TELEKOM NETWORKS MALAWI PLC

Notice of the 29th Annual General Meeting

Financial Statements for the year ended 31st December 2023

& Minutes of the 28th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF TELEKOM NETWORKS MALAWI PLC WILL BE HELD AT SUNBIRD MOUNT SOCHE HOTEL, BLANTYRE, ON TUESDAY, 23RD JULY 2024 AT 14:00HRS AT WHICH THE FOLLOWING BUSINESS SHALL BE TRANSACTED:

AS ORDINARY BUSINESS:

1. MINUTES

To approve the minutes of the 28th Annual General Meeting held on 24th July 2023.

2. FINANCIAL STATEMENTS

To receive and consider for adoption the audited annual Financial Statements of the Company for the year ended 31st December 2023, together with the report of the Directors and the Auditors thereon.

3. DIVIDEND

To declare a nil final dividend for the year ended 31st December 2023, upon the Directors' recommendation.

No interim dividends were declared by the Directors in respect of the year ended 31st December 2023.

4. RE-APPOINTMENT OF AUDITORS

To re-appoint Deloitte, Chartered Accountants, as Auditors of the Company for the year ending 31st December 2024 and to authorize the Directors to determine their remuneration.

5. APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

5.1 To confirm the appointment of Mr. Gerald Mayamiko Chungu (42) who was co-opted during the year to fill a casual vacancy.

Gerald Chungu is a seasoned Information Technology (IT) Specialist with over 15 years' experience of working in the financial services industry (Banking, Microfinance, Insurance, and Asset Management). He is experienced in management of IT Systems, Business Resilience (Disaster Recovery, Business Recovery and Crisis Management), people, Projects, IT Budgets, vendors, IT Infrastructure, IT Security (NIST, COBIT), IT Strategy formulation and execution, ICT policies documentation, review, and enforcement among others. He holds a Master of Business Administration (MBA) from Eastern and Southern Africa Management Institute; a Post Graduate Diploma in Senior Management Practice from the Henley Business School - University of Reading; a bachelor's degree in computer science from the University of Malawi (with Financial & Managerial Accounting and Demography as supporting courses). He has also done several international trainings including Microsoft Certified Systems Engineer, Linux

Systems, ITIL, Design Thinking and Problem Solving.
He has been at the helm of Information Technology Departments for several credible international financial institutions including Old Mutual Life Assurance Company (Malawi) Ltd, NICO Life Insurance Company Ltd and FINCA International. As one of the key Technical Leads in a World Bank funded project, he was instrumental in the establishment of The Malawi Microfinance Processing HUB. Before joining the corporate world in 2008, Gerald worked in IT Departments with the Anti-Corruption Bureau, The Malawi University of Business and Applied Sciences (MUBAS) and The National College of ICT (public institution) between 2005 and 2008. He is the incumbent Group Information Technology Executive for Old Mutual Malawi.

5.2 To re-elect Mr. Ted Sauti-Phiri (61) who retires by rotation in terms of Article 21 of the Articles of Association but being eligible has offered himself for re-election.

5.3 To re-elect Ms. Madalo Nyambose (52) who retires by rotation in terms of Article 21 of the Articles of Association but being eligible has offered herself for re-election.

5.4 To note that, during the year, Dr. Isaac Nzyoka, resigned from the board.

6. NON-EXECUTIVE DIRECTORS' REMUNERATION (Amounts in MK)

6.1 To maintain the remuneration of the Chairman and Non-Executive Directors with effect from 1st July 2024 as follows:

6.1.1 Annual Fees
Chairperson of Board of Directors: 10,164,000 (2023: 10,164,000) per annum
Chairperson of Board Committees: 8,954,000 (2023: 8,954,000) per annum
Other Non-Executive Directors: 8,119,100 (2023: 8,119,100) per annum

6.1.2 Sitting Allowances
Chairman of the Board of Directors: 850,300 (2023: 850,300) per sitting
Chairman of the Board Committees: 774,400 (2023: 774,400) per sitting
Other Non-Executive Directors: 689,700 (2023: 689,700) per sitting

7 OTHER BUSINESS

7.1 To transact such other business as may be transacted at an Annual General Meeting of members of which prior notice should have been given to the Company Secretary not less than 21 days before the date of the Annual General Meeting.

Dated: 25th June 2024

BY ORDER OF THE BOARD

CHISOMO GOVERNOR
COMPANY SECRETARY

Registered Office.
Telekom Networks Malawi Plc,
Fifth Floor, Livingstone Towers,
Glyn Jones Road,
P.O Box 3039,
Blantyre, Malawi.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or more than one proxy) to attend, speak and vote in his/her stead. The proxy need not be a member of the company.

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power of attorney or authority shall be deposited at the Company Secretary's office not later than forty-eight (48) hours before the time appointed for holding the meeting and in default the instrument of proxy shall not be treated as valid.

TELEKOM NETWORKS MALAWI PLC

Consolidated and Company Financial Statements for the year ended
31 December 2023

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The Directors are hereby presenting their report and the audited consolidated and company financial statements of Telekom Networks Malawi plc ("the company") and its subsidiary, TNM Mpamba Limited, ("the group") for the year ended 31 December 2023.

NATURE OF BUSINESS

The company is engaged in providing telecommunication services in accordance with its license issued by Malawi Communications Regulatory Authority (MACRA). The company has a wholly owned subsidiary, TNM Mpamba Limited, a company incorporated in Malawi and engaged in providing mobile money services.

REGISTERED OFFICE

Telekom Networks Malawi plc is a company incorporated in Malawi under the Malawi Companies Act. It was listed on the Malawi Stock Exchange on 3 November 2008.

The address of its registered office is, Fifth Floor, Livingstone Towers, Glyn Jones Road, P.O Box 3039, Blantyre, Malawi.

FINANCIAL PERFORMANCE

The results, state of affairs and cash flows of the group and company are set out in the accompanying consolidated and company statements of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements which include a summary of material accounting policy information.

SHAREHOLDING

The shareholding structure at year end was as follows:-

	2023	2022
	%	%
Press Corporation plc	43.72	43.72
Old Mutual Life Assurance Company Malawi Limited #	23.57	23.65
Nico Life Insurance Company Limited #	8.16	5.63
Others	24.55	27.00
Total	100.00	100.00

\# Public shareholder as defined by paragraph 2.16 of the Malawi Stock Exchange Listing Requirements.

DIRECTORATE AND COMPANY SECRETARY

Directors and Company Secretary who served during the year are listed below:

Mr. Ted Sauti Phiri	- Chairman – Non-executive Director
Mr. Khumbo Phiri	- Non-executive Director
Dr. Isaac Nzyoka	- Non-executive Director (Up to March 2023)
Mr. Lekani Katandula	- Non-executive Director
Dr. Lyton Chithambo	- Non-executive Director
Ms. Madalo Nyambose	- Non-executive Director
Mr. Gerald Chungu	- Non-executive Director (From July 2023)
Mr. Tobias Jack	- Non-executive Director (From March 2023)
Dr. Ronald Mangani	- Non-executive Director (From March 2023)
Mrs. Christina Mwansa	- Company Secretary (Up to October 2023)
Mrs. Nitta Chikaipa	- Company Secretary (From November 2023)

DIRECTORATE AND SECRETARIAT (Continued)

As at 31 December 2023, the following directors had direct interest in the shares of the company as follows:

	As at 31 December 2023 Number of shares million	**As at 31 December 2022** Number of shares million
Mr. Lekani Katandula	1.37	1.37
Mr. Khumbo Phiri	0.24	0.24
Dr. Lyton Chithambo	0.01	0.01

None of the Directors had an interest in any material contract relating to the business of the company or of any of its subsidiary undertakings during the year ended 31 December 2023 (2022: nil).

NON-EXECUTIVE DIRECTORS' REMUNERATION
The Non-executive Directors' remuneration for the current year have been disclosed in note 9 and note 19(b) to the financial statements.

DONATIONS
The total donations made during the year are disclosed in note 9 to the financial statements under corporate social responsibility.

CORPORATE GOVERNANCE
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 has at Board level, a Board Audit Committee, a Finance and Procurement Committee and a Board Appointments and Remuneration Committee. The Committees comprise of Non-Executive Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE
The Directors have made an assessment of the impact of climate change on the group's and company's assets, financial performance and the ability to continue as a going concern. The Directors are of the opinion that risks associated with climate change do not pose any significant negative impact on the group's assets, financial performance and its going concern. The group will continue monitoring and assessing the impact of climate change and make necessary adjustments to ensure it remains a going concern.

The Directors are cognisant of the requirement from Malawi Stock Exchange that listed companies thereon to adopt Environmental, Social and Governance (ESG) reporting framework as per General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures IFRS S1 and S2 respectively. This reporting requirement will become effective for reporting periods starting on 1 January 2024.

The directors are aware of the standards and the group is establishing policies and processes to ensure compliance with the MSE requirements when the standards become effective.

DIVIDENDS
No dividends were declared and paid in 2023.

AUDITORS
Deloitte, Chartered Accountants, P.O Box 187, Blantyre, have indicated their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting in relation to their appointment as auditors in respect of the year ending 31 December 2024.

The total audit fees for the current year have been disclosed in note 9 to the financial statements.

Ted Sauti Phiri
Chairman of the Board

Lekani Katandula
Chairman of Board Audit Committee

Date: 25 March 2024

TELEKOM NETWORKS MALAWI PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2023

The Directors are responsible for the preparation and fair presentation of the consolidated and company financial statements of Telekom Networks Malawi plc and its subsidiary, comprising the consolidated and company statements of financial position as at 31 December 2023, and the consolidated and company statements of comprehensive income, consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to the consolidated and company financial statements, which include a summary of material accounting policy information and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act.

The Act also requires the Directors to ensure the group keeps proper accounting records which disclose with reasonable accuracy the financial position of the group and enable them to ensure that the financial statements comply with the Malawi Companies Act.

In preparing the consolidated and company financial statements the Directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgements and estimates that are reasonable and consistently applied;
- Compliance with applicable accounting standards when preparing consolidated and company financial statements; and
- Preparation of consolidated and company financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business in the foreseeable future.

The Directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to maintain adequate systems of internal control to prevent and detect fraud and other irregularities.

The Directors have made an assessment of the group's and company's ability to continue as a going concern and have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Directors are of the opinion that the consolidated and company financial statements give a true and fair view of the state of the financial affairs of the group and of its operating results.

Ted Sauti Phiri: ____________
Chairman of the Board

Lekani Katandula: ____________
Chairman of Board Audit Committee

Date: 25 March 2024

P. O. Box 187
Blantyre
Malawi

Deloitte Chartered Accountants
Registered Auditors
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PCL House, Top Mandala
Kaohsiung Road
Blantyre
Malawi

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TELEKOM NETWORKS MALAWI PLC

Opinion
We have audited the consolidated and company financial statements (the financial statements) of Telekom Networks Malawi plc (the group) set out on pages 10 to 59, which comprise the consolidated and company statements of financial position as at 31 December 2023, and the consolidated and company statements of comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Telekom Networks 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 International Accounting Standards Board and in the manner required by the Companies Act, 2013.

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

MAKING AN IMPACT THAT MATTERS since 1845

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue (for group and company)	
The company's billing systems for voice and data operate on dedicated computer platforms. These systems process millions of pieces of data to electronic records which enables the company to charge their customers, in real time, based on service usage. The operations of these systems are fairly complex with dynamic and intelligent tariffs regimes which provide for various promotions and discounts that are dependent on demand and individual usage profiles. Income is determined taking into account the profile and usage of each individual customer. In addition, prepaid phone units are used over periods that can straddle more than one accounting period. The determination of the correct cut off between what has been used and can be included in income and what has not been used and should be contract liabilities is also a key audit consideration. The nature of the systems and billing profiles make this a complex audit area in relation to the auditor assessing completeness and accuracy of income. Accordingly, we consider this a key audit matter. The revenue recognition policy of the group has been disclosed in note 3.14 to the financial statements and the revenue streams analysis is in note 6 to the financial statements. The contract liabilities are disclosed in note 26 to the financial statements.	We assessed the revenue recognition policy and ensured the policy is in line with International Financial Reporting Standard 15. We involved our Information Technology (IT) audit specialists in the engagement and: • We assessed the general computer controls around the significant revenue and billing systems; • We assessed the design and implementation of the relevant controls; • We evaluated the process for capturing the tariff plans, combined with testing of a sample of related transactions. A key aspect of this exercise was to ensure that tariffs were properly approved; • We obtained downloads of information recorded in the group's billing system and by using advanced data analytics mirrored the dynamic, intelligent tariff regimes to independently compute the income for eleven months of the year and thus assess the completeness and accuracy of the figures in the revenue reports; • We also performed analytical review procedures for one month of the year (January 2023) as readable data was not readily available for this month in order to recalculate the expected revenue. We developed an expectation of billing revenue for this month by using the results of our revenue recalculations for the last quarter of the prior year after considering the impact of tariff changes; • 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; • Re-computed contract liabilities from Intelligent Network (IN) data using analytics (IN is a telephone network architecture devised to deliver increased service management control); and • We checked that the contract liabilities in the billing system was being reconciled to the records. Based on the work performed, we concluded that revenue was properly recorded. In addition, the contract liabilities have been assessed to be in accordance with the revenue recognition policy.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Going concern (for group and company)	
As disclosed in note 41, the group and company are in a negative liquidity position and have reported losses for the past two years. As a result, it was important to understand the existence of any events within the TNM Plc group that could impact the liquidity position of the group and in turn create significant doubt on the group's ability to continue as a going concern for the foreseeable future. Management's assessment of the groups going concern assumptions contained significant judgements related to the amount and timing of contractual outflows, the availability and timing of funds and cash inflows under their control to discharge the obligations imposed by these outflows and the breadth of funding arrangements within the group. Auditing management's assessment resulted in an increased extent of audit effort. Our consideration of management's going concern assessment included addressing the following risks: • The incomplete consideration of the impact of financing on the group; • The incomplete consideration of contractual outflows for which the group is liable; • The use of inappropriate assumptions by management relating to the existence and availability of the funds under their control to discharge the obligations imposed by contractual outflows; and • The use of inappropriate judgments relating to the group's ability to realise funds to cover any potential cash flow shortfalls should they arise.	• We obtained an understanding, evaluated the design, and tested the implementation of controls over the group and the company's going concern assessment process; • We obtained and evaluated management assessment of going concern which included plans for future action in relation to its going concern; • We tested management's forecasts and assessed whether management's assumptions made in their forecasts were reasonable and appropriately severe, in light of the group's relevant principal risks and uncertainties, and our own independent assessment of these risks; • For assumptions where audit evidence is inherently uncertain, we considered contractual positions and stress tested the cash flows to consider the impact of downside scenarios; • We considered the results of management's historical forecasting and performed scenario and sensitivity analysis to further stress test the going concern assumption; • We considered the potential mitigating actions that management may have available to manage cash flows and raise additional financing and assessed whether these were within the control of management and could be implemented in the period of assessment; and • We assessed the appropriateness of the going concern assessment period and considered the existence of any significant events or conditions beyond this period based on our knowledge arising from the audit. We found the assumptions applied by management in their going concern assessment to be reasonable and the overall assessment to be appropriate. We found the disclosures as presented in note 41, to be appropriate and in accordance with the relevant accounting standards.

