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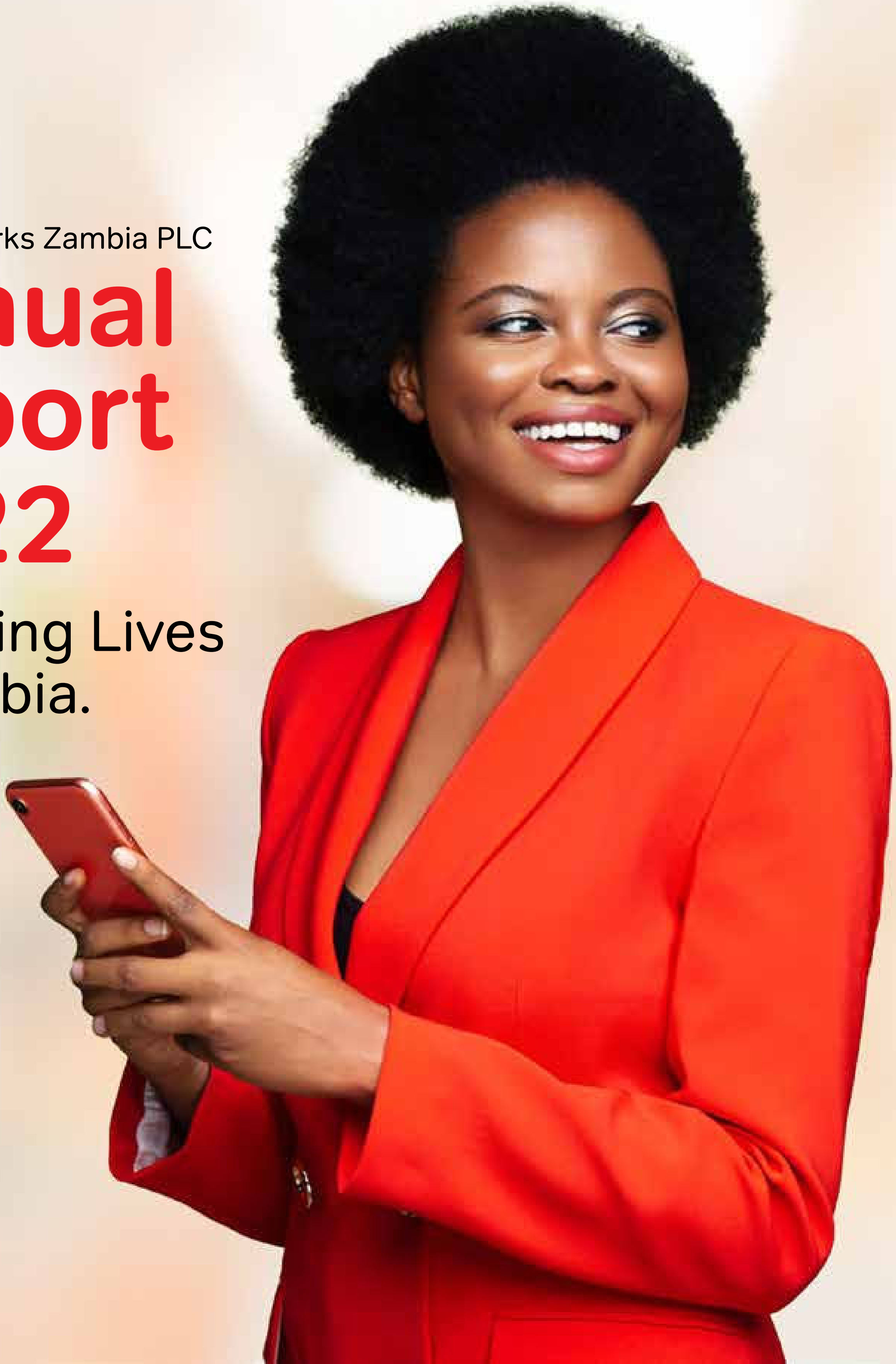
THE **SMARTPHONE** NETWORK

Airtel Networks Zambia PLC

Annual Report 2022

Changing Lives in Zambia.



THE SMARTPHONE NETWORK

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Airtel is changing lives across Zambia.

Connecting the unconnected. Including the financially excluded. Bridging the digital divide.

By providing critical services to customers and societies across our continent, Airtel Zambia is unlocking the potential for people, businesses and the economy to grow.

+9.1million
Customers

1613
Highest 4G sites in the country

+54.9%
Increase in Data usage

61
The highest company owned, company operated shops.


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Work From Home Enabled by Fast Internet

“

Namoonga Chanda Makombe - Career woman working from home.

Working from home requires one to have reliable and fast internet connections. Using Airtel’s Home Broadband and fast internet has helped me get my work done by creating an efficient work space away from the office.

I am able to connect seamlessly with my clients and colleagues without network interruption on my video calls and stream HD content without buffering.

I find myself getting more work done and that has improved my efficiency because I am meeting deadlines.

”

Connecting everyone on the fastest 4G Network

“

Pelekelo Namangolwa - A customer who lives near a new tower in Shibuyunji.

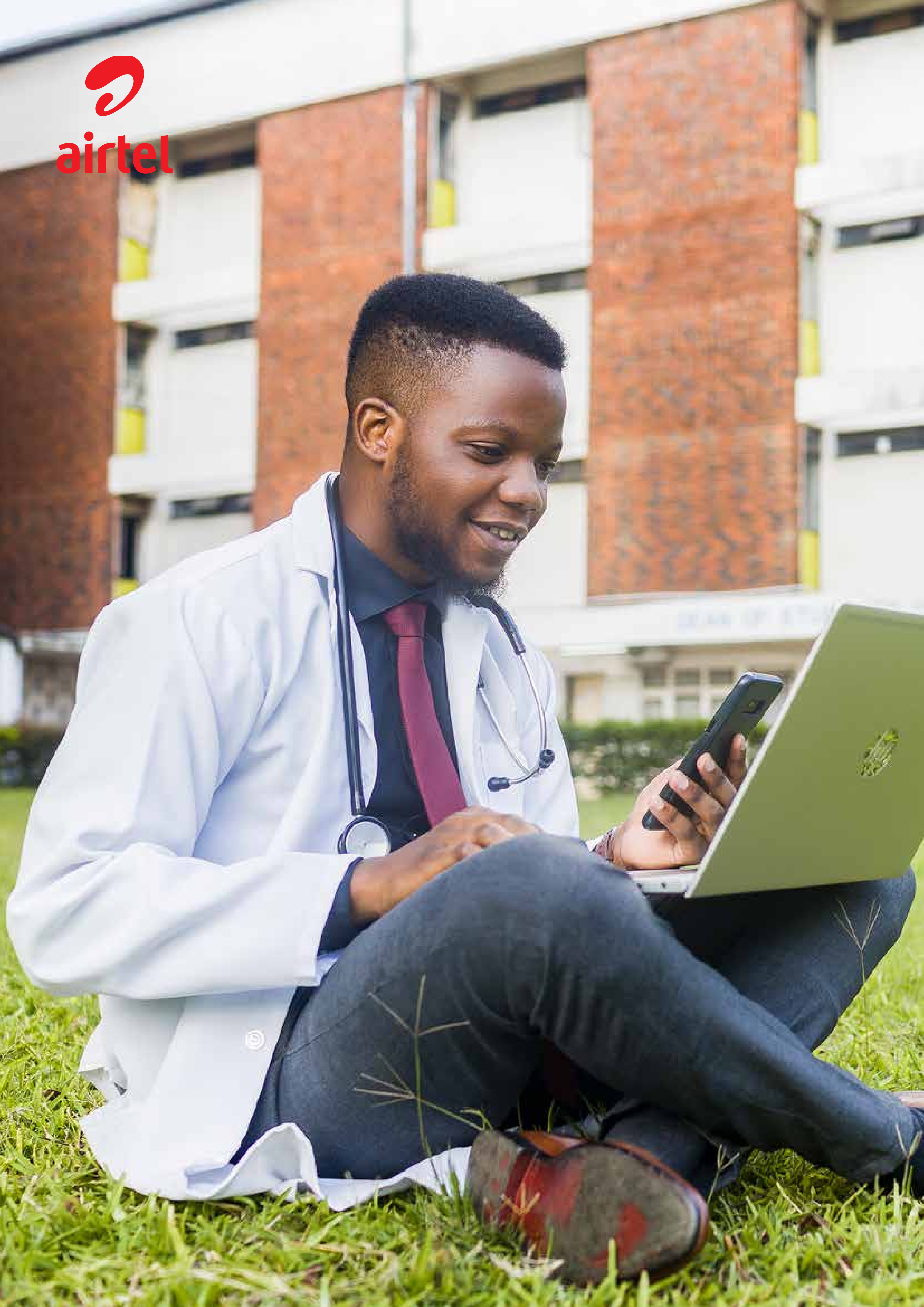
Being able to have Airtel in Shibuyunji has brought so much development in the area.

Family is important to me. I need to ensure that I communicate often with my family and since the installation of the cell tower, life has become so much easier because I am able to connect anytime, anywhere with my family and friends.

The locals are able to communicate with their loved ones on the fast 4G network where we feel part of the digital world. We are also able to enjoy the ease and convenience of using My Airtel App, something we were previously unable to access.

Having the Airtel network in Shibuyunji has brought so much joy to us.

”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Airtel Internet a vital tool for education and research

“

Nathan Malambo - Medical student at the University of Zambia - Ridgeway Campus.

Studying medicine has been one of the biggest challenges of my life. So often after lectures, we need to spend time researching and studying material that is available online.

With Airtel 4G internet, I am able to stream tutorial videos and take online classes without interruption. Furthermore, I am able to easily share and exchange large files amongst my study groups through fast uploads and fast downloads.

Coverage at my campus benefits not only medical students but many others in various faculties. It has truly enhanced our learning experience and made us future proof.

”


airtel
SERVICES
AVAILABLE HERE
SIM
REGISTRATION
4G SIM
UPGRADE
BUY
AIRTIME
airtel
money
TELLER 1
TELLER 2
airtel
money

Easy access to products and services

“

Annie Matoka - New Airtel Shop experience.

Ever since I found an Airtel Shop near my home and area of business, I no longer need to spend time and money commuting to town to enjoy Airtel products and services.

The Airtel shop has allowed me to have easy access to Airtel products and services right at my doorstep. I’m enjoying services such as SIM-replacement, Mobile Financial Services, SIM card registration, SIM swap, the purchase of 4G SmartBox and 4G Pocket WiFi and so much more. I am happy to have this new shop close to me.

Today I went to the Airtel Shop to have my SIM card replaced and I was very impressed with how the Airtel Staff helped me in a timely manner. There were no delays, and they were able to guide me where I was not sure and had questions. Their customer care service was excellent.

”

Our dynamic business model is underpinned by our Sustainability Strategy and delivers value to stakeholders while transforming lives through digitalisation and financial inclusion.

Vision

Our vision

is to enrich the lives of our customers.

Values

Alive

We act with passion and a can-do attitude. Innovation and an entreneurial spirit drive us.

Inclusive

We champion diversity. We're at the heart of our communities, and anticipate, adapt and deliver solutions that enrich the lives of the people we serve.

Respectful

We act with humility and are always open and honest, We deliver on our promises to customers, stakeholders and each other.

4G SmartBox

4G PocketWiFi

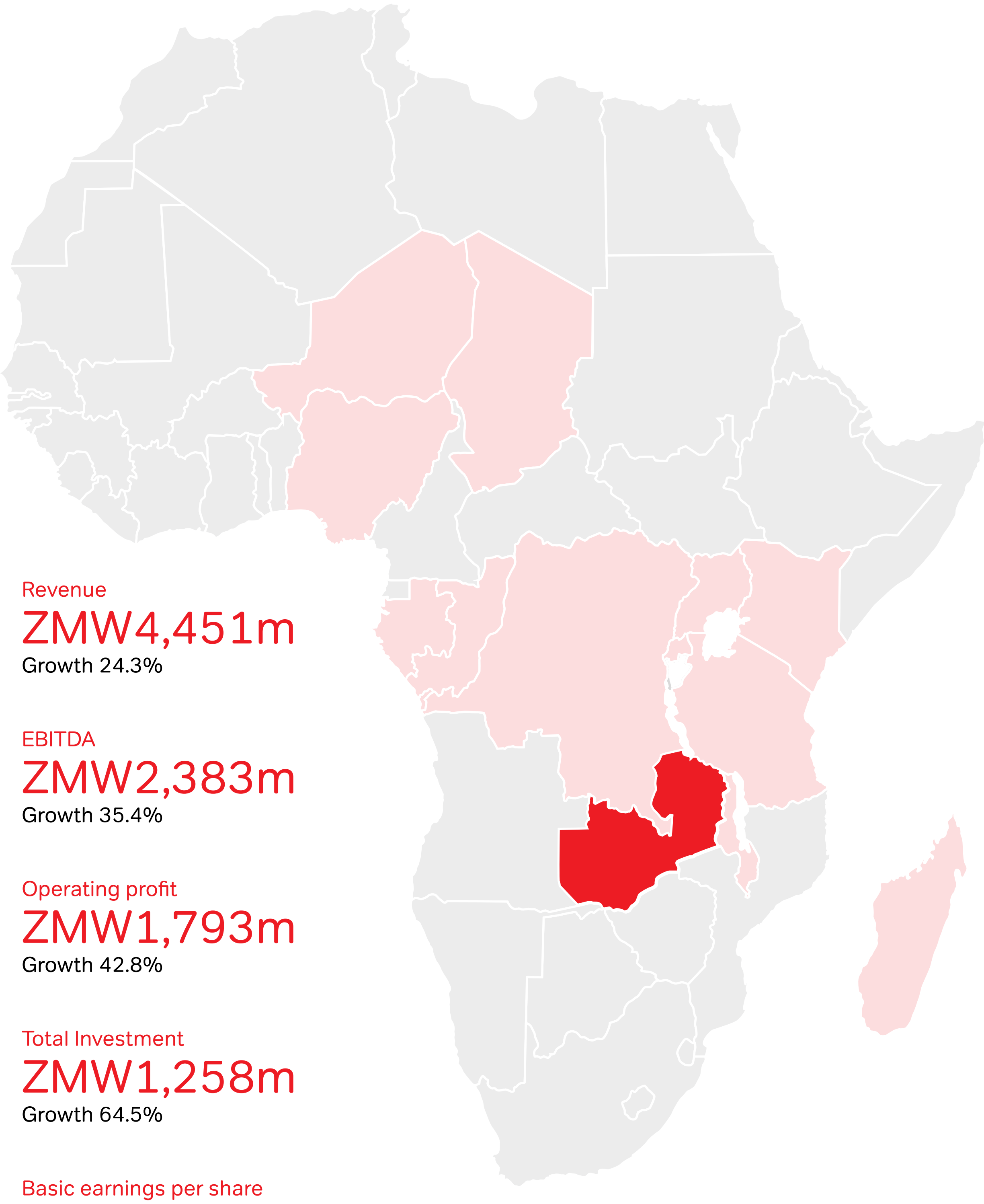
airtel TV

Airtel TV

MyAirtel App
The Smart Way
Download Now

MyAirtel App

At a glance



Revenue
ZMW4,451m
Growth 24.3%

EBITDA
ZMW2,383m
Growth 35.4%

Operating profit
ZMW1,793m
Growth 42.8%

Total Investment
ZMW1,258m
Growth 64.5%

Basic earnings per share
ZMW8.86
Growth 32.9%

Airtel Networks Zambia Plc

Other Airtel OPCOs

Recognition and Awards

AIRTEL ZAMBIA WON GOLD AT AIRTEL AFRICA LEADERSHIP CONCLAVE 2022.

Airtel Zambia won 4 of the 12 awards at the Airtel Africa Leadership Conclave that took place in Dubai in 2022. Airtel Zambia received Gold Awards in the following categories.

1. Best Opco Award
2. Win with Customers Award
3. Win with People Award
4. Win with GSM Revenue Award

Airtel Group Chairman, Mr. Sunil Bharti Mittal & Africa Group CEO Mr. Segun Ogunsanya, handing over the awards to former Managing Director Airtel Zambia, Mr. Apoorva Mehrotra as the senior management witness.

Recognition and Awards

AIRTEL ZAMBIA WON 4 ZAPRA AWARDS

Airtel was awarded 4 awards at the Zambia Public Relations Association AGM held in Livingstone. One of these awards was a Bronze in the category of Best CSR Program.

AIRTEL ZAMBIA NAMED BEST DIVIDEND PAYING STOCK

Airtel Zambia was awarded the Best Dividend Paying Stock by the Lusaka Stock Exchange (LuSE). A recognition of our consistent and high dividend track record in recent times. We are focused on serving customers, shareholders and communities as a responsible corporate.

Airtel Zambia Managing Director Manu Sood receives an award from Accountant General Kennedy Musonda (Guest of Honor on behalf of the Minister of Finance).

Chairperson's Statement

We were also presented with 4 awards at the Zambia Public Relations Association AGM held in Livingstone.

It is my distinguished honour to report on the results of Airtel Networks Zambia Plc (Airtel) for the Financial Year ended 31 December 2022.

Airtel remains committed to providing cutting edge communication products and services to facilitate commerce and trade, education and health in the quest for a prosperous Zambia.

Katebe Monica Musonda
Board Chairperson

It is my distinguished honour to report on the results of Airtel Networks Zambia Plc (Airtel) for the Financial Year ended 31 December 2022.

In 2022, Airtel Zambia continued to reaffirm its commitment to providing a superior network to the people that will enable further digitization and financial inclusion. This is in line with the 8th National Development Plan, adding to the much sought-after technology to support digital transformation and innovation as key enablers to economic growth.

