

**AIRTEL RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 2024**

AIRTEL RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS	PAGE
Corporate Information	1
Directors' Report	2 - 3
Statement of Directors' Responsibilities	4
Report of the Independent Auditors	5 - 7
Financial Statements:	
Statement of Profit or loss	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 55

AIRTEL RWANDA LIMITED

CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

DIRECTORS

The directors who served during the year and to the date of this report were:

Name	Role	Date of appointment/resignation
Mr. Richard Mugisha	Chairman	Appointed on 01 December 2014
Mr. Emmanuel Hamez	Managing Director	Appointed on 01 September 2021
Mr. Alok Bafna	Non-Executive Director	Appointed on 04 July 2017
Mr. Apoorva Mehrotra	Non-Executive Director	Appointed on 20 October 2022
PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE	Airtel Rwanda Limited Remera, Gasabo P.O. Box 4164 Kigali, Rwanda	
AUDITORS	BDO East Africa (Rwanda) Ltd Certified Public Accountants Career Centre Building, 8 th Floor KG 7AV, PO Box 6953 Kigali, Rwanda	
BANKERS	Bank of Kigali Plc P.O. Box 175 Kigali, Rwanda	Access Bank Rwanda Limited Plc P.O Box 2059 Kigali, Rwanda
	Ecobank Rwanda Plc P.O. Box 3268 Kigali, Rwanda	Equity Bank Rwanda Plc P.O. Box 494 Kigali, Rwanda
	Deutsche Bank P.O. Box 5230 Kigali, Rwanda	Zigama Credit and savings bank Plc P.O. Box 4772 Kigali, Rwanda
	I&M Bank Rwanda Plc P.O Box 354 Kigali, Rwanda	Kotak Mahindra Bank Ltd GIFT City Branch, Gujarat, India
	International Finance Corporation (IFC) 2121 Pennsylvania Avenue, N.W. Washington, D.C. 20433 United States of America	
SECRETARY	Mr. Shema Baker C/O Airtel Rwanda Limited P.O. Box 4164 Kigali, Rwanda	
LEGAL ADVISORS	Trust law chambers P.O Box 6679 Kigali, Rwanda	B&A Advocates P.O Box 4067 Kigali, Rwanda

AIRTEL RWANDA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors submit their report on the affairs of the Company together with financial statements and the auditors' report for the year ended 31 December 2024, which disclose the state of affairs of the Company.

1. INCORPORATION INFORMATION

Airtel Rwanda Limited (the Company) is a limited liability Company incorporated and domiciled in Rwanda and its registered office is Airtel Rwanda Limited, Remera, Gasabo, P.O. Box 4164, Kigali Rwanda. The principal activity of the Company is the provision of a public GSM mobile telecommunication network in Rwanda.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of a public mobile telecommunication network.

3. RESULTS

The results for the year are set out on page 8.

4. DIVIDEND

The directors do not recommend payment of dividend with respect to the year ended 31 December 2024 (2023: Nil).

5. RESERVES

The reserves of the Company are set out on page 10.

6. DIRECTORS

The Directors who held office during the year and to the date of this report are set out on page 1.

7. STAFF WELFARE

Management has designed a number of compensation packages in order to recruit and retain good quality and dedicated staff, including advances. Other staff incentives include a health insurance package.

8. RELATIONSHIP WITH STAKEHOLDERS

Airtel Rwanda Limited continues to maintain a good relationship with all stakeholders including the regulators.

9. RELATED PARTIES

All related party transactions and balances are disclosed in note 22 to these financial statements.

AIRTEL RWANDA LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

10. GOING CONCERN

The Directors are of the opinion that the Company is going concern on the basis that the Company:

- a) Will generate cash inflows from operations;
- b) Will obtain funding from the third parties; and
- c) The Company will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due.

The Directors are confident that the funds described above will be available to the Company to support its obligations as required and that it is therefore appropriate to prepare the financial statements on a going concern basis.

11. AUDITORS

BDO East Africa (Rwanda) Ltd were appointed initially in the year 2021 and have expressed their willingness to continue in office in accordance with Law No 007/2021 of 05/02/2021 as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies in Rwanda.

12. DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

By Order of the Board

The financial statements on pages 8 to 55 were approved at a meeting of the Directors held on 25 March 2025 and signed on its behalf by:

Shema Baker

Company Secretary

25 March 2025



AIRTEL RWANDA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

Law No 007/2021 of 05/02/2021 governing companies as modified and complemented to date by the Law No 019/2023 of 30/03/2023 governing companies 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 of the Company for that year. It 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. They are also responsible for safeguarding the assets of the Company.

In preparing our company's financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Airtel Rwanda will continue in business
- Present information, including accounting policies, in a way that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when the specific requirements in IFRSs do not enable readers to understand the impact of transactions, other events and conditions on our financial position and financial performance
- Make an assessment of our ability to continue as a going concern

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 as at 31 December 2024 and of its loss and cash flows for the year then ended in accordance with the IFRS Accounting Standards and the requirements of the Rwanda Law No 007/2021 of 05/02/2021 governing companies as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies.

The financial statements set out on pages 8 to 55, which have been prepared on the going concern basis, were approved by the board of directors on _____ 2025 and were signed on their behalf by:

Emmanuel Hamez
Managing Director

25/03/2025



Richard Mugisha
Chairman

25/03/2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Airtel Rwanda Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Airtel Rwanda Limited "the Company" set out on pages 8 to 55, which comprise:

- the statement of financial position as at December 31, 2024,
- the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and
- notes to the financial statements, including material accounting policy information.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of Law No. 007/2021 of 05/02/2021 governing Companies in Rwanda as modified and complemented to date by the Law No. 019/2023 of 30/03/2023.

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' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Rwanda, and 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 38 in the financial statements, which indicates that the Company incurred a net loss of Rwf'000 78,981,209 (2023: Rwf'000 105,981,565). As of 31 December 2024, the Company's accumulated losses were Rwf'000 566,811,890 (2023: Rwf'000 487,824,178) and that the total liabilities Rwf'000 734,308,470 (2023: Rwf'000 652,535,705) exceed its total assets Rwf'000 167,596,580 (2023: Rwf'000 164,811,527). As stated in Note 38, these events or conditions, along with other matters as set forth in Note 38, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Report of the Directors and Statement of Directors' Responsibilities, but does not include the financial statements and our auditor's report thereon.

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

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Other Information

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

As required by the Law No. 007/2021 of 05/02/2021 governing Companies in Rwanda as modified and complemented to date by the Law No. 019/2023 of 30/03/2023 we report to you, based on our audit, that:

- We have no relationship, interest or debt with Company. As indicated in our report on the audit of the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which includes comprehensive independence and other requirements.
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- We have communicated with those charged with governance our significant audit findings, and significant deficiencies in internal control that we identified during our audit.
- According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the company, the financial statements comply with Article 125 of Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No. 019/2023 of 30/03/2023.

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CPA Roy Kinoti Nkandau
PC/CPA 0647/0134
Engagement Partner

Date: 16 April 2025

AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(All amounts are in Thousand Rwf, unless stated otherwise)

	Note	For the year ended 31 December	
		2024	2023
Income			
Service Revenue	5	68,848,481	54,768,510
Other income	5	121,686	186,730
		68,970,167	54,955,240
Expenses			
Network operating expenses	6	20,248,349	18,004,619
Access charges	7	2,124,386	9,617,920
License fees & Spectrum usage charges	8	5,797,313	3,781,409
Employee benefit expenses	9	7,911,905	6,026,402
Sales and marketing expenses	10	11,197,421	9,890,985
Other operating expenses	11	6,293,730	4,714,530
Depreciation and amortization	12	17,915,678	19,736,808
		71,488,782	71,772,673
Operating loss		(2,518,615)	(16,817,433)
Foreign exchange loss	13	56,783,689	75,438,981
Finance costs	14	20,465,753	14,150,623
Finance Income	14	(786,848)	(425,472)
Loss before taxation		(78,981,209)	(105,981,565)
Income tax expense	29	-	-
Loss for the period		(78,981,209)	(105,981,565)
Other comprehensive Loss		6,503	5,192
Total comprehensive loss		(78,987,712)	(105,986,757)

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AIRTEL RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the Year ended December 31, 2024
STATEMENT OF FINANCIAL POSITION
(All amounts are in thousand Rwf, unless stated otherwise)