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, 2013 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 the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board and the requirements of the Companies Act, 2013 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group'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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- 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; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee 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 identified during our audit.

We also provide the audit committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine 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
Vilengo Beza
Partner
30 April 2024

TELEKOM NETWORKS MALAWI PLC

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	Group 2023 MK'm	Group 2022 MK'm	Company 2023 MK'm	Company 2022 MK'm
Revenue	6	110 484	96 354	93 691	83 376
Cost of sales	7	(73 113)	(65 474)	(64 650)	(58 111)
Gross profit		37 371	30 880	29 041	25 265
Other income	8	7 659	4 964	7 459	5 966
Administrative expenses	9	(31 567)	(25 531)	(30 188)	(22 138)
Impairment of trade receivables	18	(592)	(2 451)	(592)	(2 451)
Operating profit		12 871	7 862	5 720	6 642
Finance income	10	306	119	73	73
Finance expenses	10	(20 708)	(9 775)	(20 808)	(9 771)
Net finance expenses		(20 402)	(9 656)	(20 735)	(9 698)
Loss before income tax		(7 531)	(1 794)	(15 015)	(3 056)
Income tax credit	11	2 599	31	4 913	864
Loss for the year		(4 932)	(1 763)	(10 102)	(2 192)
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss:					
Fair value gain on investments in equity instruments designated as at fair value through other comprehensive income (FVTOCI)	13	172	-	172	-
Total comprehensive loss for the year		(4 760)	(1 763)	(9 930)	(2 192)
Earnings per share					
Basic and diluted earnings per share (MK)	12	(0.49)	(0.18)		

TELEKOM NETWORKS MALAWI PLC

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group 2023 MK'm	Group 31 Dec 2022 MK'm Restated*	Group 1 Jan 2022 MK'm Restated*	Company 2023 MK'm	Company 31 Dec 2022 MK'm Restated*	Company 1 Jan 2022 MK'm Restated*
ASSETS							
NON-CURRENT ASSETS							
Investment in subsidiaries	13	-	-	-	1 256	1 256	1 256
Equity investments	13	334	162	162	334	162	162
Property, plant and equipment	14	76 164	77 701	77 002	73 871	75 566	75 184
Intangible assets	15	13 120	14 193	14 003	12 770	14 111	13 709
Right of use assets	16	12 220	13 944	10 347	12 220	13 944	10 347
Deferred tax assets	23	4 794	-	-	4 890	-	-
Contract assets	6	711	805	1 187	711	805	1 187
Total non-current assets		107 343	106 805	102 701	106 052	105 844	101 845
CURRENT ASSETS							
Inventories	17	1 573	1 269	2 112	1 573	1 269	2 112
Contract assets	6	840	1 439	1 165	840	1 439	1 165
Trade and other receivables	18	21 000	15 964	18 087	16 387	14 835	14 384
Amount due from related companies	19	-	642	489	1 914	1 680	1 356
Current tax recoverable	11	-	394	-	1 489	254	-
Bank and cash balances	20	31 845	22 669	16 056	3 464	1 580	1 825
Total current assets		55 258	42 377	37 909	25 667	21 057	20 842
TOTAL ASSETS		162 601	149 182	140 610	131 719	126 901	122 687
EQUITY AND LIABILITIES							
EQUITY							
Share capital	21	402	402	402	402	402	402
Share premium	22	2 347	2 347	2 347	2 347	2 347	2 347
Retained earnings		39 004	43 764	46 531	29 735	39 665	42 861
Total equity		41 753	46 513	49 280	32 484	42 414	45 610
NON-CURRENT LIABILITIES							
Deferred tax	23	-	108	1 101	-	51	1 031
Long-term portion of interest bearing loans	24	27 108	26 437	23 410	27 108	26 437	23 410
Long-term portion of lease liabilities	29	-	531	228	-	531	228
Total non-current liabilities		27 108	27 076	24 739	27 108	27 019	24 669
CURRENT LIABILITIES							
Amounts due to related parties	19	39	205	4	2 039	205	2 513
Bank overdraft	20	10 774	10 994	7 469	10 774	10 994	7 469
Current portion of interest-bearing loans	24	11 449	13 779	14 294	11 449	13 779	14 294
Dividend payable		-	-	1 506	-	-	1 506
Contract liabilities*	26	4 249	4 648	3 376	4 249	4 648	3 376
Trade and other payables*	27	45 942	28 396	24 937	43 435	26 435	21 843
Amounts payable to owners of e-money	28	20 809	16 164	13 225	-	-	-
Current portion of lease liabilities	29	181	1 407	647	181	1 407	647
Current tax payable	11	297	-	1 133	-	-	760
Total current liabilities		93 740	75 593	66 591	72 127	57 468	52 408
Total liabilities		120 848	102 669	91 330	99 235	84 487	77 077
TOTAL EQUITY AND LIABILITIES		162 601	149 182	140 610	131 719	126 901	122 687

* Refer to note 27 for details of the change in presentation.

The financial statements on pages 10 to 60 were approved and authorised for issue by the Board of Directors on 25 March 2024 and were signed on its behalf by:

…………………………
Ted Sauti Phiri
Chairman of the Board

…………………………………………
Lekani Katandula
Chairman of Board Audit Committee

TELEKOM NETWORKS MALAWI PLC
STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital MK'm	Share premium MK'm	Retained earnings MK'm	Total MK'm
Group				
2023				
Balance at 1 January 2023	402	2 347	43 764	46 513
Loss for the year	-	-	(4 932)	(4 932)
Comprehensive income for the year	-	-	172	172
Balance at 31 December 2023	402	2 347	39 004	41 753
2022				
Balance at 1 January 2022	402	2 347	46 531	49 280
Comprehensive loss for the year	-	-	(1 763)	(1 763)
Dividend declared (MK0.10 per share)	-	-	(1 004)	(1 004)
Balance at 31 December 2022	402	2 347	43 764	46 513
Company				
2023				
Balance at 1 January 2023	402	2 347	39 665	42 414
Loss for the year	-	-	(10 102)	(10 102)
Comprehensive loss for the year	-	-	172	172
Balance at 31 December 2023	402	2 347	29 735	32 484
2022				
Balance at 1 January 2022	402	2 347	42 861	45 610
Comprehensive loss for the year	-	-	(2 192)	(2 192)
Dividend declared (MK0.10 per share)	-	-	(1 004)	(1 004)
Balance at 31 December 2022	402	2 347	39 665	42 414

TELEKOM NETWORKS MALAWI PLC
STATEMENTS OF CASH FLOWS
For the year ended 31 December 2023

	Note	Group 2023 MK'm	Group 2022 MK'm Restated*	Company 2023 MK'm	Company 2022 MK'm Restated*
Cash flows from operating activities					
Cash generated from operations	30	41 402	36 722	32 586	26 682
Interest received	10	306	119	73	73
Interest paid	31	(10 176)	(7 600)	(10 176)	(7 600)
Income tax paid	11	(1 612)	(2 488)	(1 263)	(1 165)
Cash generated from operating activities		29 920	26 753	21 220	17 990
Cash flows from investing activities					
Dividend received*		-	-	256	1 133
Purchase of property, plant and equipment	14	(12 259)	(15 143)	(11 698)	(14 463)
Purchase of intangible assets	15	(2 431)	(3 147)	(1 840)	(3 055)
Proceeds from sale of property, plant and equipment		50	71	50	71
Net cash used in investing activities		(14 640)	(18 219)	(13 232)	(16 314)
Cash flows from financing activities					
Bank overdraft*	20b	(220)	3 525	(220)	3 525
Dividend paid to owners of the company	25	-	(2 510)	-	(2 510)
Proceeds from loans	24	15 659	18 889	15 659	18 889
Repayment of loans	24	(18 141)	(17 025)	(18 141)	(17 025)
Lease liability payments	29	(3 402)	(4 800)	(3 402)	(4 800)
Net cash from financing activities		(6 104)	(1 921)	(6 104)	(1 921)
Net increase in cash and cash equivalents*		9 176	6 613	1 884	(245)
Cash and cash equivalents at beginning of the year		22 669	16 056	1 580	1 825
Cash and cash equivalents at end of the year*	20a	31 845	22 669	3 464	1 580

* Refer to note 40 for details of the restatement.

1.1 General information

Reporting entity
Telekom Networks Malawi plc (TNM) is a company domiciled in Malawi and incorporated under the Malawi Companies Act. The address of the company's registered office is Fifth floor, Livingstone Towers, Glyn Jones Road, and P. O. Box 3039, Blantyre. The company was listed on the Malawi Stock Exchange on 3 November 2008.

The company is primarily involved in the provision of telecommunication services in accordance with its licence issued by the Malawi Communications Regulatory Authority (MACRA) renewed on 22 August 2014, for a period of ten years from the date of renewal.

The company's subsidiary, TNM Mpamba Limited, is primarily involved in the provision of a wide range of mobile money services.

The group comprises of Telekom Networks Malawi plc and its wholly owned subsidiary.

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 group 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.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Annual reporting periods beginning on or after 1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8) 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.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

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

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Annual reporting periods beginning on or after 1 January 2023, but not required in any interim financial statements for 2023	International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the group and company.

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 group are set out below. The group 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) 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) 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) The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date	**Standard, Amendment or Interpretation**
Annual reporting periods beginning on or after 1 January 2024	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
Annual reporting periods beginning on or after 1 January 2025	Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

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

3. Material accounting policies

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the provisions of the Malawi Companies Act, 2013.

Basis of preparation
The financial statements are prepared under the historical cost convention except for financial instruments at fair value through profit or loss which are measured at fair value. The principal accounting policies adopted are set out below.

The consolidated financial statements incorporate the financial statements of the company and its subsidiary made up to 31 December each year. Control is achieved when the company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. Material accounting policies (Continued)

Basis of preparation (Continued)

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

3.1 *Functional and presentation currency*
These financial statements are presented in Malawi Kwacha, which is the group's functional currency. All financial information presented in Malawi Kwacha has been rounded to the nearest million.

3.2 *Foreign currency*
Transactions in foreign currencies are converted to Malawi Kwacha at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to Malawi Kwacha at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss, except for those capitalised into property, plant and equipment under policy note 3.4.6.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are converted using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are converted to Malawi Kwacha at foreign exchange rates ruling at the dates the fair value was determined.

3.3 *Use of estimates and judgments*
The preparation of the 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.

Judgements made by management in the application of IFRSs that have significant effect on the amounts recognised in the financial statements are discussed in note 4 to these financial statements.

3.4 *Property, plant and equipment*

3.4.1 <u>Recognition and measurements</u>
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets includes the cost of material and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Material accounting policies (Continued)

3.4.2 Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.4.3 Depreciation
No depreciation is provided for land. Depreciation is recognised in the profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives of assets for current and comparative periods are as follows:-

- Buildings	20 years
- Equipment and machinery	8 - 15 years
- Office equipment	5 years
- Motor vehicles	4 - 5 years

3.4.4 Determination of residual values and useful lives
The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Where the carrying amount of an asset is less than its estimated residual value, no further depreciation is charged.

3.4.5 Gains and losses on disposal
Gains and losses on disposals of an item of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the item and are recognised net within "other income" in the statements of comprehensive income.

3.4.6 Interest and exchange losses on loans
Interest and exchange losses on loans which are utilised for the construction of qualifying property, plant and equipment are capitalised until the commissioning of the related asset after which they are dealt with in profit or loss. Qualifying assets are those that necessarily take a substantial period of time to get ready for their intended use or sale.

3.4.7 Capital work in progress
Capital work in progress is an integral part of property, plant and equipment and is measured at cost. Cost includes all expenditures directly attributable to the asset under construction. Capital work in progress is not depreciated until it is available for use upon which it is capitalized to its relevant class of property, plant and equipment.

3.5 *Intangible assets*

3.5.1 Computer software
Computer software acquired by the group is recognised initially at cost. Cost includes all directly attributable costs in order to bring the asset into a state for its intended use. Computer software is measured at cost less accumulated amortisation and accumulated impairment losses.

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.

3. Material accounting policies (Continued)

3.5 *Intangible assets* (Continued)

3.5.1 Computer software (Continued)

The estimated useful life for current and comparative periods for acquired computer software is 5 years.

PTS license acquired by the group is recognised initially at cost. Cost is the price of the license paid by the group to the regulator. PTS license is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is recognised in the profit or loss in the period the expenditure is incurred. Amortisation is recognised in the profit or loss on a straight-line basis over the life of the license from the date it is available for use. The life for current and comparative periods for acquired PTS license is 10 years.

3.5.2 Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash generating units that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 *Leases*

(a) The group as lessee
The group assesses whether a contract is or contains a lease, at inception of the contract. The group 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 group 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 group uses its incremental borrowing rate.

3. Material accounting policies (Continued)

3.6 *Leases* (Continued)

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line in the statements of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

3. Material accounting policies (Continued)

3.6 *Leases* (Continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has used this practical expedient.

(b) The group as lessor
The group enters into lease agreements as a lessor with respect to some of its assets.

Leases for which the group is a lessor are classified as finance or operating leases. 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.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease and it is included in other income. Refer to note 8.

3.7 *Impairment of non-financial assets*
At the end of each reporting period, the group 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). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 asset 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 unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. Material accounting policies (Continued)

3.8 *Trade receivables*

Receivables are measured at amortised cost using the effective interest method less any allowance made for impairment of these receivables. The group always recognises lifetime expected credit loss for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3.9 *Income tax*

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

Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Taxable income differs from profit as reported in the statements 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.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated and company financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Material accounting policies (Continued)

3.10 *Earnings per share*

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary shareholders and the weighted average number of shares in issue during the period. Where new equity shares have been issued by way of capitalisation or subdivision, the profit is apportioned over the shares in issue after the capitalisation or subdivision and the corresponding figures for all earlier periods are adjusted accordingly.