Airtel remains committed to providing cutting edge communication products and services to facilitate commerce and trade, education and health in the quest for a prosperous Zambia.

The Economic environment

The Zambian economy held stable, however the Kwacha depreciated by 8.6% as of 31 December 2022 compared to 31 December 2021, trading at ZMW 18.08/$1 compared to ZMW 16.75/$1 in the prior year. Inflation dropped to 9.9% in December 2022 from 18.9% in December 2021 mainly due to stability of the Kwacha during the financial year and its trickle-down effects on pricing of consumer goods and services. Consumer spending remained constrained as costs of consumer borrowing remained quite high due to high default risk in the market, hence low liquidity in the hands of consumers.

Corporate Governance

As Airtel we continue to strive to ensure that we adhere to the highest standard of corporate governance. We are alive to the fact that a company that applies the core principles of good corporate governance; fairness, accountability, responsibility and transparency. In keeping to this, four Board and Audit Committee meetings and one Renumeration committee meeting were held in the year ending 31st December 2022.

Corporate Social Responsibility

Airtel's ambition is to drive digital, financial inclusion and access to education for people and communities across Zambia through the provision of data and mobile services underpinned by our network expansion. We have long been focused on improving education through our corporate social responsibility (CSR) activities and we recognize that it is the key to economic growth.

In 2022, the Company adopted two schools through the Zambia Open Community Schools (ZOCS) initiative. Through this partnership, Airtel spent over ZMW 1.6m to build two 1 x 3 classroom blocks for both Mwalubemba Community school in Chongwe and Twalabuka Community school in Ndola rural. An ablution block was also built for Mwalubemba and two playgrounds for both schools. The two schools also received desk donations from the company.

We once again pumped in ZMW 250,000 into the 2022 ZICTA Youth Innovation Program which involved 60 innovators. The Company also hosted a two-day Webinar for the innovators to take them through practical aspects of how a business run. The initiative which has been running since 2016 with Airtel being the platinum sponsor for over three years, has also seen over 200 Jobs created through the support given to the startups and entrepreneurs that attempt to solve current challenges relating to any sector of the economy.

We were also presented with 4 awards at the Zambia Public Relations Association AGM held in Livingstone. Airtel received 2 Bronze in the categories of Best CSR Program, and Best Digital Platform and 2 Silver in the Best Digital Media Campaign category and Best Public Relations Campaign Category.

In this financial year, we partnered with UNICEF to commemorate the World Children's Day and welcomed several children to our head office from two community schools, Ngombe open Community and Rosamistica Open Community school based in Matero. The children accompanied by their schoolteachers had an exciting experience to be the sitting 'Directors' of Airtel for the day.

Looking forward

2022 was a year of strong performance, Airtel continued to invest in Network and Distribution Infrastructure to enable the provision of world class products and services. Our Network is future ready, resilient, and scalable to support the communication needs of our Corporate and Individual Customers. Airtel will continue to enhance network quality and distribution to take quality products and services nearest to our customers.

Acknowledgements

I wish to thank all the employees/partners/associates of Airtel who have continued to deliver world class service to all the subscribers of Airtel Networks Zambia Limited.

Finally, we remain indebted to our shareholders for your continued support.

Managing Director's Review

Manu Sood
Managing Director

In 2022, Airtel Networks Zambia Plc ("Airtel") continued to strengthen its market leadership and sustained its strong business performance. Airtel continues to enjoy the unwavering trust of its customers as a preferred network provider.

Airtel's customer base has grown strongly to 9.1 million which is 14.3% from the previous year, which is testament of continued customer confidence in Airtel.

Airtel revenue growth stood healthy at 24.3% growth Year on Year, contributed by growth in all business lines - voice, data and leased line from enterprise.

This strong business performance has been achieved through a vision to ensure superior customer experience enabled by - continuous & timely investment in the latest network equipment upgradations, spectrum & fibre, continued highest site deployment for rural reach, enhancements in distribution infrastructure, optimised products & services that match every need and demand and improved experience for customers through the Airtel Africa App, Airtel TV app & widest footprint with over 60 shops across Zambia. Airtel is committed to the Best Customer Experience through Superior network and Best Service.

Airtel is aligned as a partner to the Government's 8th National Development Plan and applauds the Government's efforts in undertaking policies that facilitate superior connectivity services that are transforming lives, improving productivity, enabling faster economic growth and taking e-governance to its citizens. Airtel will continue to play its part responsibly and thereby enable economic upliftment.

Airtel contributed to the growth of Zambia's economy through tax obligations amounting to almost ZMW 2 billion to the Government in 2022, and acquisition of spectrum at ZMW 458 million. Airtel was awarded as the highest dividend paying company by the Lusaka Stock Exchange at the 12th Corporate Governance awards. .

The business has been able to create employment opportunities, directly and indirectly. The Airtel employees' family is now more than 600 and indirectly generates employment for thousands through the extended Agent services.

During the year, Airtel launched The Africa Voice music show that attracted huge participation and provided a forum to showcase Zambian talent across Africa.

Industry Update

The competitive landscape for mobile telecommunication continued to be aggressive yet Airtel Zambia strived to be more relevant and the preferred brand that delivered value to the customers with relevant products & services.

'Soche' – the customers understand it as, it's so simple – just like that 'Soche'. This is a recommended pack to make life convenient for customers who need voice, data, and SMS. 'Soche' is a one-stop combo for voice, data and SMS.

'Tonse Data' – the customer understands it as, for all of us 'Tonse'. Every year data usage goes up as people use more of YouTube, Facebook, and Netflix. Customers. We initiated this range of products where customers can opt-in for.

'IKALI' - the customers understand it as – the best 'Ikali'. These are voice and data specific offers which customers prefer.

'Siliza' – the customers understand it as an airtime credit service from airtel to help them cover small shortfalls in their balance as they buy any of the above products.

Access to 4G without a 4G phone with affordable 'Mifi and Routers' - Customers have also started seeking higher data packs as they use YouTube, Facebook and Netflix more and more. Many customers may not have a 4G phone but would still like to enjoy 4G speeds on the Airtel network. We have found a solution to both these problems by coming up with a 'Mif'i that costs ZMW 399 and a 'Router' at ZMW 849. This allows a customer to purchase a mifi or router where the entire family can be connected at 4G speeds at the same time.

My Airtel App remains a preferred self – service app in Zambia. Our focus on digitalisation and continuous improvement ensures periodic enhancements to this super app. This one stop-shop for customers' self-service' avails customers with access to products and services, TV entertainment, financial transactions and gamification.

Airtel TV App fulfils the entertainment and infotainment needs of customers. This is also an alternative option for customers without a TV, where one can enjoy more content conveniently - anytime and anywhere.

More and more customers upgraded to 4G phones seeking a faster network without buffering. Spectrum and fibre were big enablers of a great data experience. We are happy to announce that Airtel was the highest bidder in the spectrum actions conducted by ZICTA in 2022 where spectrum in the bands of 800 and 2600 were won by Airtel after competitive bidding. Airtel now has the highest spectrum in the 800 band at 20 Mhz and this is what is enabling the best indoor internet experience in Zambia.

With the 800 band harmonisation completed in September 2022, Airtel 4G indoor experience is now much superior.

The 900-band spectrum harmonisation was also initiated in December 2022, and this has improved the 3G voice experience of users.

Airtel's commitment to connect the unconnected remains the unchanged. 138 news sites were rolled out in 2022, enabling accessibility to a wider community.

Financial Overview

Customers

As of 31 December 2022, total customers were 9.1mn (8.0mn in 2021) out of which 5.8mn (5.0mn in 2021) were Data customers (64% of total customers).

Revenue and Cost

In the year under review, Airtel recorded strong revenue growth with achievement of gross revenue of ZMW 4,451mn representing a growth of 24.3% compared to ZMW 3,582mn achieved in 2021.

Data revenue grew by 38.9% in the year under review, at ZMW 1,828mn compared to ZMW 1,316mn in 2021. The growth in Data revenue was mainly due to 54.9% growth in traffic on the back of 14.3% growth in customers who have used data in the period under review.

Voice revenue grew by 12.9% in the year under review, to ZMW 2,149mn from ZMW 1,903mn in 2021. Total Minutes of Use (MOU) increased by 24% in 2022 compared to traffic generated in 2021.

Inflation reduced to 9.9% in December 2022 in comparison to 18.9% seen in December 2021. Management has continued to implement War on Waste initiatives as part of our strategy to manage costs.

Profit Margin

Operating profits increased by 43% mainly due to strong revenue growth coupled with improved operating efficiencies on the back of Cost Optimization (War on Waste) Initiatives implemented by Management. Profit Before Tax (PBT) increased by 32.4% as the closing Kwacha rate slightly depreciated at 31 December 2022 by 8.6% to K18.08/$1 from K16.75 at 31 December 2021. The Kwacha remained volatile and, therefore, management maintained various hedging structures to mitigate the impact of any depreciation of the local currency

The finance charges increased to ZMW 278mn compared to ZMW 222mn in the prior year. Total market debt (Bank overdraft plus term loans) has increased from ZMW 775mn in 2021 to ZMW 1,595mn in 2022.

The company reported a Profit after Tax (PAT) of ZMW 921mn compared to ZMW 693mn in prior year. This was mainly a result strong revenue performance, operating efficiencies stable Local Currency movement against USD on exchange gains and losses. Management is also pleased to report positive net cash generated from operations of ZMW 1,602mn for the year ended 31 December 2022 while the same was ZMW 1,275mn for the year ended 31 December 2021.

Capital Expenditure

During the year 2022 Airtel Zambia increased investment in Network, Fibre & Spectrum. In the year under review, we invested approximately ZMW 1.3 billion for upgrading the network for the future. We have also continued to execute our distribution expansion plans to enable sustained growth.

Changes to Senior Management

In the year under review, I succeeded Apoorva Mehrotra as Managing Director and wish to thank him for his contributions to the business.

Apoorva Mehrotra was elevated to Regional Director - East Africa for the Airtel Africa Group.

Sylvia Elsheikh was appointed as Marketing Director, taking over from Hussameldin Baday who now holds the position of Chief Commercial Officer.

Francis Simfukwe who was previously Regional Business Manager in Airtel has now been elevated as Director - Sales and Distribution.

2023 Outlook

Airtel Zambia laid the right foundation for 2023 through strong investments in an upgraded network, more spectrum, fiber and sites. Our focus on distribution improvements, especially deep rural areas, will help obtain sustained growth. We have invested in more company owned stores (the highest number of stores in Zambia) that provide a medium for customers to get served by us directly.

Our innovative products & services will continue to be consumer need driven, affordable and easy to access. Our customer centric approach is driving digitization for self service via the Airtel App. The Customer needs for infotainment are met via the Airtel TV App.

Airtel is well positioned to win in the ever-growing data market as a preferred connectivity service provider. 4G TDD / 5G launch plans will further enable superior customer experience for home broadband / leased line for businesses. Voice will continue to grow with our improved reach and enhanced voice quality.

All these investments and initiatives will continue to make Airtel the preferred service provider enabling Best Customer Experience through Superior network and Best Service.

Apart from business, Airtel will continue to contribute to growth of the Zambian economy and will be a responsible corporate that works for communities.

Corporate Governance Statement

Sonia Shamwana-Chinganya
Company Secretary

The Board of Directors oversee critical decisions that impact shareholders' interests. But they do far more than simply provide oversight. They also ensure that a corporation has adequate resources and an effective strategy to thrive.

Four principles lie at the heart of good corporate governance. Accountability, transparency, fairness, and responsibility all impact the decisions board members make. Each principle requires the right data and the right level of interaction to be effective.

Accountability

Being able to explain every action you make in your business is vital in building confidence among your stakeholders and shareholders. Accountability is about more than simply understanding where blame or praise lies once something happens. Proactively taking steps to own your decisions means discovering risks and creating solid internal control systems.

Transparency

Transparency, like accountability, engenders confidence. It lets others know that you have nothing to hide while improving accountability for the company's actions. The company's willingness to provide clear information to all shareholders and stakeholders regarding its performance plays a significant role in any decision. Informed decision-making is only possible with systems that provide accurate and reliable information. In this way, transparent processes allow you to make informed and powerful decisions promptly. In today's data-driven world, technologies can collect and support data visualization from almost any source. This data helps form the bedrock for strategies to tackle current and future challenges.

Fairness

Good corporate governance requires equal treatment of all shareholders within each share class. Fairness is as much about ethics as good business sense. Unequal treatment leads to a lack of support and interest in your company. No one wants to invest in a company that treats some better than others.

Responsibility

In total, these principles require wielding your power responsibly. It's difficult to display favoritism, take unnecessary risks, and act unethically or against the best interest of shareholders and stakeholders when your company is transparent, fair, and accountable.

Every organisation is responsible and accountable for their actions. Poor performance has consequences. This is reflected in everything from media to share prices. Failing to lead in an informed and reasonable manner hurts your corporation at every level. Failing to follow the four principles of corporate governance adversely impacts any business.

Time and again, corporations have shown just how damaging improper governance is. In a world of fast-paced news and instant information, any misstep or unethical practice can ruin a business in a heartbeat.

Airtel Networks Zambia Plc ensures adherence to corporate governance rules and directives. Compliance with the Securities Exchange rules, LuSE Corporate Governance Code for listed and quoted Companies and Companies Act remains of utmost importance. Our Risk Management framework and internal control framework remains robust with a continued and deliberate effort to make improvements where required.

Airtel Networks Zambia Plc through this continued challenging period, successfully held its Board meetings scheduled for the period January 2022 to December 2022 with the attendance of the Board of Directors as below.

The Board of Directors comprises the following Six (06) Directors:

Name	Title	Committee Membership
1. Katebe Monica Musonda	Independent Director/Chairperson	REMCO
2. Monicah Kambo	Non-Executive Director	REMCO
3. Lynda Mataka	Independent Director	Audit and REMCO
4. Apoorva Mehrotra	Non-Executive Director	NONE
5. Jaideep Paul	Non-Executive Director	Audit
6. Manu Sood	Executive Director/Managing Director	NONE

The Directors held the following meetings during the year under review:

BOARD MEETING ATTENDANCE FOR 2022

Name of Director	17 February 2022	26 May 2022	19 August 2022	28 November 2022
1. Katebe Monica Musonda	√	√	√	√
2. Mr. Ian Ferrao	√	√	Proxy	Resigned
3. Ms. Monicah Kambo	-	√	√	√
4. Ms. Lynda Mataka	√	√	-	√
5. Mr. Apoorva Mehrotra	√	√	√	Proxy
6. Mr. Jaideep Paul	Proxy	Proxy	√	Proxy
7. Mrs. Rogany Ramiah	Resigned	-	-	-
8. Mr. Manu Sood	-	-	-	√

AUDIT COMMITTEE ATTENDANCE FOR 2022

Name of Director	17 February 2022	26 May 2022	18 August 2022	28 November 2022
1. Ms. Lynda Mataka	√	√	√	√
2. Mr. Jaideep Paul	Proxy	Proxy	√	Proxy

RENUMERATION NOMINATION COMMITEE MEETING ATTENDANCE (REMCO) FOR 2022

Name of Director	28 November 2022
1. Katebe Monica Musonda	√
2. Ms. Monicah Kambo	√
3. Mrs. Rogany Ramiah	Resigned
4. Ms. Lynda Mataka	√

Board Director Profile

“

It’s always good to take baby steps and grow with time. There is no rushed success that lasts.

”

Katebe Monica Musonda
(Board Chairperson)

Qualifications

She holds a LL.B from the University of Zambia and LL.M from the University of London.

Monica is also a 2013 Young Global Leader (World Economic Forum) and Archbishop Desmond Tutu Leadership Fellow while Forbes Magazine and Africa Investor named her as one of the leading Young Power Women in Business in Africa in 2013 and 2014 respectively. She is one of the few Zambian women involved in manufacturing/agro-processing at a scalable level. She is a recipient of the 2017 African Agribusiness Entrepreneur of the Year award, which is an award conferred annually to entrepreneurs who have demonstrated outstanding achievement in agricultural input and value addition in Africa.

Experience

She is a dual qualified English solicitor and Zambian advocate with over 16 years post qualification experience. She has held senior positions in private practice with Clifford Chance & Edward Nathan as well as worked as in house Corporate Counsel at International Finance Corporation (IFC) and for the Dangote Group. Her experience working with Aliko Dangote, one of Africa’s most successful entrepreneurs gave her the impetus to start Java Foods.
Under her able leadership, Java Foods’ vision is to become a leading food manufacturer in the Southern Africa region committed to providing high quality and nutritious food from local products at affordable prices.

External Appointments

Katebe Monica Musonda is currently serving as Zambian Breweries Board Chairperson, Zambeef PLC Non-Executive Director, and Dangote Industries Zambia Non-Executive Director and Arcelor Mittal South Africa Plc.

Board Director Profile

"Don't wait for opportunities, create them."

Lynda Mataka

Qualifications

Lynda is the Managing Partner of TMS Legal Practitioners (formerly Theotis Mataka and Sampa Legal Practioners). Lynda holds an LL.B Degree from the University of Zambia and a Postgraduate Diploma in Legal Drafting from the Zambia Institute of Advanced Legal Education (ZIALE).

She is also a Chevening Scholar and holds a Masters Degree in International Business Law (LL.M) from the University of Manchester (United Kingdom) and was awarded the David Livingstone Award (a British Council award) for being the most promising scholar in the year 2000. She is a qualified Advocate of the High and Supreme Courts of Zambia as well as a member of the Law Association of Zambia (LAZ) and Commonwealth Lawyers Association (CMLA).