		As at 31st December	
	Notes	2024	2023
<u>Non-current assets</u>			
Property, plant and equipment	15	67,686,391	36,705,610
Capital work in progress	15	14,936,571	3,424,225
Right of use assets	17	22,524,386	14,620,015
Intangible assets	16	6,410,344	7,319,364
Goodwill	18	10,242,636	10,242,636
Other non-current assets	19	2,739,102	3,491,233
		<u>124,539,430</u>	<u>75,803,083</u>
<u>Current assets</u>			
Inventories	20	273,234	272,952
Financial Assets:			
- Trade and other receivables	21	16,582,464	13,732,248
- Due from related parties	22	13,375,151	16,746,797
- Cash and cash equivalents	25	12,826,301	26,758,447
- Other bank balance	25	-	31,498,000
		<u>43,057,150</u>	<u>89,008,444</u>
Total assets		<u>167,596,580</u>	<u>164,811,527</u>
<u>Current liabilities</u>			
Financial Liabilities			
- Lease liabilities	31(c)	8,005,099	7,777,457
- Borrowings	23	4,941,078	2,418,298
- Trade and other payables	26	30,398,990	39,986,188
- Due to related parties	22	20,380,774	19,483,549
- Bank overdraft	28	4,279,863	4,269,825
Deferred revenue	27	5,573,132	3,413,460
Other non-financial liabilities	30	-	50,200,747
		<u>73,578,936</u>	<u>127,549,524</u>
<u>Non-current liabilities</u>			
Financial Liabilities			
- Borrowings	23	622,990,139	495,651,783
- Lease liabilities	31(c)	31,924,970	22,564,174
Deferred Revenue	27	5,814,425	6,770,224
		<u>660,729,534</u>	<u>524,986,181</u>
Total Liabilities		<u>734,308,470</u>	<u>652,535,705</u>
Net Assets		(566,711,890)	(487,724,178)
<u>Equity</u>			
Share capital	24	100,000	100,000
Accumulated losses		<u>(566,811,890)</u>	<u>(487,824,178)</u>
		<u>(566,711,890)</u>	<u>(487,724,178)</u>
Total equity		(566,711,890)	(487,724,178)

The financial statements on pages 8 to 55 were approved by the board of directors on 25/12/2025 and were signed on its behalf by:

Emmanuel Hamez
Managing Director

Richard Mugisha
Chairman

AIRTEL RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the Year ended December 31, 2024

STATEMENT OF CHANGES IN EQUITY
(All amounts are in thousand Rwf, unless stated otherwise)

	Share capital Rwf '000	Accumulated losses Rwf '000	Total Rwf '000
At 1 January 2024	100,000	(487,824,178)	(487,724,178)
Total comprehensive loss	<u>-</u>	<u>(78,987,712)</u>	<u>(78,987,712)</u>
At 31 December 2024	<u>100,000</u>	<u>(566,811,890)</u>	<u>(566,711,890)</u>
At 1 January 2023	100,000	(381,837,421)	(381,737,421)
Total comprehensive loss	<u>-</u>	<u>(105,986,757)</u>	<u>(105,986,757)</u>
At 31 December 2023	<u>100,000</u>	<u>(487,824,178)</u>	<u>(487,724,178)</u>

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AIRTEL RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the Year ended December 31, 2024
STATEMENT OF CASH FLOWS
(All amounts are in thousands Rwf, unless stated otherwise)

		For the year ended 31 December	
	Note	2024	2023
OPERATING ACTIVITIES:			
Loss before tax		(78,987,712)	(105,981,565)
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	12	11,148,449	14,615,775
Amortizations of intangible asset	12	909,022	967,426
Depreciation on right of use asset	12	5,858,207	4,153,607
Provision for bad debt	11	19,025	(16,611)
Foreign exchange loss	13	56,783,689	76,728,650
Interest expenses (Net)	14	19,678,905	14,150,623
Grant Received	30	-	50,200,747
Operating Profit before working capital changes		15,409,585	54,818,652
<i>Working Capital Changes</i>			
Inventories		(282)	2,335
Trade and other receivables and due from related party		(74,726)	(5,252,394)
Trade and other payables and due to Related party		(14,887,085)	16,637,085
Grant Utilized	30	(50,200,747)	-
Deferred revenue		1,203,873	(301,575)
Net cash used in operating activities		(48,549,383)	65,904,103
Income tax paid	29	-	-
Net cash used in operating activities		<u>(48,549,383)</u>	<u>65,904,103</u>
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	15	(53,659,192)	(12,491,609)
Interest Income on deposits		786,848	-
Proceeds from maturity of bank deposit		31,498,000	(31,498,000)
Net cash generated from/used in investing activities		<u>(21,374,344)</u>	<u>(43,989,609)</u>
FINANCING ACTIVITIES:			
Proceeds from borrowings	23	167,123,418	23,652,192
Repayment of borrowings	23	(83,959,477)	(2,722,004)
Repayment of lease liabilities		(11,521,935)	(10,853,193)
Interest and other finance charges paid		(15,660,463)	(9,634,211)
Net cash used in/generated from financing activities		<u>55,981,543</u>	<u>442,784</u>
Increase/(decrease) in cash and cash equivalents		(13,942,184)	22,357,278
Cash and cash equivalents at the beginning of the year		22,488,622	131,344
Cash and cash equivalents at the end of the year		<u>8,546,438</u>	<u>22,488,622</u>
<i>Represented by:</i>			
Cash and cash equivalents	25	12,826,301	26,758,447
Bank overdraft	28	(4,279,863)	(4,269,825)
		<u>8,546,438</u>	<u>22,488,622</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

1. Corporate information

Airtel Rwanda Limited (the Company) is a limited liability Company incorporated and domiciled in Rwanda and its registered office is Airtel Rwanda Limited, Remera, Gasabo, P.O. Box 4164, Kigali Rwanda. The principal activity of the Company is the provision of a public GSM mobile telecommunication network in Rwanda.

The parent Company is Bharti Airtel Rwanda Holdings Limited, which owns 100% shareholding of the Company. The intermediate parent of the company is Airtel Africa plc (formerly known as Airtel Africa Limited) which is listed in London Stock Exchange. The intermediate parent of Airtel Africa plc is Bharti Airtel Limited which is registered in India and listed in Bombay Stock Exchange and National Stock Exchange of India.

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.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

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.

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.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

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.

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

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.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

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

Lack of Exchangeability (Amendments to IAS 21)

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

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

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

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

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.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

Annual Improvements to IFRS Accounting Standards — Volume 11

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

Standard	The amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards	Hedge accounting by a first-time adopter. 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	Gain or loss on derecognition. 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)	Disclosure of deferred difference between fair value and transaction price. 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)	Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
IFRS 9 Financial Instruments	Lessee derecognition of lease liabilities. 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.
IFRS 9 Financial Instruments	Transaction price. 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 Revenue from Contracts with Customers 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	Determination of a 'de facto agent'. 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	Cost method. 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.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

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. Accounting policies

Summary of Material accounting policy information

The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

3.1. Basis of Preparation

The Financial Statements of Airtel Rwanda Limited have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The Financial Statements are presented in Rwandan Francs and all values are rounded to the nearest millions except when otherwise indicated.

The accounting policies adopted are consistent with those used in the previous year, except otherwise indicated.

3.2. Basis of measurement

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 below. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

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's accounting policies require measurement of certain financial/non-financial assets and liabilities at fair value (either on a recurring or non-recurring basis).

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 are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described below, based on the lowest input that is significant to the fair value measurement as a whole:

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

- Level 1 inputs are quoted prices (unadjusted) in active markets 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 for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3. Revenue recognition

Revenue is recognised upon the 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 for 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 receivable from the intermediary (accounted at gross). To the extent that the intermediary is considered to be an agent, the consideration to which the Company is entitled is determined to be the amount receivable from the ultimate customer (accounted at net off commission). Any upfront discount or commission provided to the intermediary is recognised as operating expenses where the intermediary is considered to be an agent.

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 within the contract 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 standalone selling prices are the prices at which the Company would sell a promised good or service separately to a customer.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of /recognition are as follows:

Service revenue

Service revenue is derived from the provision of telecommunications services to customers. The majority of the Company's customers subscribe to services on a pre-paid basis.

Telecommunications service revenue mainly pertains to usage, subscription charges for voice, data, messaging and value added services and customer onboarding charges.

Telecommunications services 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.

Customers primarily pay in advance for services of the Company. These cash amounts are recognised in deferred revenue in the consolidated statement of financial position and transferred to the profit and loss when the service obligation has been performed/ when the usage of services becomes remote.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

The Company recognises revenue from these services over time as they are provided. Revenue is recognised over time based on actual units of telecommunications services provided during the reporting period as a proportion of the total units of telecommunications services to be provided.

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

Revenue recognised in excess of amounts invoiced are classified as unbilled revenue. If amounts invoiced/collected from a customer are in excess of revenue recognised, a deferred revenue/advance income is recognised.

Service revenue also includes revenue from interconnection/roaming charges for use of the Company's network by other operators for voice, data, messaging and signalling services.

Revenue from long distance operations comprise voice services and bandwidth services (including installation), which are recognised on the provision of services, provided over the period of the 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 other's network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Company's network, i.e., when the service is rendered.

Equipment sales

Equipment sales mainly pertain to sale of telecommunication equipment 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.

Costs to obtain or fulfil a contract with a customer

The Company defers costs to obtain or fulfil a contract with a customer over expected average customer life determined based on churn rate specific to such contracts.