3.11 *Revenue from contracts with customers*

The group principally generates revenue from providing mobile telecommunication services (comprising of prepaid, data, international incoming, messaging, enterprise business services, postpaid and roaming), mobile money services and from the sale of various devices.

Products and services are either sold separately or in bundled packages. The typical length of a contract for postpaid bundled package is 24 months.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties such as taxes. The group recognises revenue when it transfers control of a product or as services are rendered to a customer.

For bundled packages, the group accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the group sells mobile devices and network services separately.

The main categories of revenue and the basis of recognition are as follows:

Mobile telecommunications services

These comprise of prepaid, data, international incoming, messaging, enterprise business services, postpaid and roaming, mobile money services and from the sale of various devices.

Enterprise business services relate to speed based internet services and virtual private network (VPN) solutions which allows customers to access the network and are sold to companies and non-governmental organisations. The services are sold based on fixed bandwidth.

Mobile telecommunications services are considered to represent a single performance obligation as all are provided over the Telekom Networks Malawi plc network and transmitted as data representing a digital signal on the network.

The transmission of data consume network bandwidth and therefore, irrespective of the nature of the communication, the subscriber ultimately receives access to the network and the right to consume network bandwidth. Network services are, therefore, viewed as a single performance obligation represented by capacity on the Telekom Networks Malawi plc network.

Revenue from telecommunication services is recognized over time when the customer has received access to the network and has used the service. This faithfully depicts the transfer of the service to the customer as it is the actual point at which the customer enjoys the service.

Devices

The group sells a range of devices. The group recognises revenue when customers obtain control of devices, normally being when the customers take possession of the devices. For devices sold separately, customers pay in full at the point of sale. For devices sold in bundled packages, customers usually pay monthly in equal instalments over a period of 24 months. Contract assets are recognised when customers take possession of devices.

3. Material accounting policies (Continued)

3.11 *Revenue from contracts with customers* (Continued)

Mobile telecommunications services (Continued)
The Group assesses the contract handsets which are bundled with postpaid and prepaid contracts that run over a period of 24 months to determine if they contain a significant financing component. The Group does not charge a premium for selling these handsets in bundled 24 months contracts hence the price at which they are sold on contract is the same as the cash selling price. The Group has elected to apply the practical expedient that allows the Group not to adjust the transaction price for the significant financing component for contracts where the time difference between customer payment and transfer of goods or services is expected to be one year or less. In the event that there are contracts containing significant financing component, the Group reduces the device revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment. However, there were no individual contracts containing significant financing component in the year ended 31 December 2023.

Mpamba transaction fee
Mpamba is a mobile money transaction service allowing customers to deposit, transfer and withdraw money or pay for goods and services and using a mobile phone. Registration is free and available at any Mpamba agent.

Revenue from this service is earned largely from transfer and withdrawal transactions performed by customers. A graduated tariff depending on the funds being transacted is applied on all transactions which are cumulatively reported as Mpamba transaction fees. Revenue is recognised when a customer performs successful Mpamba transaction.

The expected credit losses for each receivable category arising from the above revenue categories is explained and computed in note 18.

3.12 *Financial instruments*
Financial assets and financial liabilities are recognised in the group's and the company's statement of financial position when the group and the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.12.1. Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.12.2. Trade and other receivables
Trade and other receivables are measured at amortised cost using the effective interest method, less loss allowance. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. Material accounting policies (Continued)

3.12 *Financial instruments* (Continued)

3.12.2. Trade and other receivables (Continued)

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 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 premium or discounts) excluding expected credit losses, through the expected life of the debt instruments, or, where appropriate, a shorter period, to the gross carrying amount 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 amortization 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.

3.12.3 Impairment of financial assets
The group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime expected credit loss for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3.12.4 Derecognition of financial assets
The group 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 group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group 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.

3.13 *Financial liabilities*

3.13.1 Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not either held for trading or it is designated as at FVTPL 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 through the expected life of the financial liability, or, where appropriate, a shorter period to the amortised cost of a financial liability.

3.13.2 Derecognition of financial liabilities
The group derecognises financial liabilities when, and only when, the group'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. Material accounting policies (Continued)

3.14 *Segment reporting*
A segment is a distinguishable component of the group that is engaged either in providing products or service (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Refer to note 37.

4. Critical accounting judgments and key sources of estimation uncertainty

4.1 *Critical judgements in applying the group's accounting policies*
In the application of the group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.2 *Key sources of estimation uncertainty*
The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2.1 Loss allowance for trade and other receivables
The group provides credit terms to customers on post paid services and selected dealers. Management is aware that certain debts due to the group may not be recoverable either in part or in full. The group always recognises lifetime expected credit losses for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

4.2.2 Property, plant and equipment
The residual values and useful lives of property, plant and equipment are reviewed and adjusted, if appropriate, at each reporting date to reflect current estimate of their remaining lives in the light of technological change, prospective economic utilisation and physical conditions of the assets concerned.

4.2.3 Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

4. Critical accounting judgments and key sources of estimation uncertainty (Continued)

4.2 *Key sources of estimation uncertainty* (Continued)

4.2.5 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 group 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.

4.2.6 Provisions and contingent liabilities
The group exercises judgement in measuring the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see notes 27 and 38 to the financial statements). Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

5. Financial risk management

Overview
The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- currency risk; and
- interest rate risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Board is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Board of Directors oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

5. Financial risk management (Continued)

5.1 *Credit risk*

Credit risk is the risk of financial loss to the group if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers, bank balances and other cash and cash equivalents. Telekom Networks Malawi plc deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

a) Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Over 70% of the group's revenue arises from cash sales.

The average credit period on sale of goods and services is 60 days. No interest is charged on outstanding trade receivables.

The group has adopted to measure the loss allowance for trade receivables at an amount equal to their life time expected credit losses. The expected credit losses on trade receivables are estimated using a provisional matrix by reference to past default experience of the debtor and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors' general economic conditions of the industry in which the debtor operate an assessment of both current as well as the forecast direction of conditions at the reporting date.

b) Cash and cash equivalents

The group limits its exposure to credit risk by depositing its cash and cash equivalents with reputable financial institutions.

5.2 *Liquidity risk*

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The nature of the business results in capital expenditure being financed by short-term liabilities. Current liabilities therefore will be substantially higher than current assets in most circumstances as the group is still growing. Over 70% of the group's sales are on cash basis, therefore the risk of default which would affect the going concern is mitigated.

5.3 *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity and commodity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

5.4 *Currency risk*

The group transacts the majority of its sales, non-capital expenditure purchases and borrowings in its functional currency Malawi Kwacha (MK). The group is exposed to currency risk where these transactions are denominated in currencies other than functional currency.

The group's most capital expenditure is in currencies other than the functional currency and using exposes the group to currency risk.

The group mitigates currency risk by immediate settlement of foreign denominated liability through local borrowings.

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5. Financial risk management (Continued)

5.5 *Interest rate risk*

The group is exposed to interest rate risk as it finances a portion of its capital expenditure and operations through loan and bank overdrafts. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings.

The group's exposures to interest on financial liabilities are detailed in notes 20, 24 and 31 to the financial statements.

5.6 *Capital management*

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure.

6. Revenue

Revenue is derived from the following revenue streams:

	Group		Company	
	2023 MK'm	**2022 MK'm**	**2023 MK'm**	**2022 MK'm**
Prepaid	38 404	36 030	38 404	36 030
Data	31 777	26 162	31 777	26 162
International incoming	1 064	1 444	1 064	1 444
Messaging	3 072	2 991	3 072	2 991
Mpamba fees and commissions	18 750	14 609	484	382
Enterprise business services	10 303	7 799	11 776	9 048
Interconnect	725	1 521	725	1 521
Post-paid	3 310	3 093	3 310	3 093
Visitors roaming	188	235	188	235
Service revenue	107 593	93 884	90 800	80 906
Handsets, equipment and accessories	2 891	2 470	2 891	2 470
Total revenue	110 484	96 354	93 691	83 376

Assets and liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers:

	Group		Company	
	2023 MK'm	**2022 MK'm**	**2023 MK'm**	**2022 MK'm**
Contract assets				
Current	840	1 439	840	1 439
Non-current	711	805	711	805
	1 551	2 244	1 551	2 244
Contract receivables (note 18)	8 440	6 526	8 440	6 526
Contract liabilities	(4 249)	(4 648)	(4 249)	(4 648)

6. Revenue (Continued)

Loss allowance for contract receivables is recognised in the statement of comprehensive income, as detailed in note 18 to the financial statements for further information.

Contract receivables arise as a result of services delivered to contract customers whose consideration is not yet received by the group and are included in trade receivables.

Contract assets relate to unbilled revenue recorded for the sale of devices under mobile contract packages.

Contract assets are assessed for impairment in terms of IAS 36 *Impairment of Assets* when there is an indication of impairment.

Contract liabilities represent unearned income arising from prepaid airtime purchases but not yet used on the network. Contract liabilities are disclosed in note 26 to the financial statements.

	Group		Company	
	2023	2022	2023	2022
	MK'm	MK'm	MK'm	MK'm
7. Cost of sales				
Dealer commission	3 237	3 309	5 642	5 191
MACRA annual levy	3 904	3 373	3 904	3 373
Interconnect charges	923	1 814	923	1 814
International direct dialling call charges	703	723	703	723
Marketing development expenses	3 800	3 443	4 202	3 757
Mpamba expenses	10 222	8 759	-	-
Cost of recharge vouchers	341	388	341	388
Ring back tone and other subscription charges	1 168	832	1 168	832
Cost of starter packs and sim cards	1 269	658	1 269	658
Handsets, equipment and accessories	2 913	2 869	2 913	2 869
International roaming charges	334	239	334	239
Depreciation and amortisation	17 095	16 513	16 771	16 208
Network repairs and maintenance	7 749	7 094	7 063	6 633
Power and site security	6 438	6 092	6 400	6 058
Lease circuit and fibre charges	1 196	873	1 196	873
Site and space rental	8 091	5 388	8 091	5 388
Data access and bandwidth charges	169	268	169	268
Spectrum, frequency and other licences	3 561	2 839	3 561	2 839
Total cost of sales	73 113	65 474	64 650	58 111

	Group		Company	
	2023	2022	2023	2022
	MK'm	MK'm	MK'm	MK'm
8. Other income				
Airtel site sharing	5 797	3 480	5 797	3 480
Rental income	1 338	1 152	1 338	1 152
Sundry income	524	332	68	201
Dividend income	-	-	256	1 133
Total other income	7 659	4 964	7 459	5 966
9. Administrative expenses				
Staff costs and allowances	16 806	12 379	15 892	11 687
Depreciation and amortisation	3 398	3 046	2 996	2 684
Marketing and other expenses	2 487	1 880	2 217	1 829
Office and other administrative expenses	5 891	5 630	6 164	3 708
Consultancy and other expenses	95	302	74	47
Motor vehicle running costs	2 013	1 655	2 013	1 655
Insurance	209	203	201	193
Audit fees	294	207	227	163
Directors' remuneration	248	132	237	132
Loss on disposal of property, plant and equipment	126	35	126	35
Corporate social responsibility	-	62	41	5
Total administrative expenses	31 567	25 531	30 188	22 138
10. Finance income and expenses				
Interest on bank deposits and other short term investments	225	36	8	3
Interest on staff loans	81	83	65	70
Total finance income	306	119	73	73
Interest expenses - interest bearing loans and bank overdrafts	(10 629)	(7 801)	(10 629)	(7 801)
Lease interest expenses	(370)	(447)	(370)	(447)
Net foreign exchange losses	(9 709)	(1 527)	(9 809)	(1 523)
Total finance expenses	(20 708)	(9 775)	(20 808)	(9 771)
Net finance expenses	(20 402)	(9 656)	(20 735)	(9 698)
11. Income taxes				
Current tax				
Current year tax charge	2 303	846	28	-
Final tax on dividend received from subsidiary	-	116	-	116
Deferred tax				
Tax loss	(2 995)	(964)	(2 995)	(964)
Origination and reversal of temporary differences	(1 907)	(29)	(1 946)	(16)
Total income tax credit	(2 599)	(31)	(4 913)	(864)

11. Income taxes (Continued)

Reconciliation of effective tax rate

	Group		Company	
	2023	2023	2022	2022
	%	MK'm	%	MK'm
Group				
Income tax charge at 30%	30.00	(2 259)	30.00	(538)
Expenses not deductible for tax purposes	39.77	(2 995)	53.73	(964)
Effects of final tax on dividend received from subsidiary	-	-	(6.47)	116
Permanent differences	(35.26)	2 655	(75.53)	1 355
	34.51	(2 599)	1.73	(31)
Company				
Income tax charge	30.00	(4 505)	30.00	(917)
Expenses not deductible for tax purposes	19.95	(2 995)	31.55	(964)
Effects of final tax on dividend received from subsidiary	-	-	(3.80)	116
Permanent differences	(17.23)	2 587	(29.48)	901
	32.72	(4 913)	28.27	(864)

	Group		Company	
	2023	2022	2023	2022
	MK'm	MK'm	MK'm	MK'm
Current tax payable/(recoverable)				
At 1 January	(394)	1 132	(254)	795
Charge for the year	2 303	846	28	-
Dividend received from subsidiary	-	116	-	116
Tax paid on dividend received	-	(116)	-	(116)
Current tax paid	(1 612)	(2 372)	(1 263)	(1 049)
At 31 December	297	(394)	(1 489)	(254)

12. Earnings per share

The calculation of the basic and diluted earnings per share for the year ended 31 December 2023 was based on the loss attributable to ordinary shareholders of MK5 009 million, (2022: MK1 763 million) and the weighted average number of ordinary shares in issue for the year ended 31 December 2023.

There are no diluting items for the purpose of calculating diluted earnings per share. The weighted average number of ordinary shares for the purpose of diluted earnings per share is the same as the weighted average number of ordinary shares used in the calculation of basic earnings per share.

	Group	
	2023	2022
Loss attributable to ordinary shareholders for the year (MK'm)	(4 932)	(1 763)
Weighted average number of shares ('million)	10 040	10 040
Basic earnings per share (MK)	(0.49)	(0.18)
Diluted earnings per share (MK)	(0.49)	(0.18)
Average number of shares ('million)		
Issued ordinary shares as at beginning and end of the year	10 040	10 040

	Group		Company	
	2023	2022	2023	2022
	MK'm	MK'm	MK'm	MK'm
13. Investments				
National Switch Limited – equity investment	334	162	334	162
TNM Mpamba Limited – investment in subsidiary	-	-	1 256	1 256
	334	162	1 590	1 418
Investment in Natswitch reconciliation				
At 1 January	162	162	162	162
Fair value gain	172	-	172	-
At 31 December	334	162	334	162

TNM Mpamba Limited is a wholly owned subsidiary of Telekom Networks Malawi plc incorporated in 2018 and started its operations on 1 January 2019. The total capital for TNM Mpamba Limited at the date of registration was MK1 255 million which was the value of total assets transferred from Telekom Networks Malawi plc. TNM Mpamba Limited started operations in January 2019. The investment in TNM Mpamba Limited is carried at cost.

