

AIRTEL MOBILE COMMERCE LIMITED

Annual Report and Financial Statements for the year ended
31 December 2024

AIRTEL MOBILE COMMERCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2024

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AIRTEL MOBILE COMMERCE LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2024

The directors have pleasure in presenting to members audited financial statements for the year ended 31 December 2024 and report thereon as follows:

1. REVIEW OF ACTIVITIES

Main Business and Operations

Airtel Mobile Commerce Limited was incorporated under the Companies Act 1984 as repealed by the Companies Act 2013.

The principal activity of the Company is to provide mobile commerce services through the Airtel Money infrastructure.

Operations

The company continues to show growth in its customers with 13.9% year on year growth and ending with a total of 5.4 million customers. During the year the company added a total of 0.66 million new customers into its Ecosystem.

The company's revenue continues to grow strong with 64.0% year on year growth on the back of Cash Out revenue and bill/merchant payments revenue which grew by 61.3% and 102.7% respectively. Profit after tax increased by K18 515 million from K34 865 to K53 380. The transaction values have increased by 87.2% from 1,141 billion to 2,136 billion year on year providing the basis of the revenue growth.

2. AUTHORISED AND ISSUED SHARE CAPITAL

Authorized, issued and fully paid:

	<u>2024</u>	<u>2023</u>
Ordinary shares of K1 each	50 000 000	50 000 000

The shareholding of the Company as at 31 December 2024 is as stated below:-

Name of Share Holder	No. of Shares	% of Shareholding
Airtel Mobile Commerce B.V.	49 999 999	99.9999%
Airtel Mobile Commerce Holdings B.V.	<u>1</u>	<u>0.001%</u>
	<u>50 000 000</u>	<u>100%</u>

3. GOVERNANCE

The Board of Directors consists of one executive director and five non-executive directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

AIRTEL MOBILE COMMERCE LIMITED
DIRECTORS' REPORT (Continued)
For the year ended 31 December 2024

4. DIRECTORS

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

Name	Residence	Nationality	Effective date
Mr. Frank Mvalo**	Malawian	Malawian	Full year
Mr. Vimal Kumar Ambat**	South Africa	Indian	Full year
Mr. Isaac Nchunda**	Tanzania	Tanzanian	Up to 22 nd March 2024
Ms. Barbara Barungi**	Nigeria	Ugandan	Full year
Mrs. Cihan A. Seuleiman-Morgan**	UAE	French	Full year
Mrs. Thokozani Kamkondo*	Malawi	Malawian	Full year
Mr. Andrew Rugamba**	Tanzania	Ugandan	From 1 st July 2024

*Executive Director **Non-Executive Director

5. COMPANY SECRETARY

The company secretary of the Company is Miss. Chifundo Cecilia Mphwina since 6th December 2024.

6. FINANCIAL PERFORMANCE

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

	<u>2024</u>	<u>2023</u>
	<u>K'000</u>	<u>K'000</u>
Revenue	164 293 812	100 139 443
Profit before tax	85 655 087	49 841 779
Income tax expenses	(32 275 340)	(14 976 878)
Profit for the year	<u>53 379 747</u>	<u>34 864 901</u>

7. RESERVES

Details of the reserves of the company are shown in the statement of changes in equity on page 10.

8. DIVIDENDS

The company has not declared dividend during the year ended 31 December 2024 (2023 : Nil).

AIRTEL MOBILE COMMERCE LIMITED
DIRECTORS' REPORT (Continued)
For the year ended 31 December 2024


9. **GOING CONCERN**

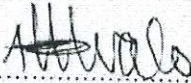
In accordance with their responsibilities, the directors considered the appropriateness of the going concern basis for the preparation of the financial statements.

The company recorded a profit after tax for the year ended 31 December 2024 of K53.4 billion (2023: K34.9 billion) and, as at that date, the company had current liabilities of K136.6 billion (2023: K93.6 billion) against current assets of K240.2 billion (2023: K145.8 billion). The company as at 31 December 2024 was in net current assets position of K103.6 billion (2023: K52.2 billion). The directors determined that the financial statements should be prepared on a going concern basis.

10. **AUDITORS**

The auditors, Deloitte, have signified 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 2025.


.....
Mrs Thokozani Kamkondo (Director)


.....
Mr Frank Mvalo (Director)

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2024

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

The Directors are responsible for the preparation and fair presentation of the financial statements of Airtel Mobile Commerce Limited, comprising the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policy information and other explanatory notes, in accordance with IFRS® Accounting standards, IAS 29 directive as issued by the Institute of Chartered Accountants in Malawi, and in the manner required by the Companies Act.


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

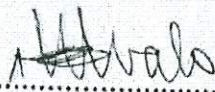
In preparing the financial statements the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of material accounting policy information and consistent application thereof;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results and cash flows for the year ended 31 December 2024.