Experience

She began her career at the Ministry of Justice where she served in several roles including State Advocate (civil) and Senior Parliamentary Counsel (Legislative Drafting).

As a skilled draftsperson Lynda spearheaded the review and analysis of financial sector Legislation with the objective to harmonise the Banking and Financial Sector Act with financial sector regulations to include the Securities Act, the Pensions and Insurance Act, the Anti-Money Laundering Directives, the Microfinance Act and the National Savings and Credit Bank Amendment Act on behalf of the Bank of Zambia.

She has headed international investments into Zambia including but not limited to Dangote Cement Zambia Limited which is a subsidiary of Dangote Cement PLC. She continues to represent Dangote Zambia's interests as the Company's Legal Advisor.

She further led the entrance of Access Bank into the Zambian market, where she handled the incorporation of the Company and obtained a Banking License from the Bank of Zambia.

External Appointments

Lynda Mataka currently serves as an Independent Non-executive Director at the Industrial Development Corporation. She is also an Independent Non-executive Director at Dangote Cement and an Independent Non-executive Director at Access Bank Botswana.

Board Director Profile

“

In 2022, Airtel Networks Zambia Plc continued to strengthen its market leadership and sustained its strong business performance. Airtel continues to enjoy the unwavering trust of its customers as a preferred network provider.

”

Manu Sood

Qualifications

Manu Sood holds a Masters Degree in Management from IIFT, Delhi where he was the Gold Medalist of his batch. He has also done Mechanical Engineering from the prestigious institute IIT Delhi (Indian Institute of Technology, Delhi).

Experience

Manu was appointed Managing Director for Airtel Networks Zambia Plc on 10th October 2022. He joined Airtel Zambia from Airtel India, where he spent 10+ years. In his last assignment, he was MD & CEO – Bharti Telemedia Ltd, handling the $0.7bn DTH business for Airtel India.

Prior to this role, he was the Hub CEO – Upper North handling 4 circles for Airtel in India, a $0.9bn business. He joined Airtel India in January 2012 as Chief of Distribution – Bharti Airtel India & South Asia.

External Appointments

Prior to Airtel, he has worked for 10+ years with Hindustan Levers. His last job was General Manager - North India, handling the $1.3bn business across all business lines.

Board Director Profile

> The countries we operate in continue to present clear opportunities, both for our growth, and for our vision of enriching the lives of our customers. Our dynamic business model continues to deliver value to all our stakeholders.

Jaideep Paul

Qualifications

Jaideep is a Chartered Accountant (FCA) from The Institute of Chartered Accountants of India and holds a Bachelor's Degree in Commerce (Honors) from University of Calcutta.

Experience

Jaideep Paul is currently the Chief Finance Officer of Airtel Africa plc, a position he has held since May 2014. His career spans 33 years across various industries, with over 19 years in telecommunications. He is also an Executive Director in the Airtel Africa plc Board.

He started his career at Pricewaterhouse in 1989. He moved to Hindustan Zinc in 1991 and progressively held a variety of senior roles in HCL, Telstra V-Com and Caltex (a Chevron Texaco JV).

He joined Bharti Airtel Delhi Circle in 2002, moved to Mumbai Circle as Principal Finance Officer in 2004, and became Regional Finance Controller - East in 2006, a position he held until 2007.
He thereafter worked as Chief Finance Officer of Bharti Retail Limited (franchisee of Walmart India) for 2 years (2008 and 2009), and moved to Fairtrade LLC Muscat, in the same capacity for a short period of 8 months before joining Airtel Nigeria as CFO in September 2010.

External Appointments

Jaideep Paul currently serves as a Director at Airtel Africa Plc, Airtel Nigeria, Airtel Tanzania and other Dutch entities.

Board Director Profile

My reflections on leadership and building organisation culture; progress is greater than perfection, skill is greater than talent, consistency is greater than flair.

Apoorva Mehrotra

Qualifications

Apoorva holds a Masters' Degree in Management Studies (Marketing) from K J Somaiya Institute of Management and a Bachelor's Degree in Psychology from the University of Allahabad.

Experience

He was appointed Managing Director for Airtel Networks Zambia Plc on 1st March 2018 until October, 2022 when he was appointed as Airtel Africa Regional Director-East Africa. He had joined Airtel Zambia as Chief Commercial Officer in April 2017. He has over 28 years' experience in Operations, Sales and Marketing across the telecom industry as well as in the consumer durables and FMCG sectors.

Apoorva has since been promoted to be the Regional Managing Director for East Africa of the Eastern Region.

Before joining Airtel and most notably, he spent 14 years at Vodafone, where his last posting was as Executive Vice President (EVP) & Business Head for the Delhi NCR Circle.

External Appointments

Apoorva Mehrotra is currently serving as Director at Airtel Networks in Uganda and Airtel Networks Tanzania.

Board Director Profile

"Create an environment where you can get the best people and nurture their thinking for even greater results. A conducive environment allows growth, innovation and allows our people to bring their best self to work every day. This will help you win even through headwinds."

Monica Kambo

Qualifications

Monica holds a Master of Science Degree in Global Human Resource Management from the University of Liverpool UK, She is a Chartered Marketer from the Chartered institute of Marketing-UK and has recently attended INSEAD leadership courses.

Experience:

She is currently the Group Human Resource Director of Airtel Africa plc, a position she has held since March 2020. She is currently tasked with delivery of business strategy through talent leadership and HR operations.

She is a seasoned 20-year expertise spans in the fields of business management, strategy development and execution, talent management and entrepreneurship across diverse global markets in Africa, the India sub-continent and Europe. She started her career managing brand investments at DDB-CCL and subsequently moved to WPP- Scangroup companies in progressively senior roles. In her time at WPP Scangroup, she took on key management roles in Uganda and South Africa. She has held the positions of General Manager at Ogilvy Africa and Managing Director at MEC / Wavemaker.

Prior to joining Airtel Africa plc, Monicah was the Group Human Resource Director for WPP Scangroup.
Monica has a passion for mentoring young women and engaging in driving sustainability agenda within her community.

External Appointments:

Monicah Kambo is currently serving as a Director at Airtel Malawi Networks Plc and Airtel Seychelles Limited.

Executive Management

Manu Sood
Managing Director

Martin Jowi
Supply Chain Management Director

Rajan Joshi
Networks Director

Samir Waman
Finance Director

Hussam Baday
Chief Commercial Officer

Kapa Kaumba
Customer Experience Director

Sylvia ElSheikh
Marketing Director


Andrew Chuma
Country Director -
Airtel Money

Francis Simfukwe
Sales & Distribution
Director

Sanjoy Ghosh
Information Technology
Director

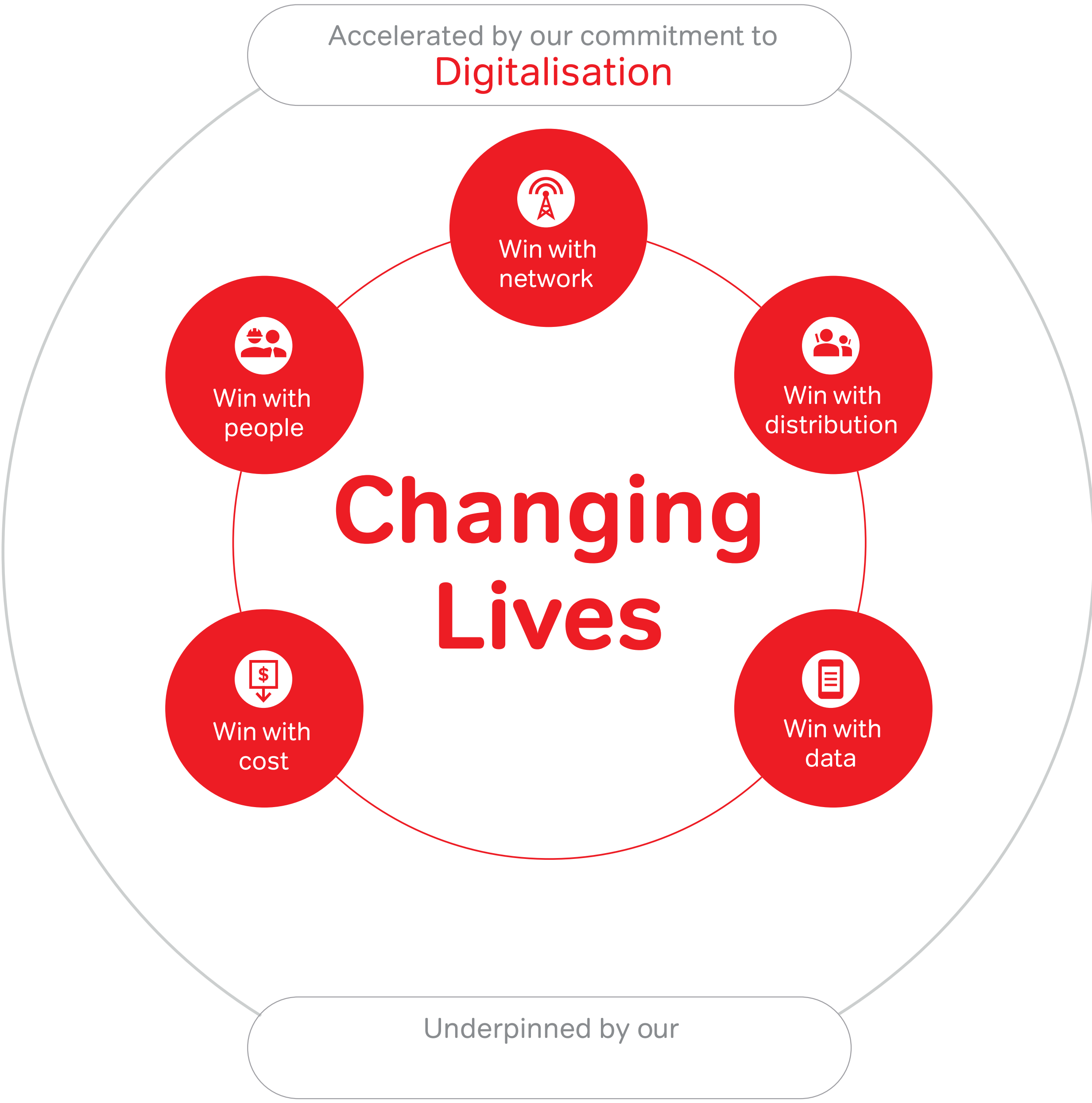
Suzyo Ndovi Akatama
Legal & Regulatory
Director

Lindiwe Banda
Airtel Business
Director

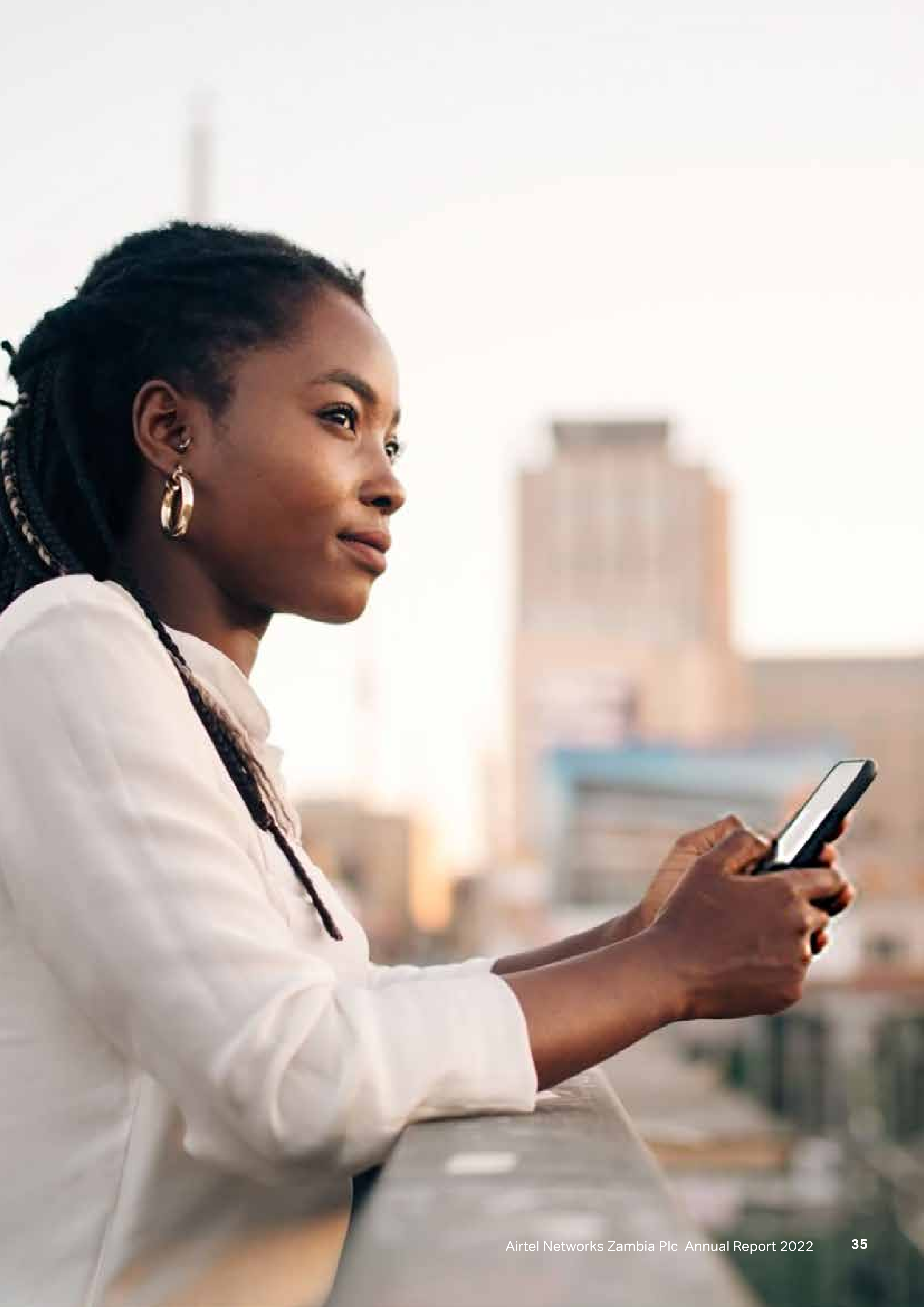
Bwembya Barbara Chikonde
Human Resource Director

Our Strategic Pillars

We are changing lives across Zambia through financial Inclusion, Digitalisation and Empowering our 9M customers.



Sustainability Strategy



Win With Distribution

Our strategy is to build assured availability and best service through deployment of exclusive retail footprint. By end of 2022, we continue to be the operator with the highest number of company-owned stores.

Our focus is to make our products easily accessible across urban and rural. Our distribution reach is strengthened by rigorous execution by site, and this enables us to win more quality customers. Our distribution footprint is measured by Activating Outlet numbers countrywide.

We also have wide and growing network that aids in acquiring customers for life. Airtel Money Branches and kiosks have expanded countrywide.


TELLER 1
TELLER 2
AGENT CODE
airtel

Win With Data

We take pride in being the preferred network provider. We saw 54.9% growth in data usage.

As most aspects of our lives are getting dependent on connectivity, consumers are now using more data.

The need of Home Broadband is increasing, especially after Covid. Our affordable 'Mifi and Routers' are getting more popular. They allow a customer to keep their entire family connected at 4G speeds. Also, this enables access to 4G without a 4G phone.

Our fiber backbone is now a complete ring with more than 5,000kms which enables route diversification that makes us to provide resilient self-healing network and to offer redundancy and service assurance. Our corporate customer base seeking direct fiber at affordable rates is growing.

Win With Network

Airtel was the highest bidder in the spectrum actions conducted by ZICTA in 2022 where highest spectrum in the bands of 800 and 2600 spectrum was won by Airtel after competitive bidding.

Airtel now has the highest spectrum in 800 band at 20 Mhz that is enabling the best indoor 4G experience in Zambia.

Airtel also has the highest spectrum in 2600 at 90 Mhz, that will enable best 4G/5G experience on Airtel. Best in class Massive Mimo radio equipment is being used to launch of 4G TD along with 5G.

With the 800-band harmonization done in Sep 2022, thanks to efforts of ZICTA, Airtel 4G indoor experience is now much superior. The 900-band spectrum harmonization was also initiated in Dec 2022, which will enable improved 3G voice experience of users with efficient use of spectrum.

138 news sites the highest in Zambia have been rolled out in 2022, enabling accessibility to a wider community and goes in line with Airtel commitment to connect the unconnected.

Win With Digitisation

Digitalization of customer journeys on the Airtel App has made customer life simple by easier access to our products and services.

Consumers prefer the convenience of self-service, and we now have hundreds of thousands active customers on MyAirtel App.

We have also enabled digitization of our SIM card activation and other processes for our field teams through our Apps – Tribe and Navigator. They are easy to use and make lives convenient for customers which helped us to improve compliance and efficiency.

We partnered with ZICTA in launching the *707# short code that allows the customer to report any fraud or scamming incident.

Win With Cost

Airtel works with cost effective and resilient models that ensures the savings are redeployed in network and customer service.

As a responsible corporate focused on sustainability , Airtel invested in commissioning solar sites and connected more sites to Zesco national grid. This leads to reduced diesel consumption and emissions.

Airtel invested in commissioning solar sites to reduce diesel consumption and emissions. Also, we connected more sites to ZESCO national grid.

As data consumption grows, the deployment of advanced technologies like 4G produces more GBs efficiently. And to note Airtel was the first in Zambia to go for 100% 4G sites in 2019 itself.