In 2018, the company purchased 14 million shares representing 9% of the ordinary share capital of National Switch Limited (Natswitch) at a price of MK2.71 per share. In 2021 the company purchased additional 14 million shares in Natswitch at a price of MK2.71 per share. The total purchase cost of the investment is MK162 million. This company is involved in connecting financial institutions systems to offer domestic interoperability of digital payment systems in Malawi. The Directors of the group do not consider that the group is able to exercise significant influence over National Switch Limited. The investment is carried at its fair value.

The fair value was determined using the market multiples approach as at the reporting date. The valuation was carried out by Bridgepath Capital Limited.

14. Property, plant and equipment

	Land and buildings	Equipment and machinery	Motor vehicles	Office equipment	Capital work in progress	Total
	MK'm	MK'm	MK'm	MK'm	MK'm	MK'm
Group						
Cost						
At 1 January 2023	8 686	121 530	4 268	5 921	5 569	145 974
Additions	884	2 862	328	580	7 605	12 259
Transfers	23	2 532	-	-	(2 555)	-
Disposals	-	(801)	(569)	(636)	-	(2 006)
At 31 December 2023	9 593	126 123	4 027	5 865	10 619	156 227
Depreciation and impairment losses						
At 1 January 2023	4 698	56 782	2 102	4 691	-	68 273
Charge for the year	2 048	10 814	230	528	-	13 620
Disposals	-	(741)	(529)	(560)	-	(1 830)
As at 31 December 2023	6 746	66 855	1 803	4 659	-	80 063

14. Property, plant and equipment (Continued)

	Land and buildings MK'm	Equipment and machinery MK'm	Motor vehicles MK'm	Office equipment MK'm	Capital work in progress MK'm	Total MK'm
Group						
Cost						
At 1 January 2022	6 343	108 392	4 762	5 386	7 448	132 331
Additions	668	4 061	251	449	9 714	15 143
Transfers	1 675	9 830	-	88	(11 593)	-
Disposals	-	(753)	(745)	(2)	-	(1 500)
At 31 December 2022	8 686	121 530	4 268	5 921	5 569	145 974
Depreciation and impairment losses						
At 1 January 2022	3 068	45 614	2 469	4 179	-	55 330
Charge for the year	1 630	11 913	281	513	-	14 337
Disposals	-	(745)	(648)	(1)	-	(1 394)
As at 31 December 2022	4 698	56 782	2 102	4 691	-	68 273
Carrying amount						
At 31 December 2023	2 847	59 268	2 224	1 206	10 619	76 164
At 31 December 2022	3 988	64 748	2 166	1 230	5 569	77 701
Company						
Cost						
At 1 January 2023	7 307	121 097	4 125	5 552	5 316	143 397
Additions	346	2 862	328	557	7 605	11 698
Transfers	23	2 532	-	-	(2 555)	-
Disposals	-	(801)	(569)	(636)	-	(2 006)
At 31 December 2023	7 676	125 690	3 884	5 473	10 366	153 089
Depreciation and impairment losses						
At 1 January 2023	4 076	57 248	2 027	4 480	-	67 831
Charge for the year	1 688	10 814	203	512	-	13 217
Disposals	-	(741)	(529)	(560)	-	(1 830)
At 31 December 2023	5 764	67 321	1 701	4 432	-	79 218
Cost						
At 1 January 2022	5 273	107 475	4 619	5 017	7 310	129 694
Additions	359	3 805	251	449	9 599	14 463
Transfers	1 675	9 830	-	88	(11 593)	-
Disposals	-	(13)	(745)	(2)	-	(760)
At 31 December 2022	7 307	121 097	4 125	5 552	5 316	143 397
Depreciation and impairment losses						
At 1 January 2022	2 763	45 340	2 421	3 986	-	54 510
Charge for the year	1 313	11 913	254	495	-	13 975
Disposals	-	(5)	(648)	(1)	-	(654)
At 31 December 2022	4 076	57 248	2 027	4 480	-	67 831
Carrying amount						
At 31 December 2023	1 912	58 369	2 183	1 041	10 366	73 871
At 31 December 2022	3 231	63 849	2 098	1 072	5 316	75 566

Property, plant and equipment is encumbered as disclosed in notes 20 and 24 to the financial statements. Capital work in progress represents buildings and equipment and machinery still under construction and installation.

15. Intangible assets

	Goodwill MK'm	PTS licence MK'm	Computer software MK'm	Total MK'm
Group				
Cost				
At 1 January 2023	588	1 648	27 685	29 921
Additions	-	-	2 431	2 431
At 31 December 2023	588	1 648	30 116	32 352
Amortisation				
At 1 January 2023	-	1 387	14 341	15 728
Amortisation for the year	-	165	3 339	3 504
At 31 December 2023	-	1 552	17 680	19 232
Carrying amount				
At 31 December 2023	588	96	12 436	13 120
Cost				
At 1 January 2022	588	1 648	24 538	26 774
Additions	-	-	3 147	3 147
At 31 December 2022	588	1 648	27 685	29 921
Amortisation				
At 1 January 2022	-	1 222	11 549	12 771
Amortisation for the year	-	165	2 792	2 957
At 31 December 2022	-	1 387	14 341	15 728
Carrying amount				
At 31 December 2022	588	261	13 344	14 193
Company				
Cost				
At 1 January 2023	588	1 648	26 208	28 444
Additions	-	-	1 840	1 840
At 31 December 2023	588	1 648	28 048	30 284
Amortisation				
At 1 January 2023	-	1 387	12 946	14 333
Amortisation for the year	-	165	3 016	3 181
At 31 December 2023	-	1 552	15 962	17 514
Carrying amount				
At 31 December 2023	588	96	12 086	12 770

15. Intangible assets (Continued)

	Goodwill MK'm	PTS licence MK'm	Computer software MK'm	Total MK'm
Company				
Cost				
At 1 January 2022	588	1 648	23 153	25 389
Additions	-	-	3 055	3 055
At 31 December 2022	588	1 648	26 208	28 444
Amortisation				
At 1 January 2022	-	1 222	10 459	11 681
Amortisation for the year	-	165	2 487	2 652
At 31 December 2022	-	1 387	12 946	14 333
Carrying amount				
At 31 December 2022	588	261	13 262	14 111

Goodwill comprises a control premium paid to acquire the business and related assets of Burco Electronics Systems Limited in 2015. The amounts were paid in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Burco Electronics Systems Limited business. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. On acquisition, Burco Electronics Systems Limited ceased to operate as a separate entity and it integrated in the company as a business unit.

Annual test for impairment

Annual test for impairment

The group determined the recoverable amount of the cash generating unit (Enterprise Business Services Unit) to be MK33.1 billion (2022: K56.0 billion) based on the value in use model. The value in use was based on discounted future cash flows (using the group's approved budgeted figures for 2023 and projections covering a 4 year period from 2024) discounted at a pre-tax incremental borrowing rate of 23.53% (2022: 19.29%).

All forecasts used in the determination of value in use are extracted from the 2023 budget approved by the Board of Directors.

Cashflow projections during the budget period were based on the same expected gross margins and price inflation through the budget period. The cash flows beyond that five-year period have been extrapolated using an average of 10% per annum growth rate, which is the projected long-term average growth rate for cash generating unit. The directors believe that any reasonably possible change in the key assumption on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The carrying amount of the CGUs was MK0.8 billion (2022: MK0.8 billion). As such, in accordance with IAS 36 Impairment of Assets, the group determined that the goodwill was not impaired as at 31 December 2023.

Public Telecommunications Services (PTS) licence relates to the license that the Malawi Communications Regulatory Authority issued to the group. This is a licence that enables the group to operate telecommunication services in Malawi. The licence is carried at cost (amount paid for the licence) less amortisation. The useful life is the duration of the licence. Amortisation is recognised on a straight-line basis over its useful life.

Computer software are intangible assets with finite useful lives that are acquired separately and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis.

16. Right of use assets

	Land and buildings MK'm	Equipment and machinery MK'm	Total K'm
Group and Company			
2023			
Cost			
At 1 January 2023	7 127	14 812	21 939
Additions	-	1 645	1 645
Disposal	-	(2 387)	(2 387)
At 31 December 2023	7 127	14 070	21 197
Depreciation			
At 1 January 2023	4 434	3 561	7 995
Charge for the year	331	3 038	3 369
Disposals	-	(2 387)	(2 387)
At 31 December 2023	4 765	4 212	8 977
Carrying amount	2 362	9 858	12 220
2022			
Cost			
At 1 January 2022	4 459	11 617	16 076
Additions	2 668	3 195	5 863
At 31 December 2022	7 127	14 812	21 939
Depreciation			
At 1 January 2022	3 423	2 307	5 730
Charge for the year	1 011	1 254	2 265
At 31 December 2022	4 434	3 561	7 995
Carrying amount	2 693	11 251	13 944

The group leases several assets including buildings, sites and dark fibre. The average lease term is 4 to 5 years.

16. Right of use assets (Continued)

	Group and Company	
	2023	**2022**
	MK'm	**MK'm**
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	3 369	2 265
Interest expense on lease liabilities (note 29)	370	447
Expense relating to short-term leases	91	308

At 31 December 2023, the group is committed to MK69 million (2022: MK295 million) for short-term leases.

The total cash outflow for leases amount to MK3.8 million for the year ended 31 December 2023 (2022: MK4 800 million).

The maturity analysis of lease liabilities is presented in note 29 to the financial statements.

17. Inventories

	Group and Company	
	2023	**2022**
	MK'm	**MK'm**
Recharge vouchers	449	167
Handsets and data equipment	828	769
Starter packs and Sim cards	315	266
Spares and goods in transit	260	102
Net realisable value write down	(279)	(35)
	1 573	1 269

Inventories are carried at the lower of cost and net realisable value. The cost of inventories recognised as an expense during the year was MK4.5 billion (2022: MK3.9 billion). The inventory write down was on handsets, starter packs and sim cards.

18. Trade and other receivables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	MK'm	**MK'm**	**MK'm**	**MK'm**
Contract receivables	8 440	6 526	8 440	6 526
Allowance for expected credit losses	(84)	(658)	(84)	(658)
	8 356	5 868	8 356	5 868
Other receivables				
Staff advances and loans	1 356	2 405	1 196	2 260
Deposits and prepayments	3 181	3 700	3 181	3 700
Sundry receivables	8 107	3 991	3 654	3 007
	12 644	10 096	8 031	8 967
As at 31 December	21 000	15 964	16 387	14 835

Sundry receivables include withholding tax recoverable, bank pull and push, and deposits for agents bank pull and push.

Agents bank pull and push represents cash paid to banks by TNM Mpamba Limited to facilitate agent self-transfers of money from their Mpamba wallet to their bank accounts. The bank accounts are prefunded to enable the agents to use their money from the bank account immediately the transaction occurs. The balance does not earn interest.

The average credit period on sales of goods and services is 60 days. No interest is charged on outstanding trade receivables.

There has been a significant change in the estimation rates for four debtor portfolios namely dealers, postpaid, enterprise and other trade receivables. The group shifted over 60% of primary sales for the dealers, to electronic using mobile platform and banks. This has resulted in significant reduction of credit facilities offered to dealers and therefore a reduction in the resultant credit losses. In the prior periods, the group also offered credit terms to individuals and small and medium-sized enterprises (SMEs) on postpaid and enterprise sales which led to significant defaults. The group has stopped recruiting both SMEs and individuals during the year and this has significantly reduced the default rates.

Other than the above changes, management, in its judgement, has concluded that there will be no significant changes in the macro-economic conditions which will significantly affect the default rates.

For the purposes of grouping the receivables based on the shared credit risk characteristics, the identified six (6) groups of receivables are as follows:

1. Dealers;
2. Postpaid;
3. Interconnect & International Incoming;
4. Roaming;
5. Enterprise; and
6. Other trade receivables.

* Due to past experience, interconnect, international incoming and roaming receivables have zero default rates. There are net-off agreements in place with these customers since they provide the group with similar services. The current net-off agreements with these customers will run over the next 12 months. The group expects no change to this in the foreseeable future hence no expected credit loss allowance for these groups is determined.

For the above these debtor categories, the group has corresponding payables to the same partners and hence only net amount is either reviewed or after netting off. The group has netting-off agreements in place with these partners.

