AIRTEL MOBILE COMMERCE LIMITED

Annual Report and Financial Statements for the year ended
31 December 2025

Index	**Page**

AIRTEL MOBILE COMMERCE LIMITED
DIRECTORS' REPORT
For the year ended 31 December 2025

The directors have pleasure in presenting to members audited financial statements for the year ended 31 December 2025 and report thereon as follows:

1. REVIEW OF ACTIVITIES

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Airtel Mobile Commerce Limited was incorporated under the Companies Act 1984 as repealed by the Companies Act 2013.

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

Operations

The Company continues to show growth in its customers with 13.82% year on year growth and ending with a total of 6.2 million customers. During the year the Company added a total of 0.75 million new customers into its Ecosystem.

The Company's revenue continues to grow strong with 80.2% year on year growth on the back of Cash Out revenue and bill/merchant payments revenue which grew by 88.5% and 55.6% respectively. Profit after tax increased by K34 547 million from K53 380 million to K87 927 million. The transaction values have increased by 82.6% from 2 136 billion to 3 900 billion year on year providing the basis of the revenue growth.

2. AUTHORISED AND ISSUED SHARE CAPITAL

Authorized, issued and fully paid:

	2025	2024
Ordinary shares of K1 each	50 000 000	50 000 000

The shareholding of the Company as at 31 December 2025 is as stated below:-

Name of Share Holder	No. of Shares	% of Shareholding
Airtel Mobile Commerce B.V.	49 999 999	99.999%
Airtel Mobile Commerce Holdings B.V.	1	0.001%
	50 000 000	100%

3. GOVERNANCE

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

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

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

4. DIRECTORS

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

Name	Residence	Nationality	Effective date
Mr. Frank Mvalo**	Malawian	Malawian	Full year
Mr. Vimal Kumar Ambat**	South Africa	Indian	Full year
Ms. Barbara Barungi**	Nigeria	Ugandan	Up to 26th January 2025
Mrs. Cihan A. Seuleiman-Morgan**	UAE	French	Full year
Mrs. Thokozani Kamkondo*	Malawi	Malawian	Full year
Mr. Andrew Rugamba**	Tanzania	Ugandan	Full year
Mr. Audrey Mwala**	Malawi	Malawian	From 30th May 2025
Mr. Alok Bafna**	UAE	Indian	From 1st August 2025

*Executive director
**Non-Executive director

5. COMPANY SECRETARY

The Company secretary of the Company is Mrs. Chifundo Cecilia Mphwina.

6. FINANCIAL PERFORMANCE

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

	2025	2024
	K'000	K'000
Revenue	297 190 283	164 293 812
Profit before tax	145 725 805	85 655 087
Income tax expenses	(57 798 970)	(32 275 340)
Profit for the year	87 926 835	53 379 747

7. RESERVES

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

8. DIVIDENDS

The Company has declared dividend of K35 billion during the year ended 31 December 2025 (2024 : nil), The Company declared the interim dividend of K70 billion and the directors propose a final dividend of K30 billion equivalent of K 600 per share for the year ended 31 December 2025.

9. GOING CONCERN

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

The Company recorded a profit after tax for the year ended 31 December 2025 of K87.9 billion (2024: K53.4 billion) and, as at that date, the Company had current liabilities of K225.8 billion (2024: K136.6 billion) against current assets of K378.9 billion (2024: K240.2 billion). The Company as at 31 December 2025 was in net current assets position of K153 billion (2024: K103.6 billion). The directors determined that the financial statements should be prepared on a going concern basis.

10. AUDITORS

The auditors, Deloitte, have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting in relation to their appointment as auditors in respect of the year ending 31 December 2026.

....	....
Mrs Thokozani Kamkondo (Director)	Mr Frank Mvalo (Director)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2025

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

The directors are responsible for the preparation and fair presentation of the financial statements of Airtel Mobile Commerce Limited, comprising the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policy information and other explanatory notes, in accordance with IFRS® Accounting standards, IAS 29 directive as issued by the Institute of Chartered Accountants in Malawi, and in the manner required by the Companies Act.

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

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

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

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

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results and cash flows for the year ended 31 December 2025.

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

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

27 March 2026
.... **Date**

Deloitte.

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Blantyre
Malawi

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Airtel Mobile Commerce Limited

Opinion

We have audited the financial statements of Airtel Mobile Commerce Limited (the Company), set out on pages 8 to 45, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act 2013.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to performing audits of financial statements of public interest entities in Malawi. We have also fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined that there are no key audit matters to communicate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Statement of Directors' Responsibilities, as required by the Companies Act and which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

Other Information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

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

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

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

Deloitte.