3.4. Functional currency and translation of foreign currencies

Functional and presentation currency

The items included within the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e., 'functional currency').

The Financial Statements are presented in Rwandan Francs, which is also the functional, and presentation currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognised in the statement of profit or loss and other comprehensive income within finance costs/finance income. 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.

The equity items denominated in foreign currencies are translated at historical exchange rate.

3.5. Property, plant and equipment ('PPE')

The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably.

PPE is initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes and after deducting trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location of its intended use. Further, it includes assets installed on the premises of customers where the associated risks, rewards and control remain with the Company.

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as a separate component of each asset. When an item of PPE is replaced, its carrying amount is de-recognised from the statement of financial position and the cost of the new item of PPE is recognised.

The expenditure incurred after an item of PPE is ready to use, such as repairs and maintenance, are charged to the profit and loss in the period in which such costs are incurred. However, in situations where the expenditure can be measured reliably and it 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.

Depreciation on PPE is computed using the straight-line method over the PPE's estimated useful lives.

Freehold land is not depreciated as it has an unlimited useful life. The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Period (Years)
Buildings and leasehold improvements	20
Plant and Machinery	3-25
Computer equipment	3
Furniture & fixture and Office Equipment	1-5
Motor vehicles	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least, at each financial year end 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 for prospectively, with depreciation calculated over the PPE's remaining revised useful life.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

The cost and the accumulated depreciation for PPE sold, scrapped, retired, or otherwise disposed of are de-recognised from the statement of financial position and the resulting gains/(losses) are included in the profit and loss within other income/other expenses, respectively.

PPE in the course of construction less any accumulated impairment is carried at cost and presented separately as CWIP (including capital advances) in the statement of financial position until ready for use at which point it is transferred to PPE and subsequently depreciated. Such cost comprises the purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any other directly attributable costs.

3.6. Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets acquired. Goodwill is not amortised; however, it is tested for impairment and carried at cost less accumulated impairment losses, if any. The gains/(losses) on the disposal of a cash-generating unit (group of CGUs) includes the carrying amount of goodwill relating to the group of CGUs sold. In case goodwill has been allocated to group of CGUs, allocation of goodwill is determined based on the relative value of the operations sold in order to compute the gain/(losses).

Intangible assets that are acquired in a business combination are initially recognised at fair value at the acquisition date. Other intangible assets are recognised at cost which includes its purchase price and cash price equivalent of deferred payments beyond normal credit terms, if any. Intangible assets with definite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit and loss as incurred.

The Company has established the estimated useful lives of different categories of intangible assets as follows:

Software

Software is amortised over the period of the licence, generally not exceeding three (3) years.

Licences (including spectrum)

Acquired licenses and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction over the relevant license period. The useful life generally ranges from ten to twenty years.

In addition, the Company incurs a fee on licenses/spectrum that is calculated based on the revenue amount of the period. These fees are recognised as an expense in the statement of profit or loss and other comprehensive income when incurred.

Internally-generated intangible assets – research and development expenditure

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if and only if, all of the following conditions have been met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- The intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Other acquired intangible assets

Other acquired intangible assets include customer relationships - over the estimated life of such relationships which ranges from one (1) year to five (5) years.

The useful lives and amortisation method are reviewed, and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives and/or amortisation method is accounted prospectively, and accordingly, the amortisation is calculated over the remaining revised useful life.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.7. Accounting for leases

At 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 the right to direct the use of the asset.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

Company as a lessee

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. 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 index, 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 re-measured when there is a change in future lease payments including changes in index 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 the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to the initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain re-measurements 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 asset.

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.

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.

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 16 to allocate the consideration under the contract to each component.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

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.

Short-term leases

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 recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable costs necessary to make the sale. The costs comprise its purchase price and any directly attributable cost of bringing it to its present location and condition.

3.9. Cash and cash equivalents

Cash and cash equivalents include cash in hand, wallet balances, bank balances, cheque in hand and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to the above items, any bank overdrafts that are integral part of the Company's cash management is also included as a component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

3.10. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of the discounting due to the passage of time is recognised within finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Provision for legal, tax and regulatory matters

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 legal, tax and other advisers where required, assesses the likelihood that a pending claim will succeed against the Company. The Company recognises a provision in cases where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations arising from such claims.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

3.11. Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution plans, defined benefit plans, other long-term benefits including compensated absences. The employee benefits are recognised in the year in which the associated services are rendered by the employees. Short-term employee benefits are recognised in Statement of profit or loss at undiscounted amounts during the period in which the related services are rendered. Details of long-term employee benefits are provided below:

Defined Contribution plans

The Company contributes to a statutory defined contribution pension scheme, the Rwanda Social Security Board (RSSB). Contributions are determined by local statute and are currently limited to 5% of the employees' gross salary. The Company's RSSB contributions are charged to profit or loss in the period to which they relate. The Company has no further obligations under these plans beyond its periodic contributions.

Defined benefit plans

The company has defined benefit plans in form of 'Retirement Benefits' wherein, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each quarterly reporting periods. The obligation towards the said benefits is recognised in the balance sheet under provisions, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows, using an appropriate discount rate.

Defined benefit costs are split into the following categories:

- i. Service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements.
- ii. Interest expense; and
- iii. Re-measurements.

The company recognises service costs within profit or loss as employee benefit expenses. Past service, cost is recognised in profit or loss when the plan amendment or curtailment occurs. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Interest cost is calculated by applying a discount rate to the defined benefit liability and is recognised within finance costs. Re-measurements comprising actuarial gains and losses are recognised immediately as a charge or credit to other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income are not reclassified.

Other entitlements

The employees of the company are entitled to compensated absences. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

The company provide for the liability towards these benefits on the basis of actuarial valuations carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

3.12. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax and deferred tax are recognised as an expense or income in profit or loss, except to the extent that it relates to items credited or debited directly to equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date. The payment made in excess/ (shortfall) of the 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, related to accrued liabilities for potential tax assessments are not included in income tax charge or (credit), but are rather 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. The provisions are measured at the best estimate of the amount expected to become payable or based on 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 company 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.

Deferred tax

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax is not accounted for if it arises from the 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 nor taxable profit nor loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and assessed for recoverability based on best estimates of future taxable profits.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

3.13. Borrowing Cost

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.

3.14. Financial instruments

Recognition, classification and presentation

Financial instruments are recognized 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 into 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 amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cashflows.

The Company has classified all non-derivative financial liabilities as measured at amortized 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 amortized 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 recognized amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Measurement - Non-derivative financial instruments

i. Initial measurement

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

Other transaction costs are expensed as incurred in the statement of profit or loss and other comprehensive income.

ii. Subsequent measurement - financial assets

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

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

Financial assets measured at amortised cost

Assets that are held for the 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 (if the impact of discounting/any transaction costs is significant). 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.

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

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.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used.

However, only in case of 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.

iii. Subsequent measurement - financial liabilities

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

Measurement - 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 or loss within finance income/finance costs.

iv. Derecognition

Financial liabilities are derecognised from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires, or legally released. The financial assets are derecognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the statement of profit or loss and other comprehensive income.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

3.15. Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment, at least annually or earlier, in case circumstances indicate that the carrying value may exceed the recoverable amount (higher of fair value less costs of sell and the value -in- use).

For the purpose of impairment testing, the goodwill is allocated to a cash-generating-unit ('CGU') or group of CGUs ('CGUs') which are expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, but not higher than an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying value of a CGU/CGUs including the goodwill, exceeds the estimated recoverable amount of the CGU/CGUs. The recoverable amount of a CGU/CGUs is the higher of its fair value less costs to sell and its value in use. Value-in-use is the present value of future cash flows expected to be derived from the CGU/CGUs.

The total impairment loss of a CGU/CGUs is allocated first to reduce the carrying value of goodwill allocated to that CGU/CGUs and then to the other assets of that CGU/CGUs - on pro-rata basis of the carrying value of each asset.

Property, plant and equipment, Right-of-use assets, Intangible assets and intangible assets under development

At each reporting period date, the Company reviews the carrying amounts of its PPE, right-of-use assets, CWIP and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets under development are tested for impairment, at-least annually or earlier, in case circumstances indicate that it may be impaired.

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 CGU level to which the said asset belongs. If individual assets or a CGU are considered to be impaired, the impairment recognised in the statement of profit or loss and other comprehensive income is measured by the amount by which the carrying value of the asset/CGU exceeds the estimated recoverable amount and is allocated on pro-rata basis.

Reversal of impairment losses

Impairment loss in respect of goodwill is not reversed. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

3.16. Asset Retirement obligation (ARO)

This is a provision for costs expected in the future to dismantle telecommunication towers and retail shops and restore the sites to their condition prior to installation of the Company's equipment. The costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of ARO are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

3.17. Investment property

This is property held to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, or administration purposes. Investment property is measured at cost.

3.18. Statement of cash flow

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.

