

**AIRTEL MALAWI PLC**

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

AIRTEL MALAWI PLC  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 December 2024

<b><u>Index</u></b>	<b>Page</b>
Directors' report	1 - 6
Statement of directors' responsibilities	7
Independent auditor's report	8 - 11
Statement of financial position	12
Statement of comprehensive income	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16 - 74

**AIRTEL MALAWI PLC**  
**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**

Airtel Malawi Limited was incorporated in Malawi under the Malawi Companies Act 1984 as repealed by the Companies Act 2013 as a private Company limited by shares.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

The holding Company is Bharti Airtel Malawi Holdings BV, incorporated in Netherlands. The Company was listed on the Malawi Stock Exchange on 24<sup>th</sup> February 2020.

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

**OPERATIONS**

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

The Company continues to show growth in its customers with 14.3% year on year and ending with a total of 8.1 million customers. During the year the Company added a total of 1 million new customers into its network.

The Company's revenue continues to grow strong with 39.7% year on year growth on the back of customer base growth and usage growth. The Company generated 10.91 billion minutes on its network in year 2024 as compared to 8.8 billion minutes in previous year giving a year-on-year growth of 23.7% in minutes. Moreover, the OG voice rate increased from K12 per minute in year 2023 to K13 in year 2024 thus a year-on-year increase of 7.3%. The data revenue has increase by 57.7% on year on year basis, increase in data revenue was supported by growth in both base and usage. In year 2024, the Company clocked 181 billion Mbs as against 132 billion Mbs in year 2023, a growth of 37.2% on yearly basis. Data realization increased from K0.45 per Mb in year 2023 to K0.52 per Mb in year 2024, thus an increase of 16% on yearly basis. During the year Company expanded its network with roll out of additional 31 sites.

**2. SHARE CAPITAL**

The Authorised Share Capital of the Company as at 31 December 2024 comprises of 11 000 000 000 (2023: 11 000 000 000) Ordinary shares. The issued and fully paid capital of the Company comprises of 11 000 000 000 (2023: 11 000 000 000) Ordinary shares of K0.0001 each (2023: K0.0001 each), total amounting to K1 000 000 (2023: K1 000 000).

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

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>%</b>	<b>%</b>
Bharti Airtel Malawi Holdings BV	79.95	79.95
General Public	11.41	11.41
Old Mutual Life Assurance	8.64	8.64
	<u>100.00</u>	<u>100.00</u>

**AIRTEL MALAWI PLC**  
**DIRECTORS' REPORT** (Continued)  
For the year ended 31 December 2024

**3. FINANCIAL COST AND INCOME**

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

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>K'000</b>	<b>K'000</b>
Revenue	270 966 503	193 998 721
Profit/(loss) before tax	55 401 340	(21 773 081)
Income tax (expense)/credit	(12 679 229)	6 348 842
<b>Profit/(loss) for the year</b>	<b><u>42 722 111</u></b>	<b><u>(15 424 239)</u></b>

**4. CORPORATE GOVERNANCE**

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

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

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

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

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

**DONATIONS**

In the year 2024, Airtel Malawi Plc's school connectivity project in partnership with UNICEF Malawi and the Ministry of Education Directorate of Science Technology and innovation (DSTI) and the Directorate of Open Distance and E-learning (DoDEL), supported eight additional public schools with tablets, state of the art 75-inch smart TVs, and desktop computers valued at K139 million. These eight schools have now brought the total number of schools supported under the project to 17. In addition to the devices, the Company also provided the eight identified schools (both primary and secondary) with free fixed internet connectivity of up to 10MBPs speeds valued at K113 million as in-kind contribution towards the same project.

AIRTEL MALAWI PLC  
**DIRECTORS' REPORT** (Continued)  
For the year ended 31 December 2024

**4. CORPORATE GOVERNANCE (Continued)**

**DONATIONS (Continued)**

The eight recipient schools are Machinga SS in Machinga, Mwanza SS in Mwanza, Misuku CDSS in Chitipa, Maghembo CDSS in Karonga, Chayamba SS in Kasungu, Kachanga LEA in Blantyre, Kaweche LEA in Mzimba, and Salima LEA in Salima.

Leveraging its infrastructure, the Company also zero-rated five local online learning websites with a Fair Usage Policy (FUP) limit of 100MB per user per day (3GB per user per month) for students/users using Airtel network. For the past year, over 1.3 million users have accessed the websites

The Company also exceptionally donated K17 million towards the families of the victims from the tragic plane crash that claimed the lives of Malawi's Vice President Rt. Hon. Dr. Saulos Klaus Chilima and eight others.

**5. DIRECTORS**

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

<u>Name</u>	<u>Residence</u>	<u>Nationality</u>	<u>Effective Date</u>
1. Charles Kamoto**	Malawi	Malawian	27-July-2015 up to 31-Oct-2024
2. Alok Bafna*	UAE	Indian	04-Jan-17
3. Kayisi Sadala*	Malawi	Malawian	12-Sep-19
4. Mark Mikwamba*	Malawi	Malawian	17-Jul-20
5. Monicah Kambo*	Kenya	Kenyan	08-Aug-22
6. Apoorva Mehrotra*	UAE	Indian	11-Oct-22
7. Anthony Shiner*	UAE	Australian	30-Jan-2023 up to 30-June-2024
8. Oliver Fortuin*	UAE	South African	01-Jul-24
9. Ngeyi Ruth Kanyongolo*	Malawi	Malawian	12-July-2023 up to 28-Oct-2024
10. Abdul Shaik**	Malawi	Indian	01-Nov-2024 up to 31-Jan-2025

\* Non-executive Director

\*\* Executive Director

**6. DIRECTORS PAYMENTS**

Directors' fees paid to independent non-executive directors -

<u>Name</u>	<u>2024</u>	<u>2023</u>
	<u>K'000</u>	<u>K'000</u>
Ngeyi Ruth Kanyongolo	12 700	6 220
Alex Chitsime (retired in July 2023)	-	9 843
Mark Mikwamba	15 200	9 100
Kayisi Sadala	12 000	11 533
	<u>39 900</u>	<u>36 696</u>

**7. COMPANY SECRETARY**

The secretary of the Company is Mr. Abdulhakim Mkwanda since 30-November-2024.

**AIRTEL MALAWI PLC**  
**DIRECTORS' REPORT** (Continued)  
For the year ended 31 December 2024

**8. DIRECTORS' INTERESTS**

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

Mr. Charles Kamoto*	5,000,000 shares
Mr. Mark Mikwamba	197,005 shares
Mr. Kayisi Sadala	197,003 shares

\* The director retired in Oct 2024.

**9. NUMBER OF COMMITTEE AND BOARD MEETINGS HELD**

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

During the year ended 31 December 2024, four meetings were held and attendance by each director is given below:

<b>MEMBERS</b>	<b>28-MAR-2024</b>	<b>26-AUG-2024</b>	<b>13-SEP-2024</b>	<b>29-NOV-2024</b>
<b>Mr. Charles Mustafa Kamoto #</b>	√	√	√	NA
<b>Mr. Alok Bafna</b>	A*	√	√	√
<b>Mr. Kayisi Sadala</b>	√	√	√	√
<b>Mr Mark Mikwamba</b>	√	√	√	√
<b>Ms. Monicah Kambo</b>	√	√	√	√
<b>Mr. Apoorva Mehrotra</b>	A*	A*	√	√
<b>Mr. Anthony Shiner #</b>	√	√	NA	NA
<b>Dr. Ngeyi Ruth Kanyongolo #</b>	√	√	√	NA
<b>Abdul Khayyum Shaik</b>	NA	NA	NA	√

**Key**

√= Attendance

A=Apology

NA= Not a Member of the Board

#The director retired in 2024

The Board met four times during the year.

**PS**

\* Mr. Apoorva Mehrotra appointed Ms. Monicah Kambo as his Alternate Director

\* Mr. Alok Bafna appointed Mr. Charles Kamoto as his Alternate Director

AIRTEL MALAWI PLC  
**DIRECTORS' REPORT** (Continued)  
For the year ended 31 December 2024

**9. NUMBER OF COMMITTEE BOARD MEETINGS HELD** (Continued)

**AUDIT, INVESTMENT AND RISK COMMITTEE MEETING ATTENDANCE**

MEMBERS	26-MAR-2024	26-AUG-2024	12-SEP-2024	28- NOV-2024
Mr. Mark Mikwamba	√	√	√	√
Mr. Alok Bafna	√	√	√	√
Mr. Anthony Shiner	√	NA	NA	NA
Mr. Oliver Fortuin	NA	√	√	√

**Key**

√= Attendance

A=Apology

NA= Not a Member of the Committee

The Committee met four times during the year.

**HUMAN CAPITAL COMMITTEE MEETING ATTENDANCE**

MEMBERS	25-MAR-2024	13-SEP-2024	27- NOV-2024
Mr. Kayisi M'bwana Sadala	√	√	√
Ms. Monicah Kambo	√	√	√
Mr. Apoorva Mehrotra	A*	√	√

**Key**

√= Attendance

A=Apology

NA= Not a Member of the Committee

The Committee met three times during the year.

**PS\***Mr. Apoorva Mehrotra appointed Ms. Monicah Kambo and his Alternate Director

**AIRTEL MALAWI PLC**  
**DIRECTORS' REPORT (Continued)**  
For the year ended 31 December 2024

**10. HEALTH AND SAFETY**

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

**11. ENVIRONMENTAL SOCIO AND CORPORATE GOVERNANCE**

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

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

**12. RESERVES**


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

**13. DIVIDENDS**

The directors propose a final dividend of K 22 billion equivalent of K 2 per share for the year ended 31 December 2024.

**14. GOING CONCERN**

In accordance with their responsibilities, the directors considered the appropriateness of the going concern basis for the preparation of the revised financial statements. The Company recorded a profit after taxation for the year ended 31 December 2024 of K42.7 billion (loss for the year 2023: K15.4 billion), as at that date, it had a net liabilities position of K66.3 billion (2023: K88.9 billion) and had positive shareholders' equity of K32.1 billion (2023: negative shareholders' equity of K10.6 billion). The directors prepared a cash flow forecast until March 2026 which shows that the company has adequate financial resources to meet its obligations as they become due. Therefore, the directors determined that the Company is a going concern and thus prepared financial statements on a going concern basis.

  
Chairperson (Mr Kayisi Sadala)

Managing Director (Mr Aashish Dutt)



**AIRTEL MALAWI PLC**  
**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 Malawi plc, 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 have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company is not a going concern in the near future from the date of this statement.