Deloitte
Chartered Accountants
Christopher Kapenda
Partner
30 March 2026

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Notes	As at 31 December 2025 K'000	As at 31 December 2024 K'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	1 113 298	3 822 099
Capital work in progress	5	1 064 673	853 906
Intangible assets	6	5 706 714	180 943
Deferred tax asset	7	2 331 096	2 311 985
Other non-current assets	8	10 004	10 004
Investment	9	609 300	-
		10 835 085	**7 178 937**
Current assets			
Trade and other receivables	13	4 667 373	4 353 894
Other current assets	15	2 454 351	978 140
Cash and cash equivalents	16	157 393 395	132 679 493
Balance held under mobile money trust	17	188 116 735	102 226 563
Investment	9	26 265 002	-
Total current assets		**378 896 856**	**240 238 090**
Total assets		**389 731 941**	**247 417 027**
EQUITY AND LIABILITIES			
Share capital		50 000	50 000
Retained earnings		163 840 596	110 913 761
Total shareholder's equity		**163 890 596**	**110 963 761**
Non-current liabilities			
Provisions	21	489	-
Total non-current liabilities		**489**	**-**
Current liabilities			
Mobile wallet balance	18	188 116 735	102 226 563
Trade and other payables	19	23 715 807	15 141 925
Dividend Payable	30	-	9 072 362
Income tax payable (net)	20	13 819 817	9 924 576
Provisions	21	188 497	87 840
Total current liabilities		**225 840 856**	**136 453 266**
Total equity and liabilities		**389 731 941**	**247 417 027**

The financial statements on pages 8 to 45 were approved and authorised for issue by the Board of directors on 26 March 2026 and signed on its behalf by:

....
Mrs. Thokozani Kamkondo (Director)

....
Mr Frank Mvalo (Director)

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025

	Notes	For the year ended 31 December 2025 K'000	For the year ended 31 December 2024 K'000
Income			
Operating revenue	22	295 971 109	164 251 640
Other income	23	1 219 174	42 172
		297 190 283	**164 293 812**
Expenses			
Commission expense*		(122 163 249)	(67 459 111)
License fee		(10 363 909)	(5 748 807)
Employee benefits expenses**	24.1	(1 828 595)	(1 160 714)
Other expenses**	24.2	(17 922 953)	(9 800 633)
Depreciation and amortisation	29	(2 297 419)	(1 926 674)
Expected credit (loss)/gain	14	(84 535)	25 529
		(154 660 660)	**(86 070 410)**
Operating profit		**142 529 623**	**78 223 402**
Foreign exchange loss	26	(7 296 439)	(1 039 579)
Finance costs	27	(14 646)	(10 324)
Finance income	25	10 507 267	8 481 588
Profit before tax		**145 725 805**	**85 655 087**
Income tax expense	28	(57 798 970)	(32 275 340)
Profit and total comprehensive income for the year		**87 926 835**	**53 379 747**

**Prior year commission expense amounting to K67 459 million have been reclassified from sales and distribution and presented separately and this year sales and distribution is the part of other expenses.

*Prior year employee benefits amounting to K1 161 million have been reclassified from other expenses and presented separately.

There were no items in other comprehensive income for the year (2024 : nil)

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	Share capital	Retained earnings	Total
	K'000	K'000	K'000
Year ended 31 December 2025			
At the beginning of the year	50 000	110 913 761	110 963 761
Dividend declared for 2024 profit (note 30)		(35 000 000)	(35 000 000)
Total comprehensive income for the period ended	-	87 926 835	87 926 835
Balance at 31 December 2025	**50 000**	**163 840 596**	**163 890 596**
Year ended 31 December 2024			
At the beginning of the year	50 000	57 534 014	57 584 014
Total comprehensive income for the period ended	-	53 379 747	53 379 747
Balance at 31 December 2024	**50 000**	**110 913 761**	**110 963 761**

	2025	2024
	K'000	K'000
Issued and fully paid:		
50 000 000 (2024: 50 000 000) ordinary shares of K1 each	50 000	50 000

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

Accounting policies and notes to the financial statements set out on pages 12 to 45 form an integral part of the financial statements.

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	Notes	For the year ended 31 December 2025 K'000	For the year ended 31 December 2024 K'000
Cash flows from operating activities			
Profit Before taxation		145 725 805	85 655 087
Adjustments for:			
Depreciation & amortization	29	2 297 419	1 926 674
Net unrealised foreign exchange gains	26	(954 218)	(282 770)
Finance income	25	(10 507 267)	(8 481 588)
Finance cost	27	14 646	10 324
Operating cash flows before working capital changes		**136 576 385**	**78 827 727**
Changes in working capital:			
Increase in trade and other receivables		(313 479)	(880 907)
Decrease in inventory		-	616 000
Increase in other current assets		(1 476 211)	(630 170)
Increase in trade and other payables		7 673 990	1 952 550
Increase in provisions		101 146	-
Increase in mobile money wallet balances		85 890 172	45 747 354
Net cash generated from operations before tax		**228 452 003**	**125 632 554**
Income tax paid	20	(53 922 840)	(28 414 141)
Net cash generated from operating activities		**174 529 163**	**97 218 413**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	10	(5 552 166)	(2 395 569)
Interest received	25	10 507 267	8 481 588
Purchase of investment		(26 793 302)	-
Net cash used in investing activities		**(21 838 201)**	**6 086 019**
Cash flows from financing activities			
Finance cost	27	(14 646)	(10 324)
Dividends paid	30	(42 072 242)	(9 740 046)
Net cash used in financing activities		**(42 086 888)**	**(9 750 370)**
Net increase in cash & cash equivalents		110 604 074	93 554 062
Cash & cash equivalents at the beginning of the year		234 906 056	141 351 994
Cash & cash equivalents as at end of the period*	16	**345 510 130**	**234 906 056**