Win With People

The Airtel employees' family is now +570 and indirectly we generate employment for thousands more.

Our overall female representation was 45%. Our enabling policies are ensuring the women get employed in more functions and in more numbers.

Airtel has a strong GT program (Graduate Trainee program).
We recruit regularly young graduates from local universities and develop them to be leaders. Many of our current leadership team members have risen to the top after starting as GTs.

Sustainability Agenda - Our Community

Giving back to the communities where we live and work

Changing lives in the communities we operate in

Airtel has always been passionate and committed to changing the lives of the communities we operate in. Apart from contributing to the growth of Zambia's economy through tax obligations to the Government amounting to almost ZMW 2 billion and acquisition of spectrum at ZMW 458 million, Airtel's business has been able to create employment opportunities directly and indirectly. The Airtel employees' family is now more than 600 and indirectly generates employment for thousands. During the year, Airtel supported ZICTA's ICT Innovation program as the main sponsor where our contribution assisted 60 youths develop new digital ideas that have the potential to create even more employment. The initiative started by ZICTA is meant to solely provide business and technical developmental support services to ICT related innovators, start-ups and entrepreneurs that have innovative, viable and scalable ICT related ideas or business ventures that attempt to solve current challenges relating to any sector of the economy. Airtel pumped in K250, 000 into the program.

Airtel launched The Africa Voice music show that attracted huge participation and provided a forum to showcase Zambian musical talent across Africa.

To commemorate World Children's Day and in partnership with UNICEF and Zambia Open Community Schools (ZOCS), Airtel turned its logo blue and welcomed several children from two community schools, Ngombe open Community and Rosamistica Open Community school based in Matero. The children accompanied by their schoolteachers had an exciting experience to be the sitting 'Directors' of Airtel for the day, with them calling the shots and asking questions to the Directors. Ten-year-old Luyando Mwitelela had the opportunity of being the Managing Director for the day with Airtel's Managing Director, Manu Sood showing her around his office before asking her to take her seat while he sat in the visitor's chair.

Corporate Social Responsibility in the area of education

Airtel continued to be the responsible corporate that gives back to community. Our CSR activities have always been centered around education for the under-privileged. We have been working collaboratively with Zambia Open Community Schools (ZOCS) and the Ministry of Education for the common objective of making an impact inthe education sector. Airtel has over time supported schools in - Petauke, Choma, Kafue, Chongwe, Chisamba, and most recently in Mwalubemba and Twalubuka. In 2022, Airtel spent nearly K1.6 million building new facilities

One of the donated classroom blocks at Mwalulemba Community School in Chongwe Rural worth ZMW1m.

Airtel Zambia handed over 3 classrooms worth ZMW0.6m to Twalubuka Community School in Ndola Rural.

Happy kids at Airtel HQ!

Managing Director (MD) allowing a student to be MD for the day.

at Mwalubemba and Twalubuka Community Schools which are located in Chongwe and Ndola rural respectively.

Airtel has helped connect community schools to the Internet. A total number of 40 tablets worth over K155, 000 were handed over to 40 community schools across the country through the Zambia Open Community Schools digital literacy program.

As per our Sustainability Policy, we are committed to transforming lives through access and provision of quality education in the hope that we will transform the lives of over one million children through education by 2027.

Environmental Sustainability

As a responsible corporate focused on sustainability, Airtel invested in commissioning 14 solar sites and connected 7 more sites to ZESCO national grid.

This leads to reduced diesel consumption and emissions.

Tree Planting

As part of our environmental sustainability push, Airtel Zambia in partnership with the India High Commission planted 153 in collaboration with Kabulonga boys secondary school.

Our ambition is to address and minimize the impact of our operations on the environment.

Airtel Zambia in partnership with the India High Commission planted 153

Electronic Waste

As part of the 2022 World Environment Day commemorations, Airtel Networks Zambia Plc handed over more than 100 kg of electronic waste collected from within the business and members of staff to TCH E Waste company.

Airtel boosts ICT education in 40 Community Schools via ZOCS.

Airtel Networks Zambia Plc handed over more than 100 kg of electronic waste

50 schoolgirls were selected from three provinces to participate in the program as part of the digital transformation centers initiative launched by International Telecoms Union. Airtel Zambia provided routers and data for the duration of the program to ensure connectivity throughout the training sessions.

We also provided mentorship through Airtel Zambia's female executives. This initiative supported in developing digital skills for the girls, who were under-privileged and marginalised.

This program empowered the girls & created opportunities for inclusive and sustainable development. The program is proof that we can be positioned as providing the benefits and capabilities of today's technology while bridging the widening digital gender gap, ensuring the girl child is not left behind but instead participates in the new digital world.

Our Partnerships

1 Airtel partners with the Zambia Open Community Schools (ZOCS) and Ministry of Education to help improve education in Zambia.

2. Airtel firmly believes that access to education is the key to addressing inequality in life opportunities for children. Hence its flagship partnership with UNICEF intends to ensure that children will access free digital learning resources.

Awards

The Company received 4 awards at the Zambia Public Relations Association (ZAPRA) AGM held in Livingstone. Airtel received 2 Bronze in the categories of Best CSR Program, and Best Digital Platform and 2 Silver in the Best Digital Media Campaign category and Best Public Relations Campaign Category.

Airtel's biggest award was the smile on the faces of children and teachers of Mwalubemba and Twalubuka community when they re-joined school for the new session post-Christmas, as they were pleasantly surprised with brand new facilities.

Directors' Report

DIRECTORS' REPORT

for the year ended 31 December 2022

The Directors present their annual report on the affairs of Airtel Networks Zambia Plc (the 'Company') together with the financial statements and the auditor's report for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of cellular radio telecommunication services. There have been no significant changes in the Company's business during the year.

SHARE CAPITAL

There were no changes to the authorised and issued share capital during the year.

DIVIDEND

The Company paid dividends during the year amounting to **K561.600 million** made up of an interim dividend for 2022 of K312.000 million and K249.600 million final dividend for the financial year ended 31 December 2021 (2021: Nil). Further, Directors have proposed a final dividend for the year ended 31 December 2022 of **K572.000 million** (2021: K249.600 million).

RESULTS

The profit for the year ended 31 December 2022 amounted to **K921.484 million** (2021: Profit K693.293 million) and the operating profit for the year ended 31 December 2022 amounted to **K1,792.608 million** (2021: K1,253.647 million).

Roaming revenue is earned from foreign telephone operators when their subscribers utilise the Company's network. The Company accrued roaming revenue amounting to K19.758 million (2021: K14.214 million).

The Company continues to accelerate its revenue growth momentum with a 24.30% year-on-year growth led by growth across all its product lines. In the new world order post COVID-19, the Company remains excited about the business and continues to invest to ensure strong and sustainable growth.

ALLOTMENT OF RADIO SPECTRUM

The Zambia Information and Communications Technology Authority ("ZICTA") allotted 10Mhz in the 800Mhz frequency band and 50Mhz in the 2600Mhz frequency band at a total cost of USD29 million on 19 July 2022 paid for in full as at 31 December 2022. The Company was also a successful bidder of 40Mhz in the 2600 Mhz band at a cost of USD12.06 million of which an initial deposit of USD0.40 million has been made as at 31 December 2022 and balance payment has been made in February 2023.

A competitive process was used in which all telecom operators participated and the Company emerged as the winner.
The increased spectrum allocation will assist to make a more robust telecom network and thus providing best in class services to the subscribers. The allotment of the spectrum will help keep pace with the recent exponential growth in mobile voice and data traffic which is expected to continue as more social economic activities are increasingly conducted entirely on online platforms.

DIRECTORS

The following Directors held office during the year and to the date of this report:

NAME	ROLE	DATE OF APPOINTMENT/ RESIGNATION
K. Monica Musonda (Non-ED)	Chairperson	Appointed on 23 March 2016
Apoorva Mehrotra (ED)	Managing Director	Resigned on 1 October 2022
Manu Sood (ED)	Managing Director	Appointed on 1 October 2022
Jaideep Paul (Non-ED)	Board Member	Appointed on 2 November 2016
Ian Ferrao (Non-ED)	Board Member	Resigned on 1 October 2022
Rogany Ramiah (Non-ED)	Board Member	Resigned on 18 July 2022
Lynda Mataka (Non-ED)	Board Member	Appointed on 16 February 2022
Monicah Kambo (Non-ED)	Board Member	Appointed on 18 July 2022
Apoorva Mehrotra (Non-ED)	Board Member	Appointed on 1 October 2022

NUMBER OF EMPLOYEES AND RENUMERATION

The total remuneration of employees during the year amounted to **K253.763 million** (2021: K231.203 million). The average number of employees for each month of the year was as follows:

MONTH	2022	2021
January	**534**	431
February	**516**	421
March	**580**	405
April	**576**	423
May	**575**	423
June	**583**	435
July	**576**	436
August	**582**	449
September	**580**	477
October	**584**	488
November	**586**	501
December	**579**	502

HEALTH AND SAFETY

The Company has policies and procedures to safeguard the occupational health, safety and welfare of its employees.
To safeguard its employees against the Covid-19 pandemic, the Company has measures in place in line with the Country's health guidelines which are monitored regularly.

The Covid-19 pandemic has interrupted business growth across the world, however, the telecom sector remained a pivot sector amidst tough times providing unabated connectivity of network and data. Our network response team was quick to respond to customers' demand across the country to ensure uninterrupted service for our customers while ensuring complete safety for our field staff. Partnering with our strategic and operations partners, we continuously worked to keep the network running to provide essential telecom service across Zambia. Based on the Company's assessment, no material impact has been noted due to the pandemic.

GIFTS AND DONATIONS

During the year the Company made donations of **K2.281 million**. (2021: K0.053 million).

PROPERTY, PLANT AND EQUIPMENT

The Company purchased property, plant and equipment amounting to **K715.594 million** (2021: K555.698 million) during the year. In the opinion of the Directors, the recoverable amount of property, plant and equipment is not less than the carrying value. During the year the Company made payment towards the purchase of international bandwidth on indefeasible right of use (IRU) basis amounting to **K84.093 million**.

AUDITORS

The Company's Auditor, Messrs Deloitte & Touche, indicated their willingness to continue in office. A resolution proposing their reappointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE

Airtel Networks Zambia plc takes the issue of corporate governance seriously in compliance with the LuSE Corporate Governance Code. The Company's focus is to have a sound corporate governance framework that contributes to improved corporate performance and accountability in creating long term shareholder value.

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

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

The Company has put in place a Code of Conduct and Anti- Bribery & Anti-Corruption Policy that sets out the standards on how staff should behave with all stakeholders. An effective monitoring mechanism to support management's objective of enforcing the Code of Conduct and Anti- Bribery & Anti-Corruption has been developed and is being used across the Company. None of the Directors had a material interest in any significant contracts concluded during the year. Further, no Director held any shares in the Company during the year.

RELATED PARTY TRANSACTIONS

The related party transactions entered during the year with the related parties and resultant year end balances have been disclosed in Note 33 to the financial statements.

SUBSEQUENT EVENTS

There are no material facts or subsequent events after the reporting date which would require adjustments or disclosure in the accompanying financial statements.

By order of the Board.

Sonia Shamwana-Chinganya
Company SECRETARY

Date: 23 February 2023
LUSAKA

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

The Companies Act, 2017 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act, 2017 and Securities Act of Zambia.

The Directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 2017 and the Securities Act, 2016.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. In preparing the company's financial statements, the Directors are required to make an assessment of the Company's ability to continue as a going concern.

In the opinion of the Directors:

- the statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the performance of the Company for the year ended 31 December 2022;
- the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2022;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due;
- based on the assessments, the Company should continue to adopt a going concern basis of accounting in preparing the financial statements;
- the financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2017 and the Securities Act of Zambia; and
- the Directors have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act, 2017 and the Securities Act of Zambia.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework described above. Their report is shown on pages 57 to 59.

Approval of the financial statements

The financial Statements of the Company as indicated above, were approved by the Directors on 23 February 2023 and signed on behalf of the Board by:

K. Monica Musonda
CHAIRPERSON

Manu Sood
MANAGING DIRECTOR

Deloitte.

Deloitte & Touché
Deloitte Square
Thabo Mbeki Road
P.O. Box 30030
Lusaka, Zambia

Tel: +260 21 1 228 677

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Airtel Networks Zambia Plc

Report on the financial statements

Opinion

We have audited the financial statements of Airtel Networks Zambia Plc set out on pages 60 to 88, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other 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 significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Airtel Networks Zambia Plc as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2017 and the Securities Act of Zambia.

Basis of opinion

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

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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources on the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

As set out in note 8, revenue of K4.5 billion (2021: K3.6 billion) is derived from the provision of telecommunication services.

The majority of the customers of the Company subscribe to the services on a prepaid basis. Telecommunication service revenues mainly pertain to usage, subscription and customer onboarding charges, which include activation charges and charges for voice, data, messaging and value-added services. The Company's accounting policies on prepaid revenue is set out in note 4 (c).
There is a presumed fraud risk around the accuracy of revenue recorded due to the complexity of the Company's revenue recording systems, the volume of customer data and manual interference in the transfer of data. We have therefore identified a key audit matter in relation to (i) the incorrect set up of system tariffs (ii) volume of transactional data involved which is complex in nature and (iii) the manual journal posting of revenue from the billing system to the general ledger.
Errors in each would impact the accuracy of revenue.

How the scope of our audit responded to the key audit matter

Our procedures involved:

- Working with our IT specialists to test the IT environment in which the revenue recording systems reside, including interface controls between different IT applications.

- Obtaining an understanding of and testing the relevant controls over (a) approvals and maintenance of new plans in the billing system and (b) authorisation of rate changes and the maintenance of rates within the billing systems.

- Testing the reconciliation process between the general ledger and revenue recording systems including any manual adjustments posted.

- Testing a sample of call record validations to test the accuracy of revenue and the resolution of exceptions.

- Sample testing the accuracy of tariff set up in the system.

- Performing independent call testing with the objective of testing the accuracy of plans by checking that a sample of each major tariff has been correctly set up.

- Detailed substantive testing of journal entries processes around revenue to ensure these were appropriately authorised, complete and accurate."

Key observations

Based on our work, we noted no significant issues on the accuracy of revenue recorded in the year.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Directors' responsibilities, as required by the Companies Act, 2017 which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by of the Companies Act, 2017, and for such internal control as the Directors determine is necessary to enable the preparation of the 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.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional 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 management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- 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, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 auditors' 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.

Report on other legal and regulatory requirements

The Companies Act, 2017 requires that in carrying out our audit of Airtel Networks Zambia Plc, we report on whether:

- there is a relationship, interest or debt which us, as the Company's auditor, have in the Company;
- there are serious breaches by the Company's Directors, of corporate governance principles or practices contained in Part VII's Sections 82 to 112 of the Zambia Companies Act of 2017; and
- there is an omission in the financial statements as regards particulars of loans made to a Company Officer (a director, Company secretary or executive officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act of Zambia requires that we report on whether:

- The annual financial statements of the Company have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Company has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income are in agreement with the Company's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no matters to report.