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

.....  
**CHAIRPERSON (MR KAYISI SADALA)**

.....  
**MANAGING DIRECTOR (MR AASHISH DUTT)**

.....  
**2nd May 2025**  
.....  
**DATE**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AIRTEL MALAWI PLC**

### ***Opinion***

We have audited the financial statements of Airtel Malawi plc (the Company) set out on pages 12 to 74, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the 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 (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key Audit Matters***

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



**Key Audit Matters** (Continued)

Key audit matter	How our audit addressed the key audit matter
<b>Recognition of revenue</b>	
<p>The Company's billing systems for voice and data operate on dedicated computer platforms. These systems process millions of pieces of data to electronic records which enables the Company to charge their customers, in real time, based on service usage.</p> <p>The operations of these systems are fairly complex with dynamic and intelligent tariffs regimes which provide for various promotions and discounts that are dependent on demand and individual usage profiles. Income is determined taking into account the profile and usage of each individual customer.</p> <p>In addition, prepaid phone units are used over periods that can straddle more than one accounting period. The determination of the correct cut off between what has been used and can be included in income and what has not been used and should be contract liabilities (creditor) is also a key audit consideration.</p> <p>The nature of the systems and billing profiles make this a complex audit area in relation to the auditor assessing completeness and accuracy of income. Accordingly, we consider this a key audit matter.</p> <p>The revenue recognition policy of the Company has been disclosed in note 3.4 and the revenue streams analysis is in note 26 to the financial statements.</p>	<p>We assessed the revenue recognition policy and ensured the policy is in line with IFRS Accounting Standards and industry practice.</p> <p>We involved our Information Technology (IT) audit specialists in the engagement and:</p> <ul style="list-style-type: none"> <li>• We assessed the general computer controls around the significant revenue and billing systems;</li> <li>• We assessed the design and implementation of the relevant controls;</li> <li>• We evaluated the process for capturing the tariff plans, combined with testing of a sample of related transactions. A key aspect of this exercise was to ensure that tariffs were properly approved;</li> <li>• We obtained downloads of information recorded in the Company's billing system and by using advanced data analytics to mirror the dynamic, intelligent tariff regimes to independently compute the income for the selected months of the year and thus assess the completeness and accuracy of the figures in the revenue reports;</li> <li>• We also performed analytical reviews for the other months of the year by developing an expectation using total revenue for the recalculated period;</li> <li>• We also performed a call testing data / airtime to ensure that data / airtime used is accurate to the value captured in the system;</li> <li>• We obtained a contract liabilities reconciliation for the expected contract liabilities as at period end and tested the accuracy and completeness of the reconciling items;</li> <li>• We re-computed contract liabilities from Intelligent Network data using Computer Assisted Audit Techniques (CAATS); and</li> <li>• We checked that the contract liabilities in the billing system were being reconciled to the records.</li> </ul> <p>Based on the work performed, we concluded that revenue was properly recorded and the disclosures pertaining to the revenue were found to be appropriate. We have also assessed the policy and found it to be in line with IFRS Accounting Standards and industry practice.</p>

## ***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 and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we 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.

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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## ***Responsibilities of the directors for the Financial Statements***

The directors are responsible for the preparation of the financial statements 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.

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

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 separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

A stylized, handwritten signature of Deloitte in dark grey ink.

**Chartered Accountants**

Christopher Kapenda

Partner

02 May 2025

AIRTEL MALAWI PLC  
**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
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	91 698 301	72 582 812
Intangible assets	6	8 022 963	28 686
Right-of-use assets	7	73 254 420	58 842 642
Deferred tax asset	8	35 149 803	27 632 096
Other non-current assets	9	17 307 654	17 782 985
Investment	10	81 000	81 000
<b>Total non-current assets</b>		<b>225 514 141</b>	<b>176 950 221</b>
<b>Current assets</b>			
Inventories	11	1 325 111	1 356 123
Trade and other receivables	13.1	8 684 636	6 827 929
Cash and cash equivalents	15	55 891 854	42 264 053
Other current assets	13.2	34 730 095	28 161 374
Income tax receivable	14	794 685	-
<b>Total current assets</b>		<b>101 426 381</b>	<b>78 609 479</b>
<b>Total assets</b>		<b>326 940 522</b>	<b>255 559 700</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		1 000	1 000
Share premium		398 375	398 375
Retained earnings/(accumulated losses)		31 716 308	(11 005 803)
<b>Total Shareholders' equity</b>		<b>32 115 683</b>	<b>(10 606 428)</b>
<b>Non-current liabilities</b>			
Lease liabilities	17	125 293 893	98 651 640
Provisions	25	6 574	-
Deferred spectrum liabilities	18	1 785 793	-
<b>Total non-current liabilities</b>		<b>127 086 260</b>	<b>98 651 640</b>
<b>Current liabilities</b>			
Borrowings	16	57 441 344	55 758 596
Lease liabilities	17	3 514 723	3 557 877
Deferred Spectrum liabilities	18	169 245	-
Provisions	25	4 080 211	3 206 740
Trade and other payables	19	94 185 520	73 122 513
Contract liabilities	21	7 634 017	9 704 588
Income tax payable	14	-	4 276 435
Other current liabilities	22	713 519	17 887 739
<b>Total current liabilities</b>		<b>167 738 579</b>	<b>167 514 488</b>
<b>Total liabilities</b>		<b>294 824 839</b>	<b>266 166 128</b>
<b>Total equity and liabilities</b>		<b>326 940 522</b>	<b>255 559 700</b>

The financial statements on pages 12 to 74 were approved and authorised for issue by the Board of Directors on 24 March 2025 and signed on its behalf by:

Chairperson (Mr Kayisi Sadala)

Managing Director (Mr Aashish Dutt)

AIRTEL MALAWI PLC  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2024

	Notes	For the year ended 31 December 2024 K'000	For the year ended 31 December 2023 K'000
<b>Income</b>			
Revenue	26	270 966 503	193 998 721
Other income	27	122 303	27 990
		<b>271 088 806</b>	<b>194 026 711</b>
<b>Expenses</b>			
Network operation and maintenance		(55 146 191)	(39 855 539)
Sales and marketing expenses		(28 176 798)	(17 190 521)
Employee benefits expenses		(9 640 443)	(7 131 776)
Access charges		(5 441 859)	(3 296 356)
Other expenses	29	(34 050 774)	(22 103 090)
License fee and spectrum usage charges	30	(19 129 076)	(12 927 612)
Impairment loss	13	(544 351)	(463 555)
Depreciation and amortisation	31	(24 877 837)	(17 812 066)
		<b>(177 007 329)</b>	<b>(120 780 515)</b>
<b>Operating profit</b>		<b>94 081 477</b>	<b>73 246 196</b>
Net foreign exchange losses*	32	(19 461 714)	(84 703 725)
Finance costs*	33	(23 818 475)	(13 676 564)
Finance income	28	4 600 052	3 361 012
<b>Profit/(loss) before tax</b>		<b>55 401 340</b>	<b>(21 773 081)</b>
Income tax (expense)/credit	34	(12 679 229)	6 348 842
<b>Profit/(loss) and total comprehensive income for the year</b>		<b>42 722 111</b>	<b>(15 424 239)</b>
Basic and diluted earnings/(loss) per share (K)	39	3.88	(1.40)

\* Numbers have been reclassified, refer to note 47 to the financial statements.

There were no items of other comprehensive income for the year (2023: Nil)

AIRTEL MALAWI PLC  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2024

		<b><u>Share capital</u></b>	<b><u>Share premium</u></b>	<b><u>Retained earning/ (accumulated losses)</u></b>	<b><u>Total</u></b>
		<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
<b>Year ended 31 December 2024</b>	<b>Notes</b>				
At the beginning of the year		1 000	398 375	(11 005 803)	(10 606 428)
Total comprehensive profit for the year		-	-	42 722 111	42 722 111
<b>Balance at 31 December 2024</b>		<b><u>1 000</u></b>	<b><u>398 375</u></b>	<b><u>31 716 308</u></b>	<b><u>32 115 683</u></b>
<b>Year ended 31 December 2023</b>					
At the beginning of the year		1 000	398 375	31 918 436	32 317 811
Dividend declared for 2022 profit	23	-	-	(27 500 000)	(27 500 000)
Total comprehensive loss for the year		-	-	(15 424 239)	(15 424 239)
<b>Balance at 31 December 2023</b>		<b><u>1 000</u></b>	<b><u>398 375</u></b>	<b><u>(11 005 803)</u></b>	<b><u>(10 606 428)</u></b>

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>K'000</b>	<b>K'000</b>
<b>SHARE CAPITAL</b>		
<b><u>Authorised Share Capital</u></b>		
11 000 000 000 (2023: 11 000 000 000) Ordinary shares	<u>1 000</u>	<u>1 000</u>
<b><u>Issued and fully paid share Capital</u></b>		
11 000 000 000 (2023: 11 000 000 000) Ordinary shares	<u>1 000</u>	<u>1 000</u>

The Company has equity shares having par value of K0.0001 per share. Each holder of ordinary shares is entitled to one vote per share and carry a right to dividends.



AIRTEL MALAWI PLC  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2024

		<b>For the year ended 31 December 24 K'000</b>	<b>For the year ended 31 December 23 K'000</b>
	<b>Notes</b>		
<b>Cash flows from operating activities</b>			
<b>Profit/(loss) before taxation</b>		55 401 340	(21 773 081)
<b>Adjustments for:</b>			
Depreciation & amortization	31	24 877 837	17 812 066
Interest income	28	(4 600 052)	(3 361 012)
Unrealised exchange losses	32	6 301 307	65 890 468
Liability written back	27	(26 965)	(5 576)
Profit on disposal of scrap	27	(95 338)	(22 414)
Finance cost*	33	23 818 475	13 676 564
<b>Operating cash flow before working capital changes*</b>		<b>105 676 604</b>	<b>72 217 015</b>
<b>Changes in working capital:</b>			
(Increase)/decrease in trade and other receivables		(1 775 871)	1 895 898
Decrease/(increase) in inventory		31 012	(1 078 039)
Increase in other assets		(6 093 390)	(24 890 247)
Increase in trade and other payables		24 239 825	7 243 766
Increase in provisions		880 045	692 698
Decrease in other liabilities		(1 926 600)	(171 800)
<b>Net cash generated from operations*</b>		<b>121 031 625</b>	<b>55 909 291</b>
Income tax paid	14	(25 268 056)	(17 192 629)
<b>Net cash generated from operating activities*</b>		<b>95 763 569</b>	<b>38 716 662</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment & Intangible assets	20	(43 599 848)	(17 241 415)
Interest received	28	4 600 052	3 361 012
Proceeds on disposal of scrap	27	95 338	22 414
<b>Net cash used in investing activities</b>		<b>(38 904 458)</b>	<b>(13 857 989)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings- principal	16	(28 541)	(165 121)
Repayment of borrowings- interest	16	(4 684 291)	(3 055 840)
Other finance costs*	33	(1 154 462)	(944 079)
Dividends paid	23	(17 318 192)	(26 016 367)
Repayment of spectrum liability- principal	18	(130 385)	(207 175)
Repayment of spectrum liability- interest	18	(243 831)	(7 426)
Repayment of lease liability- principal	17	(1 935 717)	(1 602 308)
Repayment of lease liability- interest	17	(17 735 891)	(9 669 219)
<b>Net cash used in financing activities*</b>		<b>(42 231 310)</b>	<b>(41 667 535)</b>
Net increase/(decrease) in cash & cash equivalents		13 627 801	(16 808 862)
Cash & cash equivalents at the beginning of the year		42 264 053	59 072 915
<b>Cash &amp; cash equivalents as at end of the period</b>	15	<b>55 891 854</b>	<b>42 264 053</b>

\* Numbers have been reclassified, refer to note 47 to the financial statements.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2024

**1. Corporate information**

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

The holding Company is Bharti Airtel Malawi Holdings B.V incorporated in the Netherlands. The main business of the Company consists of the provision of telecommunication services. Ultimate controlling entity is Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Mittal’s family trust effectively controlling the Group

**2. Application of new and revised IFRS Accounting Standards**

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

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Amendments to IAS 7 Statement of Cash flows and IFRS 7 financial instruments: Disclosures titled supplier finance arrangements**

The Company has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

**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.

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

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

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.

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.