.....) Mrs. Thokozani Kamkondo (Director)


.....) Mr. Frank Mvalo (Director)

29-Mar-2025 Date

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Airtel Mobile Commerce Limited

Opinion

We have audited the financial statements of Airtel Mobile Commerce Limited (the Company), set out on pages 8 to 43, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act 2013.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) (including International Independence Standards) together with the ethical requirements that are relevant to performing audits of financial statements in Malawi. We have fulfilled our 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.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Statement of Directors' Responsibilities as required by the Companies Act which we obtained prior to the date of this auditor's report. 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 will 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.



Other Information (Continued)

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

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

A handwritten signature in cursive script that reads "Deloitte".


Chartered Accountants
Christopher Kapenda
Partner

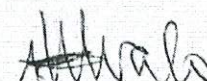
29 March 2025

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	As at 31 December <u>2024</u> K'000	As at 31 December <u>2023</u> K'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	4 676 005	3 418 896
Intangible assets	6	180 943	367 342
Deferred tax asset	7	2 311 985	1 550 473
Other non-current assets	8	10 004	-
		<u>7 178 937</u>	<u>5 336 711</u>
Current assets			
Inventories	11	-	616 000
Trade and other receivables	12	4 353 894	3 472 987
Other current assets	14	978 140	357 974
Cash and cash equivalents	15	132 679 493	84 872 785
Balance held under mobile money trust	16	102 226 563	56 479 209
Total current assets		<u>240 238 090</u>	<u>145 798 955</u>
Total assets		<u>247 417 027</u>	<u>151 135 666</u>
EQUITY AND LIABILITIES			
Share capital		50 000	50 000
Retained earnings		110 913 761	57 534 014
Total shareholder's equity		<u>110 963 761</u>	<u>57 584 014</u>
Current liabilities			
Mobile money wallet balance	17	102 226 563	56 479 209
Trade and other payables	18	15 229 765	12 958 170
Dividend payable	27	9 072 362	18 812 408
Income tax payable	19	9 924 576	5 301 865
Total current liabilities		<u>136 453 266</u>	<u>93 551 652</u>
Total equity and liabilities		<u>247 417 027</u>	<u>151 135 666</u>

The financial statements on pages 8 to 43 were approved and authorised for issue by the Board of Directors on 26 March 2025 and signed on its behalf by:


Mrs. Thokozani Kamkondo (Director)


Mr Frank Mvalo (Director)

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

		For the year ended 31 December 2024 K'000	For the year ended 31 December 2023 K'000
Income			
Operating revenue	20	164 251 640	100 139 443
Other income		42 172	-
		164 293 812	100 139 443
Expenses			
Sales and distribution		(67 833 367)	(40 185 230)
License fee		(5 748 807)	(3 507 022)
Other expenses	21	(10 587 091)	(7 049 835)
Depreciation and amortisation	26	(1 926 674)	(1 598 109)
Impairment loss	13	25 529	99 901
		(86 070 410)	(52 240 295)
Operating profit		78 223 402	47 899 148
Foreign exchange loss	22	(672 176)	(2 451 678)
Finance costs	24	(377 727)	(42 268)
Finance income	23	8 481 588	4 437 577
Profit before tax		85 655 087	49 841 779
Income tax expense	25	(32 275 340)	(14 976 878)
Profit and total comprehensive income for the year		53 379 747	34 864 901

There were no items in other comprehensive income for the year (2023 : nil)

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Share capital	Retained earnings	Total
	K'000	K'000	K'000
Year ended 31 December 2024			
At the beginning of the year	50 000	57 534 014	57 584 014
Total comprehensive income for the period ended	-	53 379 747	53 379 747
Balance at 31 December 2024	50 000	110 913 761	110 963 761
Year ended 31 December 2023			
At the beginning of the year	50 000	22 669 113	22 719 113
Total comprehensive income for the year	-	34 864 901	34 864 901
Balance at 31 December 2023	50 000	57 534 014	57 584 014

	2024	2023
	K'000	K'000
Issued and fully paid:		
50 000 000 (2023: 50 000 000) ordinary shares of K1 each	50 000	50 000

The Company has equity shares having par value of K1 per share. Each holder of ordinary shares is entitled to one vote per share and carry a right to dividends.

Accounting policies and notes to the financial statements set out on pages 12 to 43 form an integral part of the financial statements.

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	For the year ended 31 December <u>2024</u> K'000	For the year ended 31 December <u>2023</u> K'000
Cash flows from operating activities			
Profit Before taxation		85 655 087	49 841 779
Adjustments for:			
Depreciation & amortization	26	1 926 674	1 598 109
Unrealised exchange (gains)/losses	22	(282 770)	870 928
Finance income	23	(8 481 588)	(4 437 577)
Finance cost	24	377 727	43 268
Operating cash flow before working capital changes		79 195 130	47 916 507
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(880 907)	(14 818)
Decrease/(increase) in inventory		616 000	(616 000)
Increase in other current assets		(630 170)	51 340
Increase in trade and other payables		1 952 550	3 884 570
Increase in mobile money wallet balances		45 747 354	14 298 129
Net cash generated from operations before tax		125 999 957	65 519 728
Income tax paid	19	(28 414 141)	(13 516 294)
Net cash generated from operating activities		97 585 816	52 003 434
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	9	(2 395 569)	(2 610 436)
Interest received	23	8 481 588	4 437 577
Net cash generated from investing activities		6 086 019	1 827 141
Cash flows from financing activities			
Finance cost	24	(377 727)	(43 268)
Dividends paid	27	(9 740 046)	(5 937 592)
Net cash used in financing activities		(10 117 773)	(5 980 860)
Net increase in cash & cash equivalents		93 554 062	47 849 715
Cash & cash equivalents at the beginning of the year		141 351 994	93 502 279
Cash & cash equivalents as at end of the period	16	234 906 056	141 351 994