18. Trade and other receivables (Continued)

Group and Company

At 31 December 2023 the lifetime expected loss provision for trade receivables was as follows:

Expected credit loss rate	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**150 days**	**>180 days**
Dealers	0.2%	0.7%	1.2%	1.9%	2.7%	3.8%	9.4%
Staff							
Postpaid	1.0%	1.0%	2.0%	2.7%	4.2%	7.1%	24.6%
Interconnect & international incoming*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roaming*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TNM Business Services	0.9%	3.2%	4.3%	5.3%	6.6%	8.5%	10.7%
Other receivables	0.0%	0.1%	0.1%	0.3%	0.7%	1.5%	2.3%

Gross carrying amount	**Current MK'm**	**30 days MK'm**	**60 days MK'm**	**90 days MK'm**	**120 days MK'm**	**150 days MK'm**	**>180 days MK'm**	**Total MK'm**
Dealers	1 788	422	86	11	11	1	38	2 357
Postpaid	345	185	146	78	47	31	162	994
Interconnect & international incoming*	511	735	43	37	6	-	286	1 618
Roaming*	27	49	1	12	7	6	173	275
TNM Business Services	454	200	-	31	1	15	19	720
Other trade receivables	1 505	681	119	66	47	5	53	2 476
Total	4 630	2 272	395	235	119	58	731	8 440

Expected credit loss	**Current MK'm**	**30 days MK'm**	**60 days MK'm**	**90 days MK'm**	**120 days MK'm**	**150 days MK'm**	**>180 days MK'm**	**Total MK'm**
Dealers	4	3	1	-	-	-	5	13
Postpaid	3	2	3	2	2	2	40	54
Interconnect & international incoming*	-	-	-	-	-	-	-	-
Roaming*	-	-	-	-	-	-	-	-
TNM Business Services	4	6	-	2	0	1	2	15
Other trade receivables	-	1	-	-	-	-	1	2
Total	11	12	4	4	2	3	48	84

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

Expected credit loss rate	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**150 days**	**>180 days**
Dealers	0.1%	0.2%	0.3%	0.5%	0.7%	1.0%	2.0%
Postpaid	0.9%	1.1%	1.4%	1.7%	2.3%	3.2%	5.1%
Interconnect & international incoming*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roaming*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Enterprise	0.4%	1.6%	2.1%	2.6%	3.3%	4.2%	5.3%
Other trade receivables	0.0%	0.1%	0.2%	0.5%	1.2%	2.6%	4.0%

18. Trade and other receivables (Continued)

Group (Continued)

Gross carrying amount	**Current MK'm**	**30 days MK'm**	**60 days MK'm**	**90 days MK'm**	**120 days MK'm**	**150 days MK'm**	**>180 days MK'm**	**Total MK'm**
Dealers	1 327	432	767	3	187	3	62	2 781
Postpaid	217	204	174	161	134	81	389	1 360
Interconnect & international incoming*	332	54	182	51	1	-	3	623
Roaming*	33	55	-	27	11	14	83	223
Enterprise	226	143	55	58	61	29	31	603
Other trade receivables	408	136	64	113	64	14	137	936
Total	2 543	1 024	1 242	413	458	141	705	6 526

Expected credit loss	**Current MK'm**	**30 days MK'm**	**60 days MK'm**	**90 days MK'm**	**120 days MK'm**	**150 days MK'm**	**>180 days MK'm**	**Total MK'm**
Dealers	1	1	1	-	1	-	1	5
Postpaid	2	2	2	3	3	3	21	36
Interconnect & international incoming*	-	-	-	-	-	-	-	-
Roaming*	-	-	-	-	-	-	-	-
Enterprise	1	2	1	2	2	1	2	11
Other trade receivables	-	-	-	1	1	-	6	8
Total	4	5	4	6	7	4	30	60

Movements in the loss allowance for receivables are as follows:

Group and Company	MK'm	**Collectively assessed MK'm**	**Individually assessed MK'm**	**Total**
2023				
As at 1 January 2023		60	598	658
Increase during the year		592	-	592
Receivables written off during the year as uncollectible		(568)	(598)	(1 166)
At 31 December 2023		84	-	84
2022				
As at 1 January 2022		154	1 486	1 640
Increase during the year		117	2 334	2 451
Receivables written off during the year as uncollectible		(211)	(3 222)	(3 433)
At 31 December 2022		60	598	658

The write off relate to trade receivables which became uncollectable during the year. None of the trade receivables that have been written off are subject to enforcement activities.

	Group		Company	
	2023	2022	2023	2022
	MK'm	MK'm	MK'm	MK'm
19a. Amounts due from/to related companies				
Due from				
National Bank of Malawi plc	-	642	-	642
TNM Mpamba Limited	-	-	1 914	1 038
	-	642	1 914	1 680
Due to:				
Press Cooperation plc	8	67	8	67
Malawi Telecommunication Limited	31	138	31	138
TNM Mpamba Limited	-	-	2 000	-
	39	205	2 039	205

Related party balances are denominated in Malawi Kwacha. The amounts outstanding are unsecured and will be settled in cash. No interest is charged on the outstanding amounts. No guarantees have been given or received. No loss allowance has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties as the potential rate of default is so low, it is considered to be nil. All outstanding amounts from related parties are considered collectible in full.

On 31 December 2023, the company borrowed MK2.0 billion from TNM Mpamba Limited payable within 12 months. The interest rate is based on National Bank of Malawi plc's reference rate plus 1.8%. This is the same rate that National Bank of Malawi plc charges the group on its overdraft facility.

19b. Related party disclosures

The group transacts part of its business with shareholders and parties related to or under the control of its shareholders. Details of such related party transactions of the group are set out below:

	Group		Company	
	2023	2022	2023	2022
	MK'm	MK'm	MK'm	MK'm
Income				
Fellow subsidiaries of Press Corporation plc				
Malawi Telecommunications Limited				
Interconnection	6	20	6	20
Site rentals	448	624	448	624
International incoming	117	138	117	138
National Bank of Malawi plc				
Broadband	1 232	732	1 232	732
Subsidiary				
TNM Mpamba Limited				
SMS revenue	-	-	1 473	1 249
Charges				
Fellow subsidiaries of Press Corporation plc				
Malawi Telecommunications Limited				
Interconnection	(139)	(5)	(139)	(5)
Site rentals	(801)	(1 050)	(801)	(1 050)
National Bank of Malawi plc				
Finance charges	(895)	(882)	(895)	(882)
Commission on airtime sales	(363)	(312)	(363)	(312)
Old Mutual Life Assurance Company (Malawi) Limited				
Pension contributions and group life insurance	(1 495)	(999)	(1 414)	(999)

19b. Related party disclosures (Continued)

	Company	
	2023	2022
	MK'm	MK'm
Subsidiary		
TNM Mpamba Limited		
Commission on airtime sales	(2 805)	(1 882)

National Bank of Malawi plc
Banking facilities with this fellow subsidiary of Press Corporation plc are disclosed in note 20 to the financial statements.

In addition, related parties including shareholders, Directors and parties related thereto are subscribers to the group's services for which they are charged at an arms-length basis.

Compensation of Directors and key management personnel
The remuneration of Directors and other members of key management personnel during the year was as follows:

	Group		Company	
	2023	2022	2023	2022
	MK'm	MK'm	MK'm	MK'm
Directors' remuneration:				
- fees for services as Directors	248	132	237	132
Senior management salaries and other short-term benefits	1 239	1 259	1 148	1 259

20a. Bank and cash balances

	Group		Company	
	2023	2022	2023	2022
	MK'm	MK'm	MK'm	MK'm
Bank and cash balances	31 845	22 669	3 464	1 580
Bank and cash comprises				
Standard Bank plc	3 117	5 262	-	1 013
National Bank of Malawi plc	5 997	4 309	-	-
First Capital Bank plc	7 681	8 009	-	-
FDH Bank plc	7 157	1 489	1 934	91
Others	7 893	3 600	1 530	476
Bank and cash balance	31 845	22 669	3 464	1 580

Included in group bank and cash balances are customer balances of MK20.8 billion (2022: MK16.2 billion). The bank balances in the customer accounts are invested and earned interest at an average rate of 7.5% as at 31 December 2023 (2022: 6%). 95% of the interest earned in these accounts is distributed to the owners of e-money. All other bank balances are non-interest earning.

20b. Bank overdraft

	Group 2023 MK'm	Group 2022 MK'm	Company 2023 MK'm	Company 2022 MK'm
Bank overdraft	(10 774)	(10 994)	(10 774)	(10 994)

Group and Company	2023 MK'm	2022 MK'm
Bank overdraft comprises		
Standard Bank plc	3 394	3 714
National Bank of Malawi plc	4 445	4 363
First Capital Bank plc	2 935	2 917
	10 774	10 994

Overdraft facilities
The company has the following overdraft facilities:

Standard Bank plc	4 500	4 500

The bank overdraft facility is unsecured and is payable on demand. The rate of interest is Standard Bank plc reference minus 1.2% effectively 22.4% (2022: 18.8%) and expires on 31 July 2024.

	Group and Company 2023 MK'm	Group and Company 2022 MK'm
National Bank of Malawi plc	4 500	4 500

The bank overdraft facility is secured by a debenture of MK4.5 billion (2022: MK4.5 billion) over the group's assets.

The rate of interest is National Bank of Malawi plc reference rate plus 1.8% effectively 25.4% (2022: 19.1%) and expires on 30 June 2024.

First Capital Bank plc	3 000	3 000

The bank overdraft facility is secured by a debenture of MK3.0 billion (2022: MK3.0 billion) ranking pari passu with the debenture securing the National Bank of Malawi plc overdraft facility. The rate of interest is First Capital Bank plc reference rate plus 2.2% effectively 25.8% (2022: 19.5%) and expires on 31 July 2024.

21. Statement of capital

	Group and Company 2023	Group and Company 2022
Number (million)	10 040	10 040
Nominal value per share (Malawi Kwacha)	0.04	0.04
Nominal value (million Malawi Kwacha)	402	402

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on a poll at meetings of the group.

22. Share premium

On 3 November 2008, in an offer to the public, 1 290 450 000 ordinary shares of 4 tambala each were allotted at a premium of 196 tambala per share. The resultant premium on issue of MK2 529 282 000 less offer expenses of MK182 361 000 was credited to the share premium account. It is available for a limited range of purposes as set out in the Malawi Companies Act, 2013 including the issue of fully paid up bonus shares. It is not available for distribution.

	Group 2023 MK'm	Group 2022 MK'm	Company 2023 MK'm	Company 2022 MK'm
23. Deferred tax				
Deferred tax assets/(liabilities)				
Balance as at 1 January	(108)	(1 101)	(51)	(1 031)
Tax loss	2 995	964	2 995	964
Origination and reversal of temporary differences	1 907	29	1 946	16
As at 31 December	4 794	(108)	4 890	(51)
Analysed as:				
Accelerated capital allowances	(1 523)	(2 957)	(1 726)	(2 900)
Deferred income	1 275	1 395	1 275	1 395
Tax loss	2 995	964	2 995	964
Other temporary differences	2 047	490	2 346	490
Deferred tax assets/(liabilities)	4 794	(108)	4 890	(51)

24. Interest bearing loans

	Old Mutual Investment Group Limited commercial paper MK'm	NICO Asset Managers commercial paper MK'm	Standard Bank dual currency revolving facility MK'm	Total MK'm
Group and Company				
2023				
At beginning of the year	17 000	-	23 216	40 216
Additions	-	-	15 659	15 659
Interest charged	4 654	-	3 738	8 392
Capital repayments	(2 500)	-	(15 641)	(18 141)
Interest paid	(4 654)	-	(2 915)	(7 569)
	14 500	-	24 057	38 557
Long term portion of loans	14 500	-	12 608	27 108
Current portion of loans	-	-	11 449	11 449
	14 500	-	24 057	38 557
2022				
At beginning of the year	17 677	5 186	14 841	37 704
Additions	-	-	18 889	18 889
Interest charged	3 006	426	3 094	6 526
Capital repayments	(677)	(5 186)	(11 162)	(17 025)
Interest paid	(3 006)	(426)	(2 446)	(5 878)
	17 000	-	23 216	40 216
Long term portion of loans	17 000	-	9 437	26 437
Current portion of loans	-	-	13 779	13 779
	17 000	-	23 216	40 216

24. Interest bearing loans (Continued)

Old Mutual Investment Group Limited

On 26 February 2015, the company secured commercial debt paper of MK5.0 billion. The arranger and administrator was Old Mutual Investment Group Limited (OMIGL). The commercial paper was for a period of 5 years with an option of early repayment in tranches of MK1.0 billion after the third year. The coupon rate was 364 Treasury bill rate plus 200 basis points. The loan was secured with a debenture ranking behind National Bank of Malawi Plc overdraft facility and First Capital Bank Plc overdraft facility debentures and ranking pari pasu with the NICO Asset Managers Limited commercial paper debenture. On 25 February 2020 the loan was rolled over for another 5 year period on the same terms.

In 2020, the company secured commercial debt paper of MK10.0 billion. The arranger and administrator is Old Mutual Investment Group Limited (OMIGL). The commercial paper is for a period of 5 years with an option of early repayment in tranches of MK1.0 billion after the third year. The coupon rate is 364 treasury bill rate plus 175 basis points. The loan is secured with a debenture ranking behind National Bank of Malawi Plc overdraft facility and First Capital Bank plc overdraft facility debentures and ranking pari pasu with the Old Mutual Investment Group commercial paper and NICO Asset Managers Limited commercial paper debentures.

In 2021, the company secured additional commercial paper of MK2.0 billion from Old Mutual Investment Group Limited for a period of 5 years with the same terms as the other existing Old Mutual Investment Group Limited commercial papers. During the year a total of MK2.5 billion in capital repayment was made.

Standard Bank plc revolving credit facility

TNM entered into a revolving credit facility with Standard Bank plc for amount of up to MK24 billion. The purpose of the facility is to finance or refinance capital expenditure. The facility has a tenor of 60 months from the drawdown date and attracts interest at a rate of Standard Bank Malawi plc reference rate minus 0.8% effectively 22.8%. TNM has covenanted to maintain a USD denominated account with Standard Bank plc for the lifetime of the facility and to channel all its USD receivables to the said account.

	Group and Company	
	2023	**2022**
	MK'm	**MK'm**
25. Dividend payable		
At beginning of the year	-	1 506
Dividend declared	-	1 004
Dividend paid	-	(2 510)
At end of the year	-	-

	Group and Company	
	2023	**2022**
	MK'm	**MK'm**
26. Contract liabilities	4 249	4 648

Contract liabilities consist of the value of unused airtime on prepaid service sold to customers and unused bonuses in customer phones. These are consumed within one month after recharge and there is no interest charged on these liabilities.

27. Trade and other payables*

	Group		Company	
	2023	**2022**	**2023**	**2022**
	MK'm	**MK'm**	**MK'm**	**MK'm**
Capital expenditure payables	13 486	10 174	13 486	10 174
Trade payables	18 446	11 340	16 265	9 791
International incoming termination levy	37	87	37	87
Accrued expenses	12 062	4 770	11 985	4 707
VAT, excise tax and other taxes	1 911	2 025	1 662	1 676
Total trade and other payables	45 942	28 396	43 435	26 435

The Directors consider that the carrying values approximate the fair value of trade and other payables. These do not attract any interest charge.

*A prior year change in presentation of contract liabilities of MK4.2 billion (2022: MK4.6 billion) has been made in the group and company financials statements. Contract liabilities were previously disclosed in the notes under trade and other payables. These have been disaggregated from trade and other payables and presented separately in the statement of financial position in compliance with IFRS 15 *Revenue from contracts with customers* disclosure requirements.

28. Amounts payable to owners of e-money

	Group	
	2023	**2022**
	MK'm	**MK'm**
Customers	10 529	7 317
Agents	5 192	4 244
Billers	2 955	2 926
Others	2 133	1 677
Total amounts payable to owners of e-money	20 809	16 164

Amounts payable to owners of e-money comprise of deposits made by subscribers to their respective mobile money wallets and the group holds equivalent balances in the trust bank accounts as disclosed in note 20 to the financial statements. The funds are not available for the group's use. The Directors consider that the carrying value of these balances approximates its fair value.