#### **Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback**

The Company has adopted the amendments to IFRS 16 for the first time in the current year.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

## **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 IFRS 16 Leases—Lease Liability in a Sale and Leaseback (Continued)**

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

### **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.

<b>Standard or amendment</b>	<b>Description</b>	<b>Effective date</b>
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.

#### **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.

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

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

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.

#### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

#### **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.

## 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

<b>Standard</b>	<b>The amendment</b>
IFRS 1 First-time Adoption of IFRS Accounting Standards	<b>Hedge accounting by a first-time adopter.</b> The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 <i>Financial Instruments</i> .
IFRS 7 Financial Instruments: Disclosures	<b>Gain or loss on derecognition.</b> The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 <i>Fair Value Measurement</i> was issued.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	<b>Disclosure of deferred difference between fair value and transaction price.</b> The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	<b>Introduction and credit risk disclosures.</b> 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.
IFRS 9 Financial Instruments	<b>Lessee derecognition of lease liabilities.</b> The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9.

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

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

IFRS 9 Financial Instruments	<b>Transaction price.</b> The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of ‘transaction price’ in IFRS 15 <i>Revenue from Contracts with Customers</i> while term ‘transaction price’ is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.
IFRS 10 Consolidated Financial Statements	<b>Determination of a ‘de facto agent’.</b> The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
IAS 7 Statement of Cash Flows	<b>Cost method.</b> The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term ‘cost method’ that is no longer defined in IFRS Accounting Standards.

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. Material accounting policy information** (Continued)

**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 3.17 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.

**3.3 Use of estimates and judgments**

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

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

Key judgements made by management in the application of IFRS Accounting Standards have significant effect on the amounts recognised in the financial statements. More details have been explained in note 4 to these financial statements.



**3. Material accounting policy information (Continued)**

**3.4 Revenue**

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

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

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

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

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

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

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

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

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

**3. Material accounting policy information (Continued)**

**3.4 Revenue (Continued)**

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

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

The Company has interconnect agreements with local and foreign operators. This allows customers from either network to originate or terminate calls to each others' network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Company's network i.e. the service is rendered.

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

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

**Interest income**

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

**3.5 Property, plant and equipment**

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

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

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

**3. Material accounting policy information (Continued)**

**3.5 Property plant and equipment (Continued)**

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. Land is not depreciated

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:

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

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

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

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

**3.6 Intangible assets**

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

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

**3. Material accounting policy information** (Continued)

**3.6 Intangible assets** (Continued)

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

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

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

**3.7 Impairment of non-financial assets**

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

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

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

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.

**3. Material accounting policy information** (Continued)

**3.7 Impairment of non-financial assets** (Continued)

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

**3.8 Leases**

**a. Company as a lessee**

At the inception of a contract, the Company assesses a contract as or containing a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and the Company has right to direct the use of the asset.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

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

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

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

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

**3. Material accounting policy information** (Continued)

**3.8 Leases** (Continued)

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

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

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

**b. Company as a lessor**

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

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

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

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

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

**3. Material accounting policy information** (Continued)

**3.9 Taxation**

The income tax expense comprises current and deferred income tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised outside profit and loss, in other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly within other comprehensive income or directly in equity.

**a. Current tax**

Current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date and generate taxable income. The payment made in excess/ (shortfall) of company income tax obligation for the respective periods are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively. Any interest relating to accrued liabilities for potential tax assessments are not included in the income tax charge or (credit), but are recognised within finance costs. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. These provisions are measured at the best estimate of the amount expected to become payable or based on the expected value approach, as applicable and are presented within current tax liabilities. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**3. Material accounting policy information (Continued)**

**3.9 Taxation (Continued)**

**b. Deferred tax**

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not recognised, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Further, deferred tax liabilities are not recognised, if they arise from the initial recognition of goodwill. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and tax credits can be utilised. To assess such probability, the company considers profit generation capability of the taxable entity based on historical trends as well as forecast profitability for the foreseeable future. When it is probable that there will be future taxable profits, an evaluation is performed to assess the availability of sufficient deductible temporary differences during the foreseeable future, relating to the same taxation authority and in the same taxable entity. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associate and joint venture unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and assessed for recoverability based on best estimates of taxable profits for the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

**3.10 Functional currency translations**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

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

All exchange differences are taken to profit and loss.



**3. Material accounting policy information** (Continued)

**3.11 Employee benefits**

*a. Retirement benefit obligations*

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

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

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

The company contributes to a defined contribution pension scheme that is administered by Old Mutual Pension Fund.

*b. Other entitlements*

The estimated liability for employees' long service award at the reporting date as determined by actuaries is recognised as an expense accrual and annual leave entitlement accounted as per accrual basis.

**3.12 Inventories**

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

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

**3.13 Dividend**

Dividends to shareholders of the company are deducted from retained earnings and recognised as a liability, in the year in which the dividends are approved by the shareholders. Interim dividends are deducted from the retained earnings when they are paid.

**3.14 Earnings per share**

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

**3. Material accounting policy information** (Continued)

**3.15 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.

**3.16 Statement of cash flows**

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

**3.17 Financial instruments**

**3.17.1. Recognition, classification and presentation**

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

The Company classifies its financial assets in the following categories:

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

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

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

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, the Company currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**3. Material accounting policy information** (Continued)

**3.17.2. Measurements – Non derivative financial instruments**

**Initial measurement**

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

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

**Subsequent measurement - financial assets**

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

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

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

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

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

**Equity Investment**

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

**3.17.3. Measurements – Derivative financial instruments**

Derivative financial instruments, including separated embedded derivatives, that are not designated as hedging instruments in a hedging relationship are classified as financial instruments at fair value through profit or loss. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in profit and loss within finance income/finance costs.

**3. Material accounting policy information** (Continued)

**3.17 Financial instruments** (Continued)

**3.17.4 Amortised cost and effective interest method**

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

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

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

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. Material accounting policy information** (Continued)

**3.17 Financial instruments** (Continued)

**3.17.5 Foreign exchange gains and losses**

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

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

**3.17.6 Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. For trade receivables and contract assets, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**3.17.6.1. Write-off policy**

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

**3. Material accounting policy information** (Continued)

**3.17 Financial instruments** (Continued)

**3.17.6 Impairment of financial assets** (Continued)

**3.17.6.2. Derecognition of financial assets**

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**3.17.6 Financial liabilities and equity instruments**

**3.17.7.1 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.

**3.17.7.2 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.

**3.17.7.3 Financial liabilities**

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

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

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

**3. Material accounting policy information** (Continued))

**3.17 Financial liabilities and equity instruments** (Continued)

**3.17.7.4 Foreign exchange gains and losses**

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

**3.17.7.5 Derecognition of financial liabilities**

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

**3.18. Cash and cash equivalents**

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

**3.19 Borrowing costs**

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs include costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period they occur.

**3.20 Provisions**

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

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

**3.21 Contingencies**

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

**4. Critical accounting judgements and key sources of estimation uncertainty**

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

**4.1 Critical accounting estimates and assumptions**

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

**Receivables**

Critical estimates are made by the Directors in determining the recoverable amount of receivables. The Company uses a provision matrix to measure the expected credit loss of trade receivables. Factors taken into consideration in making such judgments include historical trends and the number of days a debt is past its due date for payment. The carrying amount of impaired receivables is set out in Note 13.

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

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

**Deferred Tax Assets**

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

**Determination of residual values and useful lives**

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

**Contingent liabilities and provisions**

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



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

**4.2 Critical judgments in applying the Company's accounting policies**

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

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

The Company has recognised lease liabilities at present value using the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. Since determination of incremental borrowings is not directly available for the given markets in which Company operates, the Company has used judgement in determining the IBR by taking into consideration risk free borrowing rate based on US\$ bonds and adjusting it for country and Company specific risk premiums. The IBR used across the Company is 16.14% for USD leases and 20.84% for MW leases.

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

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

**c. Foreign exchange movement on USD portion of leases**

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

**d. Income taxes**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 December 2024

**5. Property, plant and equipment**

	<b><u>Network equipment</u> K'000</b>	<b><u>Furniture and office equipment</u> K'000</b>	<b><u>Land and buildings</u> K'000</b>	<b><u>Motor vehicles</u> K'000</b>	<b><u>Leasehold improvements</u> K'000</b>	<b><u>Capital work in progress</u> K'000</b>	<b><u>Total</u> K'000</b>
<b><u>For the Year ended 31 December 2024</u></b>							
<b><u>Cost</u></b>							
At the beginning of the year	135 996 438	28 578 593	4 412 442	342 098	522 979	7 773 302	177 625 852
Additions	27 771 157	4 683 549	-	-	-	2 213 538	34 668 244
At the end of the year	163 767 595	33 262 142	4 412 442	342 098	522 979	9 986 840	212 294 096
<b><u>Accumulated depreciation</u></b>							
At the beginning of the year	77 182 737	24 488 043	2 569 597	342 079	460 584	-	105 043 040
Charge for the year	12 151 616	3 180 792	206 978	18	13 351	-	15 552 755
At the end of the year	89 334 353	27 668 835	2 776 575	342 097	473 935	-	120 595 795
<b>NBV 31 December 2024</b>	<b>74 433 242</b>	<b>5 593 307</b>	<b>1 635 867</b>	<b>1</b>	<b>49 044</b>	<b>9 986 840</b>	<b>91 698 301</b>
<b>NBV 31 December 2023</b>	<b>58 813 701</b>	<b>4 090 550</b>	<b>1 842 845</b>	<b>19</b>	<b>62 395</b>	<b>7 773 302</b>	<b>72 582 812</b>

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

The carrying value of CWIP as at 31 December 2024 and 2023 is K 9 987 million and K 7 773 million respectively, mainly pertains to telecom equipment.

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

For the year ended 31 December 2024

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

	<b><u>Network equipment</u></b> <b>K'000</b>	<b><u>Furniture and office equipment</u></b> <b>K'000</b>	<b><u>Land and buildings</u></b> <b>K'000</b>	<b><u>Motor vehicles</u></b> <b>K'000</b>	<b><u>Leasehold improvements</u></b> <b>K'000</b>	<b><u>Capital work in progress</u></b> <b>K'000</b>	<b><u>Total</u></b> <b>K'000</b>
<b><u>For the year ended 31 December 2023</u></b>							
<b><u>Cost</u></b>							
At the beginning of the year	122 367 297	25 645 333	4 412 442	342 098	475 670	4 835 775	158 078 615
Additions	13 629 298	2 933 260	-	-	47 309	2 937 527	19 547 394
Disposal	(157)	-	-	-	-	-	(157)
At the end of the year	<u>135 996 438</u>	<u>28 578 593</u>	<u>4 412 442</u>	<u>342 098</u>	<u>522 979</u>	<u>7 773 302</u>	<u>177 625 852</u>
<b><u>Accumulated depreciation</u></b>							
At the beginning of the year	66 852 237	21 914 752	2 362 811	342 021	452 051	-	91 923 872
Disposal	(157)	-	-	-	-	-	(157)
Charge for the year	<u>10 330 657</u>	<u>2 573 291</u>	<u>206 786</u>	<u>58</u>	<u>8 533</u>	<u>-</u>	<u>13 119 325</u>
At the end of the year	<u>77 182 737</u>	<u>24 488 043</u>	<u>2 569 597</u>	<u>342 079</u>	<u>460 584</u>	<u>-</u>	<u>105 043 040</u>
<b>NBV 31 December 2023</b>	<b><u>58 813 701</u></b>	<b><u>4 090 550</u></b>	<b><u>1 842 845</u></b>	<b><u>19</u></b>	<b><u>62 395</u></b>	<b><u>7 773 302</u></b>	<b><u>72 582 812</u></b>
<b>NBV 31 December 2022</b>	<b><u>55 515 060</u></b>	<b><u>3 730 581</u></b>	<b><u>2 049 631</u></b>	<b><u>77</u></b>	<b><u>23 619</u></b>	<b><u>4 835 775</u></b>	<b><u>66 154 743</u></b>

