 13 | 1 |
| Jersey Airtel Limited | Jersey | Fellow subsidiary | 49 | 34 |
| | | | **6 155 513** | **4 900 442** |

### 12.3.2 Purchase of goods and services

| Name of the related party | Country of incorporation | Relationship | 2023 K'000 | 2022 K'000 |
|---|---|---|---|---|
| Airtel Congo (RDC) S.A. | Congo (DRC) | Fellow subsidiary | 50 780 | 36 915 |
| Airtel Congo S.A | Congo B | Fellow subsidiary | 244 | 445 |
| Airtel Gabon S.A. | Gabon | Fellow subsidiary | 337 | 191 |
| Airtel Madagascar S.A. | Madagascar | Fellow subsidiary | 301 | 352 |
| Airtel Mobile Commerce Limited | Malawi | Fellow subsidiary | 18 135 789 | 12 148 603 |
| Airtel Networks Kenya Limited | Kenya | Fellow subsidiary | 19 932 | 46 932 |
| Airtel Networks Limited | Nigeria | Fellow subsidiary | 7 388 | 8 489 |
| Airtel Networks Zambia Plc | Zambia | Fellow subsidiary | 858 205 | 678 226 |
| Airtel Rwanda Limited | Rwanda | Fellow subsidiary | 7 531 | 15 814 |
| Airtel Tanzania plc | Tanzania | Fellow subsidiary | 90 218 | 3 605 912 |
| Airtel Tchad S.A. | Chad | Fellow subsidiary | 647 | 142 |
| Airtel Uganda Limited | Uganda | Fellow subsidiary | 13 841 | 9 806 |
| Bharti Airtel (France) SAS | France | Fellow subsidiary | 257 208 | 270 466 |
| Bharti Airtel (UK) Limited | United Kingdom | Fellow subsidiary | 1 089 744 | 1 153 393 |
| Bharti Airtel International (Netherlands) B.V | Netherlands | Intermediate parent | 297 622 | 3 337 000 |
| Bharti Airtel Limited | India | Intermediate parent | 65 426 | 30 804 |
| Bharti Hexacom Limited | India | Fellow subsidiary | 49 | 161 |
| Celtel Niger S.A. | Niger | Fellow subsidiary | 929 | 741 |
| Centum Learning Limited | India | *Other related party | 62 710 | 72 311 |
| Emtel Mauritius | Mauritius | *Other related party | 246 | 545 |
| Jersey Airtel Limited | Jersey | Fellow subsidiary | 4 | 3 |
| Network i2i Ltd. | Mauritius | Intermediate parent | 600 543 | 589 342 |
| Nxtra Data Limited | India | Fellow subsidiary | 139 150 | 55 170 |
| Airtel (Seychelles) Limited | Seychelles | Fellow subsidiary | 1 267 | 44 827 |
| Airtel Africa Services (UK) Limited | Dubai | Fellow subsidiary | 6 338 192 | 942 254 |
| Airtel Africa Telesonic Limited | Dubai | Fellow subsidiary | 18 565 337 | 294 164 |
| | | | **46 603 640** | **23 343 008** |

### 12.3.3 Management fees

| | 2023 K'000 | 2022 Restated K'000 |
|---|---|---|
| Airtel Africa Services (UK) Limited (note 12.3.2) | 6 338 192 | 942 254 |
| Bharti Airtel International (Netherlands) BV | - | 2 831 662 |
| Airtel Mobile Commerce Limited | (1 408 368) | (431 275) |
| | **4 929 824** | **3 342 641** |

## 13. Trade and other receivables and other current assets

### 13.1 Trade and other receivables

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Trade receivables | 9 632 994 | 9 438 851 |
| Less: provision for impairment losses | (5 312 905) | (4 687 197) |
| | 4 320 089 | 4 751 654 |
| Amount due from related parties (note 12.1) | 2 282 276 | 2 755 548 |
| Other receivables | 225 564 | 204 882 |
| | **6 827 929** | **7 712 084** |

Other receivables relate to sundry receivables from other shop agents.

### 13.2 Other current assets

| | | |
|---|---|---|
| Prepayments | 7 987 651 | 4 529 925 |
| Deferred customer acquisition costs (note 9) | 4 103 911 | 2 637 780 |
| Interest accrued on investment | 69 423 | 97 833 |
| Advance to supplier | 12 703 852 | 1 119 005 |
| Tax recoverable | 2 067 968 | 823 995 |
| Others current assets | 1 228 569 | 1 120 079 |
| | **28 161 374** | **10 328 617** |

Prepayments relate to amounts that the company paid in advance for various services such as cost to obtain or fulfil 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 K191 million and K52 million as of 31 December 2023 and 2022 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 K5 356 million (2022: K2 716 million). Refer to note 9 to the financial statements.

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:

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| At the beginning of the year | 4 687 197 | 5 803 051 |
| Loss allowance made/(recovered) | 625 708 | (1 115 854) |
| **Total** | **5 312 905** | **4 687 197** |

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

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Current year expected credit losses recovered | 625 708 | (1 115 854) |
| Roaming reversal | (162 153) | 375 120 |
| **Credit to statement of comprehensive income** | **463 555** | **(740 734)** |

The average credit period on sales of goods is 30 days, while for interconnect is 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.

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 2023, the lifetime expected loss provision for trade receivables is as follows:

| Expected credit loss rate | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91 - 180 days | 181 - 360 days | >360 days |
|---|---|---|---|---|---|---|
| Airtel shops | 0% | 0% | 0% | 100% | 100% | 100% |
| Channel partner | 0% | 0% | 0% | 0% | 100% | 100% |
| Enterprise | 0% | 0% | 0% | 0% | 0% | 100% |
| Interconnect | 0% | 0% | 0% | 0% | 17% | 18% |
| Lease line | 0% | 0% | 0% | 43% | 100% | 100% |
| Postpaid | 0% | 0% | 0% | 41% | 100% | 100% |
| Roaming | 0% | 0% | 0% | 0% | 59% | 100% |
| Site sharing | 0% | 0% | 0% | 100% | 0% | 100% |
| ACS Subscriber | 0% | 0% | 0% | 0% | 24% | 0% |
| Other receivables** | 0% | 0% | 0% | 0% | 100% | 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 - 30 days<br>K'000 | 31 - 60 days<br>K'000 | 61 - 90 days<br>K'000 | 91 - 180 days<br>K'000 | 181 - 360 days<br>K'000 | >360 days<br>K'000 | Totals<br>K'000 |
|---|---|---|---|---|---|---|---|
| Airtel Shops | 1 067 | 2 059 | 556 | 1 314 | 86 184 | 27 196 | 118 376 |
| Channel Partner | 811 595 | - | (4 447) | (4 353) | 11 980 | 365 160 | 1 179 935 |
| Enterprise | 650 242 | 4 037 | 547 | (33 547) | (14 332) | 522 718 | 1 129 665 |
| Interconnect | (84 967) | 198 240 | 37 632 | 110 498 | 234 032 | 512 907 | 1 008 342 |
| Lease Line | 11 155 | 408 996 | 82 004 | 79 943 | 107 836 | 1 106 657 | 1 796 591 |
| Postpaid | 255 626 | 42 582 | 27 586 | 17 951 | 22 382 | 1 687 985 | 2 054 112 |
| Roaming | 79 844 | 33 215 | 44 101 | 31 845 | 109 502 | 622 002 | 920 509 |
| Site Sharing | - | - | 19 068 | 31 436 | - | 24 993 | 75 497 |
| ACS Subscriber | 617 248 | 229 200 | 152 868 | 296 596 | 629 424 | - | 1 925 336 |
| Other receivables** | (321 153) | (146 048) | (31 318) | (92 528) | 307 195 | (291 517) | (575 369) |
| **Total** | **2 020 657** | **772 281** | **328 597** | **439 155** | **1 494 203** | **4 578 101** | **9 632 994** |