29. Lease liabilities

The group as a lessee

	Group and Company	
	2023	**2022**
	MK'm	**MK'm**
Lease liabilities	181	1 938
Long term portion of lease liability	-	531
Short term portion of lease liability	181	1 407
Total	181	1 938
Maturity analysis		
Year 1	226	1 322
Year 2	-	1 182
Year 3	-	292
Year 4	-	138
Year 5	-	252
	226	3 186
Less: Unearned interest	(45)	(1 248)
	181	1 938

The group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the group's finance division.

All lease obligations are denominated in Malawi Kwacha.

	Group and Company	
	2023	**2022**
	K'm	**K'm**
Opening balance	1 938	875
Additions	1 645	5 863
Capital repayments	(3 402)	(4 800)
Interest charged	370	447
Interest payment	(370)	(447)
Balance at end of the year	181	1 938
Long-term portion lease liability	-	531
Short-term portion lease liability	181	1 407
	181	1 938

30. Cash flows from operating activities

	Group		Company	
	2023	**2022**	**2023**	**2022**
	MK'm	**MK'm**	**MK'm**	**MK'm**
Profit before income tax	(7 531)	(1 794)	(15 015)	(3 056)
Adjustments for				
Depreciation, amortisation and impairment	20 493	19 559	19 767	18 892
Interest expenses	10 999	8 248	10 999	8 248
Dividend received*	-	-	(256)	(1 133)
Loss on disposal of fixed assets	126	35	126	35
Finance income	(306)	(119)	(73)	(73)
(Increase)/decrease in inventories	(304)	843	(304)	843
(Increase)/decrease in trade and other receivables	(5 036)	2 122	(1 552)	(450)
Decrease in contract assets	693	108	693	108
Decrease/(increase) in related party receivables	642	(154)	(234)	(325)
Increase in trade and other payables	17 546	3 462	17 000	4 629
(Decrease)/increase in contract liabilities	(399)	1 272	(399)	1 272
Increase in amounts payable to owners of e-money	4 645	2 939	-	-
(Decrease)/increase in related party payables	(166)	201	1 834	(2 308)
Cash generated from operating activities	41 402	36 722	32 586	26 682

* Refer to note 40 for details of the restatement.

31. Interest paid

		Group and Company	
		2023	**2022**
		MK'm	**MK'm**
Interest expense – interest bearing loans	10	10 629	7 801
– leases	10	370	447
Total interest expense		10 999	8 248
Accrued interest		(823)	(648)
Interest paid		10 176	7 600

32. Capital commitments

	Group and Company	
	2023	**2022**
	MK'm	**MK'm**
Authorised and contracted for	11 560	12 315
Authorised but not contracted for	30 019	14 647

The capital expenditure will be financed from internally generated resources and existing facilities.

33. Financial instruments-exposure to currency risk

The group's exposure to foreign currency risk was as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	MK'm	**MK'm**	**MK'm**	**MK'm**
US Dollar				
Bank balances	238	450	238	260
Trade receivables-international roaming	275	223	275	223
Trade receivables-international incoming traffic	1 479	450	1 479	450
Trade payables-international roaming and other payables	(2 857)	(483)	(337)	(483)
Capital expenditure and other foreign liabilities	-	(878)	-	(878)
Statement of financial position exposure	(865)	(238)	1 655	(428)
Euro				
Bank balances	(5)	196	(5)	196
Capital expenditure and other foreign liabilities	(14 989)	(10 196)	(14 989)	(10 196)
Statement of financial position exposure	(14 994)	(10 000)	(14 994)	(10 000)
Total statement of financial position exposure	(15 859)	(10 238)	(13 339)	(10 428)

34. Sensitivity analysis

Foreign currency sensitivity analysis
Transaction losses arising on a 10% strengthening of the United States Dollar and Euro against the Malawi Kwacha as at 31 December would result in a decrease in equity and profit for the year as shown below:

	Group and Company	
	2023	**2022**
	MK'm	**MK'm**
US Dollar	(87)	(87)
Euro	(1 499)	(1 000)

A 10% weakening of the United States Dollar and the Euro against the functional currency as at 31 December would have had an equal but opposite effect.

Interest rate sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for the bank borrowings as at 31 December 2023. The analysis is prepared assuming the amount of the bank overdraft outstanding at 31 December 2023 was outstanding for the whole year. A 5% increase or decrease in the rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had increased/decreased by 5% for all borrowings and all other variables were held constant, the company's profit for the year ended 31 December 2023 would decrease/increase by MK2 476 million (2022: MK2 528 million).

TELEKOM NETWORKS MALAWI PLC
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

35. Financial instruments-exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was as follows:-

	Group		Company	
	2023	**2022**	**2023**	**2022**
	MK'm	**MK'm**	**MK'm**	**MK'm**
Trade and other receivables (note 18)	8 356	5 868	8 356	5 868
Contract assets (note 6)	840	1 439	840	1 439
Amount due from related parties (note 19)	-	642	1 914	1 680
	9 196	7 949	11 110	8 987

36. Financial instruments-exposure to liquidity risk

The following are the contractual obligations due within 1 year which may affect the liquidity of the company.

	Group		Company	
	2023	**2022**	**2023**	**2022**
	MK'm	**MK'm**	**MK'm**	**MK'm**
		Restated*		**Restated***
Financial assets				
Trade and other receivables (note 18)	8 356	5 868	8 356	5 868
Amounts due from related companies (note 19)	-	642	1 914	1 680
Contract assets (note 6)	840	1 439	840	1 439
Bank and cash balances (note 20)	31 845	22 669	3 464	1 580
Total current financial assets	41 041	30 618	14 574	10 567
Financial liabilities				
Bank overdraft (note 20)	(10 774)	(10 994)	(10 774)	(10 994)
Trade and other payables (note 27)*	(31 969)	(21 601)	(29 788)	(20 052)
Contract liabilities (note 6)*	(4 249)	(4 648)	(4 249)	(4 648)
Amounts payable to owners of e-money (note 28)	(20 809)	(16 164)	-	-
Amount due to related parties (note 19)	(39)	(205)	(2 039)	(205)
Current portion of lease liabilities (note 29)	(181)	(1 407)	(181)	(1 407)
Current portion of interest bearing loans (note 24)	(11 449)	(13 779)	(11 449)	(13 779)
Total current financial liabilities	(79 470)	(68 798)	(58 480)	(51 085)
Net liquidity exposure	(38 429)	(38 180)	(43 906)	(40 518)

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

Ultimate responsibility for liquidity risk management rests with the board of directors which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity requirements. The responsibility for the day to day management of these risks lies with management. The group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows.

Over 70% of the groups sales are on a cash basis and management do not expect a further increase in the liquidity gap in the foreseeable future.

Financial instruments-exposure to liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivate financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 month MK'm	1-3 months MK'm	3-12 months MK'm	2-5 years MK'm	Total MK'm	Carrying amount MK'm
Group						
As at 31 December 2023						
Bank overdraft (note 20)	10 774	-	-	-	10 774	10 774
Loans and borrowings (note 24)	3 645	2 146	8 894	24 887	39 572	38 557
Lease liabilities (note 29)	-	-	181	-	181	181
Related party payables (note 19a)	-	39	-	-	39	39
Amounts payable to owners of e-money (note 28)	20 809	-	-	-	20 809	20 809
Trade and other payables	-	33 855	-	-	33 855	31 969
Contract liabilities (note 6)	4 249	-	-	-	4 249	4 249
Total financial liabilities	39 477	36 040	9 075	24 887	109 479	106 578
Restated*						
As at 31 December 2022						
Bank overdraft (note 20)	10 994	-	-	-	10 994	10 994
Loans and borrowings (note 24)	2 567	4 331	8 931	52 429	68 258	40 216
Lease liabilities (note 29)	-	-	1 860	1 532	3 392	1 938
Related party payables (note 19a)	-	205	-	-	205	205
Amounts payable to owners of e-money (note 28)	16 164	-	-	-	16 164	16 164
Trade and other payables*	-	22 638	-	-	22 638	21 601
Contract liabilities (note 26)*	4 648	-	-	-	4 648	4 648
Total financial liabilities	34 373	27 174	10 791	53 961	126 299	95 766

Financial instruments-exposure to liquidity risk (Continued)

	Less than 1 month MK'm	1-3 months MK'm	3-12 months MK'm	2-5 years MK'm	Total MK'm	Carrying amount MK'm
Company						
As at 31 December 2023						
Bank overdraft (note 20)	10 774	-	-	-	10 774	10 774
Loans and borrowings (note 24)	3 645	2 146	8 894	24 887	39 572	38 557
Lease liabilities (note 29)	-	-	181	-	181	181
Related party payables (note 19a)	-	2 039	-	-	2 039	2 039
Trade and other payables	-	31 545	-	-	31 545	29 788
Contract liabilities (note 26)	4 249	-	-	-	4 249	4 249
Total financial liabilities	18 668	35 730	9 075	24 887	88 360	85 588
Restated*						
As at 31 December 2022						
Bank overdraft (note 20)	10 994	-	-	-	10 994	10 994
Loans and borrowings (note 24)	2 567	4 331	8 931	52 429	68 258	40 216
Lease liabilities (note 29)	-	-	1 860	1 532	3 392	1 938
Related party payables (note 19a)	-	205	-	-	205	205
Trade and other payables*	-	21 014	-	-	21 014	20 052
Contract liabilities (note 26)*	4 648	-	-	-	4 648	4 648
Total financial liabilities	18 209	25 550	10 791	53 961	108 511	78 053

37. Operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

All operating segments' operating results are reviewed regularly by the group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment property and intangible assets other than goodwill.

37.1 Basis for segmentation

The group has two reportable segments which are based on the type of business among its subsidiary, These segments are: telecommunication services and mobile money services. The segments offer different products and services, and are managed separately because they require different regulation.

The following summary describes the operations in each of the group's reportable segments:

Reportable segment	**Operations**
Telecommunications	Provides a wide range of communications and products and services.
Mobile money	Provides a wide range of mobile money services which among other services include: money transfers, cash withdrawals, bill payments, cash deposits, merchant payments

37.2 Geographical segment presentation

All operations of the group are in Malawi and therefore geographical segment presentation has not been made.

37.3 Information about major customers

The group's customers are many and there is no single customer that individually contributes more than five percent of the group's total revenues.

37.4 Information about reportable segments

Information regarding the results of each reportable segment is set out below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the group's CEO. Segment profit after income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of the respective segment. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

37. Operating segments (Continued)

37.4 Information about reportable segments (Continued)

	Telecommunication services MK'm	Mobile money services MK'm	Total MK'm
2023			
Revenue			
External revenue	92 092	18 392	110 484
Other income – external	7 142	391	7 533
Inter-segment revenue	1 600	2 807	4 407
Segment revenue	100 834	21 590	122 424
Segment operating profit	5 720	7 151	12 871
Segment interest income	73	233	306
Segment interest expense	(10 999)	-	(10 999)
Segment foreign exchange losses	(9 809)	100	(9 709)
Segment income tax expenses	4 913	(2 314)	2 599
Segment (loss)/profit for the year	(10 102)	5 170	(4 932)
Depreciation and amortisation	19 767	726	20 493
Segment assets	131 719	30 882	162 601
Segment liabilities	99 235	21 613	120 848
Capital additions	15 183	1 152	16 335
2022			
Revenue			
External revenue	82 029	14 325	96 354
Other income – external	4 909	20	4 929
Inter-segment revenue	1 358	2 195	3 553
Segment revenue	88 296	16 540	104 836
Segment operating profit	6 642	1 220	7 862
Segment interest income	73	46	119
Segment interest expense	(8 248)	-	(8 248)
Segment foreign exchange losses	(1 523)	(4)	(1 527)
Segment income tax expenses	864	(833)	31
Segment (loss)/profit for the year	(2 192)	429	(1 763)
Depreciation and amortisation	18 895	664	19 559
Segment assets	126 901	22 281	149 182
Segment liabilities	84 487	18 182	102 669
Capital additions	23 381	772	24 153

37. Operating segments (Continued)

37.4 Information about reportable segments (Continued)

	2023 MK'm	2022 MK'm
Revenue		
Total revenues for reportable segments	115 147	99 907
Elimination of inter-segment revenue	(4 663)	(3 553)
Consolidation revenue	110 484	96 354
Consolidated loss	(4 760)	(1 763)
Assets		
Total assets for reportable segments	165 983	152 759
Inter-segment eliminations	(2 126)	(2 321)
Eliminations of investment in subsidiaries	(1 256)	(1 256)
Consolidated total assets	162 601	149 182
Liabilities		
Total liabilities for reportable segments	122 974	104 990
Inter-segment eliminations	(2 126)	(2 321)
Consolidated total liabilities	120 848	102 669

38. Contingent liabilities

	Group and Company 2023 MK'm	Group and Company 2022 MK'm
Legal claims	2 667	859

Legal claims
These represent legal claims made against the group in the ordinary course of business, the outcome of which is uncertain. The amount disclosed represents an estimate of the cost to the group in the event that legal proceedings find the group to be in the wrong. In the opinion of the Directors, the claims are not expected to give rise to a cost to the group. The increase in legal claims is due some cases in relation to former staff which are still in court and their outcome is not certain.

39. Fair value measurements

This note provides information about how the group determines fair values of various financial assets and financial liabilities.

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

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

39.2 Fair value measurements recognised in the statements 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 based 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 derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); 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).

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

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

	Group 2023 MK'm	Group 2022 MK'm	Company 2023 MK'm	Company 2022 MK'm
Level 3				
Financial assets at amortised cost				
Trade and other receivables (note 18)	8 356	5 868	8 356	5 868
Investment in Natswitch	162	162	162	162
Amounts due from related companies (note 19)	-	642	1 914	1 680
Contract assets (note 6)	840	1 439	840	1 439
Bank and cash balances (note 20)	31 845	22 669	3 464	1 580
Total financial assets	41 203	30 780	14 736	10 729
Financial liabilities at amortised cost				
Bank overdraft (note 20)	10 774	10 994	10 774	10 994
Trade and other payables (note 27)	31 969	21 601	29 788	20 052
Contract liabilities	4 249	4 648	4 249	4 648
Amounts due to related parties (note 19)	39	205	2 039	205
Amounts payable to owners of e-money (note 28)	20 809	16 164	-	-
Interest bearing loans (note 24)	38 557	40 216	38 557	40 216
Lease liabilities (note 29)	181	1 938	181	1 938
Total financial liabilities	106 578	95 766	85 588	78 053

40. Prior year adjustments

The group and the company's statement of cash flows for prior year has been restated to comply with the requirements of IAS 7 *Statement of cash flows* in respect of the following:

- Dividend received from the subsidiary, TNM Mpamba Limited has been separately disclosed in the company's statement of cash flows to comply with the requirements of IAS 7:31.
- Bank overdrafts for the group and company have been reclassified as a component of cash equivalents to financing activities to comply with the requirements of IAS 7:8.