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

1. Corporate information

Airtel Mobile Commerce Limited (the 'company') was incorporated under the Companies Act 1984 as repealed by the Companies Act 2013.

The principal activity of the Company is to provide mobile commerce services through the Airtel Money infrastructure.

Registered office and place of business

Airtel Mobile Commerce Limited,
Mera Complex, City Centre,
Off Convention Drive,
P.O Box 126, Lilongwe, Malawi

Ultimate controlling entity

Bhari Enterprises (Holding) Private Limited, it is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the company

Bankers

National Bank of Malawi P.O Box 30317, Lilongwe 3
NBS Bank P.O Box 829, Lilongwe
FDH Bank P.O Box 30432, Lilongwe3
FCB Private Bag 122, Blantyre
Standard Bank PO Box 30386, Capital City, Lilongwe
Ecobank P.O. Box 2980, Lilongwe
CDH bank P.O. Box 30545, Lilongwe3
Centenary Bank P.O. Box 31567, Lilongwe 3

2. Application of new and revised IFRS Accounting Standards

2.1 New and amended Standards that are effective for the current year

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

2. Application of new and revised IFRS Accounting Standards (Continued)

2.1 New and amended Standards that are effective for the current year (Continued)

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants (Continued)

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

2.2 New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Standard or amendment	Description	Effective date
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
Amendments to IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments IFRS 9 and IFRS 7	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
Annual IFRS improvement Volume 11	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

2. Application of new and revised IFRS Accounting Standards (Continued)

2.2 New and revised standards in issue but not yet effective (Continued)

Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Directors of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods.

Lack of Exchangeability (Amendments to IAS 21)

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:

- **Specify when a currency is exchangeable into another currency and when it is not** — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- **Specify how an entity determines the exchange rate to apply when a currency is not exchangeable** — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- **Require the disclosure of additional information when a currency is not exchangeable** — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

The amendments to IAS 21 are effective for accounting periods beginning on or after 1 January 2025 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

2. **Application of new and revised IFRS Accounting Standards (Continued)**

2.2 **New and revised standards in issue but not yet effective (Continued)**

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The International Accounting Standards Board (IASB) has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'.

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

The amendments to IFRS 9 and IFRS 7 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11

The IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11

Standard	The amendment
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.

The annual improvement volume 11 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

3. Material accounting policy information

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

3.1 Statement of compliance

Compliance with IFRS - These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants Malawi (ICAM) and in the manner required by the Companies Act.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies 3.12 below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price at the measurement date at which an asset can be sold, or the price paid to transfer a liability in an orderly transaction between market participants.

The Company is required to classify the fair valuation method of the financial/non-financial assets and liabilities either measured or disclosed at fair value in the financial statements using a three-level fair value hierarchy (which reflects the significance of inputs used in the measurement of fair value). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs..

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

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

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

3. Material accounting policy information (Continued)

3.3 Use of estimates and judgments

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

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

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

3.4 Revenue

Revenue arises from billing customers for P2P (person to person offnet) transactions; cash out (withdrawal) transactions, Airtel Money to bank transactions, collections of funds for customers purchasing goods and services using Airtel Money and commissions on sale of airtime and business revenue arising from bulk payment transactions. Such commissions are recognised as revenue at a point in time on fulfillment of these services by the Company.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transactions have been resolved.

Revenue is measured at the fair value of the consideration received for the provision of services in the ordinary course of the company's activities. Revenue is shown net of value-added tax (VAT), excise duties, discount and rebates.

Interest income

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

3. Material accounting policy information (Continued)

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

All repairs and maintenance expenditure is expensed as incurred unless it is deemed probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company, in which case it is added to the carrying amount of the asset.

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

- Computer equipment	3- 5 years
- Furniture and fixtures	1- 5 years

The company re-assesses both the useful lives and residual lives of the assets annually. Any future changes in either useful lives or estimated residual values are accounted for prospectively as a change in accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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

Plant and equipment in the course of construction is carried at cost, less any accumulated impairment and presented separately as capital work-in-progress ("CWIP") including capital advances in the statement of financial position until capitalised. Such cost comprises of purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost. Work in progress is not depreciated.

3.6 Intangible assets

The company's intangible asset comprises of mobility licenses. These are recognised as an asset when it is probable that future economic benefits from the asset will flow to the entity and the cost of the license can be reliably measured.