3.19. Share capital and Share premium

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

3.20. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the Company's normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when it is expected to be settled in the Company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

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.

3.22. Dividends

Dividend to shareholders is recognised as a liability and deducted from Equity, in the year in which the dividends are approved by the shareholders. However, interim dividends declared by the Board of directors, are recognised as a liability, and deducted from retained earnings, in the year in which the dividends are so declared.

3.23. Earnings Per Share

The Company presents the Basic and diluted earnings per share ("EPS") data. Basic EPS is computed by dividing the profit for the period attributable to the owners of the company by the weighted average number of shares outstanding during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding during the period.

4. Critical accounting estimates and judgements

- (a) Key sources of estimation uncertainty

Income taxes

The Company is subject to income taxes under the Income Tax Act. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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 assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognized liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

Inventory obsolescence

The Company provides for obsolete and slow-moving inventory based on Management's estimates of the usability of inventory.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

(b) Critical judgements in applying the Company's accounting policies

The critical judgements, which the management has made in the process of applying the Company's accounting policies and have the most significant impact on the amounts recognised in the Financial Statements, are discussed below:

Separating lease and non-lease components

The consideration paid by the Company in telecommunication towers lease contracts include the use of land and passive infrastructure as well as maintenance, security, provision of energy etc. services. 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.

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.

Determining the lease term

Under IFRS 16 if it is reasonably certain that a lease will be extended, the Company is required to estimate the expected lease period in excess of the current contractual terms. The Company has various lease agreements with a right to extend /renew wherein it considers the nature of the contractual terms and economic factors to determine lease term.

The Company has used judgement in determining the lease period considering such factors and the lease liability has been calculated using the remaining contractual lease period for all of such lease contracts.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

	31 December 2024 Rwf'000	31 December 2023 Rwf'000
5. Service Revenue		
Voice revenue	24,721,669	30,003,266
Data revenue	14,954,997	9,909,340
Messaging and VAS revenue	2,930,444	2,381,618
Lease line revenue	4,129,518	4,110,749
Roaming revenue	797,647	673,649
Interconnect revenue	2,204,867	4,931,840
Site share revenue	30,007	78,357
Revenue from services	49,769,149	52,088,819
Sale of goods	19,079,332	2,679,691
Total	68,848,481	54,768,510
Other income	121,686	186,730
	68,970,167	54,955,240

Performance obligations that are unsatisfied or partially satisfied amounts to Rwf'000 11,387,557 thousand as at 31 December 2023 and Rwf'000 10,183,684 thousands as at 31 December 2023 respectively. Contract assets (unbilled debtors) amounts to Rwf'000 1,080,852 thousand as at 31 December 2023 and Rwf'000 881,550 thousands as at 31 December 2023 respectively.

Other income includes scrap sale and liability written back

	For the year ended	
	31 Dec 2024	31 Dec 2023
Costs to obtain or fulfil a contract with a customer		
Opening balance	4,821,964	1,834,433
Costs incurred and deferred	4,703,217	5,242,325
Less: Cost amortized	(4,531,687)	(2,254,794)
Closing balance	4,993,493	4,821,964
Current	3,957,364	3,106,902
Non-Current	1,036,129	1,715,062
6. Network operating expenses		
Site running expenses	11,832,899	11,651,233
Repairs & maintenance including managed service	6,093,491	4,967,059
Bandwidth/lease line charges	1,950,506	1,264,955
Other network expenditure	371,453	121,372
	20,248,349	18,004,619
7. Access charges		
Interconnection international costs	1,463,364	1,437,504
Interconnection Local costs	298,653	7,604,900
Fees on international interconnect traffic (IGTVS fees)	362,369	575,516
	2,124,386	9,617,920

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

	31 December 2024 Rwf'000	31 December 2023 Rwf'000
8. License fees & Spectrum usage charges		
License fees & Spectrum usage charges	5,797,313	3,781,409
	<u>5,797,313</u>	<u>3,781,409</u>
9. Employee benefit expenses		
Salaries and wages including bonus	7,438,809	5,695,049
Other cost	473,096	331,353
	<u>7,911,905</u>	<u>6,026,402</u>
Other cost includes Staff welfare, Staff Recruitment & Entertainment Expenses.		
10. Sales and marketing expenses		
Marketing Expenses	1,330,085	2,070,129
Sales and distribution expenses	9,867,336	7,820,856
	<u>11,197,421</u>	<u>9,890,985</u>
11. Other operating expenses		
Travel costs	251,861	263,690
Professional fees	37,170	163,362
Provision for bad debts	19,025	(16,611)
Warehouse expenses	300,286	144,829
Audit fees	46,000	46,000
Other administrative costs	2,190,940	2,179,092
Customer care expenses	306,409	409,197
Motor vehicle expenses	387,697	287,811
IT expenses	855,538	650,333
Other sundry expenses	178,683	117,945
Roaming charges	319,046	61,804
Cost of handset and accessories	1,401,075	407,078
	<u>6,293,730</u>	<u>4,714,530</u>
12. Depreciation and Amortisation		
Depreciation on property, plant and equipment (Note 15)	11,148,449	14,615,775
Depreciation on right of use assets (Note 17)	5,858,207	4,153,607
Amortisation of intangible assets (Note 16)	909,022	967,426
	<u>17,915,678</u>	<u>19,736,808</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

	31 December 2024 Rwf'000	31 December 2023 Rwf'000
13. Foreign exchange loss (Net)		
Foreign exchange – realized	30,322,366	(1,289,669)
Foreign exchange – unrealized	<u>26,461,323</u>	<u>76,728,650</u>
	<u>56,783,689</u>	<u>75,438,981</u>
14. Finance costs and income		
Finance costs		
Interest on borrowings	15,130,127	9,122,968
Interest on lease liabilities	4,699,713	4,734,724
Other finance costs	<u>635,913</u>	<u>292,931</u>
	<u>20,465,753</u>	<u>14,150,623</u>
Finance income		
Interest income on deposits	<u>786,848</u>	<u>425,472</u>
	<u>786,848</u>	<u>425,472</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024
15. Property, plant and equipment

<u>Year ended 31 December 2024</u>	<u>Building Improvements</u> Rwf'000	<u>Buildings</u> Rwf'000	<u>Network Equipment</u> Rwf'000	<u>Furniture and fixtures</u> Rwf'000	<u>Computer equipment</u> Rwf'000	<u>Motor Vehicles</u> Rwf'000	<u>Total</u> Rwf'000	<u>Capital work-in progress¹</u> Rwf'000
<u>Cost</u>								
At 01 January 2024	365,050	4,613,321	186,206,038	2,654,878	26,645,098	905,390	221,389,775	3,424,225
Additions	-	-	39,657,902	477,856	1,993,472	-	42,129,230	53,641,576
Capitalized Reclass/Adjustments	-	-	-	-	-	-	-	(42,129,230)
At 31 December 2024	365,050	4,613,321	225,990,768	3,132,734	28,511,742	905,390	263,519,005	14,936,571
<u>Accumulated Depreciation</u>								
At 01 January 2024	209,571	2,607,586	154,219,038	1,980,000	24,762,580	905,390	184,684,165	-
Charge for the year	11,442	266,496	8,915,681	659,582	1,295,247	-	11,148,448	-
At 31 December 2024	221,013	2,874,082	163,134,719	2,639,582	26,057,827	905,390	195,832,613	-
<u>Net carrying amount</u>								
At 31 December 2024	144,037	1,739,239	62,856,049	493,152	2,453,915	-	67,686,392	14,936,571

¹ The carrying value of Capital work-in progress as at December 31, 2024 and December 31, 2023 mainly pertains to network equipment

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

15. Property, plant and equipment (Continued)

Year ended 31 December 2023	Building Improvements Rwf'000	Buildings Rwf'000	Network Equipment Rwf'000	Furniture and fixtures Rwf'000	Computer equipment Rwf'000	Motor Vehicles Rwf'000	Total Rwf'000	Capital work-in progress Rwf'000
<i>Cost</i>								
At 01 January 2023	365,050	4,613,321	174,730,580	1,912,289	25,345,044	905,390	207,871,674	4,889,931
Additions	-	-	11,298,558	671,753	1,547,790	-	13,518,101	12,052,396
Capitalized	-	-	-	-	-	-	-	(13,518,102)
Reclass	-	-	176,900	70,836	(247,736)	-	-	-
At 31 December 2023	365,050	4,613,321	186,206,038	2,654,878	26,645,098	905,390	221,389,775	3,424,225
<i>Accumulated Depreciation</i>								
At 01 January 2023	198,128	2,341,091	141,349,761	1,484,892	23,789,132	905,390	170,068,394	-
Charge for the year	11,443	266,495	12,869,277	495,108	973,448	-	14,615,771	-
At 31 December 2023	209,571	2,607,586	154,219,038	1,980,000	24,762,580	905,390	184,684,165	-
<i>Net carrying amount</i>								
At 31 December 2023	155,479	2,005,735	31,987,000	674,878	1,882,518	-	36,705,610	3,424,225