The financial impact of these restatement made to the statement of cash flows are detailed in the analysis below:

	As previously reported MK'm	Adjustment MK'm	Restated MK'm
Company			
2022			
Cash generated from operations	27 815	(1 133)	26 682
Net cash generated from operating activities	19 123	(1 133)	17 990
Cash flows used in investing activities			
Dividend received	-	1 133	1 133
Net cash used in investing activities	(17 447)	1 133	(16 314)
Cash flows from financing activities			
Bank overdraft	-	3 525	3 525
Net cash used in financing activities	(5 446)	3 525	(1 921)
Net (decrease)/increase in cash and cash equivalents	(3 770)	3 525	(245)
Cash and cash equivalents at beginning of the year	(5 644)	7 469	1 825
Cash and cash equivalents at end of the year	(9 414)	10 994	1 580
Group			
2022			
Cash flows from financing activities			
Bank overdraft	-	3 525	3 525
Net cash (used in)/from financing activities	(5 446)	3 525	(1 921)
Net increase in cash and cash equivalents	3 088	3 525	6 613
Cash and cash equivalents at beginning of the year	8 587	7 469	16 056
Cash and cash equivalents at end of the year	11 675	10 994	22 669

41. Going concern

The Board of Directors ("Board") believes that, as of the date of this report, the going concern presumption is appropriate and accordingly, the consolidated and separate statements of the group and the company have been prepared on the going concern basis of accounting. Their assessment included an assessment of the relevance of its business models, the nature of the primary assets, and the cash-flows generated from these assets as well as the company's balance sheet. IAS 1 Preparation of financial Statements ("IAS 1") requires management to perform an assessment of the group's ability to continue as a going concern. If management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the group's ability to continue as a going concern, IAS 1 requires these uncertainties to be disclosed.

41. Going concern (Continued)

The group faced economic challenges during 2023 because of the foreign currency scarcity, rise in interest rates, high inflation rates as well as the effects of cyclone Freddy. These increased the costs of our operations and at the same time negatively affected the revenues as customers' disposable income was affected. As a result of this, the group registered a loss after tax of MK4.9 billion (2022: loss of MK1.8 billion). This has negatively affected the liquidity of the group as at the reporting date. As at 31 December 2023, current liabilities exceeded current assets by MK38.5 billion (2022: MK38.2 billion). The liquidity gap was affected by the 44% devaluation of the Malawi Kwacha against major currencies in November 2023 which resulted in MK7 billion increase in liabilities because of accounting translation of the foreign currency denominated payables.

To improve the performance and liquidity of the company, the group has put in place various programmes and initiatives which include:

- A 25% tariff increase in May 2024 to cushion the 44% devaluation of the Malawi Kwacha; another 20% tariff increase was affected in December 2023;
- Revamping the distribution network to improve agent liquidity; over 100 daily sales agents (DSAs) already engaged and operating;
- Suspension of all non-revenue generating capital expenditure to improve liquidity;
- Negotiations with major and critical suppliers with long outstanding balances for new payment plans; and
- All financing agreements are in place and the group is in negotiations for renewal of overdrafts expiring June 2024 and July 2024. No financiers have given indications of pulling out or reducing the facility limits.

The group has considered various cash flow forecast scenarios, including stress testing the cashflows. In the stressed cash flow scenarios, the group has concluded that there is access to sufficient funds in the short-term to meet all contractual obligations as they become due and payable. After carefully considering all of these, the board believes that the group can discharge its liabilities in the normal course of business and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

42. Events subsequent to the reporting date

No events of a material nature occurred between the reporting date and the date of approval of these financial statements, which would result in an adjustment to or disclosure in the financial statements.

43. Exchange rates and inflation

The average of selling and buying exchange rates at year end of major foreign currencies affecting the performance of the company are stated below, together with the increase in the National Consumer Price Index which represents an official measure of inflation.

	2023	2022
Kwacha/GBP	2 213.59	1 274.17
Kwacha/Euro	1 919.19	1 126.53
Kwacha/Rand	93.59	62.33
Kwacha/US Dollar	1 683.33	1 028.48
Inflation rate (%)	28.8	25.4

As at the time of approval of these financial statements, the above rates had moved as follows:

Kwacha/GBP	2 217.58
Kwacha/US Dollar	1 683.33
Kwacha/Euro	1 897.17
Kwacha/Rand	93.17
Inflation rate (%) (March 2024)	31.8

TELEKOM NETWORKS MALAWI PLC

COMPANY REGISTRATION NO.4029

MINUTES OF THE 28TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY HELD AT SUNBIRD MOUNT SOCHE HOTEL ON MONDAY, 24TH OF JULY 2023 FROM 14:00 HOURS

PRESENT:

Mr. Ted Sauti - Phiri	}	Chairman
Mr. Lekani Katandula	}	Director
Dr. Lyton Chithambo	}	Director
Ms. Madalo Nyambose	}	Director
Dr. Ronald Mangani	}	Director
Mr. Tobias Jack	}	Director

APOLOGIES:

Mr. Khumbo Phiri	}	Director
Mr. Gerald Chungu	}	Director

IN ATTENDANCE:

Mrs. Christina Mwansa	}	Company Secretary

EXECUTIVE MANAGEMENT:

Mr. Michel A. Hebert	}	Chief Executive Officer
Mr. Lloyd Gowera	}	Chief Technical Officer
Mr. Peter Kadzitche	}	Chief Finance Officer
Mr. Frank Magombo	}	Chief Marketing Officer
Mr. Peter Munthali	}	Chief Information Officer
Mr. Mpezenji Gonani	}	Chief Human Resources Officer
Mr. Mavuto Mzungu	}	Chief Sales and Distribution Officer
Mr. Christopher Sukasuka	}	General Manager – TNM Mpamba Limited
Mr. Ackson Banda	}	HOD – Internal Audit

EXTERNAL AUDITORS

Mr. Vilengo Beza - Deloitte

PROXIES

No.	Names
1.	Press Corporation Limited
2.	Nico Life Insurance Company
3.	Nico Life Deposit Administration Fund
4.	Naml Public Service PF
5.	Nico Life Insurance Company

6.	Nico Timasuke Pension Fund - NBS
7.	Nico Life Shareholders Fund
8.	Nico Timasuke Pension Fund - Nico
9.	National Investment Trust Limited
10.	Naml Reserve Bank of Malawi Pension Fund
11.	Nico Life Fund Limited
12.	National Investment Trust Limited
13.	Illovo Sugar Malawi Pension Fund
14.	Press Corporation Limited Pension Fund
15.	Nico Life Company
16.	Limbe Leaf Tobacco Group Pension Fund
17.	Associated Pensions Trust
18.	Sucoma Group Pension Fund
19.	Limbe Leaf Pension Fund
20.	Nico General Insurance Company Ltd
21.	Illovo Sugar Malawi Pension Fund
22.	Associated Pensions Trust Ltd
23.	Illovo Group Pension Fund
24.	Associated Pensions Trust Limited
25.	Naml - Gomezgani Neba
26.	Toyota Malawi Severance Fund
27.	Nico Life Group Life Assurance Fund
28.	Nico Nominees A/C Unichem
29.	Associated Pensions Trust Limited
30.	Nico Life
31.	Nico Life Annuities Fund
32.	Old Mutual Life Assurance Co Mw Ltd
33.	Old Mutual Life Assurance Company (Malawi) Ltd
34.	Old Mutual Life Assurance Co.Mw.Ltd
35.	Magetsi Pension Fund
36.	Public Service Pension Trust Fund OML
37.	Omig RBM Pension Fund
38.	CHAM Pension Fund
39.	Standard Bank Pension Fund
40.	Standard Bank Pension Fund
41.	Madzi Pension Fund OML
42.	FMB Pension Fund
43.	FMB Pension Fund
44.	Indetrust Ltd Pension & Death Benefits Funds
45.	National Bank of Malawi Pension Fund
46.	FDH Holding Pension Fund
47.	Cam Nominees A/C PCL Pension Fund
48.	Cam Nominees A/C Magetsi Pension Fund
49.	NBM Pal Unrestricted PF
50.	Cam Nominees A/C Continental Unrestricted PF

51. RBM Provident Fund
52. Equity Investments Limited
53. TNM pension fund
54. TNM pension fund
55. NBM Equity Fund
56. STD Bank MW ITF Old Mutual Unit Trust Bal. Fund
57. Madzi Pension Fund Cap
58. Madzi Pension Fund - Cam
59. NBM Equity Fund
60. NBM Equity Fund
61. NBM Pension Fund
62. NBM Pension Fund
63. MPC Pension Fund
64. STD Bank MW ITF Old Mutual Unit Trust Bal. Fund
65. FDH Financial Holdings Ltd Pension Fund Omig
66. Aviation Pension Fund
67. NBM Pension Fund
68. NBM Equity Fund
69. Malawi Environmental Endowment Trust
70. NBM Equity Fund
71. Illovo Non-Contributory Pension Fund
72. The National Investment Trust Ltd
73. National Investment Trust Limited
74. CEAR Pension Fund
75. NBM Death Benefits Top Up Fund
76. Omig Ponson Properties
77. LifeCo Unrestricted Pension Fund
78. STB MW ITF Old Mutual Unit Trust Bal. Fund
79. Standard Bank ITF OMUT Balanced Fund
80. SUCOMA Group Pension Scheme
81. Limbe Leaf Pension Fund
82. CPL Pension Fund
83. CPL Pension Fund
84. FMB Pension Fund
85. Limbe Leaf Pension Fund
86. National Bank of Malawi Pension Fund
87. Madzi Pension Fund
88. Musa Gabriel Precious
89. Cam Nominees Audrey Mwala
90. Cam Nominees Allan Banda
91. Cam Nominees Bizvest Investment Group
92. Cam Nominees Chiza Jere
93. Cam Nominees Grant Mwenechanya
94. Cam Nominees Mabvuto J. Mukaka
95. Cam Nominees Tedaa Trust

96. Cam Nominees Themba Mzilahowa
97. Cam Nominees A/C Helen C.S. Mkandawire
98. Cam Nominees Abundant Life Investment Trust
99. Cam Nominees Bertha Phingiwe Misomali
100. Cam Nominees Brenald Martin Dzonzi
101. Cam Nominees Chikumbutso Namelo
102. Cam Nominees Dr. Chipiliro Kadzongwe
103. Cam Nominees Eugenio Tebulo
104. Cam Nominees Eunice Itate
105. Cam Nominees Hoka Coaching Centre
106. Cam Nominees Lillian Henriette Thindwa
107. Cam Nominees Mathews Mtumbuka
108. Cam Nominees Michael Malingamoyo
109. Cam Nominees Motha Investment Ltd
110. Cam Nominees Pirira Chirwa Kachiwala
111. Cam Nominees Reuben Kumwenda and Lillian Chirwa
112. Cam Nominees Ronald ITF Ronhenry Tsonga
113. Cam Nominees SMGSS Class of 91 Investors
114. Cam Nominees Tchutchutchu Group
115. Cam Nominees Vanguard Pension Serv Co. SHF
116. Cam Nominees A/C Multi Choice Malawi Ltd PF
117. Cam Nominees A/C CEAR P/F
118. Cam Nominees A/C Central East African Railways
119. Cam Nominees A/C Ethyo Trust
120. Cam Nominees DDD & PC Charitable Trust
121. Cam Nominees Simon Itaye
122. Cam Nominees United General Insurance
123. Cam Nominees A/C Chisomo Katulukira
124. Cam Nominees A/C Rebert Abbey
125. Cam Nominees A/C Sophie Katulukira
126. Cam Nominees A/C Takondwa Katulukira
127. Cam Nominees A/C Abdul Panjwani
128. Cam Nominees A/C Almond Investment Alliance
129. Cam Nominees A/C Anastasia Chirambo
130. Cam Nominees A/C Anne Fletcher
131. Cam Nominees A/C Arnold Hastings Makanda
132. Cam Nominees A/C Aviation Pension Fund
133. Cam Nominees A/C Bena Nkhoma
134. Cam Nominees A/C Benard Mwenebungu
135. Cam Nominees A/C Benedicto and Victoria Nkhoma
136. Cam Nominees A/C Bernard P.P Mwenebungu
137. Cam Nominees A/C Bertha Magwira
138. Cam Nominees A/C Bride Investments
139. Cam Nominees A/C Bywell Blair Chiwoni
140. Cam Nominees A/C CDH Group

141. Cam Nominees A/C CEAR Pension Fund
142. Cam Nominees A/C CHAM Pension Fund
143. Cam Nominees A/C Chatonda Manda
144. Cam Nominees A/C Chaupi Chihana
145. Cam Nominees A/C Chifwayi Chirambo
146. Cam Nominees A/C Chikondi Senzani
147. Cam Nominees A/C Chimwemwe Katulukira
148. Cam Nominees A/C Chisomo Faith Kuyenda
149. Cam Nominees A/C Chiwawa Nkhoma
150. Cam Nominees A/C Chiza Austin Patrick Jere
151. Cam Nominees A/C Christine and Balraj Sharma
152. Cam Nominees A/C Christopher Kapanga
153. Cam Nominees A/C Clement Kayila
154. Cam Nominees A/C Collins Mtambo
155. Cam Nominees A/C Constance Musopole
156. Cam Nominees A/C Continental Unrestricted PF
157. Cam Nominees A/C Daniel Henry Dunga
158. Cam Nominees A/C David ITF Divine Mzandu
159. Cam Nominees A/C Denzio Likungwa
160. Cam Nominees A/C Dr. Chatonda Manda
161. Cam Nominees A/C Dr. Kawaza
162. Cam Nominees A/C Dr. Kondwani Kawazai
163. Cam Nominees A/C Dr. Tilinde Chokotho
164. Cam Nominees A/C Dr. Titha Moses Dzowela
165. Cam Nominees A/C Elias Azele Malion
166. Cam Nominees A/C Elias Banda
167. Cam Nominees A/C Evarista Chafulumira
168. Cam Nominees A/C Faith Kufeyani Daudi
169. Cam Nominees A/C Faith Mzandu
170. Cam Nominees A/C Farida Mendes
171. Cam Nominees A/C Felicite Sazuze
172. Cam Nominees A/C First Street Fund
173. Cam Nominees A/C George Nnensa
174. Cam Nominees A/C Gloria Angella Chingota
175. Cam Nominees A/C Gomezgani Neba
176. Cam Nominees A/C H.H. Hanjahanja
177. Cam Nominees A/C Hariet Mariani
178. Cam Nominees A/C Harold Lungu
179. Cam Nominees A/C Henosis Group Investment Group
180. Cam Nominees A/C Henry Mathanga
181. Cam Nominees A/C Ian Bonongwe
182. Cam Nominees A/C Ida Fatch Suliwa
183. Cam Nominees A/C Ida Suliya
184. Cam Nominees A/C Indira Sharma Surtee Trust
185. Cam Nominees A/C Indiss Trust

CHAIRMAN: ....