Licenses are initially measured at cost and subsequently amortised on a straight-line basis over their useful lives. Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation periods are reviewed annually and adjusted prospectively as required. Gains or losses arising from derecognition of licenses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Licenses are amortised over period of the licence of 1 to 5 years.

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 policy information (Continued)**

3.7 **Impairment of non-financial assets**

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

When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise 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 assets for which the estimates of future cash flows have not been adjusted.

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

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

3.8 **Taxation**

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Material accounting policy information (Continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's 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 goodwill or from the initial recognition (other than in a business combination) of other 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 initial recognition of goodwill.

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

Deferred tax assets and liabilities are 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 company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the year

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

3. Material accounting policy information (Continued)

3.9 Functional currency translations

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using Malawi Kwacha, the functional currency of the primary economic environment in which the entity operates. The financial statements are presented in Malawi Kwacha, which is the entity's functional and presentation currency.

(b) Transactions and balances

Transactions in currencies other than Malawi Kwacha are initially recorded at the rates of exchange ruling on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.10 Share capital and share premium

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

3.11 Statement of cash flows

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

3.12 Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when 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. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

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. Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3.12.3. Amortised cost and effective interest method

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.3. Amortisation cost and effective method (Continued)

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

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

3.12.4 Foreign exchange gains and losses

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

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.5 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. 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 Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company'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.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3.12.5.1. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

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

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

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.5.1. Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

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

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

3.12.5.2. Definition of default

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

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

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.5.3. Credit-impaired financial assets

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

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

3.12.5.4. Write off Policy

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

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.12.5.5. Measurement and recognition of expected credit losses

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

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

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

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.5.5. Measurement and recognition of expected credit losses (Continued)

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

3.12.5.6. Derecognition of financial assets

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

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

3.13 Financial liabilities and equity instruments

3.13.1 Classification as debt or equity

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

3.13.2 Equity instruments

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

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

3. Material accounting policy information (Continued)

3.13 Financial liabilities and equity instruments (Continued)

3.13.3 Financial liabilities

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

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

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

3.13.4 Financial liabilities at FVTPL

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

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

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

3.13.5 Foreign exchange gains and losses

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

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

3.13.6 Derecognition of financial liabilities

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

3. Material accounting policy information (Continued)

3.14 Provisions

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

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

3.15 Contingencies

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

3.16 Cash and cash equivalents

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

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical accounting judgements made by management

In the application of the Company'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

Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and 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. 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.

AIRTEL MOBILE COMMERCE LIMITED
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For the year ended 31 December 2024

5. Property, Plant and equipment

	<u>Office equipment K'000</u>	<u>Computer equipment K'000</u>	<u>Furniture K'000</u>	<u>Capital work in progress K'000</u>	<u>Total K'000</u>
<u>For the Year ended 31 December 2024</u>					
<u>Cost</u>					
At the beginning of the year	-	1 110 293	5 259 723	130 108	6 500 124
Additions during the year	53 961	1 854 604	365 021	723 798	2 997 384
At the end of the year	53 961	2 964 897	5 624 744	853 906	9 497 508
<u>Accumulated depreciation</u>					
At the beginning of the year	-	204 352	2 876 876	-	3 081 228
Charge for the year	6 956	530 350	1 202 969	-	1 740 275
At the end of the year	6 956	734 702	4 079 845	-	4 821 503
NBV 31 December 2024	47 005	2 230 195	1 544 899	853 906	4 676 005
NBV 31 December 2023	-	905 941	2 382 847	130 108	3 418 896
	<u>Office equipment K'000</u>	<u>Computer equipment K'000</u>	<u>Furniture K'000</u>	<u>Capital work in progress K'000</u>	<u>Total K'000</u>
<u>For the Year ended 31 December 2023</u>					
<u>Cost</u>					
At the beginning of the year	-	159 787	4 059 306	935 027	5 154 120
Additions during the year	-	-	-	1 531 164	1 531 164
Transfers to plant and equipment	-	950 506	1 200 417	(2 150 923)	-
Transfers to Intangible assets	-	-	-	(185 160)	(185 160)
At the end of the year	-	1 110 293	5 259 723	130 108	6 500 124
<u>Accumulated depreciation</u>					
At the beginning of the year	-	103 327	1 557 635	-	1 660 962
Charge for the year	-	101 025	1 319 241	-	1 420 266
At the end of the year	-	204 352	2 876 876	-	3 081 228
NBV 31 December 2023	-	905 941	2 382 847	130 108	3 418 896
NBV 31 December 2022	-	56 460	2 501 671	935 027	3 493 159

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

6. **Intangible assets**

	<u>2024</u> <u>License</u> K'000	<u>2023</u> <u>License</u> K'000
<u>Cost</u>		
At the beginning of the year	1 466 360	1 281 200
Additions	-	185 160
At the end of the year	<u>1 466 360</u>	<u>1 466 360</u>
<u>Amortisation</u>		
At the beginning of the year	1 099 018	921 175
Charge for the year	186 399	180 929
Transfers from plant and equipment	-	(3 086)
At the end of the year	<u>1 285 417</u>	<u>1 099 018</u>
Net book value at the end	<u>180 943</u>	<u>367 342</u>