*Cash and cash equivalents held on 31 December 2025 includes balance held under mobile money trust of K188,116,735 (2024: K102,226,563).

1. Corporate information

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

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

Registered office and place of business
Airtel Mobile Commerce Limited,
Mera Complex, City Centre,
Off Convention Drive,
P.O Box 126, Lilongwe, Malawi

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

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

2. Application of new and revised IFRS Accounting Standards

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

No new IFRS issued during the year are applicable to the Company.

During the current year, the Company has applied amendments to IFRSs issued by the IASB, that are mandatorily effective for the current year. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The list of newly issued amendments is as follows:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability: Effective 1 January 2025, the amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' relating to lack of exchangeability are applicable. These amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

  The Company has evaluated the applicability of the amendment in the standard in the jurisdictions it which it operates. Judgement is needed in determining whether currencies in the jurisdiction in which the Company operates are not exchangeable. The Company believes that considering the relevant economic and regulatory environment and the presence of functioning foreign exchange mechanism in the country, the IAS 21 amendment's requirements are not clearly met. The Company will continue to evaluate the situation on an ongoing basis.

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

2.2 New and amended 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 amended IFRS Accounting Standards that have been issued effective for annual periods beginning on or after 1 January 2026.

- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments.
- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity
- Annual IFRS improvement Volume 11 which includes Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows.
- Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency
- IFRS 18 - Presentation and Disclosure in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

The amendments to IFRS 9, IFRS 7 and Annual Improvements are effective for annual periods beginning on or after 1 January 2026 whilst Amendment to IAS 21, IFRS 18 and IFRS 19 are effective for annual periods beginning on or after 1 January 2027.

The Company is assessing the impact of IFRS 18, IFRS 7 and IFRS 9 to the Company's financial statements and will be presented in accordance with these standards from 1 January 2026 or subsequently as applicable.

The amendments relating to IFRS 19 and Annual improvements are not expected to have a material impact on the Company's financial reporting on adoption. Also, the amendments to IAS 21 are not applicable to the Company.

3. Material accounting policy information

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

3.1 Statement of compliance

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

3.2 Basis of preparation

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

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

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

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

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

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

3. Material accounting policy information (Continued)

3.3 Use of estimates and judgments

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

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

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

3.4 Revenue

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

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

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

Interest income

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

3. Material accounting policy information (Continued)

3.5 Property, plant and equipment

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

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

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

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

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

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

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

3.6 Intangible assets

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

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

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

3. Material accounting policy information (Continued)

3.7 Impairment of non-financial assets

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or-cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating units) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss. Unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

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

3.8 Taxation

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

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

3. Material accounting policy information (Continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognised if the temporary difference arises from initial recognition of goodwill.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the year

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

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

3.9 Functional currency translations

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

3.10 Share capital and share premium

Issued ordinary shares are classified as 'share capital' in equity when the Company has an 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.

3.11 Statement of cash flows

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

3.12 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

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

3. Material accounting policy information (Continued)

3.12 <u>Financial instruments</u> (Continued)

3.12.1. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

3.12.2. Classification of financial assets

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

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

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

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

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

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

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

3.12.3. Amortised cost and effective interest method

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.3. Amortisation cost and effective method (Continued)

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

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

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

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

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

3.12.4 Foreign exchange gains and losses

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

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.5 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

3.12.5.1. Significant increase in credit risk

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

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

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.5.1. Significant increase in credit risk (Continued)

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

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

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

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

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

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

3.12.5.2. Definition of default

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

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

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

3.12.5.3. Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3.12.5.4. Write off Policy

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

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

3.12.5.5. Measurement and recognition of expected credit losses

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

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

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

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

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

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

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

3.12.5.6. Derecognition of financial assets

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

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

3.13 Financial liabilities and equity instruments

3.13.1 Classification as debt or equity

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

3.13.2 Equity instruments

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

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

3. Material accounting policy information (Continued)

3.13 Financial liabilities and equity instruments (Continued)

3.13.3 Financial liabilities

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

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

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

3.13.4 Financial liabilities at FVTPL

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

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

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

3.13.5 Foreign exchange gains and losses

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

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

3.13.6 Derecognition of financial liabilities

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

3. Material accounting policy information (Continued)

3.14 Provisions

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

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

3.15 Contingencies

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

3.16 Cash and cash equivalents

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

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical accounting judgements made by management