| Expected credit losses | 1 - 30 days<br>K'000 | 31 - 60 days<br>K'000 | 61 - 90 days<br>K'000 | 91 - 180 days<br>K'000 | 181 - 360 days<br>K'000 | >360 days<br>K'000 | Totals<br>K'000 |
|---|---|---|---|---|---|---|---|
| Airtel shops | - | - | - | 1 314 | 86 184 | 27 196 | 114 694 |
| Channel partner | - | - | - | - | 11 980 | 365 160 | 377 140 |
| Enterprise | - | - | - | - | - | 522 718 | 522 718 |
| Interconnect | - | - | - | - | 39 713 | 92 958 | 132 671 |
| Lease line | - | - | - | 34 596 | 107 836 | 1 106 657 | 1 249 089 |
| Postpaid | - | - | - | 7 341 | 22 382 | 1 687 985 | 1 717 708 |
| Roaming | - | - | - | - | 64 338 | 622 002 | 686 340 |
| Site sharing | - | - | - | 31 436 | - | 24 993 | 56 429 |
| ACS Subscriber | - | - | - | - | 148 921 | - | 148 921 |
| Other receivables** | - | - | - | - | 307 195 | - | 307 195 |
| **Totals** | **-** | **-** | **-** | **74 687** | **788 549** | **4 449 669** | **5 312 905** |

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

| Expected credit loss rate | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91 - 180 days | 181 - 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 - 30 days | 31 - 60 days | 61 - 90 days | 91 - 180 days | 181 - 360 days | >360 days | Totals |
|---|---|---|---|---|---|---|---|
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 | 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 | 1 933 717 |
| 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 | - | - | - | - | - | 1 179 878 |
| Other receivables** | 446 329 | 95 971 | 107 076 | - | - | 127 715 | 777 091 |
| **Total** | **2 024 919** | **774 883** | **479 701** | **626 911** | **714 362** | **4 818 075** | **9 438 851** |

| Expected credit losses | 1 - 30 days K'000 | 31 - 60 days K'000 | 61 - 90 days K'000 | 91 - 180 days K'000 | 181 - 360 days K'000 | >360 days K'000 | Totals K'000 |
|---|---|---|---|---|---|---|---|
| Airtel shops | - | - | - | 9 515 | 9 500 | 28 893 | 47 908 |
| 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 |
| **Totals** | **-** | **-** | **-** | **426 815** | **368 954** | **3 891 428** | **4 687 197** |

## 14. Income tax payable

| | 2023 K'000 | 2022 K'000 |
|---|---|---|
| Balance at the beginning of the year | 5 784 950 | 7 019 235 |
| Withholding tax paid during the year | (834 198) | (365 980) |
| Provisional tax paid during the year | (16 358 431) | (18 460 217) |
| Charge for the year (note 33) | 15 684 114 | 17 591 912 |
| **Income tax payable** | **4 276 435** | **5 784 950** |

## 15. Cash and cash equivalents

| | 2023 K'000 | 2022 K'000 |
|---|---|---|
| Current bank accounts | 31 611 388 | 19 542 862 |
| FCDA account | 508 641 | 2 203 |
| Cash in hand | 686 805 | 626 455 |
| Short term deposit accounts | 9 457 219 | 38 901 395 |
| **Totals** | **42 264 053** | **59 072 915** |

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 K509 million (2022: K2 million) at 31 December 2023. The balances were earning nil interest in 2023 (2022: nil) per annum. The rest of the bank balances are denominated in Malawi Kwacha and were earning interest between 5-12% (2022: 5-12%) per annum.

The carrying amount of K42 264 million (2022: K59 072 million) is a reasonable approximation of fair value.

## 16. Borrowings

| | 2023<br>K'000 | 2022 Restated*<br>K'000 |
|---|---|---|
| **Current** | | |
| Current portion of the loan (*) | 55 758 596 | 33 981 639 |
| **Total borrowings** | **55 758 596** | **33 981 639** |

**Analysis as below:**

The term loans are due to the following:-
**Bank of America, Hong Kong branch**

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| At the beginning of the year | 33 981 639 | 32 614 688 |
| Interest charges capitalised in the year | 3 055 840 | 1 340 498 |
| Repayments in the year | (3 220 961) | (6 830 017) |
| Exchange loss | 21 942 078 | 6 856 470 |
| **At the end of the year** | **55 758 596** | **33 981 639** |

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 loan facility was extended to expire on 13 September 2023 with change in term as 3 months LIBOR +170 bps. On 04 January 2023, the facility was further extended to expire on 12 September 2025. The renewed loan attracts an interest of 3 months SOFR plus 170 bps. The facility is still uncommitted and unsecured revolving credit facility and is payable on demand.

Pursuant to LIBOR & rate reference reforms in 2021, the benchmark rate has been replaced by SOFR (Secured overnight financing rate).

* Refer to note 46 to the financial statements for details.

## 17. Lease liabilities

As at 31 December 2023, the Company had the following lease liabilities:-

| | 2023<br>K'000 | 2022 Restated*<br>K'000 |
|---|---|---|
| Current portion of leases liabilities (*) | 3 557 877 | 3 416 846 |
| Non-current portion of leases liabilities (*) | 98 651 640 | 47 522 899 |
| **Total lease liabilities** | **102 209 517** | **50 939 745** |

### Lease details are as below:

| | | |
|---|---|---|
| Opening lease liability | 50 939 745 | 31 301 170 |
| Additional lease during the year | 32 015 088 | 33 753 165 |
| Retirement of leased assets | (8 724) | (19 045 984) |
| Interest on lease liability | 9 669 219 | 1 672 684 |
| Repayment of lease liabilities | (11 271 527) | (6 343 791) |
| Adjustment lease write back | - | (2 127) |
| Unrealised exchange movement (*) | 20 865 716 | 9 604 628 |
| **At the end of the year** | **102 209 517** | **50 939 745** |

* Refer to note 45 to the financial statements for details.