Deloitte & Touche

DELOITTE & TOUCHE

Alice Jere Tembo
Audit Partner
PC NO: AUD/F000433
Date: 28 February, 2023.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

PARTICULARS	NOTE	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Income			
Revenue	8	**4,450,420**	3,580,387
Other income	9	**930**	1,513
		4,451,350	3,581,900
Expenses			
Network operating expenses		**(624,144)**	(650,827)
Depreciation and amortisation	12(b)	**(590,429)**	(506,572)
Other expenses	12(a)	**(377,225)**	(295,959)
Sales and marketing expenses		**(474,850)**	(355,684)
Employee benefits expenses		**(253,763)**	(231,203)
Impairment loss on financial assets		**(3,369)**	-
Access charges		**(159,692)**	(131,072)
Licence fee/ spectrum usage charges		**(175,270)**	(156,936)
		(2,658,742)	(2,328,253)
Operating profit before foreign exchange (losses)/gains		**1,792,608**	1,253,647
Finance income	11(b)	**429**	86
Net exchange (losses)/gains	10	**(55,180)**	71,844
Finance cost	11(a)	**(277,504)**	(222,494)
Profit before tax		**1,460,353**	1,103,083
Income tax expense	13	**(538,869)**	(409,790)
Profit and total comprehensive income for the year		**921,484**	693,293
Basic and diluted earnings per share (Kwacha)	14	**8.86**	6.67

STATEMENT OF FINANCIAL POSITION

PARTICULARS	NOTE	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**2,178,038**	1,934,899
Capital work-in-progress	17	**185,549**	107,448
Right-of-use assets	18	**686,389**	523,490
Intangible assets	19	**648,819**	240,124
Deferred tax asset	16	**-**	18,874
Other non-current assets	20	**150,449**	183,225
Total non-current assets		**3,849,244**	3,008,060
Current assets			
Inventories	21	**5,304**	4,183
Derivative financial instruments	36	**57,130**	-
Trade and other receivables	22	**254,090**	159,911
Contract assets	24	**40,345**	33,439
Cash and cash equivalents	25	**116,339**	41,507
Other current assets	23	**318,647**	151,126
Total current assets		**791,855**	**390,166**
Total assets		**4,641,099**	3,398,226
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**1,040**	1,040
Share premium	15	**24,962**	24,962
Retained earnings/ (accumulated losses)		**647,329**	287,445
Total equity		**673,331**	313,447
Non-current liabilities			
Borrowings	29	**500,250**	328,698
Lease liabilities	32	**832,102**	842,734
Deferred tax Liability	16	**111,942**	-
Contract liabilities	28	**6,000**	6,558
Total non-current liabilities		**1,450,294**	1,177,990
Current liabilities			
Borrowings	29	**1,094,410**	446,560
Lease liabilities	32	**284,632**	225,331
Derivative financial instruments	36	**636**	39,241
Trade and other payables	26	**726,598**	793,764
Contract liabilities	27	**135,062**	118,221
Current tax payable	13	**137,477**	159,242
Other current liabilities	28	**138,659**	124,430
Total current liabilities		**2,517,474**	1,906,789
Total liabilities		**3,967,768**	3,084,779
Total equity and liabilities		**4,641,099**	3,398,226

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 56. The financial statements on pages 60 to 88 were approved for issue by the Board of Directors on 23 February 2023 and were signed on its behalf by:

K. Monica Musonda
CHAIRPERSON

Manu Sood
MANAGING DIRECTOR

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

PARTICULARS	SHARE CAPITAL K'000	SHARE PREMIUM K'000	RETAINED EARNINGS K'000	TOTAL K'000
Balance at 1 January 2021	1,040	24,962	(405,848)	(379,846)
Total comprehensive income for the year	-	-	693,293	693,293
Balance at 31 December 2021	1,040	24,962	287,445	313,447
At 1 January 2022	**1,040**	**24,962**	**287,445**	**313,447**
Total comprehensive income for the year	**-**	**-**	**921,484**	**921,484**
Final dividend declared for 2021	**-**	**-**	**(249,600)**	**(249,600)**
Interim dividend declared for 2022	**-**	**-**	**(312,000)**	**(312,000)**
Balance at 31 December 2022	**1,040**	**24,962**	**647,329**	**673,331**

STATEMENT OF CASH FLOWS

PARTICULARS	NOTE	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Cash flows from operating activities			
Profit before income tax		**1,460,353**	1,103,083
Adjustments for:			
Finance income	11	**(429)**	(86)
Finance costs	11	**277,504**	222,494
Depreciation and amortisation	12(b)	**590,429**	506,572
Impairment loss recognised on trade receivables	22	**3,369**	3,317
Net exchange losses/(gains)	10	**55,180**	(71,844)
Gain on disposal of property, plant and equipment	9	**(95)**	(84)
Other adjustments (i)		**-**	(2,313)
Operating cash flows before changes in working capital		**2,386,311**	1,761,139
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(101,425)**	140,652
Increase in inventories		**(1,121)**	(407)
Decrease in trade and other payables		**(55,379)**	(121,598)
Increase in other current and non current assets		**(141,651)**	(10,403)
Decrease in other liabilities		**(54,961)**	(266,858)
Net cash generated from operations before tax		**2,031,774**	1,502,525
Income tax paid (ii)	13	**(429,818)**	(227,294)
Net cash generated from operating activities		**1,601,956**	1,275,231
Cash flows from investing activities			
Purchase of property and equipment (iii)	17	**(711,149)**	(555,698)
Interest received	11	**429**	86
Proceeds from disposal of property and equipment		**1,683**	40,471
Purchase of intangible assets	19	**(458,345)**	(192,398)
Net cash flows used in investing activities		**(1,167,382)**	(707,539)
Cash flows from financing activities			
Proceeds from borrowings	29	**710,250**	240,000
Repayment of borrowings	29	**(413,818)**	(403,494)
Interest paid on borrowings	11	**(157,207)**	(73,377)
Interest paid on lease liabilities	11	**(120,297)**	(149,117)
Repayment of lease liabilities	32	**(347,191)**	(261,252)
Dividends paid to shareholders		**(561,600)**	-
Net cash flows used in financing activities		**(889,863)**	(647,240)
Net decrease in cash and cash equivalents		**(455,289)**	(79,548)
Cash and cash equivalents at beginning of the year		**(199,933)**	(121,834)
Effects of currency translation on cash and cash equivalents		**7,151**	1,449
Cash and cash equivalents at end of the year	**25**	**(648,071)**	**(199,933)**

(i) Includes reversal of provision for capital work in progress and effects of retirement of right-of-use assets /lease liabilities.

(ii) Income tax paid include recoveries from WHT for K0.000 million (2021 : K1.65 million).

(iii) Reflects actual payments made.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Airtel Networks Zambia plc (the 'Company') was incorporated in Zambia under the Companies Act, 2017 as a public limited Company, and is domiciled in Zambia. The Company is listed on the Lusaka Stock Exchange and was incorporated in 1997 as Celtel Zambia Plc. In April 2013, the Company changed its name and the registered office address to:

Airtel Networks Zambia plc
Airtel House
Corner of Addis Ababa Drive
and Great East Road, Stand 2375
P.O. Box 320001
Lusaka

The Company's principal activities are disclosed on page 54 of the Director's report.

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 23 February 2023.

2. GOING CONCERN

The Company ended the year 2022 with strong underlying operational performance with revenue growth of 24.30%. On account of a strong underlying operational performance, the Company recorded a net profit of **K921.484 million** (2021: Profit of K693.293 million). As at 31 December 2022, accumulated profits were **K647.329 million** (2021:K287.445 million) and the Company was in a net current liability position of **K1,725.619 million** (2021: K1,516.623 million).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Directors are of the opinion that the Company is a going concern on the basis that the Company:

a) Will generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is driven by and is dependent on stability of the Kwacha/US Dollar exchange rate and on management achieving revenue growth targets. In their assessment, the Directors have assumed that the Kwacha will not depreciate significantly against the US Dollar and that the Company will achieve a revenue growth of at least similar to revenue growth for 2022; and

b) Has access to financing facilities and will obtain sufficient funding from banks and holding company to meet its obligations as and when they fall due. The terms of the facilities are disclosed in note 25 to the financial statements.

On the basis of cash flow information, the Directors consider that the Company will continue to operate for the foreseeable future within the available financial resources. Accordingly, the Directors are of the opinion that the preparation of these financial statements on the going concern basis is appropriate and confident that the funds described above will be available to the Company to support its obligations as required.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

3.1 New and amended Standards that are effective for the current year (continued)

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards. **IFRS 9 Financial Instruments** The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. **IFRS 16 Leases** The amendment removes the illustration of the reimbursement of leasehold improvements.

3.2 New and revised Standards in issue but not yet effective

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

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

a) A change in accounting estimate that results from new information or new developments is not the correction of an error.

b) The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

a) A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

– Right-of-use assets and lease liabilities.
– Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

b) The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

• Level 3 inputs are unobservable inputs for the asset or liability.

(c) Revenue recognition
Company's revenue arises from billing customers for monthly subscription, airtime usage, connections, reconnection fees and sale of simcards, handsets and accessories and interconnection revenue.

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

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

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

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

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

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

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

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

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

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

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

The Company has estimated that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and costs are deferred over the expected average customer life.

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

(d) Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Managing Director that are used to make strategic decisions. The Managing Director considers the business as a single operating segment, being Zambia operations, as the information reported to the Managing Director for the purpose of strategic decision making is not presented per product line. The Company does not at present, have distinguishable business segments.

The Managing Director reviews financial information based on the performance of the Company as a single operating segment with revenue analysed by category whilst expenses and assets are reported on a combined basis for the entire operating unit. The financial information does not include profit or loss information for the individual product lines. The Managing Director and the Board assess the performance of the Company based on profit for the period or year.

(e) Foreign currencies

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

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

(f) Property, plant and equipment

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

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

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

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values, depreciation method and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively. Land is not depreciated:

Categories	Years
Buildings	20
Leasehold improvements	10 or period of lease, as applicable, which ever is less.
Network equipment	3 - 25
Computer equipment	3 - 5
Office furniture and equipment	1 - 5

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

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

(g) Borrowing costs

When funds borrowed are specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of the borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowings.

All other borrowing costs are recognised in the profit and loss in the period in which they are incurred.

(h) Leases

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

(a) The Company as lessee

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

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

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

i. Short-term leases

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

(b) The Company as lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term. When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

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

(i) Inventories

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

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

(j) Cash and cash equivalents

In the statement of financial position cash and cash equivalents include cash in hand, wallet balances, cheques in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts which are repayable on demand and form any integral part of the Company's cash management are also included as a component of cash and cash equivalents.

(k) 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.

(l) Financial instruments

i. Recognition, classification and presentation

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

The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

- those to be measured at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

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

ii. Measurement - Non-derivative financial instruments

I. Initial measurement

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

transaction costs are expensed as incurred in the Statement of Comprehensive Income.

II. Subsequent measurement - financial assets

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

- Financial assets measured at amortised cost

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

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

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

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

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used. However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. Provision is made for outstanding amounts over 90 days and 270 days for interconnect receivables.

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

iii. Measurement - derivative financial instruments

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

iv. Hedging activities

I. Fair value hedge

The Company uses derivative financial instruments (e.g. interest rate/currency swaps) to manage/mitigate their exposure to the risk of change in fair value of the borrowings. The Company designates certain interest swaps to hedge the risk of changes in fair value of recognised borrowings attributable to the hedged interest rate risk. The effective and ineffective portion of changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss within finance income/finance costs, together with any changes in the fair value of the hedged liability that is attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to profit or loss over the period to remaining maturity of the hedged item.

II. Cash flow hedge

The Company uses derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk. Further, the Company designates certain derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate fluctuation risk attributable to either a recognised item or a highly probable forecast transaction ('Cash flow hedge'). The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges, are recognised in other comprehensive income and held as cash flow hedge reserve ('CFHR') – within other components of equity. Any gains/(losses) relating to the ineffective portion, are recognised immediately in profit or loss within finance income/finance costs. The amounts accumulated in equity are re-classified to the profit and loss in the periods when the hedged item affects profit/(loss).

When a hedging instrument expires or is sold, or when a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gains/(losses) existing in equity at that time remains in equity and is recognised (on the basis as discussed in the above paragraph) when the forecast transaction is ultimately recognised in the profit and loss. However, at any point of time, when a forecast transaction is no longer expected to occur, the cumulative gains/(losses) that were reported in equity is immediately transferred to the profit and loss within finance income/finance costs.

v. Derecognition

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

(m) 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.

(n) Employee benefits
1. Defined Contribution Plan
The Company operates a defined contribution scheme for all its employees. The Company and all its employees also contribute to the National Pension Scheme Fund, a State managed retirement benefit plan which is a defined contribution scheme. Membership is compulsory and monthly contributions by both employer and employees are made. A defined contribution plan is a retirement benefit plan under which the Company pays fixed contributions into a separate company. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2. Other entitlements
The estimated liability for employees' accrued gratuity and annual leave entitlement at the reporting date is recognised as an expense accrual, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

(o) Taxation
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except: When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable Company.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised, except: when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Intangible assets
The Company's intangible asset comprise of licenses. Licenses are recognised as an asset when it is probable that future economic benefits from the asset will flow to the Company and the cost of 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 the relevant license period.

(q) Impairment of non-financial assets

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

(r) Reversal of impairment losses of non-financial assets
Reversal of impairment losses
Impairment losses are reversed and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset in previous years.

(s) Operating profit
Operating profit is stated as revenue less operating expenditure including depreciation and amortisation and operating exceptional items. Operating profit excludes finance income, finance costs, other non-operating income and foreign exchange gains and losses.

(t) Dividends
Dividends payable to the Company's shareholders are charged to equity in the period in which they are declared.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 (when the effect of the time value of money is material).

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

(v) 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.

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

When measuring the expected credit loss (ECL), the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. If the ECL rates on trade receivables between 61 and 90 days past due had been 5% higher/lower as of December 2022, the loss allowance on trade receivables would have been **K2.265 million** (2021: K2.490 million) higher/lower. If the ECL rates on trade receivables between 31 and 60 days past due had been 5% higher/lower as of December 2022, the loss allowance on trade receivables would have been **K1.418 million** (2021: K0.582 million) higher/lower. The carrying amount of impaired receivables is set out in Note 22.

On the basis of an assessment made, no impairment has been made or been found to be necessary on related party balances, contract assets and other receivables.

Deferred Tax Assets
Deferred tax assets are recognised by the Company, for the unused tax losses and temporary differences for which there is probability of utilisation against the taxable profit. Uncertainties exist in determination of the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. For details, refer to Note 16.

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

(ii) Critical judgments in applying the Company's accounting policies

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

(a) Determining the incremental borrowing rate for lease contracts. The Company has recognised lease liabilities at present value using the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. Since determination of incremental borrowings is not directly available for the given markets in which Company operates, the Company has used judgement in determining the IBR by taking into consideration risk free borrowing rate based on US$ bonds and adjusting it for country and Company specific risk premiums. The IBR used across the Company is 11.46% for USD leases and 16.23% for ZMW leases.

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

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: Market risk (including Foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

Market risk

(i) Foreign exchange risk
The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies and hedging through foreign currency forward contract. Policy is consistent with previous period.

The sensitivity of the statement of profit/loss before tax is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 December 2022 and 31 December 2021.

At 31 December 2022, if the Kwacha had weakened/strengthened by 5% against the US dollar with all other variables held constant, profit before tax for the period would have been **K42.093 million** (2021: K40.802 million) lower/higher, mainly as a result of US dollar denominated trade receivables, payables, lease liability and borrowings. There would be no impact on equity.

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

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Cash and cash equivalents (net)	**55,547**	7,220
Trade and other receivables	**127,138**	112,198
Trade and other payables	**(169,664)**	(129,261)
Lease liabilities	**(854,886)**	(806,192)
Total	**(841,865)**	(816,035)
The following US Dollar exchange rates applied during the period:		
Average Rate	**17.631**	16.752
Closing Rate	**18.075**	16.651

(ii) Price risk
The Company does not hold any financial instruments subject to price risk.

(iii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt interest obligations with floating interest rates.

The Company's interest bearing financial liabilities were the overdraft of **K764.410 million** (2021: K241.440 million) and the borrowing of **K830.250 million** at year end (2021: K533.818 million). The Company regularly monitors financing options available to ensure optimum interest rates are obtained. At 31 December 2022, if effective interest rates on borrowings had been 2% higher/lower with all other variables held constant, pre tax profit would have been **K31.893 million** (2021: K15.505 million) lower/higher.

Credit risk
Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company and arises from cash equivalents and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. For banks and financial institutions, only reputable institutions are used.

The Company is not significantly exposed to credit risk on the retail side since the majority of its customers are on the prepaid plan and majority of the distributors /dealers are primarily on cash basis, or their credit is covered by a bank guarantee.

The interconnection between the Company and other telecommunications operators (both local and foreign) is on credit basis and the number of credit days is governed by the agreement between the parties. The utilisation of credit limits is regularly monitored.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2022 is made up as follows:

PARTICULARS	NOTE	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Cash and cash equivalents	25	**116,339**	41,507
Contract Assets	24	**40,345**	33,439
Amounts due from related parties	33	**174,043**	95,813
Trade receivables (net)	22	**80,047**	64,098
Total		**410,774**	234,857

Amounts due from related parties are assessed regarding credit risk at each reporting date. As the same are closely monitored and controlled by the same management, there is no provision matrix being followed on ageing basis. There have been no instances observed in the past where collection are assumed to be at risk for such related party receivable.

Impairment losses
The ageing of trade receivables at the reporting date was:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000	31 DECEMBER 2021 K'000
	Gross amount	**Impaired**	Gross amount	Impaired
30 days	**28,363**	**-**	11,638	-
60 days	**45,308**	**-**	49,799	-
90 days and above	**97,249**	**90,873**	88,963	86,302
Total	**170,920**	**90,873**	150,400	86,302

Collateral is held for some of the above assets namely distributors with bank guarantees of **K8.050 million**, **K1.101 million** post-paid deposits and **nil** channel partner deposits as at 31 December 2022 (2021: K10.170 million distributors with bank guarantees, K1.089 million post-paid deposits and nil million channel partner deposits). Trade receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

Based on the industry practices and the business environment in which the Company operates, management considers trade receivables are credit impaired if the payments are more than 270 days past due in case of interconnect customers and 90 days past due in other cases. In determining the amount of impairment, management considers the collateral against such receivables and any amount payable to such customers.

PARTICULARS	2022 K'000	2021 K'000
Past due but not impaired:		
by up to 30 days	**26,424**	31,588
by 31 to 90 days	**18,083**	17,018
by 91 days and over	**5,148**	2,661
Total past due but not impaired	**49,655**	51,267

Liquidity risk
Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

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

PARTICULARS	NOTE	LESS THAN 1 YEAR K'000	BETWEEN 1 & 2 YEARS K'000	BETWEEN 2 & 5 YEARS K'000	OVER 5 YEARS K'000
AT 31 DECEMBER 2022					
- Trade and other payables	**26**	**726,598**	**-**	**-**	**-**
- Bank overdrafts	**25**	**764,410**	**-**	**-**	**-**
- Term loans	**29**	**330,000**	**500,250**	**-**	**-**
AT 31 DECEMBER 2021					
- Trade and other payables	26	793,764	-	-	-
- Bank overdrafts	25	241,440	-	-	-
- Term loans	29	205,120	328,698	-	-

7. CAPITAL MANAGEMENT

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

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The gearing ratios at 31 December 2022 and 31 December 2021 were as follows:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Total borrowings (including bank overdraft and lease liabilities)	**2,711,394**	1,843,323
Less: cash and cash equivalents	**(116,339)**	(41,507)
Net Debt	**2,595,055**	1,801,816
Total equity	**673,331**	313,447
Total capital	**3,268,386**	2,115,263
Gearing ratio	**79%**	85%

8. REVENUE

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

Analysis of revenue by category: .