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

The carrying value of CWIP as at 31 December 2023 and 2022 is K7 773 million and K4 836 million respectively, mainly pertains to telecom equipment.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**6. Intangible assets**

	<b>Cellular License K'000</b>	<b>Deferred Spectrum K'000</b>	<b><u>Total</u> K'000</b>
<b><u>For the Year ended 31 December 2024</u></b>			
<b><u>Cost</u></b>			
At 1 January 2023	1 800 000	509 257	2 309 257
At 31 December 2023	1 800 000	509 257	2 309 257
At 1 January 2024	1 800 000	509 257	2 309 257
Additions	6 800 000	2 015 383	8 815 383
Disposal / retirement	(1 800 000)	(509 257)	(2 309 257)
At 31 December 2024	6 800 000	2 015 383	8 815 383
<b><u>Amortisation</u></b>			
At 1 January 2023	1 604 731	363 677	1 968 408
Charge for the year	179 982	132 181	312 163
At 31 December 2023	1 784 713	495 858	2 280 571
At 1 January 2024	1 784 713	495 858	2 280 571
Charge for the year	626 543	194 563	821 106
Disposal / retirement	(1 800 000)	(509 257)	(2 309 257)
At 31 December 2024	611 256	181 164	792 420
<b>Carrying amount:</b>			
<b>At 31 December 2024</b>	<b>6 188 744</b>	<b>1 834 219</b>	<b>8 022 963</b>
<b>At 31 December 2023</b>	<b>15 287</b>	<b>13 399</b>	<b>28 686</b>

Note - The remaining amortisation period of the Cellular licence & Deferred Spectrum as of 31 December 2024 and 2023 is 9 years 1 month and 1 month respectively.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 December 2024

**7. Right of use assets**

	<b><u>Leasehold buildings</u> K'000</b>	<b><u>Leasehold land</u> K'000</b>	<b><u>Telecom equipment</u> K'000</b>	<b><u>Dark fibre</u> K'000</b>	<b><u>Total</u> K'000</b>
<b><u>For the Year ended 31 December 2024</u></b>					
At the beginning of the year	293 893	195 831	57 871 389	481 529	58 842 642
Additions (net)	99 206	-	22 833 417	-	22 932 623
Depreciation charge for the year	(102 099)	(3 757)	(8 266 761)	(131 359)	(8 503 976)
Retirement	-	-	(16 869)	-	(16 869)
At the end of the year	<b><u>291 000</u></b>	<b><u>192 074</u></b>	<b><u>72 421 176</u></b>	<b><u>350 170</u></b>	<b><u>73 254 420</u></b>
<b><u>For the Year ended 31 December 2023</u></b>					
At the beginning of the year	278 132	199 588	37 345 879	612 888	38 436 487
Additions (net)	134 089	-	31 880 999	-	32 015 088
Depreciation charge for the year	(118 328)	(3 757)	(4 127 134)	(131 359)	(4 380 578)
Retirement	-	-	(7 228 355)	-	(7 228 355)
At the end of the year	<b><u>293 893</u></b>	<b><u>195 831</u></b>	<b><u>57 871 389</u></b>	<b><u>481 529</u></b>	<b><u>58 842 642</u></b>

**Telecom equipment** -The Company leases passive infrastructure for providing telecommunications services under composite contracts which include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy and other services. These leases typically run for a period of greater than 1 to 12 years. Lease contracts include an option to renew the lease after the end of the initial contract term based on renegotiation of lease rentals. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

**Other leases** - The Company's other leases comprise lease of offices, shops, and Indefeasible right of use (IRU).

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2024

**8. Deferred tax asset**

Deferred tax is calculated using the enacted income tax rate of 40% on > K 10 bn (2023: 30%). The movement on the deferred tax account is as follows:

	<u>2024</u> K'000	<u>2023</u> K'000
At 1 January	27 632 096	5 599 140
Credit to profit and loss (note 34)	<u>7 517 707</u>	<u>22 032 956</u>
At 31 December	<u><b>35 149 803</b></u>	<u><b>27 632 096</b></u>

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

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

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. The change saw Company being taxed at 30% for taxable profits up to MK10 billion and 40% for taxable profits above MK10 billion from a flat 30% on all taxable profits. The Company foresees to realise the temporary differences at the highest rate of 40% since its profit before tax is forecasted to stay above the lower bracket of MK10 billion. Deferred tax has therefore been calculated at 40%.

	<u>At 1st</u> <u>January</u> K'000	<u>Credited/</u> <u>(Charged) to</u> <u>income</u> <u>statement</u> K'000	<u>At 31st</u> <u>December</u> K'000
<b>At 31st December 2024</b>			
<b>Deferred tax asset</b>			
Property and equipment	(9 158 801)	(6 706 758)	(15 865 559)
Unrealised exchange losses and deferred revenue	30 875 784	3 038 667	33 914 451
Provision	<u>5 915 113</u>	<u>11 185 798</u>	<u>17 100 911</u>
<b>Net deferred tax</b>	<u><b>27 632 096</b></u>	<u><b>7 517 707</b></u>	<u><b>35 149 803</b></u>
<b>At 31st December 2023</b>			
<b>Deferred tax asset</b>			
Property and equipment	(8 776 516)	(382 285)	(9 158 801)
Unrealised exchange losses and deferred revenue	10 689 783	20 186 001	30 875 784
Provision	<u>3 685 873</u>	<u>2 229 240</u>	<u>5 915 113</u>
<b>Net deferred tax</b>	<u><b>5 599 140</b></u>	<u><b>22 032 956</b></u>	<u><b>27 632 096</b></u>

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**9. Other non-current assets**

	<u><b>2024</b></u>	<u><b>2023</b></u>
	<b>K'000</b>	<b>K'000</b>
Security Deposit*	51 818	48 600
Prepayment (Bandwidth)**	14 943 681	16 481 612
Other payment under protest on legal case***	454 135	(1)
Other – (deferred customer acquisition costs)	1 858 020	1 252 774
Total other non-current assets	<u><b>17 307 654</b></u>	<u><b>17 782 985</b></u>

\*In February 2014, as part of the licensing agreement, the company provided a guarantee to the Authority (MACRA) at the amount of K45 million to secure the performance of the obligations contained in the Licence. In the event that the Authority imposes a penalty upon the company for any breach of the Licence conditions, the Authority shall have the right to draw upon the performance guarantee. Balance amount K6.8 mn pertaining to Airtel shop rental security deposit.

\*\*Prepayments (bandwidth) relate to amounts that the company paid in advance for Bandwidth frequency for more than 12 months hence being classified as other non-current assets.

\*\*\* Other payment under protest on legal case - relates to company made a payment under protest for on going legal case in 2024.

**Deferred customer acquisition costs**

	<u><b>2024</b></u>	<u><b>2023</b></u>
	<b>K'000</b>	<b>K'000</b>
At the beginning of the year	5 356 685	2 716 627
Additions	9 314 194	6 156 910
Amortisation	(7 277 778)	(3 516 852)
Total	<u><b>7 393 101</b></u>	<u><b>5 356 685</b></u>

**Deferred customer acquisition costs analysis**

Current (note 13.2)	5 535 081	4 103 911
Non-current	1 858 020	1 252 774
Total	<u><b>7 393 101</b></u>	<u><b>5 356 685</b></u>

The company defers the customer acquisition costs on recognition and amortises over the average anticipated customer life. The Company estimates that the historic average customer life is longer than 12 months (up to 25 months) and believes that its churn rate provides the best indicator of anticipated average customer life.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**10. Investment in National Switch Ltd**

	<u>2024</u> <u>K'000</u>	<u>2023</u> <u>K'000</u>
Long term investment – National Switch Ltd	81 000	81 000

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

**11. Inventories**

	<u>2024</u> <u>K'000</u>	<u>2023</u> <u>K'000</u>
Merchandise held for sale	1 479 319	1 576 285
Provision	(154 208)	(220 162)
<b>At the end of the year</b>	<b>1 325 111</b>	<b>1 356 123</b>

The cost of inventories recognized as an expense and included in ‘cost of sales’ amounted to K1 542 million (2023: K442 million). The movement in provision has been expensed through sales and distribution.

**12. Related party disclosures**

**12.1 Amount due from other related parties**

<u>Name of the related party</u>	<u>Country of incorporation</u>	<u>Relationship</u>	<u>2024</u> <u>K'000</u>	<u>2023</u> <u>K'000</u>
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	2 187 021	1 713 938
Bharti Airtel Malawi Holdings BV	Netherlands	Holding Company	-	31 299
Bharti Airtel Limited	India	Intermediate parent	47 424	57 779
Airtel Mobile Commerce Limited	Malawi	Fellow subsidiary	977 193	468 232
Celtel Niger S.A.	Niger	Fellow subsidiary	10 092	9 589
Airtel Tchad S.A.	Chad	Fellow subsidiary	1 336	1 330
Bharti Hexacom Limited	India	Fellow subsidiary	305	103
Jersey Airtel Limited	Jersey	Fellow subsidiary	79	6
Singapore Telecommunication ltd	Singapore	*Other related party	37	-
Emtel Limited	Mauritius	*Other related party	77	-
Totals as disclosed in note 13.1			<b>3 223 564</b>	<b>2 282 276</b>

No provisions for impairment losses have been required in 2024 and 2023 for any related party receivables. Amounts due from/to related parties carry no interest, are receivable/payable on demand and are at arms length.

\* Other related parties’ though not ‘Related Parties’ as per the definition under IAS 24, ‘Related party disclosures’, have been included by way of a voluntary disclosure, following the best corporate governance practices, these are investments done by the group companies.



AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**12. Related party disclosures** (Continued)

**12.2 Amount due to other related parties**

<u>Name of the related party</u>	<u>Country of incorporation</u>	<u>Relationship</u>	<u>2024</u> <u>K'000</u>	<u>2023</u> <u>K'000</u>
Bharti Airtel Malawi Holdings BV	Netherlands	Holding Company	508 919	-
Bharti Airtel International (Netherlands) BV	Netherlands	Intermediate parent	5 294 632	6 851 935
Airtel Africa Services (UK) Limited	United Kingdom	Fellow subsidiary	11 942 238	2 739 291
Airtel Networks Zambia Plc	Zambia	Fellow subsidiary	6 430 844	5 164 039
Bharti Airtel (France) SAS	France	Fellow subsidiary	511 922	230 478
Airtel Africa Telesonic Limited	United Kingdom	Fellow subsidiary	19 527 079	18 565 337
Network i2i Ltd.	Mauritius	Intermediate parent	296 310	344 979
Airtel Tanzania plc	Tanzania	Fellow subsidiary	3 760 400	3 443 818
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	933 346	563 275
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	49 876	48 194
Airtel Uganda Limited	Uganda	Fellow subsidiary	302 464	291 676
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	283 857	270 048
Airtel Congo S.A	Congo B	Fellow subsidiary	226 639	219 943
Bharti Airtel Services Limited	India	Fellow subsidiary	104 440	103 540
Airtel Madagascar S.A.	Madagascar	Fellow subsidiary	63 998	61 810
Airtel Networks Limited	Nigeria	Fellow subsidiary	7 838	6 942
Airtel Gabon S.A.	Gabon	Fellow subsidiary	38 820	37 809
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	34 551	27 032
Nxtra Data Limited	India	Fellow subsidiary	1 224	216 129
Bharti Airtel Sri Lanka (Private) Limited	Sri Lanka	Fellow subsidiary	70	1
Centum Learning Limited	India	*Other related party	-	9 491
Emtel Limited	Mauritius	*Other related party	-	12
Totals as disclosed in note 19			<b>50 319 467</b>	<b>39 195 779</b>

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**12. Related party disclosures** (Continued)

**12.3 Related party transactions**

**12.3.1 Sales of goods and services**

<b><u>Name of the related party</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Relationship</u></b>	<b><u>2024</u> <u>K'000</u></b>	<b><u>2023</u> <u>K'000</u></b>
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	106	168
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	42 613	10 003
Airtel Congo S.A	Congo B	Fellow subsidiary	69	129
Airtel Gabon S.A.	Gabon	Fellow subsidiary	238	7 441
Airtel Madagascar S.A.	Madagascar	Fellow subsidiary	3	3
Airtel Mobile Commerce Limited	Malawi	Fellow subsidiary	3 829 166	2 517 921
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	23 657	17 644
Airtel Networks Limited	Nigeria	Fellow subsidiary	2 444	3 679
Airtel Networks Zambia Plc	Zambia	Fellow subsidiary	143 292	110 437
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	167	137
Airtel Tanzania plc	Tanzania	Fellow subsidiary	16 339	43 435
Airtel Tchad S.A.	Chad	Fellow subsidiary	82	182
Airtel Uganda Limited	Uganda	Fellow subsidiary	10 278	8 735
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	3 815 922	3 393 586
Bharti Airtel Limited	India	Intermediate parent	30 729	41 668
Bharti Hexacom Limited	India	Fellow subsidiary	471	48
Celtel Niger S.A.	Niger	Fellow subsidiary	154	235
Emtel Limited	Mauritius	*Other related party	3	13
Jersey Airtel Limited	Jersey	Fellow subsidiary	81	49
Airtel Africa Telesonic Limited	United Kingdom	Fellow subsidiary	177 726	-
Total			<b>8 093 540</b>	<b>6 155 513</b>

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**12. Related party disclosures** (Continued)

**12.3 Related party transactions** (Continued)

**12.3.2 Purchase of goods and services**

<u>Name of the related party</u>	<u>Country of incorporation</u>	<u>Relationship</u>	<u>2024</u> <u>K'000</u>	<u>2023</u> <u>K'000</u>
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	260 623	50 780
Airtel Congo S.A	Congo B	Fellow subsidiary	112	244
Airtel Gabon S.A.	Gabon	Fellow subsidiary	323	337
Airtel Madagascar S.A.	Madagascar	Fellow subsidiary	305	301
Airtel Mobile Commerce Limited	Malawi	Fellow subsidiary	28 335 097	18 135 789
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	26 218	19 932
Airtel Networks Limited	Nigeria	Fellow subsidiary	5 284	7 388
Airtel Networks Zambia Plc	Zambia	Fellow subsidiary	1 105 172	858 205
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	8 224	7 531
Airtel Tanzania plc	Tanzania	Fellow subsidiary	50 444	90 218
Airtel Tchad S.A.	Chad	Fellow subsidiary	495	647
Airtel Uganda Limited	Uganda	Fellow subsidiary	16 635	13 841
Bharti Airtel (France) SAS	France	Fellow subsidiary	469 291	257 208
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	1 170 395	1 089 744
Bharti Airtel International (Netherlands) B.V	Netherlands	Intermediate parent	107 786	297 622
Bharti Airtel Limited	India	Intermediate parent	21 949	65 426
Bharti Hexacom Limited	India	Fellow subsidiary	294	49
Celtel Niger S.A.	Niger	Fellow subsidiary	384	929
Centum Learning Limited	India	* Other related party	107 901	62 710
Emtel Limited	Mauritius	* Other related party	258	246
Jersey Airtel Limited	Jersey	Fellow subsidiary	1	4
Network i2i Ltd.	Mauritius	Intermediate parent	709 836	600 543
Nxtra Data Limited	India	Fellow subsidiary	456 430	139 150
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	1 090	1 267
Airtel Africa Services (UK) Limited	United Kingdom	Fellow subsidiary	10 681 786	6 338 192
Airtel Africa Telesonic Limited	United Kingdom	Fellow subsidiary	619 626	18 565 337
Total			<b>44 155 959</b>	<b>46 603 640</b>

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**12. Related party disclosures** (Continued)

**12.3 Related party transactions** (Continued)

**12.3.3 Management fees**

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
Airtel Africa Services (UK) Limited (note 12.3.2)	10 681 786	6 338 192
Airtel Mobile Commerce Limited	(2 303 343)	(1 408 368)
	<u><b>8 378 443</b></u>	<u><b>4 929 824</b></u>

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

**13.1 Trade and other receivables**

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
Trade receivables	10 308 855	9 018 384
Less: provision for impairment losses	(5 879 274)	(5 312 905)
	4 429 581	3 705 479
Amount due from related parties (note 12.1)	3 223 564	2 282 276
Contract assets	806 590	614 610
Other receivables*	224 901	225 564
	<u><b>8 684 636</b></u>	<u><b>6 827 929</b></u>

\*Other receivables relate to sundry receivables from other shop agents.

**13.2 Other current assets**

Prepayments	11 650 308	7 987 651
Deferred customer acquisition costs (note 9)	5 535 081	4 103 911
Interest accrued on investment	31 193	69 423
Advance to supplier	13 708 538	12 703 852
Tax recoverable	3 665 017	2 067 968
Others current assets	139 958	1 228 569
	<u><b>34 730 095</b></u>	<u><b>28 161 374</b></u>

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

Advance to suppliers (net) are disclosed net of provision of K164 million and K191 million as of 31 December 2024 and 2023 respectively.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**13. Trade and other receivables and other current assets** (Continued)

With increased and more reliable data the company now estimates that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and has updated its policy (note 3.4) on cost deferral recognition in these financial statements.

The prepaid- related to customer acquisition costs amounted to K7 393 million (2023: K5 356 million). Refer to note 9 to the financial statements.

No interest is charged on trade and other receivables.

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

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

	<u>2024</u> <u>K'000</u>	<u>2023</u> <u>K'000</u>
At the beginning of the year	5 312 905	4 687 197
Net loss allowance made	566 369	625 708
<b>Total</b>	<u><b>5 879 274</b></u>	<u><b>5 312 905</b></u>

**Analysis of impairment of expected credit losses charged to statement of comprehensive income**

	<u>2024</u> <u>K'000</u>	<u>2023</u> <u>K'000</u>
Current year expected credit losses	566 369	625 708
Others reversal	(22 018)	(162 153)
<b>Charged to statement of comprehensive income</b>	<u><b>544 351</b></u>	<u><b>463 555</b></u>

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

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

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

Other reversal relates to provision reversal for advance to supplier and provision liability appearing in other current asset (note 13.2).

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2024

**13. Trade and other receivables and other current assets (Continued)**

The Company performs on-going credit evaluations of its customers' financial condition and monitors the creditworthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

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

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

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

For the purposes of grouping, Airtel's receivables are grouped based on the shared credit risk characteristics. Airtel identified ten (10) groups of debtors as follows:

1. Airtel shops; 2. Channel partner; 3. Enterprise; 4. Interconnect; 5. Lease line; 6. Postpaid;
7. Roaming; 8. Site sharing; 9. ACS Subscriber and 10. All other remaining receivables.

At 31 December 2024, the lifetime expected loss provision for trade receivables is as follows:

<b>Expected credit loss rate</b>	<b>1-30days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 180 days</b>	<b>181 to. 360 days</b>	<b>&gt;360 days</b>
Airtel shops	0%	0%	0%	100%	100%	100%
Channel partner	0%	0%	0%	0%	100%	100%
Enterprise	0%	0%	0%	0%	100%	100%
Interconnect	0%	0%	0%	0%	62%	37%
Lease line	0%	0%	0%	100%	100%	100%
Postpaid	0%	0%	0%	100%	100%	100%
Roaming	0%	0%	0%	100%	100%	100%
Site sharing	0%	0%	0%	0%	100%	100%
ACS Subscriber	0%	0%	0%	77%	0%	0%
Other receivables**	0%	0%	0%	0%	0%	100%

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

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**13 Trade and other receivables and other current assets** (Continued)

<b>Gross carrying amount</b>	<b>1-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-180 days</b>	<b>181-360 days</b>	<b>&gt; 360 days</b>	<b>Totals</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Airtel Shops	6 164	3 839	3 287	9 237	3 854	76 071	102 452
Channel Partner	332 639	14 378	183 049	-	429	375 428	905 923
Enterprise	261 909	111 016	167 919	(5 337)	120 630	427 089	1 083 226
Interconnect	58 737	186 778	28 553	10 967	41 383	622 012	948 430
Lease Line	121 325	619 688	149 779	136 910	50 071	863 889	1 941 662
Postpaid	130 253	111 509	655 239	95 772	811 585	1 031 192	2 835 550
Roaming	403 123	10 161	13 136	11 135	19 628	755 486	1 212 669
Site Sharing	-	-	25 896	-	72 909	37 112	135 917
ACS Subscriber	377 034	572 111	260 813	541 839	873 032	-	2 624 829
Other receivables**	12 428	(87 737)	(68 165)	(157 838)	(681 262)	307 361	(675 213)
<b>Total</b>	<b>1 703 612</b>	<b>1 541 743</b>	<b>1 419 506</b>	<b>642 685</b>	<b>1 312 259</b>	<b>4 495 640</b>	<b>11 115 445</b>

<b>Expected credit losses</b>	<b>1-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-180 days</b>	<b>181-360 days</b>	<b>&gt; 360 days</b>	<b>Totals</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Airtel Shops	-	-	-	9 237	3 854	76 069	89 160
Channel Partner	-	-	-	-	429	375 428	375 857
Enterprise	-	-	-	-	120 630	427 089	547 719
Interconnect	-	-	-	-	25 692	232 924	258 616
Lease Line	-	-	-	136 910	50 071	863 889	1 050 870
Postpaid	-	-	-	95 772	811 585	1 031 192	1 938 549
Roaming	-	-	-	11 135	19 628	755 486	786 249
Site Sharing	-	-	-	-	72 909	37 112	110 021
ACS Subscriber	-	-	-	414 872	-	-	414 872
Other receivables**	-	-	-	-	-	307 361	307 361
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>667 926</b>	<b>1 104 798</b>	<b>4 106 550</b>	<b>5 879 274</b>

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2024

**13. Trade and other receivables and other current assets (Continued)**

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

<b>Expected credit loss rate</b>	<b>1-30days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 180 days</b>	<b>181 to. 360 days</b>	<b>&gt;360 days</b>
Airtel shops	0%	0%	0%	100%	100%	100%
Channel partner	0%	0%	0%	0%	100%	100%
Enterprise	0%	0%	0%	0%	0%	100%
Interconnect	0%	0%	0%	0%	17%	18%
Lease line	0%	0%	0%	43%	100%	100%
Postpaid	0%	0%	0%	41%	100%	100%
Roaming	0%	0%	0%	0%	59%	100%
Site sharing	0%	0%	0%	100%	0%	100%
ACS Subscriber	0%	0%	0%	0%	24%	0%
Other receivables**	0%	0%	0%	0%	100%	0%