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.2 Key sources of estimation uncertainty

Provisions and contingent liabilities

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

5. Property, plant and equipment

	Office equipment K'000	Computer equipment K'000	Furniture K'000	Capital work in progress K'000	Total K'000
For the Year ended 31 December 2025					
Cost					
At the beginning of the year	53 961	2 964 897	5 624 744	853 906	9 497 508
Additions during the year	-	-	-	2 647 837	2 647 837
Transfer from CWIP	3 770	2 243 734	189 566	(2 437 070)	-
Retirements*	-	(108 118)	-	-	(108 118)
Transfers to intangible assets**	-	(4 854 089)	-	-	(4 854 089)
At the end of the year	57 731	246 424	5 814 310	1 064 673	7 183 138
Accumulated depreciation					
At the beginning of the year	6 956	734 702	4 079 845	-	4 821 503
Retirements*	-	(108 118)	-	-	(108 118)
Transfers to intangible assets**	-	(864 266)	-	-	(864 266)
Charge for the year	11 255	324 677	820 116	-	1 156 048
At the end of the year	18 211	86 995	4 899 961	-	5 005 167
NBV 31 December 2025	39 520	159 429	914 349	1 064 673	2 177 971
NBV 31 December 2024	47 005	2 230 195	1 544 899	853 906	4 676 005

	Office equipment K'000	Computer equipment K'000	Furniture K'000	Capital work in progress K'000	Total K'000
For the Year ended 31 December 2024					
Cost					
At the beginning of the year	-	1 110 293	5 259 723	130 108	6 500 124
Additions during the year	53 961	1 854 604	365 021	723 798	2 997 384
At the end of the year	53 961	2 964 897	5 624 744	853 906	9 497 508
Accumulated depreciation					
At the beginning of the year	-	204 352	2 876 876	-	3 081 228
Charge for the year	6 956	530 350	1 202 969	-	1 740 275
At the end of the year	6 956	734 702	4 079 845	-	4 821 503
NBV 31 December 2024	47 005	2 230 195	1 544 899	853 906	4 676 005
NBV 31 December 2023	-	905 941	2 382 847	130 108	3 418 896

*During the year the Company adjusted the cost and accumulated depreciation to nil for the assets with nil net book value.

**In 2025, the Company reclassified intangibles amounting to K3 990 million (gross carrying value: K4 854 million, and accumulated amortisation: K864 million) from property, plant and equipment to other intangible assets.

6. Intangible assets

	Software K'000	License K'000	Intangible assets under development K'000	Total K'000
For the year ended 31 December 2025				
Cost				
At the beginning of the year	-	1,466,360	-	1,466,360
Additions during the year	-	-	2,677,319	2,677,319
Transfer from CWIP	17,979	-	(17,979)	-
Transfers from computer equipment**	4,854,089	-	-	4,854,089
At the end of the year	4,872,068	1,466,360	2,659,340	8,997,768
Amortisation				
At the beginning of the year	-	1,285,417	-	1,285,417
Charge for the year	1,007,372	133,999	-	1,141,371
Transfers from computer equipment	864,266	-	-	864,266
At the end of the year	1,871,638	1,419,416	-	3,291,054
Carrying amount:				
At 31 December 2025	3,000,430	46,944	2,659,340	5,706,714
At 31 December 2024	-	180,943	-	180,943

	License K'000	Capital work in progress K'000	Total K'000
For the year ended 31 December 2024			
Cost			
At the beginning of the year	1,466,360	-	1,466,360
At the end of the year	1,466,360	-	1,466,360
Amortisation			
At the beginning of the year	1,099,018	-	1,099,018
Charge for the year	186,399	-	186,399
At the end of the year	1,285,417	-	1,285,417
Carrying amount:			
At 31 December 2024	180,943	-	180,943
At 31 December 2023	367,342	-	367,342

**In 2025, the Company reclassified intangibles amounting to K3 990 million (gross carrying value: K4 854 million, and accumulated amortisation: K864 million) from property, plant and equipment to other intangible assets.

7. Deferred tax asset

Deferred tax is calculated using the tax rate of 40% (2024: 40%). The movement on the deferred tax account is as follows:

	2025 K'000	2024 K'000
At the beginning of the year	2 311 985	1 550 473
Credit to income statement (note 28)	19 111	761 512
At the end of the year	2 331 096	2 311 985
Analysed as:		
Accelerated capital allowances	185 466	175 310
Other timing differences	2 145 630	2 136 675
	2 331 096	2 311 985

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

Effective 01st January 2024, the Government changed the applicable tax rates to 40% from 30% as applicable up to 31 December 2023. However, the said 40% tax rate was applicable for taxable profits in excess of K10 billion and for profits less than K10 billion, the appliable tax rate was 30%. During the current year, the Government has further rationalised the tax rates and now the applicable tax rate of 40% is applicable on taxable profits in excess of K5 billion and for profits less than K5 billion, the appliable tax rate remains at 30%. The Company foresees to realise the temporary differences at the highest rate of 40% since its profit before tax is forecasted to stay above the lower bracket of K5 billion. Deferred tax has therefore been calculated at 40%.