### 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.

**For the year ended 31 December 2023**

**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.

Below is IBR which has been applied to all the leases as at -

| Name of the Entity | Period | Local Currency Leases | USD Leases |
|---|---|---|---|
| Airtel Malawi Plc | 31 December 2023 | 20.84% | 16.14% |
| Airtel Malawi Plc | 31 December 2022 | 11.24% | 8.48% |

### Undiscounted Maturity Schedule

Maturity analysis of lease liabilities

| | 2023<br>K'000 | 2022 Restated*<br>K'000 |
|---|---|---|
| **Lease liability Aging** | | |
| Less than one year | 12 399 087 | 9 638 910 |
| One to two years | 11 762 435 | 9 353 566 |
| Two to three years | 37 618 820 | 24 678 519 |
| More than three years | 92 871 348 | 51 652 569 |
| | 154 651 690 | 95 323 564 |
| Less: future finance charges | (52 442 173) | (44 383 819) |
| | **102 209 517** | **50 939 745** |

* Refer to note 45 to the financial statements for details.

## 18. Deferred Spectrum liabilities

As at 31 December 2023, the Company had the following deferred spectrum liabilities:-

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Current portion of deferred spectrum liabilities | - | 201 028 |
| **Total** | **-** | **201 028** |

### The movement for the year is as follows:

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| At the beginning of the year | 201 028 | 312 929 |
| Interest during the year | 7 426 | 15 549 |
| Repayments during the year | (214 601) | (181 801) |
| Exchange loss | 6 147 | 54 351 |
| **At the end of the year** | **-** | **201 028** |

## 19. Trade and other payables

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Trade payable | 11 329 986 | 11 939 090 |
| Amount due to related parties (note 12.2) | 39 195 779 | 17 775 257 |
| Other payables | 22 596 748 | 16 995 355 |
| | **73 122 513** | **46 709 702** |

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.

**For the year ended 31 December 2023**

## 20. Contract liabilities

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Deferred income | 9 704 588 | 9 975 227 |

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

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

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Dividends (note 22) | 17 341 465 | 15 857 832 |
| Employee benefits (note 23) | 546 274 | 447 437 |
| | **17 887 739** | **16 305 269** |

## 22. Dividend payable

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| At beginning of the year | 15 857 832 | 15 466 522 |
| Dividend declared | 27 500 000 | 32 450 000 |
| Dividend paid | (26 016 367) | (32 058 690) |
| **At the end of the year** | **17 341 465** | **15 857 832** |

## 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 |
| **For the year ended 31 December 2023** | | | | | |
| Bonus provision | 298 266 | 483 628 | 310 698 | (723 515) | 369 077 |
| Provision for leave | 149 171 | 47 596 | - | (19 570) | 177 197 |
| **Current amount payable within 12 months** | **447 437** | **531 224** | **310 698** | **(743 085)** | **546 274** |
| **For the year ended 31 December 2022** | | | | | |
| 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** |

## 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 |
| **For the year ended 31 December 2023** | | | | | |
| Provision for legal claims | 2 437 869 | 742 627 | (29 984) | (13 550) | 3 136 962 |
| Asset retirement obligation | 7 780 | - | (1 491) | - | 6 289 |
| Tevet provision | 68 393 | 75 365 | - | (80 269) | 63 489 |
| **Current amount payable within 12 months** | **2 514 042** | **817 992** | **(31 475)** | **(93 819)** | **3 206 740** |
| **For the year ended 31 December 2022** | | | | | |
| 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** |

Addition in the provision for legal claims during the year end dated 31 December 2023 includes majorly of K699 million relating to the interest charged on the on-going legal case which is being disclosed under finance cost (refer note 32). The provisions for asset retirement obligation relate to costs for the retirement of network assets. Tevet provision relates to the payment to be made to Tevet Authority based on Tevet Act.

## 25. Operating revenue

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Airtime revenue | 107 440 355 | 86 857 939 |
| Data revenue | 64 864 683 | 52 609 457 |
| Interconnect revenue | 5 301 662 | 5 767 461 |
| Other services | 359 645 | 441 358 |
| Short Messaging Services | 13 278 506 | 8 308 023 |
| Value added services content | 3 364 370 | 3 174 851 |
| Roaming revenue | 1 641 025 | 878 588 |
| Connection revenue | 1 745 607 | 46 905 |
| Handsets and accessories | 431 583 | 278 777 |
| Trade discount | (4 428 715) | (4 899 761) |
| **Total** | **193 998 721** | **153 463 598** |

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to K9 705 million at 31 December 2023 and K9 975 million as at 31 December 2022 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 K9 975 million (2022: K8 131 million). Transfers from unbilled revenue (contract assets) recognized at the beginning of the period to receivables is K615 million for 2023 (2022: K489 million).

## 26. Other income/(loss)

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Other operating income profit/(loss) on disposal of PPE | 22 414 | (12 180) |
| Liability written back | 5 576 | (505) |
| **Total** | **27 990** | **(12 685)** |

## 27. Finance income

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Interest Income | 3 361 012 | 3 001 570 |
| **Total** | **3 361 012** | **3 001 570** |

## 28. (Loss)/profit before tax

(Loss)/profit before tax is arrived at after deducting the following:

| | 2023<br>K'000 | 2022 Restated*<br>K'000 |
|---|---|---|
| Network operating and maintenance | 39 855 539 | 23 400 619 |
| Sales and marketing expenses | 17 190 521 | 13 828 774 |
| Employee benefits expenses (*) | 7 131 776 | 6 176 726 |
| Access charges | 3 296 356 | 3 543 958 |
| | **67 474 192** | **46 950 077** |

* Refer to note 45 & 46 to the financial statements for details.

## 29. Other expenses

| | 2023<br>K'000 | 2022 Restated*<br>K'000 |
|---|---|---|
| IT expenses | 1 068 727 | 1 270 933 |
| Management fees (note 12.3.3) | 4 929 824 | 3 342 641 |
| Content charges | 8 585 783 | 5 881 167 |
| Travel Expenses | 1 750 247 | 1 459 651 |
| Administrative Expenses | 1 646 758 | 1 316 923 |
| Provisions for legal cases | 13 603 | 1 015 092 |
| Customer services expenses | 318 427 | 306 615 |
| Rates & Taxes | - | 1 400 |
| Billing and collection expenses | 959 641 | 931 440 |
| Corporate social responsibility | 61 706 | 41 350 |
| Directors' remuneration - for managerial services (note 34) (*) | 2 112 540 | 1 592 263 |
| Directors' remuneration - for services as Director | 22 375 | 54 391 |
| Cost of goods sold | 441 821 | 238 826 |
| Auditors' remuneration | 191 638 | 117 244 |
| | 22 103 090 | 17 569 936 |

* Refer to note 45 & 46 to the financial statements for details.