7. **Deferred tax asset**

	<u>2024</u> K'000	<u>2023</u> K'000
At the beginning of the year	1 550 473	754 065
Credit to income statement (note 25)	761 512	796 408
At the end of the year	<u>2 311 985</u>	<u>1 550 473</u>
Analysed as:		
Accelerated capital allowances	(175 310)	24 345
Other timing differences	2 487 295	1 526 128
	<u>2 311 985</u>	<u>1 550 473</u>

8. **Other non-current assets**

	<u>2024</u> K'000	<u>2023</u> K'000
Security Deposit	10 004	-
Total other non-current assets	<u>10 004</u>	<u>-</u>

Rental security deposit related to Airtel Money Commerce registered office which was paid in Sep'24.

9. **Equipment supply payables**

	<u>2024</u> K'000	<u>2023</u> K'000
At the beginning of the year	(174 707)	904 565
Purchase made during the year (note 5)	2 997 384	1 531 164
Payment made during the year	(2 395 569)	(2 610 436)
At the end of the year	<u>427 108</u>	<u>(174 707)</u>

Equipment supply payables included in Trade and other payables note 18.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

10. Related party disclosures

10.1 Amounts due from related parties

Name of the related party	Country of incorporation	Relationship	<u>2024</u> K'000	<u>2023</u> K'000
Airtel Mobile Commerce Zambia Ltd	Zambia	Fellow subsidiary	98 355	57 972
Airtel Money Transfer Limited	Kenya	Fellow subsidiary	65 051	47 606
Airtel Mobile Uganda Limited	Uganda	Fellow subsidiary	2 760	-
Airtel Mobile Commerce Rwanda Ltd	Rwanda	Fellow subsidiary	70 726	52 615
Totals as disclosed in note 12			<u>236 892</u>	<u>158 193</u>

10.2 Amounts due to related parties

Name of the related party	Country of incorporation	Relationship	<u>2024</u> K'000	<u>2023</u> K'000
Airtel Malawi Plc.	Malawi	Fellow subsidiary	977 193	465 421
Airtel Mobile Tanzania Limited	Tanzania	Fellow subsidiary	2 382 184	2 607 439
Airtel Mobile Uganda Limited	Uganda	Fellow subsidiary	-	148 490
Airtel Mobile Commerce BV	Dubai	Parent Company	4 425 049	3 247 351
Totals as disclosed in note 18			<u>7 784 426</u>	<u>6 468 701</u>

10.3 Related party transactions

10.31 Sales of goods and services

Name of related party	Country of incorporation	Relationship	<u>2024</u> K'000	<u>2023</u> K'000
Airtel Malawi PLC	Malawi	Fellow subsidiary	28 391 999	18 167 180
Airtel Mobile Commerce Zambia Ltd	Zambia	Fellow subsidiary	1 077 945	1 421 077
Airtel Mobile Commerce Rwanda Ltd	Rwanda	Fellow subsidiary	16 281	11 506
Airtel Uganda Limited	Uganda	Fellow subsidiary	196 466	104 668
Airtel Mobile Transfer Limited-Kenya	Kenya	Fellow subsidiary	104 593	43 082
Airtel Mobile Tanzania Limited	Tanzania	Fellow subsidiary	300 743	123 240
			<u>30 088 027</u>	<u>19 870 753</u>

10.32 Purchase of goods and services

Name of related party	Country of incorporation	Relationship	<u>2024</u> K'000	<u>2023</u> K'000
Airtel Malawi PLC	Malawi	Fellow subsidiary	3 829 166	2 517 921
Airtel Mobile Commerce B.V.	Dubai	Intermediate parent	2 449 495	1 826 539
			<u>6 278 661</u>	<u>4 344 460</u>

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

11. Inventory

	<u>2024</u>	<u>2023</u>
	K'000	K'000
At the beginning of the year	616 000	-
Purchased during the year	-	616 000
Consumed during the year	(616 000)	-
At the end of the year	<u>-</u>	<u>616 000</u>

Inventory consists of 40 000 KGTel K2160 phones procured from New Touch of Class at the value of K 616 000 000 on 23 October 2023. The phones were bought under contract with Malawi government for distribution to beneficiaries under Social Support Resilient Livelihood project these were distributed in 2024 and they were therefore, held in inventory in 2023.

12. Trade and other receivables

	<u>2024</u>	<u>2023</u>
	K'000	K'000
Trade receivables	166 755	140 040
Less: provision for impairment losses	(28 787)	(34 287)
	<u>137 968</u>	<u>105 753</u>
Amount due from related parties (note 10.1)	236 892	158 193
Other receivables	3 979 034	3 209 041
	<u>4 353 894</u>	<u>3 472 987</u>

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables.

The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance.