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

<b>Gross carrying amount</b>	<b>1-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-180 days</b>	<b>181-360 days</b>	<b>&gt; 360 days</b>	<b>Totals</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Airtel Shops	1 067	2 059	556	1 314	86 184	27 196	118 376
Channel Partner	811 595	-	(4 447)	(4 353)	11 980	365 160	1 179 935
Enterprise	650 242	4 037	547	(33 547)	(14 332)	522 718	1 129 665
Interconnect	(84 967)	198 240	37 632	110 498	234 032	512 907	1 008 342
Lease Line	11 155	408 996	82 004	79 943	107 836	1 106 657	1 796 591
Postpaid	255 626	42 582	27 586	17 951	22 382	1 687 985	2 054 112
Roaming	79 844	33 215	44 101	31 845	109 502	622 002	920 509
Site Sharing	-	-	19 068	31 436	-	24 993	75 497
ACS Subscriber	617 248	229 200	152 868	296 596	629 424	-	1 925 336
Other receivables**	(321 153)	(146 048)	(31 318)	(92 528)	307 195	(291 517)	(575 369)
<b>Total</b>	<b>2 020 657</b>	<b>772 281</b>	<b>328 597</b>	<b>439 155</b>	<b>1 494 203</b>	<b>4 578 101</b>	<b>9 632 994</b>
<b>Expected credit losses</b>	<b>1-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-180 days</b>	<b>181-360 days</b>	<b>&gt; 360 days</b>	<b>Totals</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Airtel Shops	-	-	-	1 314	86 184	27 196	114 694
Channel Partner	-	-	-	-	11 980	365 160	377 140
Enterprise	-	-	-	-	-	522 718	522 718
Interconnect	-	-	-	-	39 713	92 958	132 671
Lease Line	-	-	-	34 596	107 836	1 106 657	1 249 089
Postpaid	-	-	-	7 341	22 382	1 687 985	1 717 708
Roaming	-	-	-	-	64 338	622 002	686 340
Site Sharing	-	-	-	31 436	-	24 993	56 429
ACS Subscriber	-	-	-	-	148 921	-	148 921
Other receivables**	-	-	-	-	307 195	-	307 195
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74 687</b>	<b>788 549</b>	<b>4 449 669</b>	<b>5 312 905</b>



AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**14. Income tax**

	<u>2024</u> K'000	<u>2023</u> K'000
Balance at the beginning of the year	4 276 435	5 784 950
Withholding tax paid during the year	(1 536 152)	(223 309)
Provisional tax paid during the year	(19 877 552)	(13 915 777)
Provisional tax paid for prior year	(3 854 352)	(3 053 543)
Charge for the year (note 34)	20 196 936	15 684 114
<b>Income tax (receivable)/ payable</b>	<b><u>(794 685)</u></b>	<b><u>4 276 435</u></b>

**15. Cash and cash equivalents**

	<u>2024</u> K'000	<u>2023</u> K'000
Current bank accounts	42 305 563	31 611 388
FCDA account	668 471	508 641
Cash in hand	646 936	686 805
Short term deposit accounts	12 270 884	9 457 219
<b>Totals</b>	<b><u>55 891 854</u></b>	<b><u>42 264 053</u></b>

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

Included in bank balances and cash are foreign currency denominated balances valued at K 668 million (2023: K 509 million) at 31 December 2024. The balances were earning nil interest in 2024 (2023: nil) per annum. The rest of the bank balances are denominated in Malawi Kwacha and were earning interest between 4-23% (2023: 5-12%) per annum.

Short term deposit tenure is only 1 month.

The carrying amount of K55 892 million (2023: K42 264 million) is a reasonable approximation of fair value.

**16. Borrowings**

	<u>2024</u> K'000	<u>2023</u> K'000
<b>Current</b>		
Current portion of the loan	57 441 344	55 758 596
<b>Total borrowings</b>	<b><u>57 441 344</u></b>	<b><u>55 758 596</u></b>

**Analysis as below:**

**Bank of America, Hong kong branch**

	<u>2024</u> K'000	<u>2023</u> K'000
At the beginning of the year	55 758 596	33 981 639
Interest charges capitalised in the year	4 684 291	3 055 840
Repayments in the year	(4 712 832)	(3 220 961)
Exchange loss	1 711 289	21 942 078
<b>At the end of the year</b>	<b><u>57 441 344</u></b>	<b><u>55 758 596</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 December 2024

**16. Borrowings (Continued)**

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

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

**17. Lease liabilities**

As at 31 December 2024, the company had the following lease liabilities: -

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>K'000</b>	<b>K'000</b>
Current portion of leases liabilities	3 514 723	3 557 877
Non-current portion of leases liabilities	<u>125 293 893</u>	<u>98 651 640</u>
<b>Total lease liabilities</b>	<b><u>128 808 616</u></b>	<b><u>102 209 517</u></b>
<b>Lease details are as below:-</b>		
Opening lease liability	102 209 517	50 939 745
Additional lease during the year	22 932 623	32 015 088
Retirement of leased assets	(43 835)	(8 724)
Interest on lease liability	17 735 891	9 669 219
Repayment of lease liabilities	(19 671 608)	(11 271 527)
Unrealised exchange movement	<u>5 646 028</u>	<u>20 865 716</u>
<b>At the end of the year</b>	<b><u>128 808 616</u></b>	<b><u>102 209 517</u></b>

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

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

**Definition of Incremental Borrowing Rate**

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

**Determination of Incremental Borrowing Rate (IBR)**

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

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**17. Lease liabilities** (Continued)

**a) Currency**

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

**b) Economic environment**

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

**c) Term**

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

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

<b>Name of the Entity</b>	<b>Period</b>	<b>Local Currency Leases</b>	<b>USD Leases</b>
Airtel Malawi Plc	31 December 2024	18.40%	14.00%
Airtel Malawi Plc	31 December 2023	20.84%	16.14%

**Undiscounted Maturity Schedule**

Maturity analysis of lease liabilities

<b>Lease liability Aging</b>	<b><u>2024</u> K'000</b>	<b><u>2023</u> K'000</b>
Less than one year	22 789 110	12 399 087
One to two years	21 874 706	11 762 435
Two to three years	22 983 565	37 618 820
More than three years	190 195 079	92 871 348
	<u>257 842 460</u>	<u>154 651 690</u>
Less: future finance charges	<u>(129 033 844)</u>	<u>(52 442 173)</u>
	<u>128 808 616</u>	<u>102 209 517</u>

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**18. Deferred Spectrum liabilities**

As at 31 December 2024, the company had the following deferred spectrum liabilities: -

	<u>2024</u> K'000	<u>2023</u> K'000
Non -current portion of deferred spectrum liabilities	1 785 793	-
Current portion of deferred spectrum liabilities	169 245	-
<b>Total deferred spectrum liabilities</b>	<b><u>1 955 038</u></b>	<b><u>-</u></b>

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

	<u>2024</u> K'000	<u>2023</u> K'000
At the beginning of the year	-	201 028
Purchased during the year	2 015 383	-
Interest during the year	243 831	7 426
Repayments during the year	(374 216)	(214 601)
Exchange loss	70 040	6 147
<b>At the end of the year</b>	<b><u>1 955 038</u></b>	<b><u>-</u></b>

**19. Trade and other payables**

	<u>2024</u> K'000	<u>2023</u> K'000
Trade payable	9 593 490	5 553 121
Amount due to related parties (note 12.2)	50 319 467	39 195 779
Other payables	25 030 302	22 596 748
Other taxes payable	9 242 261	5 776 865
	<b><u>94 185 520</u></b>	<b><u>73 122 513</u></b>

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

The other payables comprise accrued expense, accrued security expenses, accrued audit fees, equipment supply payables (note 20) and payables clearing account balances.

No interest is charged on outstanding balances.

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

**20. Equipment supply payables**

	<u>2024</u> K'000	<u>2023</u> K'000
At the beginning of the year	15 709 780	13 403 801
Purchase made during the year	41 468 244	19 547 394
<b>Payment made during the year</b>	<b><u>(43 599 848)</u></b>	<b><u>(17 241 415)</u></b>
At the end of the year	<b><u>13 578 176</u></b>	<b><u>15 709 780</u></b>

Equipment supply payables included in Trade and other payables note 19.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**21. Contract liabilities**

	<u>2024</u> K'000	<u>2023</u> K'000
Deferred income	7 634 017	9 704 588

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

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

**22. Other current liabilities**

	<u>2024</u> K'000	<u>2023</u> K'000
Dividends (note 23)	23 273	17 341 465
Employee benefits (note 24)	690 246	546 274
	<u>713 519</u>	<u>17 887 739</u>

**23. Dividend payable**

	<u>2024</u> K'000	<u>2023</u> K'000
At beginning of the year	17 341 465	15 857 832
Dividend declared	-	27 500 000
Dividend paid	(17 318 192)	(26 016 367)
<b>At the end of the year</b>	<u>23 273</u>	<u>17 341 465</u>

**24. Employee benefits**

	<u>At the beginning of the year</u> K'000	<u>Additions in the year</u> K'000	<u>Reversed/ transferred in the year</u> K'000	<u>Utilised in the year</u> K'000	<u>At the end of the year</u> K'000
<b>For the year ended 31 December 2024</b>					
Bonus provision	369 077	1 187 754	-	(901 799)	655 032
Provision for leave	177 197	(21 841)	(91 854)	(28 288)	35 214
Current amount payable within 12 months	<u>546 274</u>	<u>1 165 913</u>	<u>(91 854)</u>	<u>(930 087)</u>	<u>690 246</u>
<b>For the year ended 31 December 2023</b>					
Bonus provision	298 266	794 326	-	(723 515)	369 077
Provision for leave	149 171	47 596	-	(19 570)	177 197
Current amount payable within 12 months	<u>447 437</u>	<u>841 922</u>	<u>-</u>	<u>(743 085)</u>	<u>546 274</u>

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**25. Provisions**

	<u>Nature</u>	<u>At the beginning of the year K'000</u>	<u>Additions in the year K'000</u>	<u>Reversed/ transferred in the year K'000</u>	<u>Utilised in the year K'000</u>	<u>At the end of the year K'000</u>
<b>For the year ended 31 December 2024</b>						
Provision for legal claims	Current	3 136 962	1 604 365	(705 808)	-	4 035 519
Asset retirement obligation	Non-current	6 289	285	-	-	6 574
Tevet provision	Current	63 489	42 764	-	(61 561)	44 692
Current amount payable within 12 months		<u>3 206 740</u>	<u>1 647 414</u>	<u>(705 808)</u>	<u>(61 561)</u>	<u>4 086 785</u>
<b>For the year ended 31 December 2023</b>						
Provision for legal claims	Current	2 437 869	742 627	(29 984)	(13 550)	3 136 962
Asset retirement obligation	Non-current	7 780	-	(1 491)	-	6 289
Tevet provision	Current	68 393	75 365	-	(80 269)	63 489
Current amount payable within 12 months		<u>2 514 042</u>	<u>817 992</u>	<u>(31 475)</u>	<u>(93 819)</u>	<u>3 206 740</u>

Addition in the provision for legal claims during the year end dated 31 December 2024 includes majorly of K750 million relating to the interest charged on the on-going legal case which is being disclosed under finance cost (refer note 33) & another K798 million provision created for on going legal case and also in this year we reversed the provision of K706 million against one of the case ruled in our favour. The provisions for asset retirement obligation relate to costs for the retirement of network assets. Tevet provision relates to the payment to be made to Tevet Authority based on Tevet Act.