# NOTES TO THE FINANCIAL STATEMENTS (Continued...)

**For the year ended 31 December 2023**

## 30a. Licence fee/spectrum usage charges

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Net Operating Revenue (January to March '22) | - | 31 255 226 |
| Gross Operating Revenue (April to Decembe'22) | - | 118 637 511 |
| Gross Operating Revenue (January to December'23) | 191 232 746 | - |
| | **191 232 746** | **149 892 737** |
| MACRA levy at 5% of NOR | - | 1 562 761 |
| MACRA levy at 3.5% GOR (Network Services License) | 6 693 146 | 4 152 313 |
| Spectrum & Frequency fees | 6 234 466 | 5 463 185 |
| | **12 927 612** | **11 178 259** |

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.

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| Interconnect call Termination Rate Cost (0.08 cents) | 836 128 | 990 121 |

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

## 30b. Depreciation and amortisation

| | 2023<br>K'000 | 2022 Restated*<br>K'000 |
|---|---|---|
| Depreciation on property and equipment (note 5) | 13 119 325 | 10 635 178 |
| Depreciation on right-of use assets (note 7) | 4 380 578 | 3 464 984 |
| Amortisation of intangible assets (note 6) | 312 163 | 312 163 |
| **Depreciation and amortisation** | **17 812 066** | **14 412 325** |

* Refer to note 45 to the financial statements for details.

## 31. Foreign exchange losses

| | 2023 K'000 | 2022 Restated* K'000 |
|---|---|---|
| Realised exchange gain | (2 850 453) | (454 542) |
| Realised exchange loss | 17 500 492 | 4 726 118 |
| Unrealised exchange gain | (2 319 848) | (160 376) |
| Unrealised exchange loss (*) | 68 210 316 | 16 515 450 |
| **Net foreign exchange loss** | **80 540 507** | **20 626 650** |

* Refer to note 45 to the financial statements for details.

## 32. Finance cost

| | 2023 K'000 | 2022 K'000 |
|---|---|---|
| Interest expenses | 3 055 840 | 1 340 498 |
| Bank charges | 5 107 297 | 166 265 |
| Interest on deferred spectrum and other | 7 426 | 17 860 |
| Interest on lease liability | 9 669 219 | 5 347 448 |
| **Total finance cost** | **17 839 782** | **6 872 071** |

## 33. Income tax (credit)/expenses

| | 2023 K'000 | 2022 Restated* K'000 |
|---|---|---|
| **Income tax expense** | | |
| Current income – note 14 | 15 684 114 | 17 591 912 |
| Deferred tax – note 8 (*) | (22 032 956) | (4 102 721) |
| | **(6 348 842)** | **13 489 191** |

### A reconciliation between tax (credit)/expense and accounting profit is as follows

| | 2023 K'000 | 2022 Restated* K'000 |
|---|---|---|
| (Loss)/Profit before tax (*) | (21 773 082) | 44 928 868 |
| Income tax at 30% (*) | (6 531 925) | 13 478 660 |
| Expenses not deductible for tax purposes | 183 083 | 10 531 |
| | **(6 348 842)** | **13 489 191** |

* Refer to note 45 to the financial statements for details.

**For the year ended 31 December 2023**

### 34. Compensation of key senior management personnel

| | 2023 | 2022 |
|---|---|---|
| | K'000 | K'000 |
| Salary | 915 226 | 725 953 |
| Benefits | 582 035 | 509 045 |
| Bonus | 417 157 | 357 265 |
| Longterm Incentive | 198 122 | - |
| | **2 112 540** | **1 592 263** |

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

Key management personnel are:

| EMPLOYEE NAME | DESIGNATION | PERIOD |
|---|---|---|
| Mr. Charles Kamoto | Managing Director | Full year |
| Mr. Indradip Mazumdar | Finance Director | Jan 23-April 23 |
| Mr. Jitendra Kumar Singh | Acting Finance Director | May 23-Jul 23 |
| Mr. Abdul Shaik | Finance Director | Aug 23-Dec 23 |
| Ms. Hlupekire Chalamba | Legal & Regulatory Director | Full year |
| Ms. Mpho Bwanali | Human Resource and Administration Director | Full year |
| Mr. Allan Banda | IT Director | Full year |
| Ms. Thokozani Kamkondo | Marketing Director | Jan 2023-Oct 2023 |
| Mr. Joshua Sichinga | Marketing Director | Nov 2023-Dec 2023 |
| Mr. Beston Ndhlovu | Supply Chain Management Director | Full year |
| Ms. Sibusiso Twea Nyasulu | Customer Experience Director | Full year |
| Mr. Mphatso Manda | Network Director | Full year |
| Mr. Misheck Kavuta | Sales & Distribution Director | Full year |
| Mr. Patrick Maleya | Head of Home Broad Band | Full year |
| Ms. Stella Hara | Enterprise Director | Jan 23-Sept 23 |

### Directors' remuneration

| | 2023 | 2022 |
|---|---|---|
| | K'000 | K'000 |
| Non-executive directors' remuneration | 22 375 | 54 391 |

Remuneration for executive directors amounting to K606.1 million (2022: K433.8 million) is included in compensation of key senior management personnel above.

## 35. Defined contribution plan expenses

| | 2023 K'000 | 2022 K'000 |
|---|---|---|
| Defined contribution plan expenses | 452 422 | 396 227 |

## 36. Capital Commitments

### Capital expenditure

| | 2023 K'000 | 2022 K'000 |
|---|---|---|
| Approved capital expenditure to be incurred | 15 431 427 | 9 163 252 |

The expenditure will be financed from internal resources.

## 37 (Loss)/earnings per share

Basic (loss)/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 2023 and 31 December 2022. Diluted (loss)/ earnings per share is therefore the same as basic earnings per share.

| | 2023 K'000 | 2022 Restated* K'000 |
|---|---|---|
| (Loss)/profit attributable to ordinary shareholders for the year | (15 424 239) | 31 439 678 |
| Weighted average number of shares | 11 000 000 | 11 000 000 |

| | 2023 | 2022 Restated* |
|---|---|---|
| Basic (loss)/earnings per share (K) | (1.40) | 2.86 |
| Diluted (loss)/earnings per share (K) | (1.40) | 2.86 |

* Refer to note 45 to the financial statements for details.

## 38. Contingent liabilities

As at 31 December 2023, the Company had contingent liabilities of K4 999 million (2022: K3 479 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.