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

8. Other non-current assets

	2025 K'000	2024 K'000
Security Deposit	10 004	10 004
Total other non-current assets	**10 004**	**10 004**

Rental security deposit relates to Airtel Money Commerce registered office which was paid in September 2024.

9. Investment

	2025 K'000	2024 K'000
Non-current investment – National Switch Ltd*	609 300	-
Current investment**	26 265 002	
Total Investment	**26 874 302**	-

*Non-current investment relates to shares in National Switch Limited. In 2025, Airtel Malawi plc transferred 30 million shares (8.33%) of National Switch Limited shares at the price of K 2.70 per share to Airtel Mobile Commerce Limited and addition to that, the Company invested (30 million shares) of K528.3 million in National Switch Limited at the price of K17.61.

**Current investments relate to 182-day Treasury Bills held with Reserve Bank of Malawi invested in 2025 and maturing in between January to March 2026. These Treasury bills are invested at an interest rate of 20 % per annum.

10. Equipment supply payables

	2025 K'000	2024 K'000
At the beginning of the year	427 108	(174 707)
Purchase made during the year (note 5 & note 6)	5 325 156	2 997 384
Payment made during the year	(5 552 166)	(2 395 569)
At the end of the year	**200 098**	**427 108**

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

11. Related party disclosures

11.1 Amounts due from related parties

Name of the related party	Country of incorporation	Relationship	2025 K'000	2024 K'000
Airtel Malawi Plc.	Malawi	Fellow subsidiary	1 413 108	-
Airtel Mobile Commerce Zambia Ltd	Zambia	Fellow subsidiary	-	98 355
Airtel Money Transfer Limited	Kenya	Fellow subsidiary	7 051	65 051
Airtel Mobile Uganda Limited	Uganda	Fellow subsidiary	-	2 760
Airtel Mobile Commerce Rwanda Ltd	Rwanda	Fellow subsidiary	2 234	70 726
Airtel Africa Telesonic Limited	United Kingdom	Fellow subsidiary	15 000	-
Totals as disclosed in note 13			**1 437 393**	**236 892**

11. Related party disclosures (Continued)

11.2 Amounts due to related parties

Name of the related party	**Country of incorporation**	**Relationship**	**2025 K'000**	**2024 K'000**
Airtel Malawi Plc.	Malawi	Fellow subsidiary	-	977 193
Airtel Mobile Tanzania Limited	Tanzania	Fellow subsidiary	1 942 843	2 382 184
Airtel Mobile Uganda Limited	Uganda	Fellow subsidiary	-	-
Airtel Mobile Management Services FZ LLC*	Dubai	Fellow subsidiary	4 047 934	4 425 049
Bharti Airtel (France) SAS	France	Fellow subsidiary	29 539	-
Airtel Africa Plc	United Kingdom	Intermediate parent	88 048	-
Totals as disclosed in note 19			**6 108 364**	**7 784 426**

11.3 Related party transactions

11.3.1 Sales of goods and services

Name of related party	**Country of incorporation**	**Relationship**	**2025 K'000**	**2024 K'000**
Airtel Malawi PLC	Malawi	Fellow subsidiary	45 037 102	28 391 999
Airtel Mobile Commerce Zambia Ltd	Zambia	Fellow subsidiary	410 084	1 077 945
Airtel Mobile Commerce Rwanda Ltd	Rwanda	Fellow subsidiary	3 500	16 281
Airtel Uganda Limited	Uganda	Fellow subsidiary	26 765	196 466
Airtel Mobile Transfer Limited-Kenya	Kenya	Fellow subsidiary	89 020	104 593
Airtel Mobile Tanzania Limited	Tanzania	Fellow subsidiary	86 807	300 743
			45 653 278	**30 088 027**

11.3.2 Purchase of goods and services

Name of related party	**Country of incorporation**	**Relationship**	**2025 K'000**	**2024 K'000**
Airtel Malawi PLC	Malawi	Fellow subsidiary	6 444 487	3 829 166
Airtel Mobile Management Services FZ LLC*	Dubai	Fellow Subsidiary	4 519 179	2 449 495
Bharti Airtel (France) SAS	France	Fellow subsidiary	29 539	-
Airtel Africa Plc	United Kingdom	Intermediate parent	88 048	-
			11 081 253	**6 278 661**

*During the year 31 December 2025, The name of Airtel Mobile Commerce B.V. (Dubai branch) was changed to Airtel Mobile Management Services FZ LLC.