**26. Operating revenue**

	<u>2024 K'000</u>	<u>2023 K'000</u>
Airtime revenue	141 345 224	107 440 355
Data revenue	102 287 196	64 864 683
Interconnect revenue	7 588 492	5 301 662
Other services	341 527	359 645
Short Messaging Services	14 660 511	13 278 506
Value added services content	3 980 273	3 364 370
Roaming revenue	1 942 519	1 641 025
Connection revenue	1 790 234	1 745 607
Handsets and accessories	758 296	431 583
Trade discount	(3 727 769)	(4 428 715)
<b>Total</b>	<u>270 966 503</u>	<u>193 998 721</u>

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to K7 634 million at 31 December 2024 and K9 705 million as at 31 December 2023 will be satisfied within a period of one year, respectively.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2024

**26. Operating revenue (Continued)**

Revenue recognised that was included in the contract liability balance at the beginning of the year is K9 705 million (2023: K9 975 million). Transfers from unbilled revenue (contract assets) recognized at the beginning of the period to receivables is K807 million for 2024 (2023: K615 million).

**27. Other income**

	<u>2024</u> K'000	<u>2023</u> K'000
Profit on disposal of scrap	95 338	22 414
Liability written back	26 965	5 576
<b>Total</b>	<b><u>122 303</u></b>	<b><u>27 990</u></b>

**28. Finance income**

	<u>2024</u> K'000	<u>2023</u> K'000
Interest Income	4 600 052	3 361 012
	<b><u>4 600 052</u></b>	<b><u>3 361 012</u></b>

**29. Other expenses**

	<u>2024</u> K'000	<u>2023</u> K'000
IT expenses	2 143 312	1 068 727
Management fees (note 12.3.3)	8 378 443	4 929 824
Content charges	12 630 568	8 585 783
Travel Expenses	2 135 335	1 750 247
Administrative Expenses	2 751 608	1 646 758
Provisions for legal cases	147 820	13 603
Customer services expenses	471 369	318 427
Billing and collection expenses	912 239	959 641
Corporate social responsibility	17 339	61 706
Directors' remuneration - for managerial services (note 35)	2 678 287	2 112 540
Directors' remuneration - for services as Director	21 800	22 375
Cost of goods sold	1 542 659	441 821
Auditors' remuneration	219 995	191 638
	<b><u>34 050 774</u></b>	<b><u>22 103 090</u></b>

Auditor's remuneration for the year ended 31 December 2024 includes K77 million (2023: K40 million) for internal audit services paid to Ernst & Young LLP.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**30. Licence fee/spectrum usage charges**

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
Gross Operating Revenue (January to December)*	267 508 332	191 232 746
	<u><b>267 508 332</b></u>	<u><b>191 232 746</b></u>
MACRA levy at 3.5% GOR (Network Services License)	9,362,792	6 693 146
Spectrum & Frequency fees	9 766 284	6 234 466
	<u><b>19 129 076</b></u>	<u><b>12 927 612</b></u>

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

\*GOR derived as per MACRA guidelines.

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
Interconnect Call Termination Rate Cost (0.08 cents)	<u><b>966 411</b></u>	<u><b>836 128</b></u>

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

**31. Depreciation and amortisation**

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
Depreciation on property and equipment (note 5)	15 552 755	13 119 325
Depreciation on right-of use assets (note 7)	8 503 976	4 380 578
Amortisation of intangible assets (note 6)	821 106	312 163
	<u><b>24 877 837</b></u>	<u><b>17 812 066</b></u>

**32. Net foreign exchange losses**

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
Realised exchange gain	(436 195)	(2 850 453)
Realised exchange loss	13 596 602	21 663 710
Unrealised exchange gain	(1 295 361)	(2 319 848)
Unrealised exchange loss	7 596 668	68 210 316
<b>Net foreign exchange losses</b>	<u><b>19 461 714</b></u>	<u><b>84 703 725</b></u>



AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2024

**33. Finance cost**

	<u>2024</u> K'000	<u>2023</u> K'000
Interest expenses	4 684 291	3 055 840
Other interest charges	750 490	723 817
Bank charges*	403 972	220 262
Interest on deferred spectrum and other	243 831	7 426
Interest on lease liability	17 735 891	9 669 219
<b>Total finance cost</b>	<b><u>23 818 475</u></b>	<b><u>13 676 564</u></b>

\* Realised foreign exchange losses amounting to K4.1 billion relating to the foreign payables with an FEC has been reclassified from finance costs to foreign exchange loss note 32 above. Consequently, cashflow statement has been updated to reflect the same.

**34. Income tax expenses/(credit)**

	<u>2024</u> K'000	<u>2023</u> K'000
<b>Income tax expense</b>		
Current income (note 14)	20 196 936	15 684 114
Deferred tax (note 8)	(7 517 707)	(22 032 956)
	<b><u>12 679 229</u></b>	<b><u>(6 348 842)</u></b>

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

	<u>2024</u> K'000	<u>2023</u> K'000
Profit/(loss) before tax	55 401 337	(21 773 082)
Income tax (2024*: @40% - above K10 bn, 30% upto K10 bn; 2023 - 30%)	21 160 535	(6 531 925)
Rate change impact in tax rate from 30% to 40%*	(8 975 681)	-
Expenses not deductible for tax purposes	494 375	183 083
	<b><u>12 679 229</u></b>	<b><u>(6 348 842)</u></b>

\* 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.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2024

**35. Compensation of key senior management personnel**

	<u>2024</u> <b>K'000</b>	<u>2023</u> <b>K'000</b>
Salary	1 270 130	915 226
Benefits	759 146	582 035
Bonus	540 459	417 157
Long term Incentive	108 552	198 122
	<u><b>2 678 287</b></u>	<u><b>2 112 540</b></u>

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

Key management personnel are:

<b>S/No.</b>	<b>EMPLOYEE NAME</b>	<b>DESIGNATION</b>	<b>PERIOD</b>
1	Mr. Charles Kamoto	Managing Director	Jan'24 - Oct'24
2	Mr. Abdul Shaik	Acting Managing Director	Nov'24- Dec'24
3	Mr. Abdul Shaik	Finance Director	Full Year
4	Ms. Hlupekire Chalamba	Legal & Regulatory Director	Jan'24 - Oct'24
5	Mr. Abdulhakim Mkwanda	Acting Legal & Regulatory Director	Nov'24- Dec'24
6	Ms. Mpho Bwanali	Human Resource and Administration Director	Full year
7	Mr. Allan Banda	IT Director	Full year
8	Mr. Joshua Sichinga	Marketing Director	Full Year
9	Mr. Obester Thindwa	Acting Supply Chain Management Director	Full year
10	Ms. Sibusiso Twea Nyasulu	Customer Experience Director	Full year
11	Mr. Mphatso Manda	Network Director	Full year
12	Mr. Misheck Kavuta	Sales & Distribution Director	Full year
13	Mr. Patrick Maleya	Head of Home Broad Band	Full year
14	Mr. Limbani Ngoma	Acting Enterprise Director	Full year

**36. Directors' remuneration**

	<u>2024</u> <b>K'000</b>	<u>2023</u> <b>K'000</b>
Directors' remuneration - for services as Director	<u>21 800</u>	<u>22 375</u>

Remuneration for executive directors amounting to K944.9 million (2023: K606.1 million) is included in compensation of key senior management personnel above.

**37. Defined contribution plan expenses**

	<u>2024</u> <b>K'000</b>	<u>2023</u> <b>K'000</b>
Defined contribution plan expenses	<u>542 166</u>	<u>452 422</u>

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**38. Capital Commitments**

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
<b>Capital expenditure</b>		
Approved capital expenditure to be incurred	<u>15 786 767</u>	<u>15 431 427</u>

The expenditure will be financed from internal resources.

**39. Earnings/(loss) per share**

Basic earnings/(loss) per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares outstanding at 31 December 2024 and 31 December 2023. Diluted earnings/(loss) per share is therefore the same as basic earnings per share.

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
Profit/(loss) attributable to ordinary shareholders for the year	<u>42 722 112</u>	<u>(15 424 239)</u>
Weighted average number of shares	<u>11 000 000</u>	<u>11 000 000</u>
	<u><b>2024</b></u>	<u><b>2023</b></u>
Basic earnings/(loss) per share (K)	<u>3.88</u>	<u>(1.40)</u>
Diluted earnings/(loss) per share (K)	<u>3.88</u>	<u>(1.40)</u>

**40. Contingent liabilities**

As at 31 December 2024, the Company had contingent liabilities of K 3 843 million (2023: K 4 999 million) in respect of on-going legal cases. The cases are still in court awaiting deliberations hence no provisions have been made in the financial statements as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**41. Financial risk management**

**41.1 Categorisation of financial instruments**

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

	<u>2024</u> <b>K'000</b>	<u>2023</u> <b>K'000</b>
<b><u>Financial assets held at amortised cost</u></b>		
Trade and other receivables*	5 461 072	4 545 653
Amount due from related parties	3 223 564	2 282 276
Cash and cash equivalents	55 891 854	42 264 053
Security Deposit	51 818	48 600
Interest accrued on investment	31 193	69 423
	<b><u>64 659 501</u></b>	<b><u>49 210 005</u></b>
<b><u>Financial assets at FVTPL</u></b>		
Investment – long term	81 000	81 000
Total financial assets	<b><u>64 740 501</u></b>	<b><u>49 291 005</u></b>
<b><u>Financial liabilities held at amortised cost</u></b>		
Loan due to Bank of America	57 441 344	55 758 596
Amount due to related parties	50 319 467	39 195 779
Lease liabilities	128 808 616	102 209 517
Trade & other payables**	34 623 792	28 149 869
Deferred spectrum liabilities	1 955 038	-
Dividend payable	23 273	17 341 465
	<b><u>273 171 530</u></b>	<b><u>242 655 226</u></b>

\* Trade & other receivables exclude amount due from related parties

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

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

The company is exposed to the following risks.

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

#### **41. Financial risk management (Continued)**

##### **41.2 Financial risk management objectives and policies**

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

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

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

##### ***(a) Capital risk management***

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

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

No changes were made in the objectives, policies or processes during the period ended 31 December 2024.

##### ***(b) Market risk***

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk-currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk includes loans and borrowings, deposits, and derivative financial instruments.

##### ***i) 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.

**41. Financial risk management (Continued)**

**41.2 Financial risk management objectives and policies (Continued)**

*(b) Market risk (Continued)*

*i) Foreign currency risk management (Continued)*

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

As at 31 December 2024, if the Kwacha had weakened/strengthened by 5% against the US dollar with all other variables held constant, profit before tax for the year would have been K10 473 million (2023: K 8 462 million) lower/higher, mainly as a result of US dollar denominated borrowings.

*(ii) Interest rate risk management*

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

As at 31 December 2024, if effective interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax would have been K573 million (2023: K556 million) lower/higher.