## 39 Financial risk management

### 39.1 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

| | 2023<br>K'000 | 2022<br>K'000 |
|---|---|---|
| **Financial assets held at amortised cost** | | |
| Trade and other receivables | 4 320 089 | 4 751 654 |
| Amount due from related parties | 2 282 276 | 2 755 548 |
| Cash and cash equivalents | 42 264 053 | 59 072 915 |
| | **48 866 418** | **66 580 117** |
| **Financial assets at FVTPL** | | |
| Investment – long term | 81 000 | 81 000 |
| **Total financial assets** | **48 947 418** | **66 661 117** |

| | 2023<br>K'000 | 2022 Restated*<br>K'000 |
|---|---|---|
| **Financial liabilities held at amortised cost** | | |
| Loan due to Bank of America | 55 758 596 | 33 981 639 |
| Amount due to related parties | 39 195 779 | 17 775 257 |
| Lease liabilities (*) | 102 209 517 | 50 939 745 |
| Trade & other payables | 11 329 986 | 11 939 090 |
| **Total** | **208 493 878** | **114 635 731** |

* Refer to note 45 to the financial statements for details.

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.

The Company is exposed to the following risks;

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

## 39 .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 2023.

### (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 2023, 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 K8 462 million (2022: K5 412 million) lower/higher, mainly as a result of US dollar denominated borrowings.

39 .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. SOFR +450 bps. The amount arose as a result of the conversion if 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 SOFR 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 SOFR plus 105 bps. The SOFR 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 2023, if effective interest rates on borrowings had been 1% higher/ lower with all other variables held constant, profit before tax would have been K556 million (2022: K339 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 receivables.

The requirement for impairment is analysed 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, 2023 and December 31, 2022 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 overdraft 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.

The tables have been drawn up based on the undiscounted contractual maturities and cash flows of financial liabilities based on the earliest date on which the Company can be required to pay:-

| | 0 - 3 Months | 4 - 12 Months | Over 1 Year | Carrying amount and fair value |
|---|---|---|---|---|
| | K'000 | K'000 | K'000 | K'000 |
| **As at 31 December 2023** | | | | |
| **Liabilities** | | | | |
| Loan due to Bank of America | 55 758 596 | - | - | 55 758 596 |
| Amount due to related parties | 39 195 779 | - | - | 39 195 779 |
| Lease liabilities | 1 825 732 | 1 732 145 | 98 651 640 | 102 209 517 |
| Trade and other payables | 11 329 986 | - | - | 11 329 986 |
| **Total Liabilities** | **108 110 093** | **1 732 145** | **98 651 640** | **208 493 878** |

| | 0 - 3 Months | 4 - 12 Months | Over 1 Year | Carrying amount and fair value |
|---|---|---|---|---|
| | K'000 | K'000 | K'000 | K'000 |
| **As at 31 December 2022** | | | | |
| **Liabilities** | | | | |
| Loan due to Bank of America (Restated*) | 33 981 639 | - | - | 33 981 639 |
| Amount due to related parties | 17 775 257 | - | - | 17 775 257 |
| Lease liabilities (Restated*) | 854 211 | 2 562 635 | 47 522 899 | 50 939 745 |
| Trade & other payables | 11 939 090 | - | - | 11 939 090 |
| **Total Liabilities (Restated*)** | **64 550 197** | **2 562 635** | **47 522 899** | **114 635 731** |

* Refer to note 45 & 46 to the financial statements for details.

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. The loan due to Bank of America is disclosed in the 3-month bracket as it is payable on demand even though the facility expires on 12 September 2025.

**For the year ended 31 December 2023**

39 .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 2023 to the contractual maturity date.

| | 0 - 3 Months | 4 - 12 Months | Over 1 Year | Carrying amount and fair value |
|---|---|---|---|---|
| | K'000 | K'000 | K'000 | K'000 |
| **As at 31 December 2023** | | | | |
| **Assets** | | | | |
| Trade and other receivables | 3 121 535 | 364 468 | 834 086 | 4 320 089 |
| Amount due from related parties | 2 282 276 | - | - | 2 282 276 |
| Cash and cash equivalents | 42 264 053 | - | - | 42 264 053 |
| **Total Assets** | **47 667 864** | **364 468** | **834 086** | **48 866 418** |
| **Liabilities** | | | | |
| Loan due to Bank of America | 55 758 596 | - | - | 55 758 596 |
| Amount due to related parties | 39 195 779 | - | - | 39 195 779 |
| Lease liabilities | 1 825 732 | 1 732 145 | 98 651 640 | 102 209 517 |
| Trade & other payables | 11 329 986 | - | - | 11 329 986 |
| **Total Liabilities** | **108 110 093** | **1 732 145** | **98 651 640** | **208 493 878** |
| **Gap** | **(60 442 229)** | **(1 367 677)** | **(97 817 554)** | **(159 627 460)** |
| **Cumulative Gap** | **(60 442 229)** | **(61 809 906)** | **(159 627 460)** | **(159 627 460)** |
| **As at 31 December 2022** | | | | |
| **Assets** | | | | |
| Trade and other receivables | 2 229 801 | 1 800 088 | 721 765 | 4 751 654 |
| Amount due from related parties | 2 755 548 | - | - | 2 755 548 |
| Cash and cash equivalents | 59 072 915 | - | - | 59 072 915 |
| **Total Assets** | **64 058 264** | **1 800 088** | **721 765** | **66 580 117** |
| **Liabilities** | | | | |
| Loan due to Bank of America (Restated*) | 33 981 639 | - | - | 33 981 639 |
| Amount due to related parties | 17 775 257 | - | - | 17 775 257 |
| Lease liabilities (Restated*) | 854 211 | 2 562 635 | 47 522 899 | 50 939 745 |
| Trade & other payables | 11 939 090 | - | - | 11 939 090 |
| **Total Liabilities (Restated*)** | **64 550 197** | **2 562 635** | **47 522 899** | **114 635 731** |
| **Gap** | **(491 933)** | **(762 547)** | **(46 801 134)** | **(48 055 614)** |
| **Cumulative Gap** | **(491 933)** | **(1 254 480)** | **(48 055 614)** | **(48 055 614)** |

* Refer to note 45 to the financial statements for details.

### 39.3 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 is calculated as equity plus net debt.

The gearing ratios at 31 December 2023 and 31 December 2022 were as follows:

| | 2023 | 2022 Restated* |
|---|---|---|
| | K'000 | K'000 |
| Total borrowings (including borrowings and lease liabilities) | 157 968 113 | 84 921 384 |
| Less: cash and cash equivalents | (42 264 053) | (59 072 915) |
| **Net debts** | **115 704 060** | **25 848 469** |
| **Total equity** | **(10 606 428)** | **32 317 811** |
| **Total capital** | **105 097 632** | **58 166 280** |
| **Gearing ratio** | **110%** | **44%** |

* Refer to note 45 to the financial statements for details.

## 40. 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.

### 40.1 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.

## 40.2 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:

- 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.