12. Inventory

	2025 K'000	2024 K'000
At the beginning of the year	-	616 000
Consumed during the year	-	(616 000)
At the end of the year	-	-

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

13. Trade and other receivables

	2025 K'000	2024 K'000
Trade receivables	191 605	166 755
Less: provision for expected credit losses	(122 917)	(28 787)
	68 688	137 968
Amount due from related parties (note 11.1)	1 437 393	236 892
Other receivables	3 161 292	3 979 034
	4 667 373	**4 353 894**

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

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

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

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

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

	2025 K'000	2024 K'000
At the beginning of the year	28 787	34 287
Net loss/(recovery) allowance made	94 130	(5 500)
Total	**122 917**	**28 787**

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

	2025 K'000	2024 K'000
Current year expected credit loss/(gain)	94 130	(5 500)
Other reversals	(9 595)	(20 029)
Charged/(credited) to statement of comprehensive income	**84 535**	**(25 529)**

15. Other current assets

	2025 K'000	2024 K'000
Prepayments	209 932	365 507
Interest accrued on investments	1 889 266	24 376
Advance to supplier	11 275	322 719
Tax recoverable	287 619	180 795
Others (net)	56 259	84 743
	2 454 351	**978 140**

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

16. Cash and cash equivalents

	2025 K'000	2024 K'000
Balance with Banks		
Current bank accounts*	67 066 197	121 935 573
Bank deposits**	86 889 900	6 900 097
Cash in hand	3 437 298	3 843 823
Total	**157 393 395**	**132 679 493**

*The balances on current accounts are with multiple banks and were earning interest between 0%-7% in 2025 (2024: 0% - 7%) per annum.

**The bank deposits are with multiple banks and were earning interest between 2%-23.5% per annum (2024: 20-23.5%).

The carrying amount of cash and cash equivalents of K157.4 billion (2024: K132.7 billion) is a reasonable approximation of their fair values.

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

	2025 K'000	2024 K'000
Current bank accounts	67 066 197	121 935 573
Bank Deposits	86 889 900	6 900 097
Cash in hand	3 437 298	3 843 823
Mobile Money wallet trust	188 116 735	102 226 563
Cash and cash equivalents at the end of the year	**345 510 130**	**234 906 056**

17. Balance held under mobile money wallet

	2025 K'000	2024 K'000
Trust bank balance	**188 116 735**	**102 226 563**

The amounts held by Airtel Money electronic value (E-value) account holders in their mobile money wallets are presented separately in the statement of financial position as 'Mobile Money wallet trust'. The amounts held in bank on behalf of such E-value account holders are restricted for use by the Company and are presented as 'Balance held under mobile money trust'. Funds held on behalf of customers are held on bank accounts bearing a average interest rate of 6.8% (2024: 6.2%)

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

18. Mobile money wallet balance

	2025 K'000	2024 K'000
Balance due to mobile money customers	**188 116 735**	**102 226 563**

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

19. Trade and other payables

	2025 K'000	2024 K'000
Trade payable	3 713 571	682 995
Amount due to related parties (note 11.2)	6 108 364	7 784 426
Other payables	5 964 501	3 417 564
Other taxes payable	7 929 371	3 256 940
	23 715 807	**15 141 925**

The average credit period on payables is 60 days. No interest is charged on these payables.
The other payables comprise accrued expense, accrued audit fees and equipment supply payables (note 10).
The directors consider that the carrying amount of payables approximates to their fair values due to their short term nature.

20. Income tax payable

	2025 K'000	2024 K'000
Balance at the beginning of the year	9 924 576	5 301 865
Withholding tax paid during the year	(3 002 703)	(2 671 376)
Provisional tax paid during the year	(40 595 031)	(23 765 088)
Provisional tax paid for prior year	(10 325 106)	(1 977 677)
Charge for the year (note 28)	57 818 081	33 036 852
Income Tax payable	**13 819 817**	**9 924 576**

21. Provisions

		At the beginning of the year K'000	Additions in the year K'000	Reversed/ transferred in the year K'000	Utilised in the year K'000	At the end of the year K'000
For the year ended 31 December 2025						
Provision for sub judice matters	Current	4 280	10 600	(4 280)	(10 600)	-
Provision for defined benefit obligations	Current	83 560	130 203	11 369	(36 835)	188 297
Provision for other long-term employee benefits	Current	-	200	-	-	200
Provision for other long-term employee benefits	Non-current	-	489	-	-	489
		87 840	**141 492**	**7 089**	**(47 435)**	**188 986**
For the year ended 31 December 2024						
Provision for sub judice matters	Current	350	4 280	-	(350)	4 280
Provision for defined benefit obligations	Current	67 937	82 311	2 945	(69 633)	83 560
		68 287	**86 591**	**2 945**	**(69 983)**	**87 840**

22. Operating revenue

	2025 K'000	2024 K'000
Transaction charge on cash withdrawals	206 396 586	108 367 903
Other fees & charges	60 606 068	37 519 802
Airtime recharge transaction fees	26 943 413	16 571 080
Merchant collection service fees	2 025 042	1 792 855
	295 971 109	**164 251 640**