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Airtime revenue	**2,148,588**	1,903,101
Data revenue	**1,827,886**	1,315,748
Interconnect revenue	**280,025**	205,162
Other services	**104,819**	87,292
Value added services content	**72,804**	67,313
Short messaging services	**57,626**	73,563
Handsets and accessories	**22,862**	13,331
Connection revenue	**22,457**	16,841
Roaming revenue	**19,758**	14,214
Trade discount	**(106,405)**	(116,178)
Total	**4,450,420**	3,580,387

Revenue recognised over time:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Airtime revenue	**2,148,588**	1,903,101
Data revenue	**1,827,886**	1,315,748
Interconnect revenue	**280,025**	205,162
Other services	**104,819**	87,292
Value added services content	**72,804**	67,313
Short messaging services	**57,626**	73,563
Roaming revenue	**19,758**	14,214
Trade discount	**(106,405)**	(116,178)
Total	**4,405,101**	3,550,215

Revenue recognised at a point in time:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Handsets and accessories	**22,862**	13,331
Connection revenue	**22,457**	16,841
Total	**45,319**	30,172

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to **K141.062** million at 31 December 2022 and K124.779 million as at 31 December 2021 will be satisfied within a period of one year, respectively.

Revenue recognised that was included in the contract liability balance at the beginning of the year is **K118.221 million** (2021: K101.829 million). Transfers from contract assets recognised at the beginning of the period to receivables is **K33.439 million** for the year ended 31 December 2022 (2021: K23.239 million).

9. OTHER INCOME

PARTICULARS	31 DECEMBER 2022 K'000	31 DECMEBER 2021 K'000
Gain on disposal of property, plant and equipment	**95**	84
Other operating income	**835**	1,429
Total	**930**	1,513

10. NET EXCHANGE (LOSSES)/GAINS

Net exchange (losses)/gains arose on:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Lease liabilities	**(76,372)**	256,490
Borrowings and cash and cash equivalents	**7,151**	98,587
Other balances	**14,041**	(283,233)
Total	**(55,180)**	71,844

11. FINANCE COST AND INCOME

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
(a) Finance costs		
Interest on lease liability	**120,297**	149,117
Interest expense on borrowings	**157,207**	73,377
Total	**277,504**	222,494
(b) Finance income		
Interest income on deposits	**(429)**	(86)

12. PROFIT BEFORE TAX

Profit before tax is stated after debiting:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
(a) Other expenses		
Content charges	**185,868**	114,465
Management fees	**95,666**	74,699
IT expenses	**34,908**	52,604
Other expenses	**35,026**	38,128
Cost of goods sold	**21,989**	12,534
Auditors' remuneration	**3,768**	3,529
Total	**377,225**	295,959
(b) Depreciation and amortisation		
Depreciation on property and equipment (Note 17)	**392,767**	341,560
Depreciation on right-of-use assets (Note 18)	**148,012**	130,872
Amortisation of intangible assets (Note 19)	**49,650**	34,140
Total	**590,429**	506,572

13. INCOME TAX

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Current income tax	**416,307**	310,303
Deferred income tax (Note 16)	**130,816**	107,189
Prior year (over) provision	**(8,254)**	(10,301)
Other adjustments	**-**	2,599
Income tax expense	**538,869**	409,790

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Profit before income tax	**1,460,353**	1,103,083
Tax calculated at the statutory income tax rate of 40%	**584,141**	441,233
Tax effect of:		-
Expenses not deductible for tax purposes (net)	**(35,726)**	(23,741)
Other adjustments	**(1,292)**	2,599
Prior year (over) provision	**(8,254)**	(10,301)
Income tax expense	**538,869**	409,790

Income tax payable
Current income tax movement in the statement of financial position:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
At January	**159,242**	83,935
Current income tax charge	**416,307**	310,303
Prior year (over) provision	**(8,254)**	(10,301)
WHT recoveries in respect of current year	**-**	(1,649)
Payments during the year	**(429,818)**	(225,645)
Other adjustments	**-**	2,599
At end of the year	**137,477**	159,242

Income tax provisional returns have been filed with the Zambia Revenue Authority ("ZRA") for the year ended 31 December 2022. Quarterly payments for the year ended 31 December 2022 were made on the due dates during the year.

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. There were no potentially dilutive shares outstanding at 31 December 2022 and 31 December 2021. Diluted earnings per share is therefore the same as basic earnings per share.

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Profit attributable to the equity holders of the Company	**921,484**	693,293
Weighted average number of ordinary shares (Nos '000)	**104,000**	104,000
Basic/diluted earnings per share (Kwacha)	**8.86**	**6.67**

15. SHARE CAPITAL

PARTICULARS	NUMBER OF SHARES (MILLION)	ORDINARY SHARES K'000	SHARE PREMIUM K'000
At 31 December 2022	**104**	**1,040**	**24,962**
At 31 December 2021	104	1,040	24,962

The total authorised number of ordinary shares is **150 million** (2021: 150 million) with a par value of K0.01 per share.
The issued and fully paid ordinary shares is **104 million** (2021: 104 million).

16. DEFERRED TAX

Deferred tax liability is calculated using the enacted income tax rate of 40%. However, following change of income tax rate to 35% enacted for the period starting 1 January 2023, deferred tax as at 31 December 2022 was calculated at 35% in line with IAS 12. The balances on the deferred tax account are as follows:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
At 1 January	**(18,874)**	(126,063)
Charge/ (credit) to profit or loss	**130,816**	107,189
At 31 December	**111,942**	(18,874)

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

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

PARTICULARS	AT 1 JANUARY K'000	CHARGED/ (CREDITED) TO INCOME STATEMENT K'000	AT 31 DECEMBER K'000
31 December 2022			
Deferred tax liabilities			
Property and equipment	**251,100**	**125,628**	**376,728**
Unrealised exchange gains	**(1,368)**	**2,180**	**812**
Deferred tax assets			
Other temporary deductible differences	**(162,050)**	**16,282**	**(145,768)**
Other provisions	**(48,298)**	**(240)**	**(48,538)**
Unrealised exchange losses	**3,981**	**1,017**	**4,998**
Leases	**(62,239)**	**(14,051)**	**(76,290)**
Net deferred tax	**(18,874)**	**130,816**	**111,942**
31 December 2021			
Deferred tax liabilities			
Property and equipment	245,119	5,981	251,100
Unrealised exchange gains	27,366	(28,734)	(1,368)
Deferred tax assets			
Other temporary deductible differences	(42,483)	(119,567)	(162,050)
Other provisions	(50,785)	2,487	(48,298)
Unrealised exchange losses	(2,853)	6,834	3,981
Leases	(302,427)	240,188	(62,239)
Net deferred tax	(126,063)	107,189	(18,874)

17. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	BUILDINGS K'000	LEASEHOLD IMPROVEMENTS K'000	TELECOM EQUIPMENT K'000	FIXTURE, FITTINGS OFFICE & OTHER IT EQUIPMENT K'000	TOTAL K'000	CAPITAL WORK IN PROGRESS (I) K'000
Historical Cost:						
At 1 January 2021	115,299	19,699	3,947,277	684,017	4,766,292	174,133
Additions	-	-	-	-	-	555,698
Transfers	-	(47)	570,849	51,522	622,324	(622,324)
Adjustments/disposals	-	-	(23,389)	(62,382)	(85,771)	(59)
At 31 December 2021	115,299	19,652	4,494,737	673,157	5,302,845	107,448
At 1 January 2022	**115,299**	**19,652**	**4,494,737**	**673,157**	**5,302,845**	**107,448**
Additions	-	**-**	**-**	**-**	**-**	**715,594**
Transfers	-	**2,266**	**553,053**	**82,174**	**637,493**	**(637,493)**
Adjustments/ disposals		**-**	**(2,959)**	**(359)**	**(3,318)**	
At 31 December 2022	**115,299**	**21,918**	**5,044,831**	**754,972**	**5,937,021**	**185,549**
Depreciation						
At 1 January 2021	44,768	15,707	2,427,905	583,390	3,071,770	-
Charge for the year	5,757	1,896	297,202	36,705	341,560	-
Adjustments/disposals	-	-	(22,848)	(22,536)	(45,384)	-
At 31 December 2021	50,525	17,603	2,702,259	597,559	3,367,946	-
At 1 January 2022	**50,525**	**17,603**	**2,702,259**	**597,559**	**3,367,946**	**-**
Charge for the year	**5,757**	**690**	**332,258**	**54,062**	**392,767**	**-**
Adjustments/disposals	**-**	**-**	**(1,372)**	**(358)**	**(1,730)**	**-**
At 31 December 2022	**56,282**	**18,293**	**3,033,145**	**651,263**	**3,758,983**	**-**
Carrying amount:						
At 31 December 2022	**59,017**	**3,625**	**2,011,687**	**103,709**	**2,178,038**	**185,549**
At 31 December 2021	64,774	2,049	1,792,478	75,598	1,934,899	107,448

A schedule listing of the properties as required by section 279 and the second schedule of the Companies Act, 2017 is available for inspection by the members or their authorised representatives at the registered office of the Company.

(i) The carrying value of CWIP as at 31 December 2022 and 2021 is K185.549 million and K107.448 million respectively, which mainly pertains to telecom equipment. In 2022 and 2021, adjustments/disposals include reversal of provision due to deployment of aged inventory.

18. RIGHT-OF-USE ASSETS

PARTICULARS	LEASEHOLD BUILDINGS K'000	NETWORK & TELECOM EQUIPMENT K'000	MOTOR VEHICLES K'000	TOTAL K'000
Cost				
At 1 January 2021 (i)	8,105	1,122,411	6,160	1,136,676
Additions	5,379	20,837	-	26,216
Asset retirement	-	(13,876)	-	(13,876)
At 31 December 2021	13,484	1,129,372	6,160	1,149,016
At 1 January 2022	**13,484**	**1,129,372**	**6,160**	**1,149,016**
Additions	**6,282**	**304,712**	**-**	**310,994**
Asset retirement	**-**	**(83)**	**-**	**(83)**
At 31 December 2022	**19,766**	**1,434,001**	**6,160**	**1,459,927**
Depreciation				
At 1 January 2021 (i)	5,845	489,272	5,974	501,091
Charge for the year	3,716	126,971	185	130,872
Asset retirement	-	(6,437)	-	(6,437)
At 31 December 2021	9,561	609,806	6,159	625,526
At 1 January 2022	**9,561**	**609,806**	**6,159**	**625,526**
Charge for the year	**3,919**	**144,093**	**-**	**148,012**
At 31 December 2022	**13,480**	**753,899**	**6,159**	**773,538**
Carrying amount:				
At 31 December 2022	**6,286**	**680,102**	**1**	**686,389**
At 31 December 2021	3,923	519,566	1	523,490

19. INTANGIBLE ASSETS

PARTICULARS	CELLULAR LICENSE K'000	INTERNET SERVICE PROVIDER LICENSE K'000	TOTAL K'000	INTANGIBLE ASSETS UNDER DEVELOPMENT K'000
Cost				
At 1 January 2021	7,046	125	7,171	79,275
Additions	192,398	-	192,398	-
Adjustments/ disposals (i)	79,275	-	79,275	(79,275)
At 31 December 2021	278,719	125	278,844	-
At 1 January 2022	**278,719**	**125**	**278,844**	**-**
Additions*	**458,345**	**-**	**458,345**	**-**
At 31 December 2022	**737,064**	**125**	**737,189**	**-**
Amortisation				
At 1 January 2021	4,330	125	4,455	-
Charge for the year	34,140	-	34,140	-
Adjustments/ disposals (i)	125	-	125	-
At 31 December 2021	38,595	125	38,720	-
At 1 January 2022	**38,595**	**125**	**38,720**	**-**
Charge for the year	**49,650**	**-**	**49,650**	**-**
At 31 December 2022	**88,245**	**125**	**88,370**	**-**
Carrying amount:				
At 31 December 2022	**648,819**	**-**	**648,819**	**-**
At 31 December 2021	240,124	**-**	240,124	**-**

(i) Mainly consists of reversal of gross carrying value and accumulated depreciation on retirement of intangibles.

*Additions under Cellular license relate to the amount of spectrum awarded to the Company. The Zambia Information and Communications Technology Authority ("ZICTA") allotted 10Mhz and 50Mhz radio spectrums in the 800Mhz and 2600Mhz frequency bands respectively at a cost of USD29 million on 19 July 2022. As of 31 December 2022, the Company paid the license fees in full and the amount was transferred to Cellular license. Furthermore, the Company has been awarded additional 40MHz radio spectrum in the 2600MHz frequency band at the cost of USD12.06 million on 28 November 2022. An initial deposit of USD0.4 million was made at the time of application.

The weighted average remaining amortisation period of the Company's licences as of 31 December 2022 and 2021 is 5.39 years and 6.39 years respectively.

20. OTHER NON-CURRENT ASSETS

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Prepayments (i)	**128,613**	162,523
Deferred customer acquisition cost (ii)	**21,836**	20,702
Total	**150,449**	183,225
(i) Prepayments		
At 31 December	**2022**	2021
- Current prepayment*	**17,653**	17,653
- Non-current prepayment	**128,613**	162,523
Total	**146,266**	180,176
(ii) Deferred customer acquisition cost		
At the beginning of the year	**71,323**	42,618
Expenses deferred	**96,159**	76,144
Amortisation	**(72,805)**	(47,439)
At the end of the year	**94,677**	71,323
Deferred customer acquisition cost		
- Current prepayment*	**72,841**	50,621
- Non-current prepayment	**21,836**	20,702
Total	**94,677**	71,323

* Current prepayment is included in prepayments under other current assets in note 23.

21. INVENTORIES

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Merchandise held for sale	**15,138**	18,376
Less provision for obsolete stock	**(9,834)**	(14,193)
Total	**5,304**	4,183

The cost of inventories recognised as an expense and included in 'other expenses' amounted to **K0.67 million** (2021: K0.03 million).

22. TRADE AND OTHER RECEIVABLES

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Trade receivables	**170,920**	150,400
Less provision for impairment losses	**(90,873)**	(86,302)
Net trade receivables	**80,047**	64,098
Amounts due from related parties (refer note 33)	**174,043**	95,813
Total	**254,090**	159,911

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The expected credit loss (ECL) is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

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

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

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

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

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

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Balance as at 1 January	**86,302**	82,985
Transfer to credit-impaired	**3,369**	3,317
Foreign exchange loss	**1,202**	-
Balance as at 31 December	**90,873**	86,302

Trade Receivables - Days Past Due

AT 31 DECEMBER 2022	NOT PAST DUE	<30	31-60	61-90	91-120	>120	TOTAL
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**100%**	**100%**	
Estimated total gross carrying amount at default	**28,363**	**25,962**	**19,346**	**6,376**	**2,181**	**88,692**	**170,920**
Lifetime ECL	**-**	**-**	**-**	**-**	**2,181**	**88,692**	**90,873**
AT 31 DECEMBER 2021	NOT PAST DUE	<30	31-60	61-90	91-120	>120	TOTAL
Expected credit loss rate	0%	0%	0%	0%	100%	100%	
Estimated total gross carrying amount at default	11,638	32,750	17,049	2,661	1,595	84,707	150,400
Lifetime ECL	-	-	-	-	1,595	84,707	86,302

23. OTHER CURRENT ASSETS

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Prepayments (Note 20)	**260,469**	105,286
Other assets	**44,716**	41,165
Advances to suppliers	**13,462**	4,675
Total	**318,647**	151,126

24. CONTRACT ASSETS

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Revenue from interconnect customers	**14,258**	17,850
Revenue from post paid customers	**10,139**	8,484
Revenue from sale of handsets to corporate/ enterprise customers	**15,147**	6,710
Revenue from roaming customers	**801**	395
Current	**40,345**	33,439
Non-Current	**-**	-

Amounts relating to contract assets are balances due from customers under Sale of Bundled Handsets Contracts, Post Paid contracts, Interconnect Contract and Roaming Contract that arise when the Company receives payments from customers in line with a series of performance related milestones. The Company will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The Directors of the Company always measure the Expected Credit Loss on the amounts due from customers, taking into account the ageing of receivables, historical default experience and the industry practices and the business environment in which the Company operates. None of the amounts due from customers at the end of the reporting period is past due.

25. CASH AND CASH EQUIVALENTS

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Balances in banks		
- Current accounts	**95,764**	16,905
Cash on hand	**20,575**	24,602
Total	**116,339**	41,507
For the purpose of the statement of cash flows, cash and cash equivalents are as follows:		
Cash and bank balances	**116,339**	41,507
Bank overdrafts	**(764,410)**	(241,440)
Total	**(648,071)**	(199,933)

The Company has seven overdraft facilities with limits of up to K875 million and US$12 million as shown below. These facilities are subject to annual review. Overdraft facilities from Citibank Zambia Limited and Standard Chartered Bank Zambia Plc are available for utilisation in both USD and ZMW.

(i)	Citibank Zambia Limited	$ 11 million	3 Months SOFR + 1.75% (MPR+ liquidity premium + 1.5% margin)
(ii)	Standard Chartered Bank Zambia Plc	$ 1 million	1 Months LIBOR + 2% (MPR+ 9%)
(iii)	Absa Bank Zambia Plc	K 50 million	MPR +liquidity premium + 1.5%
(iv)	Stanbic Bank Zambia Limited	K 200 million	MPR +liquidity premium + 1.5%
(v)	Ecobank Zambia Limited	K 250 million	MPR +5%
(vi)	Indo Zambia Bank Plc	K 200 million	MPR +5%
(vii)	Zambia National Commercial Bank Plc	K 175 million	MPR +5%

The Company had drawn amounts as at the year-end of **K764.410 million** and US$ **Nil** (2021: K241.44 million and US$ Nil).

The overdraft limit was not exceeded at any time during the period and all the overdraft facilities are unsecured.