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

16. Intangible assets

	Licenses including spectrum Rwf 000'	Customer base Rwf 000'	Total Rwf 000'
<i>Year ended 31 December 2024</i>			
<u>Cost</u>			
At 01 January 2024	33,211,859	3,686,000	36,897,859
Additions	-	-	-
Reclass	-	-	-
<i>As at 31 December 2024</i>	<u>33,211,859</u>	<u>3,686,000</u>	<u>36,897,859</u>
<u>Accumulated Amortization</u>			
At 01 January 2024	25,892,494	3,686,000	28,611,069
Charge for the year	909,022	-	909,022
Reclass	-	-	-
<i>As at 31 December 2024</i>	<u>26,801,515</u>	<u>3,686,000</u>	<u>30,487,515</u>
<u>Net carrying amount</u>			
At 31 December 2024	<u>6,410,344</u>	<u>-</u>	<u>6,410,344</u>

	Licenses including spectrum Rwf 000'	Customer base Rwf 000'	Total Rwf 000'
<i>Year ended 31 December 2023</i>			
<u>Cost</u>			
At 01 January 2023	33,211,859	3,686,000	36,897,859
Additions	-	-	-
Reclass	-	-	-
<i>As at 31 December 2023</i>	<u>33,211,859</u>	<u>3,686,000</u>	<u>36,897,859</u>
<u>Accumulated Amortization</u>			
At 01 January 2023	24,987,679	3,623,390	28,611,069
Charge for the year	904,816	62,610	967,426
Reclass	-	-	-
<i>As at 31 December 2023</i>	<u>25,892,495</u>	<u>3,686,000</u>	<u>29,578,495</u>
<u>Net carrying amount</u>			
At 31 December 2023	<u>7,319,364</u>	<u>-</u>	<u>7,319,364</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

	Plant and equipment Rwf 000'	Others Rwf 000'	Total Rwf 000'
17. Right of use assets			
<i>Year ended 31 December 2024</i>			
<u>Cost</u>			
Balance at 1 January 2024	38,595,267	2,923,155	41,518,422
Additions	13,698,467	46,496	13,744,963
Balance at 31 December 2024	52,293,734	2,969,651	55,263,385
<u>Accumulated Depreciation</u>			
Balance at 1 January 2024	24,614,563	2,283,844	26,898,407
Depreciation charge for the year	5,792,618	65,589	5,858,207
Deletions*	(19,329)	1,713	(17,616)
Balance at 31 December 2024	30,387,852	2,351,146	32,738,998
<u>Net carrying amount</u>			
At 31 December 2024	21,905,882	618,505	22,524,387
<i>Year ended 31 December 2023</i>			
<u>Cost</u>			
Balance at 1 January 2023	39,493,877	(5,051,463)	34,442,414
Additions	398,981	-	398,981
Reclass	(1,297,591)	7,974,618	6,677,027
Balance at 31 December 2023	38,595,267	2,923,155	41,518,422
<u>Accumulated Depreciation</u>			
Balance at 1 January 2023	14,269,975	2,237,011	16,506,986
Depreciation charge for the year	4,087,504	66,103	4,153,607
Reclass	6,696,297	(19,270)	6,677,027
Deletions*	(439,213)	-	(439,213)
Balance at 31 December 2023	24,614,563	2,283,844	26,898,407
<u>Net carrying amount</u>			
At 31 December 2023	13,980,704	639,311	14,620,015

*Deletion represent liability reversed back due to site dismantled

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

18. Goodwill

	2024 Rwf'000	2023 Rwf'000
Goodwill	<u>10,242,636</u>	<u>10,242,636</u>

19. Other non-current assets

Payments under protest	878,100	878,100
Security deposits	-	1,300
Prepaid expense	<u>1,861,002</u>	<u>2,611,833</u>
	<u>2,739,102</u>	<u>3,491,233</u>

Payment under protest includes payment done to Rwanda Revenue authority against pending tax cases under assessment

20. Inventories

Handsets and Accessories	343,564	964,897
Provisions for Handsets and Accessories	<u>(70,330)</u>	<u>(691,945)</u>
	<u>273,234</u>	<u>272,952</u>
<i>Below is the reconciliation of Provision</i>		
As on 1 January	691,945	728,736
Aged based Provision/(Recovery)	<u>(621,615)</u>	<u>(36,791)</u>
	<u>70,330</u>	<u>691,945</u>

The Company's scratch cards, and sim cards net realizable value is zero, hence the balances at each period are provided for in full while provision for devices is aged based and lower of net realizable value or cost.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

21. Trade and other receivables

Trade receivables	10,099,462	9,841,527
Expected Credit Loss	(7,081,638)	(6,958,188)
	<u>3,017,824</u>	<u>2,883,339</u>
Other receivables	1,737,036	1,978,860
Vat refundable	2,037,450	1,439,814
Prepayment and Deposits	<u>9,790,154</u>	<u>7,430,235</u>
	<u>16,582,464</u>	<u>13,732,248</u>

Movement of Expected Credit Loss

Opening Balance	(6,958,188)	(7,122,339)
(Add)/Less: Additions	(19,025)	16,611
(Add)/Less: Provision created against revenue	(8,163)	249,641
(Add)/Less: Provision created for foreign currency	(96,262)	(102,102)
Closing Balance	<u>(7,081,638)</u>	<u>(6,958,188)</u>

Other receivables include grossing up of creditors & withholding tax recoverable.

22. Related party transactions and balances

The following provides the total amount of transaction that has been entered into with related parties and outstanding balances for the relevant reporting period. The purchases from related parties are made on agreed pricing between related parties. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There has been no guarantee provided for any related party payables. Other related party though not 'related parties' as per the definition of IAS 24 'Related party Disclosures', have been included by way of a voluntary disclosure, following the best corporate governance practices.

(i) Trade receivable due from related parties

	Relationship	2024 Rwf'000	2023 Rwf'000
Airtel Tchad S.A.	Fellow subsidiary	1,001	354
Airtel Congo S.A.	Fellow subsidiary	791	67
Airtel Congo (RDC) S.A.	Fellow subsidiary	6,881,264	5,717,709
Airtel Gabon S.A.	Fellow subsidiary	5,068	5,279
Airtel Networks Kenya Limited	Fellow subsidiary	815,041	708,084
Airtel Madagascar S.A.	Fellow subsidiary	94,780	86,329
Airtel Malawi Limited	Fellow subsidiary	265,611	237,220
Celitel Niger S.A.	Fellow subsidiary	716,911	653,088
Airtel Networks Limited	Fellow subsidiary	229,058	238,646
Airtel Tanzania Public Limited Company	Fellow subsidiary	218,862	91,029
Airtel Uganda Limited	Fellow subsidiary	1,162,049	1,058,997
Airtel Networks Zambia Plc	Fellow subsidiary	106,346	94,570
Airtel (Seychelles) Limited	Fellow subsidiary	12	2
Airtel Mobile Commerce Rwanda Limited	Fellow subsidiary	1,953,478	5,310,549
Bharti Airtel (UK) Limited	Intermediate Parent	562,308	2,207,818
Bharti Airtel Limited	Intermediate Parent	136,269	130,754
Airtel Africa Services (UK) Limited	Fellow subsidiary	226,281	206,137
Bharti Hexacom Limited	Fellow subsidiary	<u>21</u>	<u>165</u>
		<u>13,375,150</u>	<u>16,746,797</u>

AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

22. Related party transactions and balances (Continued)

(ii) Trade payable due to related parties

Due to related Party		2024 Rwf'000	2023 Rwf'000
Airtel Tchad S.A.	Fellow subsidiary	143	168
Airtel Congo S.A.	Fellow subsidiary	647	592
Airtel Congo (RDC) S.A.	Fellow subsidiary	7,908,481	6,480,927
Airtel Gabon S.A.	Fellow subsidiary	38,479	35,177
Airtel Networks Kenya Limited	Fellow subsidiary	805,072	2,405,608
Airtel Madagascar S.A.	Fellow subsidiary	16,816	15,320
Airtel Malawi Limited	Fellow subsidiary	38,012	34,637
Celtel Niger S.A.	Fellow subsidiary	33,941	30,920
Airtel Networks Limited	Fellow subsidiary	(9,801)	278,399
Airtel Tanzania Public Limited Company	Fellow subsidiary	45,761	44,678
Airtel Uganda Limited	Fellow subsidiary	10,746,611	9,535,543
Airtel Networks Zambia Plc	Fellow subsidiary	49,089	42,410
Airtel (Seychelles) Limited	Fellow subsidiary	12,558	11,367
Bharti Airtel Limited	Intermediate Parent	71,758	6,331
Network i2i Limited	Intermediate Parent	(14,008)	6,712
Nextra data Limited	Fellow subsidiary	353	(1,056)
Bhart Airtel Rwanda holdings Ltd	Parent	310,306	282,682
Bharti Airtel International (Netherlands) B.V.	Intermediate Parent	173,327	157,897
Bharti Airtel (UK) Limited	Intermediate Parent	85,647	111,170
Airtel Africa Services (UK) Limited	Fellow subsidiary	4,449	4,054
Bharti Hexacom Limited	Fellow subsidiary	(24)	11
Bharti Airtel Lanka (Private) Limited	Fellow subsidiary	-	2
Bharti Airtel (France) SAS	Fellow subsidiary	63,157	-
		<u>20,380,774</u>	<u>19,483,549</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

22. Related party transactions and balances (Continued)

(iii) Key management compensation

Key management personnel are described as the persons having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including Executive Directors of the company. For the company these includes executive committee members.