Moreover, trade receivables are written off on a case to case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

Other receivables majorly includes prefunding towards purchase of e-token from partner.

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

	<u>2024</u>	<u>2023</u>
	K'000	K'000
At the beginning of the year	34,287	159,151
Net loss allowance made	(5,500)	(124,864)
Total	<u>28,787</u>	<u>34,287</u>

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

	<u>2024</u>	<u>2023</u>
	K'000	K'000
Current year expected credit losses	(5,500)	(124,864)
Others reversal	(20,029)	24,963
Charged to statement of comprehensive income	<u>(25,529)</u>	<u>(99,901)</u>

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

14. Other current assets

	<u>2024</u>	<u>2023</u>
	K'000	K'000
Prepayments	365 507	37 873
Interest accrued on investments	24 376	139 827
Advance to supplier (net)	322 719	1 080
Tax recoverable	180 795	120 768
Others (net)	84 743	58 426
	<u>978 140</u>	<u>357 974</u>

Prepayments related to amount that the company paid in advance for various services such advance related to Kiosk rental, offices rental and other vendors.

15. Cash and cash equivalents

	<u>2024</u>	<u>2023</u>
	K'000	K'000
Balance with Banks		
Current bank accounts	121 935 573	14 950 557
Bank deposits	6 900 097	66 775 864
Cash in hand	3 843 823	3 146 364
Total	<u>132 679 493</u>	<u>84 872 785</u>

The balances on current accounts with Ecobank Malawi Limited and Standard Bank of Malawi plc and were earning interest between 0%-7% in 2024 (2023: 0.8% - 7%) per annum. The bank deposits are with Ecobank Malawi Limited and National Bank of Malawi plc and were earning interest between 20%-23.5% per annum (2023: 9-18%).

The carrying amount of cash and cash equivalents of K132.7 billion (2023: K84.3 billion) is a reasonable approximation of their fair values.

16. Balance held under mobile money wallet

	<u>2024</u>	<u>2023</u>
	K'000	K'000
Trust bank balance	<u>102 226 563</u>	<u>56 479 209</u>

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

16. Balance held under mobile money wallet (Continued)

The amounts held by Airtel Money electronic value (E-value) account holders in their mobile money wallets are presented separately in the statement of financial position as 'Mobile Money wallet trust'. The amounts held in bank on behalf of such E-value account holders are restricted for use by the Company and are presented as 'Balance held under mobile money trust'. Funds held on behalf of customers are held on bank accounts bearing an average interest rate of 6.2% (2023: 6.2%)

In terms of clauses 11 and 12 of the 'No objection for full roll out of Airtel money services granted by the Reserve Bank of Malawi, dated 27 July 2011, the Company maintains separate bank accounts. The Company and Airtel Malawi plc including any other agents do not access the bank accounts for their benefit.

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

	<u>2024</u>	<u>2023</u>
	K'000	K'000
Current bank accounts	121 935 573	14 950 557
Bank Deposits	6 900 097	66 775 864
Cash in hand	3 843 823	3 146 364
Mobile Money wallet trust	102 226 563	56 479 209
Cash and cash equivalents at the end of the year	<u>234 906 056</u>	<u>141 351 994</u>

17. Mobile money wallet balance

	<u>2024</u>	<u>2023</u>
	K'000	K'000
Balance due to mobile money customers	<u>102 226 563</u>	<u>56 479 209</u>

This represents funds held in trust accounts on behalf of E-value holders which are not available for use by the company for its activities.

18. Trade and other payables

	<u>2024</u>	<u>2023</u>
	K'000	K'000
Trade payable	682 995	294 003
Amount due to related parties (note 10.2)	7 784 426	6 468 701
Other payables	3 505 404	6 195 466
Other taxes payable	3 256 940	-
	<u>15 229 765</u>	<u>12 958 170</u>

The average credit period on payables is 60 days. No interest is charged on these payables. The other payables comprise accrued expense, accrued audit fees and equipment supply payables (note 9). The directors consider that the carrying amount of payables approximates to their fair values due to their short term nature.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

19. Income tax payable

	<u>2024</u> K'000	<u>2023</u> K'000
Balance at the beginning of the year	5 301 865	3 044 873
Withholding tax paid during the year	(2 671 376)	(1 253 405)
Provisional tax paid during the year	(23 765 088)	(9 309 572)
Provisional tax paid for prior year	(1 977 677)	(2 953 317)
Charge for the year (note 25)	33 036 852	15 773 286
Income Tax payable	<u>9 924 576</u>	<u>5 301 865</u>

20. Operating revenue

	K'000	K'000
Transaction charge on cash withdrawals	108 367 903	65 416 603
Other fees & charges	37 519 802	23 338 172
Airtime recharge transaction fees	16 571 080	10 011 492
Merchant collection service fees	1 792 855	1 373 176
	<u>164 251 640</u>	<u>100 139 443</u>

Other fees and charges includes bank transfer service fees, service fees on international money transfers

21. Other expenses

	<u>2024</u> K'000	<u>2023</u> K'000
IT expenses	2 323 941	1 306 088
Legal and professional	4 381 531	2 934 126
Auditors' remuneration	204 394	106 449
Salaries and wages	947 121	692 362
Customer service expenses	524 772	330 751
Staff welfare expenses	205 117	210 468
Marketing and advertisement	1 184 942	805 281
Administration expenses	815 273	664 310
	<u>10 587 091</u>	<u>7 049 835</u>

Auditor's remuneration for the year ended 31 December 2024 includes K137 million (2023: K110 million) for internal audit services paid to Ernst & Young LLP.