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

23. Other income

	2025 K'000	2024 K'000
Other income	1 219 174	-
Liability written off	-	42 172
	1 219 174	**42 172**

24.1 Employee benefits expenses

	2025 K'000	2024 K'000
Salaries and bonuses	1 450 798	947 960
Defined contribution plan cost	189 329	73 460
Defined benefit plan cost	(199)	-
Staff welfare expenses	179 881	125 633
Others	8 786	13 661
	1 828 595	**1 160 714**

24.2 Other expenses

	2025 K'000	2024* K'000
IT expenses	3 669 448	2 323 941
Sales and distribution**	735 588	374 256
Legal and professional	7 452 199	4 381 531
Auditors' remuneration	98 710	67 320
Customer service expenses	947 007	524 772
Marketing and advertisement	3 266 414	1 184 942
Administration expenses	1 753 587	943 871
	17 922 953	**9 800 633**

*Prior year employee benefits amounting to K1 161 million have been reclassified from other expenses and presented separately in note 24.1 to the financial statements.

**Prior year commission expense amounting to K67 459 million have been reclassified from sales and distribution and presented separately and this year sales and distribution is the part of other expenses.

25. Finance income

	2025 K'000	2024 K'000
Interest income	10 507 267	8 481 588
	10 507 267	**8 481 588**

26. Net foreign exchange loss

	2025 K'000	2024 K'000
Realised exchange gain	(124)	-
Realised exchange loss	8 250 781	1 322 349
Unrealised exchange gain	(955 864)	(282 770)
Unrealised exchange loss	1 646	-
Net foreign exchange loss	**7 296 439**	**1 039 579**

27. Finance cost

	2025 K'000	2024 K'000
Bank charges	14 515	10 324
Interest expense	131	-
	14 646	**10 324**

28. Income tax expense

	2025 K'000	2024 K'000
Current income tax charge (note 20)	57 818 081	33 036 852
Deferred tax (note 7)	(19 111)	(761 512)
	57 798 970	**32 275 340**

A reconciliation between tax expense and accounting profit is as follows

Profit before tax	145 725 804	85 655 088
Income tax* (2025: @40% - above K5 bn, 30% upto K5 bn; 2024: @40% - above K10 bn, 30% upto K10 bn)	57 790 321	33 262 035
Rate change impact in tax rate from 30% to 40%*	-	(993 769)
Expenses not deductible for tax purposes	8 649	7 074
Income Tax Expense	**57 798 970**	**32 275 340**

*Effective 01st January 2024, the Government changed the applicable tax rates to 40% from 30% as applicable up to 31 December 2023. However, the said 40% tax rate was applicable for taxable profits in excess of K10 billion and for profits less than K10 billion, the appliable tax rate was 30%. During the current year, the Government has further rationalised the tax rates and now the applicable tax rate of 40% is applicable on taxable profits in excess of K5 billion and for profits less than K5 billion, the appliable tax rate remains at 30%. The Company foresees to realise the temporary differences at the highest rate of 40% since its profit before tax is forecasted to stay above the lower bracket of K5 billion. Deferred tax has therefore been calculated at 40%.

29. Depreciation and Amortization

	2025 K'000	2024 K'000
Depreciation on property, plant and equipment (note 5)	1 156 048	1 740 275
Amortisation of intangible assets (note 6)	1 141 371	186 399
	2 297 419	**1 926 674**

30. Dividend Payable

	2024 K'000	2024 K'000
At beginning of the year	9 072 362	18 812 408
Dividend declared	35 000 000	-
Dividend unpaid - Transfer to WHT	(2 000 120)	(914)
Dividend paid	(42 072 242)	(9 739 132)
At the end of the year	**-**	**9 072 362**

31. Financial risk management

Categories of financial instruments

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

	2025 K'000	2024 K'000
Financial assets at amortized cost		
Cash & cash equivalent	157 393 395	132 679 493
Balance held under mobile money wallet	188 116 735	102 226 563
Trade and other receivables*	3 229 980	4 117 002
Amount due from related party	1 437 393	236 892
Interest accrued on investments	1 889 266	24 376
Security deposit	10 004	10 004
Total	**352 076 773**	**239 294 330**

Financial liabilities at amortized cost

	2025 K'000	2024 K'000
Mobile Money wallet trust	188 116 735	102 226 563
Trade and other payables**	9 678 072	4 100 559
Amount due to related party	6 108 364	7 784 426
Dividend payable	-	9 072 362
Total	**203 903 171**	**123 183 910**

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

Overview

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

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

31. Financial risk management (Continued)

Overview (Continued)

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

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

31.1 Liquidity risk

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

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments.