Details of Key management personnel

- (a) Emmanuel Hamez
- (b) Juliet Gakwerere
- (c) Paulian Kazibwe
- (d) Muyenzi Mark
- (e) Rugambwa Lamuel
- (f) Chuma Vuningoma
- (g) Shema Baker
- (h) Indrajeet Singh
- (i) Adrien Nganizi
- (j) Chrysanthe Turatimana
- (k) Jidia Gasana

Remuneration to Key management personnel are as below:

	2024 Rwf'000	2023 Rwf'000
(a) Salaries and other employment benefits	2,443,225	1,625,449
- Short-term employee benefits	2,067,610	1,406,243
- Post-employment benefits (if any)	195,458	130,036
- Other long-term benefits (if any)	180,157	89,170
(b) Director's fees and sitting allowance	63,579	43,859

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

22. Related party transactions and balances (Continued)

(iv) *Purchase of Goods and services*

	Goods/Service	Relationship	2024 Rwf'000	2023 Rwf'000
Airtel Tchad S.A.	Interconnect and Roaming Cost	Fellow subsidiary	62	30
Airtel Congo S.A.	Interconnect and Roaming Cost	Fellow subsidiary	133	157
Airtel Congo (RDC) S.A.	Interconnect and Roaming Cost	Fellow subsidiary	840,135	832,149
Airtel Gabon S.A.	Interconnect and Roaming Cost	Fellow subsidiary	1,436	1,253
Airtel Networks Kenya Limited	Interconnect and Roaming Cost	Fellow subsidiary	19,130	14,327
Airtel Madagascar S.A.	Interconnect and Roaming Cost	Fellow subsidiary	12	28
Airtel Malawi plc	Interconnect and Roaming Cost	Fellow subsidiary	127	142
Celtel Niger S.A.	Interconnect and Roaming Cost	Fellow subsidiary	1	9
Airtel Networks Limited	Interconnect and Roaming Cost	Fellow subsidiary	2,036	5,255
Airtel Tanzania Public Limited Company	Interconnect, Roaming and Leaseline	Fellow subsidiary	19,605	24,755
Airtel Uganda Limited	Interconnect and Roaming Cost	Fellow subsidiary	359,063	312,448
Airtel Uganda Limited	Leaseline	Fellow subsidiary	517,527	623,237
Airtel Networks Zambia Plc	Interconnect and Roaming Cost	Fellow subsidiary	5,697	3,031
Bharti Airtel Limited	Interconnect and Roaming Cost	Intermediate parent	33,787	2,615
Bharti Airtel (UK) Limited	Interconnect and Roaming Cost	Intermediate parent	322,518	302,424
Nxtra Data Limited	Data Centre	Fellow subsidiary	(5,403)	(64,604)
Airtel Mobile Commerce Rwanda Limited	Cross charge of expenses	Fellow subsidiary	4,188,590	5,543,474
Airtel (Seychelles) Limited	Interconnect, Roaming and Leaseline	Fellow subsidiary	94	31
Bharti Airtel (France) SAS	Interconnect and Roaming Cost	Fellow subsidiary	31,026	-
Bharti Airtel Services Limited	Employee related cost	Fellow subsidiary	(1,190)	-
Bharti Hexacom Limited	Interconnect and Roaming Cost	Fellow subsidiary	(131)	-
Network i2i Limited	Leased line Cost	Intermediate parent	(21,336)	-
Jersey	Interconnect and Roaming Cost	Fellow subsidiary	65	-
			<u>6,312,985</u>	<u>7,600,761</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

22. Related party transactions and balances (Continued)

(v) <u>Sale of Goods and services</u>		Service	Relationship	2024 Rwf'000	2023 Rwf'000
Airtel Tchad S.A.	Interconnect and Roaming		Fellow subsidiary	986	950
Airtel Congo S.A.	Interconnect and Roaming		Fellow subsidiary	1,459	727
Airtel Congo (RDC) S.A.	Interconnect, Roaming and Leaseline		Fellow subsidiary	1,541,474	1,458,277
Airtel Gabon S.A.	Interconnect and Roaming		Fellow subsidiary	1,018	1,192
Airtel Networks Kenya Limited	Interconnect and Roaming		Fellow subsidiary	89,232	83,364
Airtel Madagascar S.A.	Interconnect and Roaming		Fellow subsidiary	25	8
Airtel Malawi plc	Interconnect and Roaming		Fellow subsidiary	7,028	8,065
Celtel Niger S.A.	Interconnect and Roaming		Fellow subsidiary	175	161
Airtel Networks Limited	Interconnect, Roaming and Leaseline		Fellow subsidiary	50,181	81,025
Airtel (Seychelles) Limited	Interconnect and Roaming		Fellow subsidiary	36	558
Airtel Tanzania Public Limited Company	Interconnect and Roaming		Fellow subsidiary	(61,276)	73,913
Airtel Uganda Limited	Interconnect and Roaming		Fellow subsidiary	411,222	356,550
Airtel Networks Zambia Plc	Interconnect and Roaming		Fellow subsidiary	6,707	6,552
Bharti Airtel Limited	Interconnect, Roaming and Leaseline		Intermediate parent	3,609	5,108
Bharti Airtel (UK) Limited	Interconnect and Roaming		Intermediate parent	2,076,935	1,911,813
Bharti Hexacom Limited	Roaming Revenue		Fellow subsidiary	63	-
Airtel Mobile Commerce Rwanda Limited	Cross charge of expenses		Fellow subsidiary	507,567	260,195
Airtel Mobile Commerce Rwanda Limited	Interest on loan		Fellow subsidiary	-	300,737
				<u>4,636,442</u>	<u>4,549,195</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

	2024 Rwf'000	2023 Rwf'000
23. Loan		
HSBC Bank Loan	-	75,595,200
Bank of Kigali Loan (i)	17,259,694	5,157,996
Eco Bank Loan	-	1,410,000
BPR Bank Loan (ii)	31,000,000	6,000,000
Kotak Mahindra Bank Loan (iii)	55,321,638	-
IFC Loan (iv)	71,801,780	-
Loan from Bharti Airtel Rwanda Holdings Limited (v)	373,023,250	337,461,485
Loan from Bharti Airtel Africa B.V. (vi)	79,524,855	72,445,400
	<u>627,931,217</u>	<u>498,070,081</u>
Maturity Analysis		
Current	4,941,078	2,418,298
Non-Current	<u>622,990,139</u>	<u>495,651,783</u>
	<u>627,931,217</u>	<u>498,070,081</u>
Movement		
Opening	498,070,081	404,814,573
Proceeds	167,123,418	23,652,192
Repayment	(83,959,477)	(2,722,004)
Exchange Losses	46,697,195	72,325,320
	<u>627,931,217</u>	<u>498,070,081</u>

(i) Bank of Kigali - In March 2019, the company entered into long term credit facility with Bank of Kigali (as the lender). The credit facility amounted to Rwf 6 billion attracting fixed interest rate of 15% and was refinanced with maturity in December 2027. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherlands) B.V.

In April 2024, the company entered into an additional long term credit facility with the Bank of Kigali (as the lender) for Rwf 15 billion attracting fixed interest rate of 15% and was refinanced with maturity in April 2028. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherlands) B.V.

(ii) BPR Bank - In May 2023, the company entered into long term credit facility with Bank Populaire (as the lender). The credit facility amounted to Rwf 6 billion attracting fixed interest rate of 15% and is repayable monthly until maturity in May 2030 with moratorium of 2 years. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherlands) B.V.

In April 2024, the company entered into an additional long term credit facility with the Bank of Kigali (as the lender) for Rwf 25 billion attracting fixed interest rate of 15% and is repayable monthly until maturity in June 2031 with moratorium of 2 years. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherlands) B.V.

(iii) Kotak Mahindra Bank Limited - In May 2024, the company entered into credit facility with Kotak Mahindra Bank Limited, India Branch (as the lender). Amounting to USD 40 million attracting an interest rate of aggregate of compounded reference rate and margin of 6.49% and is repayable in full upon maturity in May 2027. The loan is secured by Bharti Airtel International (Netherlands) B.V.