22. Net foreign exchange loss

	<u>2024</u> K'000	<u>2023</u> K'000
Realised exchange gain	-	(29 081)
Realised exchange loss	954 946	1 609 831
Unrealised exchange gain	(282 770)	(1 115 113)
Unrealised exchange loss	-	1 986 041
Net foreign exchange loss	<u>672 176</u>	<u>2 451 678</u>

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

23. Finance income

<u>2024</u>	<u>2023</u>
<u>K'000</u>	<u>K'000</u>
Interest income	
8 481 588	4 437 577
<u>8 481 588</u>	<u>4 437 577</u>

24. Finance cost

<u>2024</u>	<u>2023</u>
<u>K'000</u>	<u>K'000</u>
Bank charges	
377 727	43 268
<u>377 727</u>	<u>43 268</u>

25. Income tax expense

<u>2024</u>	<u>2023</u>
<u>K'000</u>	<u>K'000</u>
Current income tax charge (note 19)	
33 036 852	15 773 286
Deferred tax (note 7)	
(761 512)	(796 408)
<u>32 275 340</u>	<u>14 976 878</u>

A reconciliation between tax expense and accounting profit is as follows

Profit before tax	85 655 088	49 841 777
Income tax (2024*: @40% - above K10 bn, 30% upto K10 bn; 2023 - 30%)	33 262 035	14 952 533
Rate change impact in tax rate from 30% to 40%*	(993 769)	-
Expenses not deductible for tax purposes	7 074	24 345
Income Tax Expense	<u>32 275 340</u>	<u>14 976 878</u>

* Effective 1st January 2024, the government introduced a new tax bracket for taxable income in excess of K10 bn which will be charged at 40%. This was announced on 18th April 2024.

26. Depreciation and Amortization

<u>2024</u>	<u>2023</u>
<u>K'000</u>	<u>K'000</u>
Depreciation on property and equipment (note 5)	
1 740 275	1 420 266
Amortisation of intangible assets (note 6)	
186 399	177 343
<u>1 926 674</u>	<u>1 598 109</u>

27. Dividend Payable

<u>2024</u>	<u>2023</u>
<u>K'000</u>	<u>K'000</u>
At beginning of the year	
18 812 408	24 750 000
Dividend - Transfer to WHIT	
(914)	-
Dividend paid	
(9 739 132)	(5 937 592)
<u>9 072 362</u>	<u>18 812 408</u>

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

28. Financial risk management

Categories of financial instruments

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

	<u>2024</u> K'000	<u>2023</u> K'000
Financial assets at amortized cost		
Cash & cash equivalent	132 679 493	84 872 785
Balance held under mobile money wallet	102 226 563	56 479 209
Trade and other receivables	4 117 002	3 314 794
Amount due from related party	236 892	158 193
Interest accrued on investments	24 376	139 827
Security Deposit	10 004	-
Total	<u>239 294 330</u>	<u>144 964 808</u>
Financial liabilities at amortized cost		
	<u>2024</u> K'000	<u>2023</u> K'000
Mobile Money wallet trust	102 226 563	56 479 209
Trade and other payables*	4 188 339	6 489 469
Amount due to related party	7 784 426	6 468 701
Dividend payable	9 072 362	18 812 408
Total	<u>123 271 750</u>	<u>88 249 787</u>

* Trade & other payables exclude other taxes payable and amount due to related parties

Overview

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

- Liquidity risk
- Market risk
- Credit risk
- Operational risk
- Interest rate risk
- Foreign Currency Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company'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 Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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28. Financial risk management (Continued)

28.1 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation. The table below summarises the maturity profile of the company's financial assets and liabilities based on contractual undiscounted payments.