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

| | 2023 | 2023 | 2022 | 2022 |
|---|---|---|---|---|
| | **Carrying amount and** | **Fair Value** | **Carrying amount and** | **Fair value** |
| **Financial assets classified at amortized cost** | | | | |
| Trade and other receivables | 4 320 089 | 4 320 089 | 4 751 654 | 4 751 654 |
| Amount due from related parties | 2 282 276 | 2 282 276 | 2 755 548 | 2 755 548 |
| **Total** | **6 602 365** | **6 602 365** | **7 507 202** | **7 507 202** |
| **Financial assets classified at FVTPL** | | | | |
| Investment - long term | 81 000 | 81 000 | 81 000 | 81 000 |
| **Financial liabilities at amortised cost** | | | | |
| Loan due to Bank of America | 55 758 596 | 55 758 596 | 33 981 639 | 33 981 639 |
| Amounts due to related parties | 39 195 779 | 39 195 779 | 17 775 257 | 17 775 257 |
| Trade and other payables | 11 329 986 | 11 329 986 | 11 939 090 | 11 939 090 |
| **Total** | **106 284 361** | **106 284 361** | **63 695 986** | **63 695 986** |

### Fair value hierarchy as at 31 December 2023

| | 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** |

### Fair value hierarchy as at 31 December 2022

| | 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** |

## 41. Economic factors

The year-end 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.

| | 2023 | 2022 |
|---|---|---|
| Kwacha/US Dollar | 1 700 | 1 034.67 |
| Inflation | 35% | 25.8% |

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

| | |
|---|---|
| Kwacha/US Dollar | 1 751 |
| inflation (July 2024) | 33.7% |

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

## 42 Comparatives

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

## 43. 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.

## 44. Subsequent events

No subsequent event this year.

## 45. Adjustment of prior period error

Airtel Malawi plc has lease contracts of passive infrastructure related to tower space which are accounted as per IFRS 16- *Leases* (refer to note 3.8 for accounting policy on leases). Lease consideration under one of these contracts entered in March 2022, comprise of a combination of Malawi Kwacha-based lease payment and a portion of the lease consideration that gets adjusted for an adjustment factor which is indexed to Malawi Kwacha to United States Dollars exchange rates (such portion of lease rental referred to as US$ portion), but invoiced and paid in Malawi Kwacha.

Historically, the impact of foreign exchange movement on such US$ portion was treated as an index adjustment under IFRS 16- *Leases* and was recognised as ROU asset. On performing a review of relevant lease contracts, the company concluded that accounting of such leases should be revisited.

Following a comprehensive research of IFRS literature and analysis of this contract, it was concluded that the interpretation of IFRS to such contracts should be revised such that the US$ portion of lease payments in such tower leases should be remeasured to the Kwacha/US$ spot exchange rate at the end of each reporting period, in line with IAS 21- *The Effects of Changes in Foreign Exchange Rates* and IFRS 16- *Leases.*

Accordingly, Airtel Malawi has revised its previously issued financial statements for the year ended 31 December 2023 and restated its audited financial statements for the year ended 31 December 2022. This restatement does not impact the balances as of 1 January 2022 since this contract was entered into March 2022.  This revision and restatement impact the lease liability and right-of-use asset with corresponding changes to the finance cost, depreciation, and deferred tax accounts.

## A) STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 December 2023 | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Before Revision | Adjustment | Revised | As previously reported (as reclassified) | Adjustment | Restated |
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **Income** | | | | | | |
| Revenue | 193 998 721 | - | 193 998 721 | 153 463 598 | - | 153 463 598 |
| Other income/(loss) | 27 990 | - | 27 990 | (12 685) | - | (12 685) |
| | **194 026 711** | **-** | **194 026 711** | **153 450 913** | **-** | **153 450 913** |
| **Expenses** | | | | | | |
| Network operation and maintenance | (39 855 539) | - | (39 855 539) | (23 400 619) | - | (23 400 619) |
| Sales and marketing expenses | (17 190 521) | - | (17 190 521) | (13 828 774) | - | (13 828 774) |
| Employee benefits expenses | (7 131 776) | - | (7 131 776) | (6 176 726) | - | (6 176 726) |
| Access charges | (3 296 356) | - | (3 296 356) | (3 543 958) | - | (3 543 958) |
| Other expenses | (22 103 090) | - | (22 103 090) | (17 569 936) | - | (17 569 936) |
| License fee and spectrum usage charges | (12 927 612) | - | (12 927 612) | (11 178 259) | - | (11 178 259) |
| Impairment loss (charged)/ recovered on financial assets | (463 555) | - | (463 555) | 740 734 | - | 740 734 |
| Depreciation and amortisation | (18 304 693) | 492 627 | (17 812 066) | (14 412 325) | - | (14 412 325) |
| | **(121 273 142)** | **492 627** | **(120 780 515)** | **(89 369 863)** | **-** | **(89 369 863)** |
| **Operating profit** | **72 753 569** | **492 627** | **73 246 196** | **64 081 050** | **-** | **64 081 050** |
| Finance costs | (73 840 193) | (24 540 096) | (98 380 289) | (19 662 110) | (7 836 611) | (27 498 721) |
| Finance income | 3 361 012 | - | 3 361 012 | 3 001 570 | - | 3 001 570 |
| Other non-operating income | - | - | - | 5 344 970 | - | 5 344 970 |
| **(Loss)/Profit before tax** | **2 274 388** | **(24 047 469)** | **(21 773 081)** | **52 765 480** | **(7 836 611)** | **44,928 869** |
| **Income tax credit/ (expense)** | **(865 398)** | **7 214 240** | **6 348 842** | **(15 840 174)** | **2 350 983** | **(13,489 191)** |
| **(Loss)/ Profit and total comprehensive income for the year** | **1 408 990** | **(16 833 229)** | **(15 424 239)** | **36 925 306** | **(5 485 628)** | **31,439 678** |
| **Basic and diluted (loss)/earnings per share (K)** | **0.13** | **1.53** | **(1.40)** | **3.36** | **(0.50)** | **2.86** |

## B) STATEMENT OF FINANCIAL POSITION

| | Year ended 31 December 2023 | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Before Revision | Adjustment | Revised | As previously reported (as reclassified) | Adjustment | Restated |
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 72 582 812 | - | 72 582 812 | 66 154 743 | - | 66 154 743 |
| Right-of-use assets | 65 575 220 | (6 732 578) | 58 842 642 | 38 436 487 | - | 38 436 487 |
| Intangible assets | 28 686 | - | 28 686 | 340 848 | - | 340 848 |
| Deferred tax asset | 18 066 873 | 9 565 223 | 27 632 096 | 3 248 157 | 2 350 983 | 5 599 140 |
| Other non-current assets | 17 782 985 | - | 17 782 985 | 10 725 495 | - | 10 725 495 |
| Investment | 81 000 | - | 81 000 | 81 000 | - | 81 000 |
| **Total non-current assets** | **174 117 576** | **2 832 645** | **176 950 221** | **118 986 730** | **2 350 983** | **121 337 713** |
| **Current assets** | | | | | | |
| Inventories | 1 356 123 | - | 1 356 123 | 278 084 | - | 278 084 |
| Trade and other receivables | 6 827 929 | - | 6 827 929 | 7 712 084 | - | 7 712 084 |
| Cash and cash equivalents | 42 264 053 | - | 42 264 053 | 59 072 915 | - | 59 072 915 |
| Other current assets | 28 161 374 | - | 28 161 374 | 10 328 617 | - | 10 328 617 |
| **Total current assets** | **78 609 479** | **-** | **78 609 479** | **77 391 700** | **-** | **77 391 700** |
| **Total assets** | **252 727 055** | **2 832 645** | **255 559 700** | **196 378 430** | **2 350 983** | **198 729 413** |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Shareholders' equity** | | | | | | |
| Share capital | 1 000 | - | 1 000 | 1 000 | - | 1 000 |
| Share premium | 398 375 | - | 398 375 | 398 375 | - | 398 375 |
| Retained earnings | 11 313 054 | (22 318 857) | (11 005 803) | 37 404 064 | (5 485 628) | 31 918 436 |
| **Total Shareholders' equity** | **11 712 429** | **(22 318 857)** | **(10 606 428)** | **37 803 439** | **(5 485 628)** | **32 317 811** |