26. TRADE AND OTHER PAYABLES

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Trade payables	**392,207**	503,100
Amounts due to related parties (refer note 33)	**312,693**	269,442
Accrued expenses	**21,698**	21,222
Total	**726,598**	793,764

Trade payables are non interest bearing and are normally settled on 60 day average terms. Accrued expenses and other payables are non interest bearing and have an average term of six months.

The carrying amount of the above payables and accrued expenses approximate their fair values because of their short term nature.

27. CONTRACT LIABILITIES

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

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Deferred income	**141,062**	124,779
Current	**135,062**	118,221
Non-current	**6,000**	6,558
Total	**141,062**	124,779

Revenue relating to internet and voice services is recognised over time, when a customer makes use of the talk-time that was carried forward.

28. OTHER CURRENT LIABILITIES

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Other taxes payable	**138,659**	124,430

Other taxes payable mainly include Value Added Tax of **K76.886 million** and Excise Duty of **K52.353** million as at 31 December 2022.

29. BORROWINGS

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Non-current		
Term loans	**830,250**	533,818
Less: current	**(330,000)**	(205,120)
Total	**500,250**	328,698
Current maturity of long term debts	**330,000**	205,120
Current		
Bank overdraft (Note 25)	**764,410**	241,440
Total current borrowings	**1,094,410**	446,560

The term loans are due to the following commercial banks:

PARTICULARS	FIRST NATIONAL BANK ZAMBIA PLC K'000	STANDARD CHARTERED BANK ZAMBIA PLC K'000	CITIBANK ZAMBIA LIMITED K'000	ABSA BANK ZAMBIA PLC K'000	ABSA BANK MAURITIUS LIMITED K'000	TOTAL K'000
At 1 January 2021	-	-	-	381,336	413,114	794,450
Draw down during the year	160,000	80,000	-	-	-	240,000
Repayments in the year	-	(19,228)	-	(199,819)	(184,447)	(403,494)
Refinancing-loan transfer	-	-	-	178,155	(178,155)	-
Exchange gain	-	-	-	(46,626)	(50,512)	(97,138)
At 31 December 2021	160,000	60,772	-	313,046	-	533,818

PARTICULARS	FIRST NATIONAL BANK ZAMBIA PLC K'000	STANDARD CHARTERED BANK ZAMBIA PLC K'000	STANBIC BANK ZAMBIA LIMITED K'000	ABSA BANK ZAMBIA PLC K'000	INTERNATIONAL FINANCE CORPORATION K'000	TOTAL K'000
At 1 January 2022	**160,000**	**60,772**	**-**	**313,046**	**-**	**533,818**
Draw down during the year	**-**	**-**	**200,000**	**250,000**	**260,250**	**710,250**
Repayments in the year	**(40,000)**	**(60,772)**	**-**	**(313,046)**	**-**	**(413,818)**
At 31 December 2022	**120,000**	**-**	**200,000**	**250,000**	**260,250**	**830,250**

> The Company agreed with ABSA Bank Zambia Plc to convert the existing medium term credit facility of US$50 million lent jointly by ABSA Bank Zambia Plc (USD24 million) and ABSA Bank Mauritius Limited (USD26 million) in July 2019. The outstanding balance of USD18.75 million of the above facility was converted to Kwacha on 24 December 2021 at the rate of K16.69 per dollar which was the ABSA Bank Zambia Plc spot rate on the effective date resulting into a new facility of K313 million. The loan carried an interest rate of Monetary Policy Rate + 6.25% per annum. This facility was fully repaid as at 31 December 2022. The loan was guaranteed by Bharti Airtel International (Netherlands) BV (Step up parent) and was unsecured.

> In March 2021, the Company obtained a short term credit facility from Standard Chartered Bank Zambia Plc for K80 million which was a monthly revolving facility. On 3 December 2021, the revolving facility was K60.77 million and was rolled over on revised terms. The loan carried an interest rate of Monetary Policy Rate + 6.5 % per annum. The facility was repayable on 3 March 2022 and was unsecured. The facility was fully repaid as at 31 December 2022.

> In September 2021, the Company obtained a long term credit facility from First National Bank Zambia Limited for K160 million. The loan carries an interest rate of Monetary Policy Rate + 9% per annum. The facility will be repayable within 36 months. The loan is backed by a comfort letter from Bharti Airtel International (Netherlands) BV (Step up parent) and is unsecured.

> In October 2022, the Company obtained a short term credit facility from Absa Bank Zambia Limited for K250 million. The loan carries an interest rate of Monetary Policy Rate + Liquidity Premium + 1.55% per annum. The facility will be repayable within 12 months. The loan is unguaranteed and is unsecured.

> In October 2022, the Company obtained a medium term credit facility from Stanbic Bank Zambia Limited for K200 million. The loan carries an interest rate of Monetary Policy Rate + Liquidity Premium + 1.50% per annum. The facility will be repayable within 24 months. The loan is unguaranteed and is unsecured.

> In December 2022, the Company obtained a long term credit facility from the International Finance Corporation for K260.25 million. The loan carries a fixed interest rate of 18.50% per annum. The facility will be repayable within 96 months. The loan is guaranteed by Bharti Airtel International (Netherlands) BV (Step up parent) and is unsecured.

30. CONTINGENT LIABILITIES

Legal proceedings

The Company had some pending legal proceedings as at 31 December 2022. The management is of the opinion, having obtained relevant legal advice, that it is possible, but not probable, that contingent liability of **K0.002 million** (2021: K0.361 million) arising from pending proceedings against the Company will crystalise.

Tax proceedings

At 31 December 2022, there were open assessments issued by the Zambia Revenue Authority (ZRA) relating to Income tax, Withholding tax, Excise Duty and Value Added Tax (VAT). Management evaluated the individual assessments to determine and provide for the expected eventual liability.

Based on management's evaluation, assessments totalling **K0.000 million** (2021: K2.060 million) were deemed probable and provided for. As at 31 December 2022, there was **K17.271 million** assessments identified under contingent liability (2021: K17.271 million), as the possibility of pay-out on remaining assessments was deemed remote.

Taxes, duties and other demands (Under Adjudication / Appeal / Dispute)

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Income tax	**17,271**	17,271
Total	**17,271**	17,271

31. CAPITAL COMMITMENTS

Capital expenditure contracted (gross) for at the reporting date but not recognised in the financial statements is as follows:

At 31 December	**287,181**	347,746

32. LEASE LIABILITIES

(a) Analysed as:

Non-current	**832,102**	842,734
Current	**284,632**	225,331
Total	**1,116,734**	1,068,065

(b) Maturity analysis:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Less than one year	**411,353**	350,509
Later than one year but not later than two years	**379,205**	326,458
Later than two years but not later than five years	**377,776**	569,293
Later than five years but not later than nine years	**219,264**	81,436
Later than nine years	**31,030**	16,953
Total undiscounted lease liabilities	**1,418,628**	1,344,649
Lease liabilities included in the statement of financial position	**1,116,734**	1,068,065

(c)The movement for the year is as follows:

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
At the beginning of the year	**1,068,065**	1,569,410
Additions during the year	**319,571**	26,216
Retirement during the year	**(83)**	(9,819)
Repayments during the year	**(347,191)**	(261,252)
Exchange losses/(gains)	**76,372**	(256,490)
Net obligations under lease liabilities	**1,116,734**	1,068,065

The Company enters into leasing arrangements. The average term of lease liabilities entered into is 10 years. Unguaranteed residual dues of assets leased under the finance leases at the balance sheet date are estimated at K Nil.

The interest rate inherent in the leases is fixed/variable at the contract date for all of the lease term.

The Directors consider that the fair value of the leases is equal to their carrying values as reflected in the balance sheet.

33. RELATED PARTY DISCLOSURES

The Company is owned by Bharti Airtel Zambia Holdings BV (BAZHBV) which has 96.36% shareholding. The remaining 3.64% is owned by public investors. The Company is listed on the Lusaka Stock Exchange (LuSE).

The shareholding of the Company as at 31 December 2022 and 2021 is as stated below:

NAME OF SHAREHOLDER	NUMBER OF SHARES	% SHAREHOLDING
Bharti Airtel Zambia Holdings BV	100,215,630	96.36%
Public (institutions and individual investors)	3,784,370	3.64%
Total	**104,000,000**	**100.00%**

The following transactions were carried out with related parties:

i) Purchase of goods and services

NAME OF RELATED PARTY	COUNTRY OF INCORPORATION	RELATIONSHIP TO COMPANY	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Airtel Mobile Commerce Zambia Limited	Zambia	Fellow subsidiary	**495,803**	342,467
Airtel Africa Telesonic Limited	United Kingdom	Fellow subsidiary	**153,794**	-
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	**20,133**	28,365
Network i2i Ltd.	Mauritius	Step up parent	**9,118**	19,902
Centum Learning Limited	India	* Other related party	**3,225**	3,796
Nxtra Data Limited	India	Fellow subsidiary	**1,819**	471
Bharti Airtel Limited	India	Step up parent	**1,646**	137
Airtel Malawi plc	Malawi	Fellow subsidiary	**1,490**	3,012
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	**1,225**	2,150
Airtel Networks Limited	Nigeria	Fellow subsidiary	**1,136**	230
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	**244**	324
Airtel Tanzania plc	Tanzania	Fellow subsidiary	**135**	957
Airtel Uganda Limited	Uganda	Fellow subsidiary	**66**	127
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	**25**	91
Airtel Gabon S.A.	Gabon	Fellow subsidiary	**16**	-
Airtel Congo S.A	Congo B	Fellow subsidiary	**12**	6
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	**3**	5
Airtel Madagascar S.A.	Madagascar	Fellow subsidiary	**1**	1
Total			**689,891**	402,041

ii) Sale of goods and services

NAME OF RELATED PARTY	COUNTRY OF INCORPORATION	RELATIONSHIP TO COMPANY	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Airtel Mobile Commerce Zambia Limited	Zambia	Fellow subsidiary	**81,326**	40,314
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	**58,093**	87,967
Airtel Africa Telesonic Limited	United Kingdom	Fellow subsidiary	**30,515**	-
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	**11,376**	13,300
Airtel Malawi plc	Malawi	Fellow subsidiary	**10,862**	15,859
Network i2i Ltd.	Mauritius	Step up parent	**4,307**	-
Bharti Airtel Limited	India	Step up parent	**3,619**	36
Airtel Networks Limited	Nigeria	Fellow subsidiary	**3,098**	2,622
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	**663**	1,194
Airtel Tanzania plc	Tanzania	Fellow subsidiary	**410**	536
Airtel Uganda Limited	Uganda	Fellow subsidiary	**159**	227
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	**31**	10
Jersey Airtel Limited	Jersey	Fellow subsidiary	**1**	2
Total			**204,460**	162,067

iii) Management fees expenses

NAME OF RELATED PARTY	COUNTRY OF INCORPORATION	RELATIONSHIP TO COMPANY	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Bharti Airtel International (Netherlands) B.V.	Netherlands	Step up parent	**95,666**	74,699

iv) Receivable from related parties

NAME OF RELATED PARTY	COUNTRY OF INCORPORATION	RELATIONSHIP TO COMPANY	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	**58,814**	66,532
Airtel Malawi plc	Malawi	Fellow subsidiary	**36,048**	12,974
Airtel Africa Telesonic Limited	United Kingdom	Fellow subsidiary	**30,515**	-
Airtel Mobile Commerce Zambia Limited	Zambia	Fellow subsidiary	**21,456**	-
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	**8,779**	13,278
Airtel Tchad S.A.	Chad	Fellow subsidiary	**4,893**	-
Network i2i Ltd.	Mauritius	Step up parent	**4,390**	-
Airtel Networks Limited	Nigeria	Fellow subsidiary	**2,606**	400
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	**2,393**	1,095
Bharti Airtel Limited	India	Step up parent	**2,076**	1,280
Airtel Congo S.A	Congo B	Fellow subsidiary	**859**	11
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	**608**	19
Airtel Tanzania plc	Tanzania	Fellow subsidiary	**385**	124
Bharti Hexacom Limited	India	Fellow subsidiary	**75**	-
Airtel Uganda Limited	Uganda	Fellow subsidiary	**66**	28
Bharti Airtel Services Limited	India	Fellow subsidiary	**60**	56
Airtel Gabon S.A.	Gabon	Fellow subsidiary	**16**	15
Jersey Airtel Limited	Jersey	Fellow subsidiary	**2**	-
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	**2**	-
Bharti Airtel Lanka (Private) Limited	Sri Lanka	Fellow subsidiary	**-**	1
Total			**174,043**	95,813

v) Payable to related parties

NAME OF RELATED PARTY	COUNTRY OF INCORPORATION	RELATIONSHIP TO COMPANY	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Airtel Africa Telesonic Limited	United Kingdom	Fellow subsidiary	**153,794**	-
Airtel Mobile Commerce Zambia Limited	Zambia	Fellow subsidiary	**98,241**	178,586
Bharti Airtel International (Netherlands) BV	Netherlands	Step up parent	**23,803**	68,412
Airtel Africa Services (UK) Limited	United Kingdom	Step up parent	**11,662**	-
Network i2i Ltd.	Mauritius	Step up parent	**5,578**	5,250
Airtel Networks Limited	Nigeria	Fellow subsidiary	**5,063**	4,664
Airtel Tanzania plc	Tanzania	Fellow subsidiary	**3,763**	2,923
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	**3,211**	2,977
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	**2,629**	902
Bharti Airtel Limited	India	Step up parent	**2,378**	2,064
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	**1,313**	1,152
Airtel Malawi plc	Malawi	Fellow subsidiary	**820**	1,088
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	**252**	170
Airtel Madagascar S.A.	Madagascar	Fellow subsidiary	**121**	180
Bharti Hexacom Limited	India	Fellow subsidiary	**31**	28
Airtel Uganda Limited	Uganda	Fellow subsidiary	**12**	21
Africa Towers N.V.	Netherlands	Fellow subsidiary	**10**	-
Nxtra Data Limited	India	Fellow subsidiary	**7**	898
Airtel Tchad S.A.	Chad	Fellow subsidiary	**3**	2
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	**2**	2
Bharti Airtel Zambia Holdings BV	Netherlands	Holding Company	**-**	10
Airtel Ghana Limited (JV)	Ghana	* Other related party	**-**	113
Total			**312,693**	269,442

No provisions for impairment losses have been required in 2022 and 2021 for any related party receivables. Amounts due from/to related parties carry no interest , are receivable/payable on demand. *Other related parties' though not 'Related Parties' as per the definition under IAS 24, 'Related party disclosures', have been included by way of a voluntary disclosure, following the best corporate governance practices.

vi) Key management compensation

PARTICULARS	31 DECEMBER 2022 K'000	31 DECEMBER 2021 K'000
Salaries and other short-term employment benefits	**67,923**	51,708

vii) Compensation of directors for the year ended 31 December 2022

PARTICULARS	SITTING FEES K'000	BASIC SALARY K'000	PERFORMANCE BONUS K'000	OUT OF COUNTRY ALLOWANCE K'000	HOUSING ALLOWANCE K'000	*OTHERS K'000	TOTAL K'000
Non-Executive							
Lynda Mataka	**338**	**-**	**-**	**-**	**-**	**-**	**338**
Monica K. Musonda	**818**	**-**	**-**	**-**	**-**	**-**	**818**
Executive							
Apoorva Mehrotra	**-**	**4,422**	**4,619**	**-**	**833**	**7,461**	**17,335**
Manu Sood	**-**	**1,228**	**-**	**-**	**254**	**2,243**	**3,725**
Total	**1,156**	**5,650**	**4,619**	**-**	**1,087**	**9,704**	**22,216**

Compensation of directors for the year ended 31 December 2021

PARTICULARS	SITTING FEES K'000	BASIC SALARY K'000	PERFORMANCE BONUS K'000	OUT OF COUNTRY ALLOWANCE K'000	HOUSING ALLOWANCE K'000	*OTHERS K'000	TOTAL K'000
Non-Executive							
Jito Kayumba	588	-	-	-	-	-	588
Monica K. Musonda	812	-	-	-	-	-	812
Executive							
Apoorva Mehrotra	-	5,162	4,272	-	1,023	8,415	18,872
Total	1,400	5,162	4,277	-	1,023	8,415	20,272

* Includes car allowance, medical insurance, long term incentive allowance, airtime and handset allowance.

34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (FINANCIAL INSTRUMENTS)

Set out below is a comparison by class of the carrying amount and fair value of the financial instruments that are recognised in the financial statements. The carrying amount of the financial assets and financial liabilities approximate their fair values because of their short term nature as shown below.

Classes and categories of financial instruments and their fair values

The following table combines information about:

• classes of financial instruments based on their nature and characteristics;

• the carrying amounts of financial instruments;

• fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and

• fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

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

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Valuation technique(s) and key inputs(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Foreign currency forward contracts	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

Foreign exchange forward contracts
It is the policy of the Company to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions of the exposure generated.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

Foreign currency forward contract assets and liabilities are presented in the line 'Derivative financial instruments' (either as asset or as liabilities) within the statement of financial position.

PARTICULARS		TOTAL K'000	TOTAL K'000
		Carrying value	**Fair value**
31 December 2022			
Derivative financial Liability	**Level 2**	**(636)**	**(636)**
Cash and bank balances		**116,339**	**116,339**
Trade and other receivables		**254,090**	**254,090**
Contract assets		**40,345**	**40,345**
Bank overdraft		**(764,410)**	**(764,410)**
Trade and other payables		**(726,598)**	**(726,598)**
Term loans		**(830,250)**	**(830,250)**
31 December 2021			
Derivative financial Liability	Level 2	(39,241)	(39,241)
Cash and bank balances		41,507	41,507
Trade and other receivables		159,911	159,911
Contract assets		33,439	33,439
Bank overdraft		(241,440)	(241,440)
Trade and other payables		(793,764)	(793,764)
Term loans		(533,818)	(533,818)

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

• The carrying value of bank deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.