(iv) International Finance Corporation (IFC) - In June 2024, the company entered into long term credit facility with IFC (as the lender). The credit facility amounted to Rwf 81.5 billion (attracting fixed interest rate of 15% and is repayable half-yearly until maturity in June 2032. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherlands) B.V.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

(v) Loan from Bharti Airtel Rwanda Holdings limited – The loan is unsecured and does not bear any interest and is repayable in December 2026. During the year, the Company has repaid loan of US\$ 1 million (Rwf 1.38 billion).

(vi) Loan from Bharti Airtel Africa B.V. – The loan is unsecured and does not bear any interest and is repayable in January 2027.

24. Share Capital

	2024	2023
	Rwf'000	Rwf'000
Issued and Paid-up share capital (1,000 shares issued at par value of Rwf 100,000 each)	<u>100,000</u>	<u>100,000</u>
Authorized share capital (60,000 shares at par value of Rwf 100,000 each)	<u>6,000,000</u>	<u>6,000,000</u>

The parent Company is Bharti Airtel Rwanda Holdings Limited, which owns 100% shareholding of the issued share capital of the Company. During the year there has been no change in the shareholding structure.

25. Cash and bank balances

Cash and cash equivalents

Balances with banks		
-Bank deposits with maturity of three months or less	-	21,418,640
-On current accounts	12,577,399	4,743,520
Balances held in wallets	<u>248,902</u>	<u>596,287</u>
	<u>12,826,301</u>	<u>26,758,447</u>

Other bank balances

Term Deposits with banks with maturity of more than three months but less than 12 months	-	31,498,000
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For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following as at 31 December.

Cash and cash equivalents	12,826,301	26,758,447
Bank overdraft	<u>(4,279,863)</u>	<u>(4,269,825)</u>
	<u>8,546,438</u>	<u>22,488,622</u>

26. Trade and Other Payables

Trade payables	8,620,164	28,411,792
Accrued expenses	14,881,115	4,543,099
Other payables	<u>6,897,711</u>	<u>7,031,297</u>
	<u>30,398,990</u>	<u>39,986,188</u>

27. Deferred Revenue

Current

Deferred Revenue-Current	<u>5,573,132</u>	<u>3,413,460</u>
	<u>5,573,132</u>	<u>3,413,460</u>

Non-Current

Deferred Revenue-Non-Current	<u>5,814,425</u>	<u>6,770,224</u>
	<u>5,814,425</u>	<u>6,770,224</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

28. Bank Overdraft

Bank overdraft	4,279,863	4,269,825
	<u>4,279,863</u>	<u>4,269,825</u>

29. Taxation

During the year, Income tax rate has been revised to 28% from 30% w.e.f. 14 September 2023 in pursuant to Article 2, law no:051/2023 dated 05/09/2023. Further, the Commissioner General on January 4, 2024, issued a public ruling on article 2 of the Income tax law no 051/2023 stating that the new Income tax rate is to be applied prospectively, and companies are required to prepare annual income tax return and apply the prorate computation method basing on the date of publication 14th September 2023.

Accordingly, income tax is calculated using the enacted income tax rate of 28% (2023: 29.40%). The Company has not recognised the deferred tax assets arising from tax losses for year ended 31 December 2024 of Rwf'000 238,129,171 (2023: Rwf'000 145,989,055) as it is currently in a loss position and may recognise them in future if sufficient taxable profits are available. Deferred tax asset arising from the losses may be deducted from the taxable profit in the next five (5) tax periods, earlier losses being deducted before later losses.

	for the year ending Dec 2024 Rwf'000	for the year ending Dec 2023 Rwf'000
(i) Current year income tax	-	-
(ii) <u>Reconciliation of income tax</u>		
Loss before tax	<u>(78,987,712)</u>	<u>(105,981,565)</u>
Rwanda's statutory income tax rate of 28% (2023: 29.4%)	(22,116,559)	(31,158,580)
Tax effect of expenses non-deductible	68,468	99,016
Deferred tax asset not recognized	<u>22,048,091</u>	<u>31,059,564</u>
	<u>-</u>	<u>-</u>
	As at 31 Dec 2024 Rwf'000	As at 31 Dec 2023 Rwf'000
(i) <u>Deferred tax asset not recognized on</u>		
Accelerated depreciation on property and equipment	(13,074,650)	(7,011,514)
Provisions	80,479,735	93,657,926
Tax losses	<u>238,129,171</u>	<u>145,989,055</u>
	<u>305,534,256</u>	<u>232,635,467</u>
<u>Unused tax losses and deductible temporary difference on</u>		
(iv) <u>which deferred tax asset is not recognized</u>		
Expiring within 5 years	238,129,171	145,989,055
Expiring beyond 5 Years	-	-
Unlimited	<u>67,405,085</u>	<u>86,646,412</u>
	<u>305,534,256</u>	<u>232,635,467</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

30. Other non-financial liabilities

Grant received to subsidize the cost of 4G handset to increase digital penetration in Rwanda (as part of Connect Rwanda 2.0) is included in current liabilities as deferred grant income and is used to reduce the cost of purchase of inventories at the time of purchase. The unutilised balance is carried under current liabilities. Below is the movement of the grant:

Opening balance	50,200,747	-
Add: Grant Received during the year	-	61,148,963
Less: grant utilized on purchase of handset	(50,200,747)	(10,948,216)
Closing balance	-	50,200,747

The grant received during the year 2023 was US\$ 50 million at rate of Rwf 1,222.98 and fully utilized in 2024.

31. Contingent liabilities and Capital Commitments

(a) Legal and tax claims

There are certain lawsuits and claims pending against the Company in various courts of law, which are being handled by the external legal counsel. The contingent liabilities in respect of pending litigation against legal and tax cases were Rwf'000 Nil and Rwf'000 885,510 respectively as of 31 December 2024 (2023: Rwf'000 7,425 and Rwf'000 885,510). In the opinion of the directors and based on independent legal advice, the Company's liabilities are not likely to be material thus no provision has been made in these financial statements.

(b) Letters of credit and guarantees

In the ordinary course of business, the Company conducts business involving guarantees and letters of credit. The majority of these facilities are offset by corresponding obligations of third parties. As at 31 December 2024, the company had issued performance Guarantees amounting to Rwf'000 24,140 (2023: Rwf'000 40,255) issued to corporate customers' contracts on airtime. The company has no letters of credit issued.

(c) Lease liabilities

The Company has taken towers on lease. Liabilities arising from a lease are initially measured on a present value basis of contractual payments associated with lease contract. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Future minimum lease payments under finance leases are as follows:

Maturity Analysis	2024 Rwf '000'	2023 Rwf '000'
Not later than 1 year	10,477,211	11,301,416
Between 1 and 5 years	26,042,954	23,336,816
More than 5 years	15,823,015	6,027,215
Total minimum lease payments	52,343,180	40,665,447
Less: Discount (Unearned Interest)	(12,413,110)	(10,323,816)
Present Value of Lease Liability	39,930,070	30,341,631
<i>Presented as follows:</i>		
Non-current	31,924,971	22,564,174
Current	8,005,099	7,777,457
	39,930,070	30,341,631

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

Lease liabilities movement:

<i>Opening balance</i>	30,341,631	33,270,969
Liability created during the year/(Deletions)	13,744,963	398,981
Interest on lease liability	4,699,713	4,734,724
Unrealized forex	2,665,699	2,790,149
Payments	<u>(11,521,935)</u>	<u>(10,853,192)</u>
<i>Closing balance</i>	39,930,070	30,341,631

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(d) Capital Commitments

The capital commitments for the year are as follows:

	2024 Rwf '000'	2023 Rwf '000'
Capital commitments	<u>39,217,254</u>	<u>28,375,107</u>
	<u>39,217,254</u>	<u>28,375,107</u>

Capital commitments are authorised and contracted for.

32. Retirement benefit Obligations

The Company contributes to a statutory defined contribution pension scheme, to the Rwanda Social Security Board. The contributions are charged to profit or loss in the year in which they relate.

Contributions to Rwanda Social Security Board	<u>236,659</u>	<u>187,076</u>
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33. Financial risk management

The company is exposed to various risks, including credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company's risk management strategy is based on a clear understanding of various risks, disciplined risks assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with industry best practices.

The Company's principal financial liabilities comprise loans and borrowings, and 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 arrive directly from its operations.

The Company's senior management at Group level oversees the management of these risks. The Board of directors' reviews policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise various types of risks: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits. The salient exposures to market risks are discussed below.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the HSBC bank loan. The Company manages its interest rate risks by negotiating and entering into short-term fixed interest rates agreements.

	Rwf '000	Rwf '000
	2024	2023
HSBC & Kotak Mahindra Bank Loans	55,321,638	75,595,200

Sensitivity analysis:

Effect on profit (-/+) 2%	1,106,433	1,511,904
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The sensitivity above is the effect of the assumed change in interest rates on interest bearing assets and liabilities to profit or loss and equity. The above sensitivity analysis is unrepresentative of the interest rate risk exposure for the Company as interest bearing liabilities are fixed within the next one year.