| | Year ended 31 December 2023 | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Before Revision | Adjustment | Revised | As previously reported (as reclassified) | Adjustment | Restated |
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **Non-current liabilities** | | | | | | |
| Lease liabilities | 73 968 383 | 24 683 257 | 98 651 640 | 39 933 211 | 7 589 688 | 47 522 899 |
| **Total non-current liabilities** | **73 968 383** | **24 683 257** | **98 651 640** | **39 933 211** | **7 589 688** | **47 522 899** |
| **Current liabilities** | | | | | | |
| Borrowings | 55 758 596 | - | 55 758 596 | 33 981 639 | - | 33 981 639 |
| Lease liabilities | 3 089 632 | 468 245 | 3 557 877 | 3 169 923 | 246 923 | 3 416 846 |
| Deferred Spectrum liabilities | - | - | - | 201 028 | - | 201 028 |
| Provisions | 3 206 740 | - | 3 206 740 | 2 514 042 | - | 2 514 042 |
| Trade and other payables | 73 122 513 | - | 73 122 513 | 46 709 702 | - | 46 709 702 |
| Contract liabilities | 9 704 588 | - | 9 704 588 | 9 975 227 | - | 9 975 227 |
| Income tax payable | 4 276 435 | - | 4 276 435 | 5 784 950 | - | 5 784 950 |
| Other current liabilities | 17 887 739 | - | 17 887 739 | 16 305 269 | - | 16 305 269 |
| **Total current liabilities** | **167 046 243** | **468 245** | **167 514 488** | **118 641 780** | **246 923** | **118 888 703** |
| **Total liabilities** | **241 014 626** | **25 151 502** | **266 166 128** | **158 574 991** | **7 836 611** | **166 411 602** |
| **Total equity and liabilities** | **252 727 055** | **2 832 645** | **255 559 700** | **196 378 430** | **2 350 983** | **198 729 413** |

## C) STATEMENT OF CASH FLOWS

| | Year ended 31 December 2023 | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Before Revision | Adjustment | Revised | As previously reported | Adjustment | Restated |
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **Cash flows from operating activities** | | | | | | |
| **(Loss)/Profit Before taxation** | **2 274 388** | **(24 047 469)** | **(21 773 081)** | **52 765 480** | **(7 836 611)** | **44 928 869** |
| **Adjustments for:** | | | | | | |
| Depreciation & amortization | 18 304 693 | (492 627) | 17 812 066 | 14 412 325 | - | 14 412 325 |
| Interest income | (3 361 012) | - | (3 361 012) | (3 001 570) | - | (3 001 570) |
| Unrealised exchange losses | 41 350 372 | 24 540 096 | 65 890 468 | 8 678 839 | 7 836 611 | 16 515 450 |
| Other non -operating income | - | - | - | (5 344 970) | - | (5 344 970) |
| Movement in Provisions | 692 698 | - | 692 698 | 1 059 946 | - | 1 059 946 |
| (Profit)/Loss on disposal of plant and equipment | (22 414) | - | (22 414) | 12 180 | - | 12 180 |
| Finance cost | 17 839 782 | - | 17 839 782 | 6 705 805 | - | 6 705 805 |
| **Operating cash flow before working capital changes** | **77 078 507** | **-** | **77 078 507** | **75 288 035** | **-** | **75 288 035** |

# NOTES TO THE FINANCIAL STATEMENTS (Continued...)

**For the year ended 31 December 2023**

**C) STATEMENT OF CASH FLOWS (Continued...)**

| | Year ended 31 December 2023 | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Before Revision | Adjustment | Revised | As previously reported | Adjustment | Restated |
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **Changes in working capital:** | | | | | | |
| Decrease in trade and other receivables | 1 895 898 | - | 1 895 898 | 15 294 369 | - | 15 294 369 |
| (Increase)/decrease in inventory | (1 078 039) | - | (1 078 039) | 14 638 | - | 14 638 |
| Increase in other assets | (24 890 247) | - | (24 890 247) | (7 795 963) | - | (7 795 963) |
| Increase in trade and other payables | 7 243 766 | - | 7 243 766 | 16 139 481 | - | 16 139 481 |
| (Decrease)/increase in other liabilities | (171 800) | - | (171 800) | 1 825 902 | - | 1 825 902 |
| **Net cash generated from operations before tax** | **60 078 085** | **-** | **60 078 085** | **100 766 461** | **-** | **100 766 461** |
| Income Tax Paid | (17 192 629) | - | (17 192 629) | (18 826 198) | - | (18 826 198) |
| **Net cash generated from operating activities** | **42 885 456** | **-** | **42 885 456** | **81 940 263** | **-** | **81 940 263** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Cash Flows from investing activities** | | | | | | |
| Purchase of plant and equipment | (17 241 415) | - | (17 241 415) | (15 831 169) | - | (15 831 169) |
| Interest received | 3 361 012 | - | 3 361 012 | 3 001 570 | - | 3 001 570 |
| Proceeds from sale of property, plant and equipment | 22 414 | - | 22 414 | 532 781 | - | 532 781 |
| **Net cash used in investing activities** | **(13 857 989)** | **-** | **(13 857 989)** | **(12 296 818)** | **-** | **(12 296 818)** |