186. Cam Nominees A/C Investmates Limited
187. Cam Nominees A/C Isaac Yamikani Chilima
188. Cam Nominees A/C Isabel Kachinjika
189. Cam Nominees A/C J & J Nsamala Trust
190. Cam Nominees A/C James Bwirani
191. Cam Nominees A/C James Mbingwa
192. Cam Nominees A/C John Lino
193. Cam Nominees A/C Jones J Chidothe
194. Cam Nominees A/C Kelvin Mponda
195. Cam Nominees A/C Kenneth Mmadi
196. Cam Nominees A/C Khumbo & Hilda Soko
197. Cam Nominees A/C Kingsley Zulu
198. Cam Nominees A/C Labren Frank Sondhi
199. Cam Nominees A/C Lorraine Chalamba Itf Tavereli
200. Cam Nominees A/C Loyce Merrick
201. Cam Nominees A/C Lucy Nyirenda
202. Cam Nominees A/C Lusizi Mhango
203. Cam Nominees A/C Luvinda General Dealers
204. Cam Nominees A/C Lydia Sauti Phiri
205. Cam Nominees A/C Magetsi Pension Fund
206. Cam Nominees A/C Maja Trust
207. Cam Nominees A/C Major & Fortune Mwawa
208. Cam Nominees A/C Mathias Malunga
209. Cam Nominees A/C Matilda Kachule
210. Cam Nominees A/C Matundu Mbulo Trust
211. Cam Nominees A/C Maxwell Mtupanyama
212. Cam Nominees A/C Mayamiko & Tereza Mtimaukanena
213. Cam Nominees A/C Mayamiko Bazale
214. Cam Nominees A/C Mbiraga Mussa
215. Cam Nominees A/C Mercy Banda
216. Cam Nominees A/C Mercy Kumbatira
217. Cam Nominees A/C Mirrium Chisi
218. Cam Nominees A/C Misheck Esau
219. Cam Nominees A/C Modecai Msisha
22.0 Cam Nominees A/C Monfort Howahowa
221. Cam Nominees A/C Mr. Devanand Manubhai Amin
222. Cam Nominees A/C Mtakati Holdings
223. Cam Nominees A/C Mwiza & Dorica Nkhata
224. Cam Nominees A/C Nginache Nampota
225. Cam Nominees A/C O & A Trust
226. Cam Nominees A/C O And A Trust
227. Cam Nominees A/C Omar Farrok Siddiq
228. Cam Nominees A/C Panja Ziyad Yunus
229. Cam Nominees A/C PCL Pension Fund
230. Cam Nominees A/C Pempho Chalamanda

CHAIRMAN: ....

231. Cam Nominees A/C Peter Maele
232. Cam Nominees A/C Pierre Mhango
233. Cam Nominees A/C Precious Kumbatira
234. Cam Nominees A/C Press Motor Fund
235. Cam Nominees A/C Principal Mdolo
236. Cam Nominees A/C Public Service Pension Trust Fund
237. Cam Nominees A/C Raphael Kamoto
238. Cam Nominees A/C Renee Chikaonda
239. Cam Nominees A/C Robert Abbey
240. Cam Nominees A/C Rowland Imran Masi
241. Cam Nominees A/C Samba Nyirenda Esau
242. Cam Nominees A/C Shadrick Chikusilo
243. Cam Nominees A/C Slyvia Gomes
244. Cam Nominees A/C St. Martins House
245. Cam Nominees A/C Stella Nthara
246. Cam Nominees A/C T H Trust
247. Cam Nominees A/C Takondwa Kausi
248. Cam Nominees A/C Tamandani Mzandu
249. Cam Nominees A/C Temwa Nyirenda
250. Cam Nominees A/C Thokozani Katulukira
251. Cam Nominees A/C Thokozani Mwapasa
252. Cam Nominees A/C Tiwonga Kaluwa
253. Cam Nominees A/C Tiyenkhu Chavula
254. Cam Nominees A/C Tiyezge Matandika
255. Cam Nominees A/C Towera Gondwe Chigwenembe
256. Cam Nominees A/C Udziti Capital
257. Cam Nominees A/C UGI Company Limited
258. Cam Nominees A/C Unrestricted PF
259. Cam Nominees A/C Vanguard Pension Services Company
260. Cam Nominees A/C Vintage Investico Limited
261. Cam Nominees A/C Weston S. Chindebvu
262. Cam Nominees A/C Wezi Kumwenda
263. Cam Nominees A/C Yalenga Likaku
264. Cam Nominees A/C ZMR Investment Group
265. Cam Nominees DDD & PC Charitable
266. Cam Nominees Joline Bapu
267. Cam Nominees A/C David ITF Favour Mzandu
268. Cam Nominees A/C Gillian Nkhalamba
269. Cam Nominees A/C Graham Carr
270. Cam Nominees A/C Khusi Trust
271. Cam Nominees A/C Lillian H. Thindwa
272. Cam Nominees A/C Makhumbo Chikaonda
273. Cam Nominees A/C MUST Gratuity Fund
274. Cam Nominees A/C Pamawa Investments Group
275. Cam Nominees A/C Sam Thunde & Rachel Erickson

276. Cam Nominees A/C Tiwonge Kaluwa
277. Canda Trading & Investments Ltd
278. CDH Asset Mgt A/C Dr. Kondwani Kawaza
279. CDHAM A/C Sazuze ITF Felicite Katrina Sazuze
280. CDHAM A/C MEET
281. CDHAM A/C Shabir Mussa ITF Laaibah S Mussa
282. CDHAM Nominees A/C CEAR Pension Fund
283. CDHAM Nominees A/C Kingsley Zulu

28.1 WELCOME REMARKS

28.1.1 The meeting was called to order at 2:00pm by the Chairman who welcomed all those who attended the meeting.

28.1.2 The meeting observed a minute of silence for Director Willem Swart who passed away on 31st December 2022.

28.2 NOTICE AND QUORUM

28.2.1 The notice of the meeting, which was published in the local papers, was taken as read.

28.2.2 The Secretary confirmed that since there were more than two shareholders present in person or by proxy. The requirements for a quorum set out in Article 60 of the Company's Memorandum and Articles of Association had been fulfilled.

28.3 PROXIES

28.3.1 The Secretary confirmed that **283** instruments of proxy had been received.

28.4 ADOPTION OF AGENDA

28.4.1 The Agenda was adopted without amendment.

28.4.2 The Secretary informed the meeting that notice had not been received of any other business to be transacted at the meeting.

28.5 CONFIRMATION OF THE MINUTES OF THE 27TH ANNUAL GENERAL MEETING HELD ON FRIDAY 1ST JULY 2022

28.5.1 On a proposal of the motion duly seconded and voted on, it was resolved:

28.5.2 **THAT** the Minutes of the 27th Annual General Meeting be confirmed as a correct record of the proceedings thereat.

28.6 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022 AND THE DIRECTORS' AND AUDITORS' REPORTS THEREON

28.6.1 The audited Financial Statements and the Directors' and Auditors' Reports for the year ended 31st December 2022 were presented.

28.6.2 On a proposal of the motion duly seconded and voted on, it was resolved:

28.6.2.1 **THAT** the Financial Statements for the year ended 31st December 2022 together with the Reports of the Directors and Auditors thereon as presented at the meeting be adopted.

28.7 DECLARATION OF DIVIDEND

28.7.1 During the year ended 31st December 2022 no interim dividend was declared as recommended by the Directors.

28.7.2 On a proposal of the motion duly seconded and voted on with 1 abstaining, it was resolved:

28.7.2.1 **THAT** upon the recommendation of the Directors no final dividend be declared in respect of the year ended 31st December 2022.

28.8 RE-APPOINTMENT OF AUDITOR

28.8.1 Deloitte had indicated its willingness to continue to act as Auditors to the Company.

28.8.2 On a proposal of the motion duly seconded and voted on with 8 votes against and 1 abstaining, it was resolved:

28.8.2.1 **THAT** having agreed to act as Auditors, Deloitte, Chartered Accountants, be re-appointed Auditors to the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorized to fix the remuneration of the Auditors.

28.9 DIRECTORS' APPOINTMENTS, RE-ELECTION AND RETIREMENT

28.9.1 APPOINTMENT OF MR. TOBIAS JACK AS DIRECTOR
To confirm the appointment of Mr. Tobias Jack who was co-opted during the year to fill a casual vacancy. His qualifications and experience were set out in the notice of the meeting.

28.9.1.1 On a proposal of the motion duly seconded and voted on it was resolved:

28.9.1.2 **THAT** Mr. Tobias Jack who was co-opted during the year to fill a casual vacancy, be and is hereby appointed a Director.

28.9.2 APPOINTMENT OF DR. RONALD MANGANI AS DIRECTOR
To confirm the appointment of Dr. Ronald Mangani who was co-opted to fill a casual vacancy. Dr. Ronald Mangani's qualifications and experience were set out in the notice of the meeting.

28.9.2.1 On a proposal of the motion duly seconded and voted on, it was resolved:

28.9.2.2 **THAT** Dr. Ronald Mangani who was co-opted to fill a casual vacancy, be and is hereby appointed a Director.

28.9.3 RE-ELECTION OF DR. LYTON CHITHAMBO AS DIRECTOR
Dr. Lyton Chithambo who retires by rotation in terms of Article 21 of the Articles of Association, but being eligible has offered himself for re-election.

28.9.3.1 On a proposal of the motion duly seconded and voted on, it was resolved:

28.9.3.1.2 **THAT** Dr. Lyton Chithambo, who retires by rotation in terms of Article 21 of the Articles of Association, but being eligible and offered himself for re-election be and is hereby re-elected as Director.

28.9.4 RE-ELECTION OF MR. KHUMBO PHIRI AS DIRECTOR
Mr. Khumbo Phiri, who retires by rotation in terms of Article 21 of the Articles of Association, but being eligible has offered himself for re-election**.**

28.9.4.1 On a proposal of the motion duly seconded and voted on, it was resolved:

28.9.4.2 **THAT** Mr. Khumbo Phiri a Director who retires by rotation and being eligible and offered himself for re-election, be and is hereby re-elected as Director.

28.10. APPROVAL OF THE NON- EXECUTIVE DIRECTORS' REMUNERATION

28.10.1 On a proposal of the motion duly seconded and voted on, it was resolved:

28.10.1.1 **THAT** Annual Retainer Fees for the Chairman of the Board of Directors, the Chairpersons of the Board Committees and other Non-Executive Directors with effect from 1st July 2023 be and is hereby maintained as follows:

28.10.1.1.1 Annual Retainer Fees (MK)
Chairman of Board of Directors: 10,164,000 (2022: 10,164,000) per annum
Chairman of Board Committees: 8,954,000 (2022: 8,954,000) per annum
Other Non-Executive Directors: 8,119,100 (2022: 8,119,100) per annum

28.10.2 On a proposal of the motion duly seconded and voted on, it was resolved:

28.10.2.1 **THAT** the meeting attendance fees for the Chairman of the Board of Directors, Chairpersons of the Board Committees and other Non-Executive Directors with effect from 1st July 2023 be and is hereby maintained as follows:

28.10.2.1.1 Meeting Attendance Fees (MK)
Chairman of the Board of Directors: 850,300 (2022: 850,300) per sitting
Chairman of the Board Committees: 774,400 (2022: 774,400) per sitting
Other Non-Executive Directors: 689,700 (2022: 689,700) per sitting

28.11 ANY OTHER BUSINESS/CLOSURE
As there was no further business to discuss for which prior notice had been given the meeting was declared closed at **16:22 hours**.

CONFIRMED AS CORRECT

MR. TED SAUTI – PHIRI

Dated: ……………….

Dear shareholder,
Should you opt to be emailed the Annual Report Booklet,
please send your request to
tnmshareholders@natbankmw.com

Proxy form

Form of Proxy for the 29th Annual General Meeting [AGM] of Telekom Networks Malawi Plc.

I/We .... [Name in block letters]

Of .... [Address]

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

Number of votes

[1 share = 1 vote]

Do hereby appoint

1. .... of ....
[Or failing him/her]

2.. of..
[Or failing him/her]

3. The Chairperson of the meeting

as my/our proxy to vote for me/us or on my/our behalf at the Annual General Meeting of the company to be held on

Tuesday 23rd July 2024 at 14:00hrs at Mount Soche Hotel and at any adjournment thereof as follows: -

Agenda item			Mark with an 'X' where applicable		
			In favour	Against	Abstain
1.	Approval of Minutes of the 28th AGM		☐	☐	☐
2.	Adoption of the 2023 financial statements		☐	☐	☐
3.	Declaration of final dividend		☐	☐	☐
4.	Re-appointment of Deloitte as Auditors for the financial year 2024		☐	☐	☐
5.	Directors' appointment and re-election				
	5.1	To confirm the appointment of Mr. Gerald Mayamiko Chungu who was co-opted during the year to fill a casual vacancy	☐	☐	☐
	5.2	Re-election of the following Directors;			
	5.2.1	To re-elect Mr. Ted Sauti-Phiri	☐	☐	☐
	5.2.2	To re-elect Ms. Madalo Nyambose	☐	☐	☐
6.	Approval of Directors' remuneration				
	6.1	Annual Fees	☐	☐	☐
	6.1.2	Sitting Allowances	☐	☐	☐
7.	Other Business		☐	☐	☐

Signed at .... on this .... day of 2024

Signature ....
Assisted by me [where applicable] [see Note 3] ....
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 to attend, speak and vote in his/her/its stead. A proxy need not be a member of the company.
2. If this proxy form is returned without any indication as to how the proxy 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 5th Floor, Livingstone Towers, Glyn Jones Road, P O Box 3039, Blantyre, Malawi or the Transfer Secretaries National Bank of Malawi Transfer Secretaries Section, Legal Department, NBM Towers, 7 Henderson Street, P.O Box 945, Blantyre, Malawi by no later than 14:00hrs on 16th July 2024.
6. The delivery of a duly completed proxy form shall not preclude any member or his/her/its duly authorised representative from attending the meeting, 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, and whose name is not deleted, shall be regarded as the validly appointed proxy.

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