*(c) Credit risk management*

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

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

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

Credit risk from balances with banks and financial institutions is managed by company's treasury in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The company monitors ratings, credit spreads and financial strength on at least a quarterly basis. Based on its on-going assessment of counterparty risk, the company adjusts its exposure to various counterparties. The company's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2024 and December 31, 2023 is the carrying amounts as reflected in Note 13.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**41. Financial risk management** (Continued)

**41.2 Financial risk management objectives and policies** (Continued)

**(d) Liquidity risk**

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

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

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

	<b>0 to 3</b>	<b>4 -12</b>	<b>Over 1</b>	<b>Carrying</b>
	<b><u>Months</u></b>	<b><u>Months</u></b>	<b><u>year</u></b>	<b><u>amount and</u></b>
	<b><u>K'000</u></b>	<b><u>K'000</u></b>	<b><u>K'000</u></b>	<b><u>fair value</u></b>
				<b><u>K'000</u></b>
<b>As at 31 December 2024</b>				
<b>Liabilities</b>				
Loan due to Bank of America	57 441 344	-	-	57 441 344
Amount due to related parties	50 319 467	-	-	50 319 467
Lease liabilities	6 929 093	15 860 017	235 053 350	257 842 460
Trade & other payables**	34 623 792	-	-	34 623 792
Deferred spectrum liabilities	-	169 245	1 785 793	1 955 038
Dividend payable	23 273	-	-	23 273
<b>Total Liabilities</b>	<b><u>149 336 969</u></b>	<b><u>16 029 262</u></b>	<b><u>236 839 143</u></b>	<b><u>402 205 374</u></b>
	<b>0 to 3</b>	<b>4 -12</b>	<b>Over 1</b>	<b>Carrying</b>
	<b><u>Months</u></b>	<b><u>Months</u></b>	<b><u>year</u></b>	<b><u>amount and</u></b>
	<b><u>K'000</u></b>	<b><u>K'000</u></b>	<b><u>K'000</u></b>	<b><u>fair value</u></b>
				<b><u>K'000</u></b>
<b>As at 31 December 2023</b>				
<b>Liabilities</b>				
Loan due to Bank of America	55 758 596	-	-	55 758 596
Amount due to related parties	39 195 779	-	-	39 195 779
Lease liabilities	3 769 977	8 629 110	142 252 603	154 651 690
Trade & other payables**	28 149 869	-	-	28 149 869
Deferred spectrum liabilities	-	-	-	-
Dividend payable	17 341 465	-	-	17 341 465
<b>Total Liabilities</b>	<b><u>144 215 686</u></b>	<b><u>8 629 110</u></b>	<b><u>142 252 603</u></b>	<b><u>295 097 399</u></b>

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The loan due to Bank of America is disclosed in the 3-month bracket as it is payable on demand even though the facility expires on 12 September 2025.

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

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2024

**41. Financial risk management (Continued)**

**41.2 Financial risk management objectives and policies (Continued)**

*(d) Liquidity risk (Continued)*

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2024 to the contractual maturity date.

	<b>0 to 3 Months K'000</b>	<b>4 -12 Months K'000</b>	<b>Over 1 year K'000</b>	<b>Carrying amount and fair value K'000</b>
<b><u>As at 31 December 2024</u></b>				
<b>Assets</b>				
Trade and other receivables*	4 664 861	182 220	613 991	5 461 072
Amount due from related parties	3 223 564	-	-	3 223 564
Cash and cash equivalents	55 891 854	-	-	55 891 854
Security Deposit	-	-	51 818	51 818
Interest accrued on investment	31 193	-	-	31 193
<b>Total Assets</b>	<b>63 811 472</b>	<b>182 220</b>	<b>665 809</b>	<b>64 659 501</b>
<b>Liabilities</b>				
Loan due to Bank of America	57 441 344	-	-	57 441 344
Amount due to related parties	50 319 467	-	-	50 319 467
Lease liabilities	6 929 093	15 860 017	235 053 350	257 842 460
Trade & other payables**	34 623 792	-	-	34 623 792
Deferred spectrum liabilities	-	169 245	1 785 793	1 955 038
Dividend payable	23 273	-	-	23 273
<b>Total Liabilities</b>	<b>149 336 969</b>	<b>16 029 262</b>	<b>236 839 143</b>	<b>402 205 374</b>
<b>Gap***</b>	<b>(85 525 497)</b>	<b>(15 847 042)</b>	<b>(236 173 334)</b>	<b>(337 545 873)</b>
<b>Cumulative Gap</b>	<b>(85 525 497)</b>	<b>(101 372 539)</b>	<b>(337 545 873)</b>	<b>(337 545 873)</b>
<b><u>As at 31 December 2023</u></b>				
<b>Assets</b>				
Trade and other receivables*	3 121 535	1 070 122	3 53 996	4 545 653
Amount due from related parties	2 282 276	-	-	2 282 276
Cash and cash equivalents	42 264 053	-	-	42 264 053
Security Deposit	-	-	48 600	48 600
Interest accrued on investment	69 423	-	-	69 423
<b>Total Assets</b>	<b>47 737 287</b>	<b>1 070 122</b>	<b>402 596</b>	<b>49 210 005</b>
<b>Liabilities</b>				
Loan due to Bank of America	55 758 596	-	-	55 758 596
Amount due to related parties	39 195 779	-	-	39 195 779
Lease liabilities	1 825 732	1 732 145	151 093 813	154 651 690
Trade & other payables**	28 149 869	-	-	28 149 869
Deferred spectrum liabilities	-	-	-	-
Dividend payable	17 341 465	-	-	17 341 465
<b>Total Liabilities</b>	<b>142 271 441</b>	<b>1 732 145</b>	<b>151 093 813</b>	<b>295 097 399</b>
<b>Gap</b>	<b>(94 534 154)</b>	<b>(662 023)</b>	<b>(150 691 217)</b>	<b>(245 887 394)</b>
<b>Cumulative Gap</b>	<b>(94 534 154)</b>	<b>(95 196 177)</b>	<b>(246 887 394)</b>	<b>(245 887 394)</b>

\* Trade & other receivables exclude amount due from related parties.

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

\*\*\* The gap is primarily due to lease liability which will be payable over the lease term.



AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**41. Financial risk management** (Continued)

**41.3 Capital management**

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

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital is calculated as equity plus net debt.

The gearing ratios at 31 December 2024 and 31 December 2023 were as follows:

	<u><b>2024</b></u> <b>K'000</b>	<u><b>2023</b></u> <b>K'000</b>
Total borrowings (including borrowings and lease liabilities)	186 249 960	157 968 113
Less: cash and cash equivalents	(55 891 854)	(42 264 053)
Net debts	<u>130 358 106</u>	<u>115 704 060</u>
Total equity	<u>32 115 684</u>	<u>(10 606 428)</u>
Total capital	<u><u>162 473 790</u></u>	<u><u>105 097 632</u></u>
Gearing ratio	<u><u>80%</u></u>	<u><u>110%</u></u>

**42. Fair value measurements**

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

**42.1 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 their fair value mainly due to the short-term maturities of these instruments.

During the year ended 31 December 2024 and year ended 31 December 2023 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 fair value measurements.

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**42. Fair value measurements** (Continued)

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

	<u>2024</u> <u>Carrying</u> <u>amount and</u> <u>K'000</u>	<u>2024</u> <u>fair value</u> <u>K'000</u>	<u>2023</u> <u>Carrying</u> <u>amount and</u> <u>K'000</u>	<u>2023</u> <u>fair value</u> <u>K'000</u>
<b><u>Financial assets classified at amortized cost</u></b>				
Trade and other receivables	5 461 072	5 461 072	4 545 653	4 545 653
Amount due from related parties	3 223 564	3 223 564	2 282 276	2 282 276
Cash and cash equivalents	55 891 854	55 891 854	42 264 053	42 264 053
Security Deposit	51 818	51 818	48 600	48 600
Interest accrued on investment	31 193	31 193	69 423	69 423
<b>Total</b>	<u>64 659 501</u>	<u>64 659 501</u>	<u>49 210 005</u>	<u>49 210 005</u>
<b><u>Financial assets at FVTPL</u></b>				
Investment – long term	<u>81 000</u>	<u>81 000</u>	<u>81 000</u>	<u>81 000</u>
<b><u>Financial liabilities at amortised cost</u></b>				
Loan due to Bank of America	57 441 344	57 441 344	55 758 596	55 758 596
Amount due to related parties	50 319 467	50 319 467	39 195 779	39 195 779
Trade & other payables**	34 623 792	34 623 792	28 149 869	28 149 869
Deferred spectrum liabilities	1 955 038	1 955 038	-	-
Dividend payable	23 273	23 273	17 341 465	17 341 465
	<u>144 362 914</u>	<u>144 362 914</u>	<u>140 445 709</u>	<u>140 445 709</u>

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

**Fair value hierarchy as at 31 December 2024**

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

**Fair value hierarchy as at 31 December 2023**

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

AIRTEL MALAWI PLC  
**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2024

**43. Economic factors**

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

	<u>2024</u>	<u>2023</u>
Kwacha/US Dollar	1 751	1 700
Inflation	28.1%	35%

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

Kwacha/US Dollar	1 751
Inflation (March 2025)	30.5%

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

**44. Segment reporting**

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

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

The executive management committee measures the performance of the operating segment based on a measure of Earnings before Interest, Tax, Depreciation and Amortisation. Breakdown of revenue from all services is shown in note 26 to the financial statements.

**45. Comparatives**

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

**46. Subsequent events**

**Dividend**

Subsequent to the year end on 24 March 2025, the company proposed a dividend of K 22 billion in respect of 2024 financial results.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 December 2024

**47. Reclassification of 2023 statement of cash flows and statement of comprehensive income**

The statement of cash flows for the year ended 31 December 2023, has been reclassified to disclose the realised forex gains and losses relating to the foreign payables with an FEC which were incorrectly classified as financing activities instead of operating activities. The overall closing cash and cash equivalents did not change as a result of this reclassification. In addition, in order to comply with IAS 1:29,30, the statement of comprehensive income has been reclassified to disclose separately finance costs and foreign exchange gains and losses. The impact of the reclassification is included below :

**A) STATEMENT OF CASH FLOWS**

	Year ended 31 December 2023		
	As previously reported	Adjustment	Reclassified
	K'000	K'000	K'000
<b>Cash flows from operating activities</b>			
Finance cost	17 839 782	(4 163 218)	13 676 564
Operating cash flow before working capital changes	76 380 233	(4 163 218)	72 217 015
Net cash generated from operations before tax	60 072 509	(4 163 218)	55 909 291
<b>Net cash generated from operating activities</b>	<b>42 879 880</b>	<b>(4 163 218)</b>	<b>38 716 662</b>
<b>Cash flows from financing activities</b>			
Other finance costs	(5 107 297)	4 163 218	(944 079)
<b>Net cash used in financing activities</b>	<b>(45 830 753)</b>	<b>4 163 218</b>	<b>(41 667 535)</b>
Net decrease in cash & cash equivalents	(16 808 862)	-	(16 808 862)
Cash & cash equivalents at the beginning of the year	59 072 915	-	59 072 915
<b>Cash &amp; cash equivalents as at end of the period</b>	<b>42 264 053</b>	<b>-</b>	<b>42 264 053</b>

**B) STATEMENT OF COMPREHENSIVE INCOME**

	Year ended 31 December 2023		
	As previously reported	Adjustment	Reclassified
	K'000	K'000	K'000
<b>Operating profit</b>			
Net foreign exchange losses	-	(84 703 725)	(84 703 725)
Finance costs	(98 380 289)	84 703 725	(13 676 564)
<b>Loss before tax</b>	<b>(21 773 081)</b>	<b>-</b>	<b>(21 773 081)</b>