| | Year ended 31 December 2023 | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Before Revision | Adjustment | Revised | As previously reported | Adjustment | Restated |
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **Cash flows from financing activities** | | | | | | |
| Repayment of borrowings- principal | (165 121) | - | (165 121) | (5 489 519) | - | (5 489 519) |
| Repayment of borrowings- interest | (3 055 840) | - | (3 055 840) | (1 340 498) | - | (1 340 498) |
| Other finance costs | (5 107 297) | - | (5 107 297) | (3 677 075) | - | (3 677 075) |
| Dividends paid | (26 016 367) | - | (26 016 367) | (32 058 690) | - | (32 058 690) |
| Repayment of spectrum liability- principal | (207 175) | - | (207 175) | (166 252) | - | (166 252) |
| Repayment of spectrum liability- interest | (7 426) | - | (7 426) | (15 549) | - | (15 549) |
| Lease write back | (5 576) | - | (5 576) | (2127) | - | (2 127) |
| Repayment of lease liability- principal | (1 590 477) | - | (1 590 477) | (4 671 107) | - | (4 671 107) |
| Repayment of lease liability- interest | (9 681 050) | - | (9 681 050) | (1 672 684) | - | (1 672 684) |
| **Net cash used in financing activities** | **(45 836 329)** | **-** | **(45 836 329)** | **(49 093 501)** | **-** | **(49 093 501)** |
| Net increase in cash & cash equivalents | (16 808 862) | - | (16 808 862) | 20 549 944 | - | 20 549 944 |
| Cash & Cash equivalents at the beginning of the year | 59 072 915 | - | 59 072 915 | 38 522 971 | - | 38 522 971 |
| **Cash & Cash equivalents as at end of the period** | **42 264 053** | **-** | **42 264 053** | **59 072 915** | **-** | **59 072 915** |

## 46. Reclassification

### A) STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 December 2023 | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Before Revision | Adjustment | Revised | As previously reported | Adjustment | Restated |
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **Expenses** | | | | | | |
| Employee benefits expenses | (7 131 776) | - | (7 131 776) | (6 179 925) | 3 199 | (6 176 726) |
| Other expenses | (22 103 090) | - | (22 103 090) | (17 566 737) | (3 199) | (17 569 936) |
| | **(29 234 866)** | **-** | **(29 234 866)** | **(23 746 662)** | **-** | **(23 746 662)** |

# NOTES TO THE FINANCIAL STATEMENTS (Continued...)

**For the year ended 31 December 2023**

## 46. Reclassification (Continued...)

### A) STATEMENT OF COMPREHENSIVE INCOME (CONTINUED...)

Note - The Company has reclassified balance amount of compensation of key senior management personnel to other expense from employee benefit expense to align with the current period presentation in the financial statements.

### B) STATEMENT OF FINANCIAL POSITION

| | Year ended 31 December 2023 | | | Year ended 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Before Revision | Adjustment | Revised | As previously reported | Adjustment | Restated |
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **Non-current liabilities** | | | | | | |
| Borrowings | - | - | - | 33 872 355 | (33 872 355) | - |
| **Total Non-current liabilities** | - | - | - | 33 872 355 | (33 872 355) | - |
| **Current liabilities** | | | | | | |
| Borrowings | 55 758 596 | - | 55 758 596 | 109 284 | 33 872 355 | 33 981 639 |
| **Total current liabilities** | **55 758 596** | **-** | **55 758 596** | **109 294** | **33 872 355** | **33 981 639** |
| **Total liabilities** | **55 758 596** | **-** | **55 758 596** | **33 981 639** | **-** | **33 981 639** |

Note - The Company has reclassified borrowings as at 31 December 2022 amounting to K33 872 million from Non-current to current for aligning with the presentation requirements in accordance with IAS 1. Impact of this reclassification on 2021 Financial statement is an increase of K32 582 million in Current liabilities and decrease of K32 582 million in Non-current liabilities. Refer to note 16 to the financial statements for details on the terms of the loan.

# PROPOSED RESOLUTIONS

**FOR THE 25TH ANNUAL GENERAL MEETING OF AIRTEL MALAWI PLC**

| Agenda Items | Resolutions |
|---|---|
| 1. Approval of the agenda | “The shareholders resolved to revert the agenda to its original format as a normal way of transacting the business”. |
| 2. Receipt of the audited Financial Statements for the period ended 31st December 2023 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 2023 be adopted”. |
| 3. Declaration of Dividend | “The shareholders resolved not to pay any dividend for the year ended 31st December 2023”. |
| 4. Approval of Minutes | “The shareholders resolved to approve Minutes of the 24th Annual General Meeting of the Company held on 12th July 2023”. |
| 5. Retirement and Appointment of Directors | “The shareholders resolved as follows: -<br><br>5.1. That Ms. Monicah Kambo, 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.”<br><br>5.2. That Mr. Apoorva Mehrotra, 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.” |
| 6. Approval of Directors’ Remuneration | The shareholders resolved that the remuneration of the Chairman and independent non-executive directors be maintained as follows: -<br><br>**6.1 FEES**<br><br>**Chairman – K11,500,000** per annum payable quarterly in arrears (2023: K11,500,000).<br><br>**Directors – K7,000,000** per annum payable quarterly in arrears (2023: K7,000,000).<br><br>**6.2 SITTING ALLOWANCE**<br><br>**Chairman- K900,000** per sitting (2023: K900,000).<br><br>**Directors- K600,000** per sitting (2023: K600,000). |
| 7. Appointment of Auditors and Authorization of Directors to fix Auditors’ remuneration | 7.1. “The shareholders resolved to re-appoint, Deloitte Chartered Accountants as Auditors of the Company until the conclusion of the next Annual General Meeting.<br><br>7.2. “The shareholders resolved that the Directors be authorized to fix the remuneration of the Auditors”. |

# FORM OF PROXY FOR THE 25TH ANNUAL GENERAL MEETING OF AIRTEL MALAWI PLC

I, We ________________________________________________________________
(name/s in block letters)

Of ________________________________________________________________ address

**Number of votes**

**(1 share = 1 vote)**

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

Do hereby appoint.

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 Bingu International Conference Centre, Lilongwe, Malawi on 31st day of May 2024 at 10:00 hours, Malawian time.

and at any adjournment thereof as follows:

| AGENDA ITEM | | Mark with x where applicable | | |
|---|---|---|---|---|
| | | IN FAVOUR | AGAINST | ABSTAIN |
| **1** | Approval of the Agenda | | | |
| **2** | Adoption of Financial Statements for the year ended 31st December 2023 | | | |
| **3** | Non declaration of Dividend | | | |
| **4** | Approval of minutes of the 24th AGM. | | | |
| **5.1** | Re-election of Ms. Monicah Kambo who retired by rotation in terms of Article 74 of Articles of Association. | | | |
| **5.2** | Re-election of Mr. Apoorva Mehrotra who retired by rotation in terms of Article 74 of Articles of Association. | | | |
| **6** | Approval of Directors' Remuneration | | | |
| **7.1** | Re-appointment of Deloitte-Chartered Accountants as Auditors | | | |
| **7.2** | Approval to authorise the Directors to fix the remuneration of the Auditors. | | | |

Signed at ________________________ on this _______________________day of _______________2024.

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, Regional Office, Blantyre, Malawi or sent by email to investor@mw.airtel.com/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.

A REASON TO **IMAGINE**


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

**P.O. Box 57,**
**Lilongwe**

**www.airtel.mw/investors**