Foreign currency risk

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's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when purchases are denominated in a different currency from the Company's functional currency).

The following table demonstrates the sensitivity, to a reasonable possible change in the USD with all other variables held constant, of the Company's profit before tax and equity due to changes in fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	2024 Rwf '000	2023 Rwf '000
<i><u>Foreign Currency denominated Assets</u></i>		
Cash and cash equivalents	5,004,431	4,315,604
Trade and other receivables	1,472,091	2,143,171
Due from related parties	13,375,151	16,746,796
Total Assets	<u>19,851,672</u>	<u>23,205,571</u>
<i><u>Foreign Currency denominated Liabilities</u></i>		
Trade and other payables	736,639	5,593,264
Borrowings	507,869,743	485,502,085
Due to related parties	20,380,774	19,483,549
Lease Liability	-	19,748,014
Total Liabilities	<u>528,987,156</u>	<u>530,326,912</u>
Net financial position	(509,135,484)	(507,121,341)
Sensitivity Analysis	Effect on profit before tax	Effect on equity
	Rwf '000	Rwf '000
31st Dec 2024		
Changes in USD -+ 6%	30,548,129	30,548,129
31st Dec 2023		
Changes in USD -+ 6%	30,427,280	30,427,280

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

33. Financial risk management (Continued)

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts and group borrowings.

At 31 December 2024:	0-6 Months Rwf'000	6-12 Months Rwf'000	Above 12 Months Rwf'000	Total
Assets				
Cash and bank balances	12,826,301	-	-	12,826,301
Due from related parties	13,375,151	-	-	13,375,151
Trade and other receivables	16,582,464	-	-	16,582,464
	<u>42,783,916</u>	<u>-</u>	<u>-</u>	<u>42,783,916</u>
Liabilities				
Finance lease	6,697,262	3,779,948	41,865,969	52,343,180
Loan	2,217,983	2,723,095	622,990,139	627,931,217
Bank overdraft	4,279,863	-	-	4,279,863
Due to related parties	20,380,774	-	-	20,380,774
Trade and other payables	30,398,990	-	-	30,398,990
Total financial liabilities (contractual maturity dates)	<u>63,974,872</u>	<u>6,503,044</u>	<u>664,856,108</u>	<u>735,334,024</u>
Liquidity gap	<u>(21,190,956)</u>	<u>(6,503,044)</u>	<u>(664,856,108)</u>	<u>(692,550,108)</u>
At 31 December 2023:				
Assets				
Cash and bank balances	26,758,447	-	-	26,758,447
Due from related parties	16,746,797	-	-	16,746,797
Trade and other receivables	13,732,248	-	-	13,732,248
	<u>57,237,492</u>	<u>-</u>	<u>-</u>	<u>57,237,492</u>
Liabilities				
Finance lease	5,653,010	5,648,405	29,364,032	40,665,447
Borrowings	1,426,760	991,538	495,651,783	498,070,081
Bank overdraft	4,269,825	-	-	4,269,825
Due to related parties	19,483,549	-	-	19,483,549
Trade and other payables	39,986,188	-	-	39,986,188
Total financial liabilities (contractual maturity dates)	<u>70,819,332</u>	<u>6,639,943</u>	<u>525,015,815</u>	<u>602,475,090</u>
Liquidity gap	<u>(17,916,160)</u>	<u>(6,639,943)</u>	<u>(525,015,815)</u>	<u>(513,739,598)</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

33. Financial risk management (Continued)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has managed its exposure to credit risk by ensuring that all distributors have a bank guarantees to cover amount of credit given to them. Apart from bank guarantee, no other collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits. No receivables have had their terms renegotiated. The company is exposed to credit risk from its operating activities, primarily from trade receivables but also from cash, other banks balances and other financial receivables.

All past due trade receivables have been reviewed by management and appropriate impairment losses recognized in the financial statements. The Company has policies in place to ensure that contracts are entered into with customers with appropriate credit history and that its financial interests are contractually safeguarded at the time of engagement.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury policies. Investments of surplus funds are made only with approved financial institutions, whose credit assessment is assessed on a regular basis.

The amount that best represents Company's maximum exposure to credit risk without taking account of the value of collateral obtained is made up as follows:

At 31 December 2024:	12 Month or Internal Credit lifetime ECL	rating	Gross Carrying Amount Rwf'000	Less: Allowances Rwf'000	Net Carrying Amount Rwf'000
Trade Receivable	Lifetime ECL	Performing	23,664,103	(7,081,638)	16,582,464
Due from related parties	Lifetime ECL	Performing	13,375,151	-	13,375,151
Total			<u>37,039,253</u>	<u>(7,081,638)</u>	<u>29,957,615</u>

At 31 December 2023:	12 Month or Internal Credit lifetime ECL	rating	Gross Carrying Amount Rwf'000	Less: Allowances Rwf'000	Net Carrying Amount Rwf'000
Trade Receivable	Lifetime ECL	Performing	20,690,436	(6,958,188)	13,732,248
Due from related parties	Lifetime ECL	Performing	16,746,797	-	16,746,797
Total			<u>37,437,233</u>	<u>(6,958,188)</u>	<u>30,479,045</u>

The Company considers a financial asset in default when contractual payments for trade receivables are 90 days past due and for Interconnect receivables are 270 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

34. Capital Management

The Company receives shareholder's loan from the parent Company as the main source of financing. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize 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 on capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2024. The gearing ratios at 31 December 2024 and 31 December 2023 were as follows:

	2024 Rwf'000	2023 Rwf'000
Shareholders loan	452,548,105	409,906,885
External Loan	175,383,112	88,163,196
Bank overdraft	4,279,863	4,269,825
Lease liabilities	39,930,070	30,788,474
Less: Cash and cash equivalents	(12,826,301)	(26,758,447)
Net Debt (A)	<u>659,314,849</u>	<u>506,369,932</u>
Equity (B)	(566,711,890)	(487,724,178)
Capital and net debt (C= A + B)	92,602,959	18,645,755
Gearing ratio (A/C)	712%	2716%

35. Fair value of financial assets and liabilities

The category wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the group's financial instruments are as follows.

As of 31 December 2024:

	Carrying Value Rwf'000	Fair Value Rwf'000
<i><u>Financial assets (Amortized cost)</u></i>		
Trade and other receivables	16,582,464	16,582,464
Due from related parties	13,375,151	13,375,151
Cash and cash equivalents	12,826,301	12,826,301
Total	<u>42,783,916</u>	<u>42,783,916</u>
<i><u>Financial liabilities (Amortized cost)</u></i>		
Lease liability	39,930,070	39,930,070
Loan	627,931,217	627,931,217
Bank overdraft	4,279,863	4,279,863
Due to related parties	20,380,774	20,380,774
Trade and other payables	30,398,990	30,398,990
Total	<u>722,920,914</u>	<u>722,920,914</u>

As of 31 December 2023:

<i><u>Financial assets (Amortized cost)</u></i>		
Trade and other receivables	13,732,248	13,732,248
Due from related parties	16,746,797	16,746,797
Cash and cash equivalents	26,758,447	26,758,447
Total	<u>57,237,492</u>	<u>57,237,492</u>
<i><u>Financial liabilities (Amortized cost)</u></i>		
Lease liability	30,341,631	30,341,631
Loan	498,070,081	498,070,081
Bank overdraft	4,269,825	4,269,825
Due to related parties	19,483,549	19,479,672
Trade and other payables	39,986,188	39,987,693
Total	<u>592,151,274</u>	<u>592,148,902</u>

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AIRTEL RWANDA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year ended December 31, 2024

35. Fair value of financial assets and liabilities (continued)

The following methods/assumptions were used to estimate the fair values;

- i. The carrying value of bank deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.
- ii. Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- iii. The fair value of non-current financial assets, long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

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.

36. Comparatives

Where necessary, comparative figures have been re-classified or/and adjusted or excluded to conform to changes in presentation in the current year.

37. Events after Reporting Period

The Company has evaluated all events that occur after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The management of the company determined that below were non-adjusting event and thus are not required to be adjusted as at reporting date.

38. Going concern assessment

The Directors are aware that during the year ended 31 December 2024, the Company incurred a net loss of Rwf'000 78,987,712 (2023: Rwf'000 105,986,757). As at that date, accumulated losses were Rwf'000 566,811,890 (2023: Rwf'000 487,824,179), it may be noted that company has Shareholder's loan of Rwf'000 452,548,105 (2023: Rwf'000 409,906,885). After considering shareholder's loan and external source of financing, there is sufficient liquidity to manage the operations.

The Directors are of the of the opinion that the company will operate on going concern basis on the assumption that the Company:

- i. Will generate cash inflows from operations;
- ii. Will obtain funding from the third parties; and
- iii. The Company will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due.

The company is confident that the funds described above will be available to the Company to support its obligations as required and that it is therefore appropriate to prepare the financial statements on a going concern basis.

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