	0 to 3 Months K'000	4 -12 Months K'000	Over 1 year K'000	Carrying amount and fair value K'000
As at 31 December 2025				
Assets				
Trade and other receivables*	3 229 980	-	-	3 229 980
Amount due from related parties	1 437 393	-	-	1 437 393
Cash and cash equivalents	157 393 395	-	-	157 393 395
Balance held under mobile money wallet	188 116 735	-	-	188 116 735
Interest accrued on investments	1 889 266	-	-	1 889 266
Current investment	-	26 265 002	-	26 265 002
Security Deposit	-	-	10 004	10 004
Total Assets	352 066 769	26 265 002	10 004	378 341 775
Liabilities				
Mobile Money wallet trust	188 116 735	-	-	188 116 735
Amount due to related parties**	6 108 364	-	-	6 108 364
Trade & other payables	9 678 072	-	-	9 678 072
Dividend payable	-	-	-	-
Total Liabilities	203 903 171	-	-	203 903 171
Gap	148 163 598	26 265 002	10 004	174 438 604
Cumulative Gap	148 163 598	174 428 600	174 438 604	174 438 604

* Trade & other receivables exclude amount due from related parties

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

31. Financial risk management (Continued)

31.1 Liquidity risk (Continued)

	0 to 3 Months K'000	4 -12 Months K'000	Over 1 year K'000	Carrying amount and fair value K'000
As at 31 December 2024				
Assets				
Trade and other receivables*	4 117 002	-	-	4 117 002
Amount due from related parties	236 892	-	-	236 892
Cash and cash equivalents	132 679 493	-	-	132 679 493
Balance held under mobile money wallet	102 226 563	-	-	102 226 563
Interest accrued on investments	24 376	-	-	24 376
Security Deposit	-	-	10 004	10 004
Total Assets	239 284 326	-	10 004	239 294 330
Liabilities				
Mobile Money Wallet Balance	102 226 563	-	-	102 226 563
Amount due to related parties**	7 784 426	-	-	7 784 426
Trade & other payables	4 100 559	-	-	4 100 559
Dividend payable	9 072 362	-	-	9 072 362
Total Liabilities	123 183 910	-	-	123 183 910
Gap	116 100 416	-	10 004	116 110 420
Cumulative Gap	116 100 416	116 100 416	116 110 420	116 110 420

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

31.2 Market risk

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

31.3 Credit risk

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

31. Financial risk management (Continued)

31.4 Operational risk

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

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

31.5 Interest rate risk management

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

As at 31 December 2025, if effective interest rates on fixed deposit had been 5% higher/lower with all other variables held constant, profit before tax would have been K4 344 million (2024: K345 million) lower/higher.

31.6 Foreign currency risk management

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

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

As at 31 December 2025, if the Kwacha had weakened/strengthened by 10% against the US dollar with all other variables held constant, profit before tax for the year would have been K1.33 billion (2024: K1.13 billion) lower/higher, mainly as a result of US dollar denominated balances.

31.7 Capital risk management

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

32. Fair value measurements

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

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

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

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

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

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

32.2 Fair value measurements recognized in the statement of financial position

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

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

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

- Level 2 fair value measurements are those that are derived from inputs of other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

32. Fair value measurements(Continued)

	Carrying Amount 2025 K'000	Fair Value 2025 K'000	Carrying Amount 2024 K'000	Fair Value 2024 K'000
Financial assets classified at amortised cost				
Trade and other receivables*	3 229 980	3 229 980	4 117 002	4 117 002
Amount due from related parties	1 437 393	1 437 393	236 892	236 892
Cash and cash equivalents	157 393 395	157 393 395	132 679 493	132 679 493
Balance held under mobile money wallet	188 116 735	188 116 735	102 226 563	102 226 563
Interest accrued on investments	1 889 266	1 889 266	24 376	24 376
Security Deposit	10 004	10 004	10 004	10 004
Total	352 076 773	352 076 773	239 294 330	239 294 330
Financial labilities classified at amortized cost				
Mobile Money wallet trust	188 116 735	188 116 735	102 226 563	102 226 563
Amount due to related parties	6 108 364	6 108 364	7 784 426	7 784 426
Trade & other payables**	9 678 072	9 678 072	4 100 559	4 100 559
Dividend payable	-	-	9 072 362	9 072 362
Total	203 903 171	203 903 171	123 183 910	123 183 910

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

33. Contingent Liabilities

As at 31 December 2025 the Company had contingent liabilities of K 17 million (2024: nil) in respect of on-going legal cases. The cases are still in court awaiting deliberations hence no provisions have been made in the financial statements as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

34. Economic Factors

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

	31 December 2025	31 December 2024
Kwacha/US Dollar	1751	1 751
Inflation	26%	28.1%

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

Kwacha/US Dollar	1751
Inflation (%) February 2026	24.1%

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

35. Comparatives

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

36. Subsequent events

Dividend

Subsequent to year end, the Company declared the interim dividend of K70 billion and on 26 March 2026 the Company proposed a final dividend of K30 billion in respect of 2025 financial results.