	0 to 3 Months K'000	4 -12 Months K'000	Over 1 year K'000	Carrying amount and fair value K'000
<u>As at 31 December 2024</u>				
Assets				
Trade and other receivables	4 117 002	-	-	4 117 002
Amount due from related parties	236 892	-	-	236 892
Cash and cash equivalents	132 679 493	-	-	132 679 493
Balance held under mobile money wallet	102 226 563	-	-	102 226 563
Interest accrued on investments	24 376	-	-	24 376
Security Deposit	-	-	10 004	10 004
Total Assets	239 284 326	-	10 004	239 294 330
Liabilities				
Mobile Money wallet trust	102 226 563	-	-	102 226 563
Amount due to related parties	7 784 426	-	-	7 784 426
Trade & other payables*	4 188 339	-	-	4 188 339
Dividend payable	9 072 362	-	-	9 072 362
Total Liabilities	123 271 750	-	-	123 271 750
Gap	116 012 576	-	10 004	116 022 580
Cumulative Gap	116 012 576	116 012 576	116 022 580	116 022 580
<u>As at 31 December 2023</u>				
Assets				
Trade and other receivables	3 314 794	-	-	3 314 794
Amount due from related parties	158 193	-	-	158 193
Cash and cash equivalents	84 872 785	-	-	84 872 785
Balance held under mobile money wallet	56 479 209	-	-	56 479 209
Interest accrued on investments	139 827	-	-	139 827
Security Deposit	-	-	-	-
Total Assets	144 964 808	-	-	144 964 808
Liabilities				
Mobile Money Wallet Balance	56 479 209	-	-	56 479 209
Amount due to related parties	6 468 701	-	-	6 468 701
Trade & other payables*	6 489 469	-	-	6 489 469
Dividend payable	18 812 408	-	-	18 812 408
Total Liabilities	88 249 787	-	-	88 249 787
Gap	56 715 021	-	-	56 715 021
Cumulative Gap	56 715 021	56 715 021	56 715 021	56 715 021

* Trade & other payables exclude other taxes payable and amount due to related parties

28. Financial risk management (Continued)

28.2 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 Company'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.

28.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from trading activities as well as placement and balances with other counterparties, advances to customers, deposits held with various service providers, prepayments and bank balances. Amount due from the related party best represents the Company's maximum exposure to the credit risk or concentration of the credit risk.

28.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to management of the Company.

28.5 Interest rate risk management

The company is exposed to interest rate risk as Fixed deposit with other banks. The amount arose as a result of the conversion if the amount receivable from bank. Any adverse changes in the interest rate are adjusted in the structure of the fixed deposit and normal bank deposit rate.in terms of the interest receivable. The interest rate is a stable rate derived from stable environment, thus any changes are unlikely to have a significant impact on the company's operations.

As at 31 December 2024, if effective interest rates on fixed deposit had been 5% higher/lower with all other variables held constant, profit before tax would have been K345 million (2023: K3.34 billion) lower/higher.

28.6 Foreign currency risk management

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

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

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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28. Financial risk management (Continued)

28.6 Foreign currency risk management (Continued)

As at 31 December 2024, if the Kwacha had weakened/strengthened by 10% against the US dollar with all other variables held constant, profit before tax for the year would have been K1.13 billion (2023: K997 million) lower/higher, mainly as a result of US dollar denominated balances.

28.7 Capital risk management

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

29. Fair value measurements

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

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

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

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

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

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

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

29.2 Fair value measurements recognized in the statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices(unadjusted) in active markets for identical assets or liabilities;

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024

29. Fair value measurements(Continued)

29.2 Fair value measurements recognized in the statement of financial position (continued)

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

29.3 Fair value of company's assets and financial liabilities that are measured at fair value on recurring-basis (but fair value disclosures are required).

The company has investments as part of financial assets and derivatives as financial liabilities that are measured at fair value at the end of each reporting period. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Carrying Amount <u>2024</u> K'000	Fair Value <u>2024</u> K'000	Carrying Amount <u>2023</u> K'000	Fair Value <u>2023</u> K'000
<u>Financial assets classified at</u>				
<u>amortised cost</u>				
Trade and other receivables	4 117 002	4 117 002	3 314 794	3 314 794
Amount due from related parties	236 892	236 892	158 193	158 193
Cash and cash equivalents	132 679 493	132 679 493	84 872 785	84 872 785
Balance held under mobile money wallet	102 226 563	102 226 563	56 479 209	56 479 209
Interest accrued on investments	24 376	24 376	139 827	139 827
Security Deposit	10 004	10 004	-	-
Total	239 294 330	239 294 330	144 964 808	144 964 808
<u>Financial liabilities classified at</u>				
<u>amortized cost</u>				
Mobile Money wallet trust	102 226 563	102 226 563	56 479 209	56 479 209
Amount due to related parties	7 784 426	7 784 426	6 468 701	6 468 701
Trade & other payables*	4 188 339	4 188 339	6 489 469	6 489 469
Dividend payable	9 072 362	9 072 362	18 812 408	18 812 408
Total	123 271 750	123 271 750	88 249 787	88 249 787

* Trade & other payables exclude other taxes payable and amount due to related parties

30. Contingent Liabilities

There were no contingent liabilities at the reporting date.

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For the year ended 31 December 2024

31. Economic Factors

Economic factors relevant to the Company's performance are set out below.

	31 December 2024	31 December 2023
Kwacha/US Dollar	1751	1 700
Inflation	28.1%	34.5%

As at the date of approval, the above economic factors had moved as follows:

Kwacha/US Dollar	1751
Inflation (%) February 2025	30.70%

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

32. Comparatives

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

33. Subsequent events

No material subsequent events or transactions have occurred since the date of statement of financial position.