• The fair value of non-current financial assets, long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

• The fair values of derivatives are estimated by using readily observable market parameters. The valuation reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as foreign exchange rates. The valuation does not contain a high level of subjectivity as the valuation techniques used don't require significant judgement and inputs thereto are readily observable.

During the year ended 31 December 2022 and year ended 31 December 2021 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements. The fair value of financial assets and liabilities above are classified under level 3 fair value measurement with the exception of derivatives which are classified under level 2 category.

35. EMPLOYEE BENEFIT EXPENSE

The following contributions to pensions/funds were included within the employee benefits expenses:

PARTICULARS	**31 DECEMBER 2022 K'000**	31 DECEMBER 2021 K'000
Aon Zambia Pension Fund Administrators Limited	**9,151**	9,155
National Pension Scheme Authority	**4,302**	4,402

36. DERIVATIVE FINANCIAL INSTRUMENTS

The details of derivative financial instruments are as follows:

PARTICULARS	**31 DECEMBER 2022 K'000**	31 DECEMBER 2021 K'000
Foreign currency forward contracts (assets)	**57,130**	-
Foreign currency forward contracts (liabilities)	**(636)**	(39,241)

37. SEGMENT REPORTING

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

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

The executive management committee assesses the performance of the operating segment based on a measure of Earnings before Interest Tax, Depreciation and Amortisation.

The breakdown of the revenue from all services is shown in note 8.

38. EVENTS AFTER REPORTING DATE

There were no material subsequent events for the year ended 31 December 2022. The Directors are not aware of any other matter or circumstances since the financial year end and the date of this report, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Company and the results of its operations.

airtel

THE **SMARTPHONE** NETWORK

NOTICE TO MEMBERS

AIRTEL NETWORKS ZAMBIA PLC
(LICENSED USER OF THE 'AIRTEL' TRADEMARK IN ZAMBIA)
[INCORPORATED IN THE REPUBLIC OF ZAMBIA]
COMPANY REGISTRATION NUMBER: 38136
SHARE CODE: ATEL
ISIN: ZM0000000342

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of Members of Airtel Networks Zambia Plc will be held via webinar https://eagm.creg.co.zw/eagm/Login.aspx on Thursday 23rd March 2023 at 09:30 hours to transact the following business: -

1. To confirm and adopt the minutes of the Annual General Meeting held on 30th March 2022.
2. To receive and adopt the Financial Statements of the Company and the Reports of the Directors and of the Auditors for the Financial Year ended 31st December 2022.
3. To consider and if approved, declare a dividend.
4. To approve the appointment of Directors.
5. To re-elect Directors retiring by rotation in accordance with the provisions of the Company's Articles of Association.
6. To appoint External Auditors of the Company until the next Annual General Meeting on terms and conditions to be agreed with the Board.
7. To transact any other business that may properly be transacted at the Annual General Meeting.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote in his/her stead. Proxy forms are available from the Company Secretary and must be lodged at the Registered Office of the Company not less than 24 hours before the commencement of the meeting. A proxy need not be a member of the Company.

By Order of the Board

Sonia Shamwana-Chinganya
COMPANY SECRETARY

First Issued on Thursday, **th ***, 2023**

Lusaka Securities Exchange Sponsoring Broker

STOCKBROKERS ZAMBIA LIMITED

Tel: +260 211 232 456 | Email: advisory@sbz.com.zm | Website: www.sbz.com.zm

Stockbrokers Zambia Limited (SBZ) is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia.

MINUTES OF THE 23RD ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF AIRTEL NETWORKS ZAMBIA PLC (THE "COMPANY") HELD ON WEDNESDAY 30TH MARCH 2022 VIA ZOOM ELECTRONIC PLATFORM IN LUSAKA AT 09:30 HOURS

IN ATTENDANCE

Ms. Monica Musonda	-	Chairperson
Ms. Lynda Mataka	-	Director
Mr. Apoorva Mehrotra	-	Managing Director
Mr. Samir Waman	-	Finance Director
Mrs. Sonia Shamwana-Chinganya	-	Company Secretary
Mrs. Suzyo Akatama	-	Director Legal and Regulatory

PRESENT

(SHAREHOLDER ATTENDANCE LIST ATTACHED)

1. NOTICE
Notice convening the meeting was taken as read.

2. QUORUM AND AGENDA

2.1 Ms. Monica Musonda took the chair and gave an opening statement wherein she thanked Management and all employees for the resilience shown during a tough year in light of the Covid 19 Pandemic, with special thanks to the front line teams. She also thanked the key Regulator ZICTA and the line Ministry for the continued open dialogue that they have shown thus far.

2.2 With a quorum being met, she declared the meeting properly constituted for the conduct of business at 09:50 hours.

2.3 The House Rules were quickly read by the Company Secretary.

2.4 The Agenda was taken as read by the Company Secretary and there being no amendments to the Agenda, the Agenda was adopted and seconded by Jabez Kanyanda.

3. CONFIRMATION OF PREVIOUS MINUTES

3.1 The minutes of the previous meeting held on 29th March 2021 were confirmed as a true record of the proceedings as seconded by Benjamin Mwikisa.

4. APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4.1 The Financial Statements for the year ended 31 December 2021 were taken as read and the Finance Director presented the highlights for the year.

4.2 Joe Chiyasa asked Management on how come the Annual Report did not include the mobile money services.

4.3 Management responded that Airtel Networks Zambia Plc was regulated and licensed by ZICTA and that it was a telecommunications provider. Management further explained that Airtel Mobile Commerce Zambia Limited was a company that was licensed and regulated by the Bank of Zambia. The regulations in place therefore mandated that the two entities be made separate for all intents and purposes. The performance of Airtel Mobile Commerce could therefore not be reported in the Airtel Networks Zambia Plc Annual Report.

4.4 Javez Kayanda asked Management what big investments the Company had made last year.

4.5 Management responded that Airtel investments last year where in two areas, the first being on our network which was the Airtel core product and the second was in the distribution network to make sure that the product was available across the length and breadth of the country. In terms of network, Airtel had a threefold of investment. One was in the number of sites, 54 new sites were rolled out. Airtel also invested in Fibre and transmission lines in order to provide more capacity to customers to enable them browse and utilize the internet. Management stated that they had also added spectrum resources last year. ZICTA had auctioned the 800MHZ band of spectrum, and 10MHZ had been awarded to Airtel.

4.6 The Chairperson proposed the motion to approve the Financial Statements for the 12-month period ended 31 December 2021. The Directors and the Auditors' report were adopted as presented and seconded by Nkula Edward Goma.

5. DIVIDEND DECLARATION

5.1 The Finance Director made a presentation in relation to the dividend declaration.

5.2 The Chairperson tabled a proposal that a dividend for the period under review of ZMW 2.40 (Two kwacha and Forty Ngwee) be paid per share on all fully paid up ordinary shares to shareholders registered in the books of the Company at the close of business as at Friday 29th April, 2022. Payment date will be on or about Monday 2nd May, 2022.

5.3 The proposal was seconded by Javez Kayanda and therefore approved by the members.

6. CONFIRMATION OF APPOINTMENTS

6.1 Following the resignation of Mr. Jito Kayumba, the Board of Directors proposed the confirmation of Ms. Lynda Mataka who had been appointed as Director to fill in the vacancy created.

6.2 The Chairperson thanked Mr. Jito Kayumba for having served on the Board as well as his dedication and strategic thinking that he brought to the Board.

6.3 She stated that Ms. Lynda Mataka is a seasoned legal practitioner with over 20 years standing at the Zambia Bar and has had vast experience in Corporate Law. She is currently a partner in firm of TMS Legal Practitioners. Prior to joining Private Practice, Ms Mataka worked for Ministry of Justice and the Bank of Zambia. She brings with her a wealth of experience having sat as Director on various Boards across various sectors which include ZESCO, Access Bank Zambia PLC and the Energy Regulation Board. Ms Mataka holds a Masters of Law Degree in International Business Law, A Postgraduate Diploma in Legislative Drafting and a Bachelor's of Law Degree from the University of Zambia.

6.4 The proposal to appoint Ms. Lynda Mataka as Director was seconded by Chris Chirwa and therefore approved by the members.

7. RETIREMENT BY ROTATION

7.1 The Chairman informed the members that in accordance with Article 17.4 of the Articles of Association of the Company, Jaideep Paul was retiring as a Director of the Company. However, being eligible, he was offering himself up for re-election.

7.2 The proposal to re-elect the Director was seconded by Joseph Lesa Kamana and therefore approved by the members.

8. APPOINTMENT OF AUDITORS

8.1 It was proposed that Messrs. Deloitte & Touche be re-appointed as the statutory Auditors of the Company until the next Annual General Meeting.

8.2 The proposal was seconded by Edward Maidou and therefore approved by the members.

9. ANY OTHER BUSINESS

9.1 Jabez Kayanda asked Management if the Company was planning to hold a shareholder's day tour at one or two of the Airtel sites in 2022 so that the Shareholders could appreciate the investments made.

9.4 Management responded that with the increase in vaccinations, they were confident that a shareholder's day would be held soon if the shareholders desired it.

9.5 Joseph Lesa Kamana asked Management if any headway had been made to bring to book the individuals who were using Airtel Money to scam people by sending messages of erroneously sent funds to subscribers.

9.6 Pascal Chanda also enquired as to what security measures Airtel had put in place with the increase in fraudsters using the Airtel Money platform.

9.7 Management responded that Airtel had put in measures to mitigate these acts. The first involved working with our regulators to bring these scammers to book by identifying the different modes of scamming that were being utilized. The second initiative involved the rolling out of two 360 degree campaigns to sensitive and educate our customers about how to safeguard their money and be more alert.

9.8 Pascal Chanda asked Management if Airtel was planning on introducing 5G.

9.9 Management responded that 5G requires a different band of spectrum. ZICTA had shared a roadmap of making such spectrum available, and stated that firstly, the network had to be ready to support 5G equipment and spectrum. He went further to add that the organization had been working for the last few years to make the Airtel Network 5G ready in terms of the transport network and connecting more and more sites to fibre and in terms of ensuring that Airtel was ready to absorb 5G when the time came. He advised shareholders that the last element of 5G was the availability of 5G devices. Currently in the world over, about 15% of customers were using 5G and there was an increase in used cases of 5G but these are mostly around self-driving and in the use of robotics. However it was observed that more and more hand held devices were using 5G. He assured shareholders that Airtel would be ready as and when the road map became clear on 5G and was well prepared to embrace 5G.

10.0 There being no further business to transact, the Chairperson thanked the members for their participation and declared the meeting officially closed at 11:59 am.

CERTIFIED TRUE RECORD

Chairperson: **Date:**

Secretary **Date:**

ATTENDANCE REGISTER

1. PROXIES

Name	Proxy	Shares Held	%
BHARTI AIRTEL ZAMBIA HOLDINGS, B.V.	EDGAR MAIDOU	100,214,879	96.36
SATURNIA REGNA PENSION TRUST FUND	NASILELE NGUMBI	993,858	0.31
KCM PENSION TRUST SCHEME	NASILELE NGUMBI	524,259	0.12
ZAMBIA SUGAR PENSION TRUST -SCHEME	NASILELE NGUMBI	129,885	0.10
STANBIC BANK PENSION TRUST FUND	NASILELE NGUMBI	95,854	0.09
BARCLAYS BANK STAFF PENSION TRUST FUND	NASILELE NGUMBI	50,339	0.06
STANDARD CHARTERED BANK PENSION TRUST FUND	NASILELE NGUMBI	45,045	0.04
ZAMBIAN BREWERIES PLC PENSION TRUST SCHEME	NASILELE NGUMBI	41,018	0.04
LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME	NASILELE NGUMBI	40,379	0.04
INDENI PENSION TRUST SCHEME	NASILELE NGUMBI	39,607	0.04
SANDVIC MINNING PENSION SCHEME	NASILELE NGUMBI	36,797	0.03
AIRTEL ZAMBIA STAFF PENSION FUND	NASILELE NGUMBI	35,277	0.01
ZANACO PLC DC PENSION SCHEME	NASILELE NGUMBI	35,055	0.01
CEC PENSION TRUST SCHEME	NASILELE NGUMBI	18,291	0.01
WORKCOM PENSION TRUST SCHEME	NASILELE NGUMBI	11,868	0.01
BUYANTANSHI PENSION TRUST FUND	NASILELE NGUMBI	11,828	0.00
LUBAMBE COPPER MINES PENSION TRUST SCHEME	NASILELE NGUMBI	9,956	0.00
GAME STORES PENSION TRUST SCHEME	NASILELE NGUMBI	9,776	0.00
SCZ INTERNATIONAL LTD PENSION TRUST	NASILELE NGUMBI	8,276	0.00
SUN INTERNATIONAL PENSION TRUST SCHEME	NASILELE NGUMBI	7,930	0.00
CAVMONT BANK ZAMBIA PENSION TRUST SCHEME	NASILELE NGUMBI	7,321	0.00
SANLAM LIFE INSURANCE (Z) LTD	NASILELE NGUMBI	6,739	0.00
PSPF STAFF PENSION SCHEME	NASILELE NGUMBI	6,247	0.00
HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME	NASILELE NGUMBI	4,960	0.00
NATITONAL INSTITUTE FOR SCIENTIFIC AND INDUSTRIAL RESARCH	NASILELE NGUMBI	3,816	0.00
GOLDEN SUNSET PENSION FUND	NASILELE NGUMBI	3,500	0.00
NATIONAL BREWERIES PENSION TRUST SCHEME	NASILELE NGUMBI	3,300	0.00
UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME	NASILELE NGUMBI	2,431	0.00
ZRA PENSION TRUST SCHEME	NASILELE NGUMBI	2,260	0.00
ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	NASILELE NGUMBI	1,716	0.00
ACCESS BANK ZAMBIA LIMITED PENSION SCHEME	NASILELE NGUMBI	1,498	0.00
TOTAL		102,403,965.00	97.28

1. ATTENDEES - SHAREHOLDERS

Name	Proxy	Shares Held	%
1. MR. JOE CHIYASSA		62,686	0.01
2. SHIKOKI RICHARD MWAMBA		3,489	0.00
3. MWABA RICHARD		3,000	0.00
4. MESELE MANGO SEYUBA		2,400	0.00
5. CHITENGU RUDO TUKUZA		2,000	0.00
6. KUNDA WINFIELD		1,433	0.00
7. Mrs. Marian Chansa Munyinda		1,400	0.00
8. KAPOMA ALAN CHAMBESHI		1,250	0.00
9. NKWEMU MUYAMBANGO		760	0.00
10. KAZWALA PETER MBALA		540	0.00
11. CHILESHE KALINDI		513	0.00
12. BOBO EUSTACE SPAITA		500	0.00
13. KATWAMBA CHARLES		360	0.00
14. PANDALA MATTHEW		300	0.00
15. MWILA BEATRICE NANYINZA		200	0.00
16. CHIRWA CHRIS		200	0.00
17. MUYENDEKWA SIBESO		200	0.00
18. GOMA EDWARD		199	0.00
19. SINKALA PRISCILLA CHILAMO		160	0.00
20. MWANZA ABRAHAM		130	0.00
21. ALFRED PHIRI		105	0.00
22. CHANDA PASCAL		100	0.00
23. Mr. Peter Kunda		83	0.00
24. NYAMBE CASEY		60	0.00
25. SAMUI GRACE K.		41	0.00
26. GEORGE TEMBO		34	0.00
27. KANYATA SYDNEY		30	0.00
28. WALIMA JOYCE MWANSA		30	0.00
29. CHOONGA NCHOBA SIMON		30	0.00
30. MUNTHALI MILLIE TUWONE		28	0.00

31. MUYENGA SEPO ZOE		20	0.00
32. CHIIBA MONICA BASILA		16	0.00
33. MULEBA DANIEL		16	0.00
34. KAMANA JOSEPH LESA		14	0.00
35. KANYANDA JABEZ		14	0.00
36. MWIIKISA BENJAMIN KINGX		14	0.00
TOTAL		82,355	0.04

NAME	Representing	Count
1. KUMOYO WAMBULAWAE	DELOITTE AND TOUCHE ZAMBIA	1
2. MUTINTA KAKUMBI CHILESHE	CORPSERVE ZAMBIA	2
3. SETFREE NHAPI	CORPSERVE ZAMBIA	3

PROXY FORM

AIRTEL NETWORKS ZAMBIA PLC

I/We………………………………………………………………………………………of……………………………
……………………………………………………………….being a member/members of the above named Company, hereby appoint …………….. of Airtel Networks Zambia Plc …………or, in his absence, ………………………………………..……………………….. of ………………………..……………………………………………………….as my/our proxy to vote for me/us on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on the **th day of *** 2023 and at any adjournment of that meeting:

*in favour of/against Resolution No…………………………………..

*in favour of/against Resolution No…………………………………..

*in favour of/against Resolution No…………………………………..

*in favour of/against Resolution No…………………………………..

*in favour of/against Resolution No…………………………………..

*in favour of/against Resolution No…………………………………..

*in favour of/against Resolution No…………………………………..

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Signed………………………………. Date……………………………….

*Strike out whichever is not desired.

NOTES

airtel

THE **SMARTPHONE** NETWORK

AIRTEL HOUSE

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P.O. Box 320001, Lusaka, Zambia

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