



# 2021 ANNUAL REPORT



# CONTENTS

Who We Are  
**04**

Mission  
**05**

Vision  
**06**

Our Journey  
**08**

Board of Directors  
**10**

Statement on Corporate Governance  
**12**

Airtel Products & Services  
**14**

Airtel Business  
**16**

Chairperson's Review  
**18**

Managing Director's Report  
**20**

Executive Committee  
**23**

Director's Report  
**26**

Statement of Director's Responsibility  
**29**

Independent Auditor's Report  
**30**

Statement of Profit or Loss and  
Other Comprehensive Income  
**34**

Statement of Financial Position  
**35**

Statement of Changes In Equity  
**36**

Statement of Cash Flows  
**37**

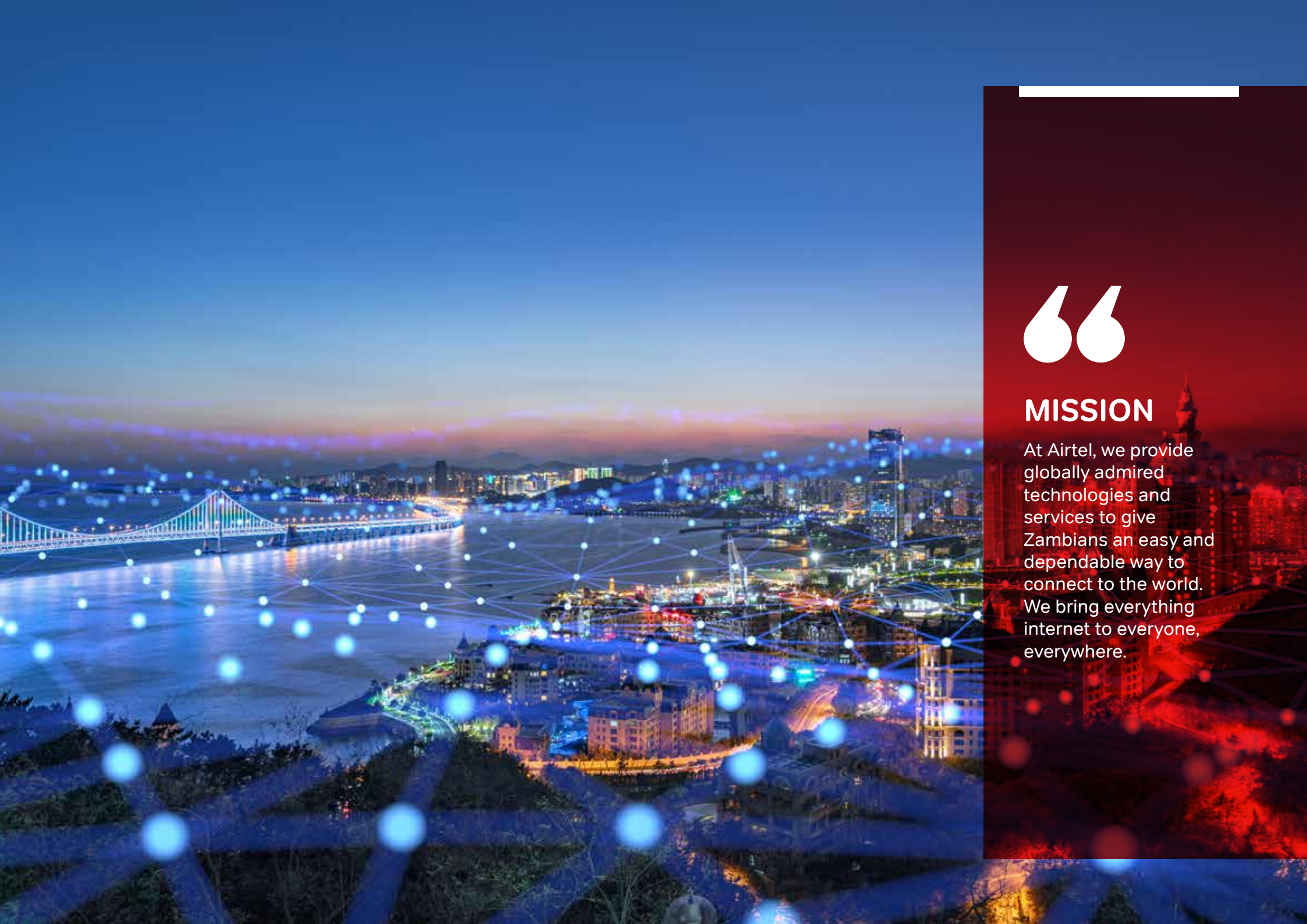
Notes to The Financial Statements  
**38**

AGM agenda, minutes and register  
**65**



## WHO WE ARE

Airtel Africa is a leading provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa. Airtel Africa offers an integrated suite of telecommunications solutions to its subscribers, including mobile voice and data services as well as mobile money services both nationally and internationally. The Group aims to continue providing a simple and intuitive customer experience through streamlined customer journeys.



## MISSION

At Airtel, we provide globally admired technologies and services to give  
Zambians an easy and dependable way to connect to the world.  
We bring everything internet to everyone, everywhere.





## VISION

Connected people  
are inspired people.  
In connecting Zambians  
to each other, we are  
empowering them to  
create opportunities,  
dream big and live well.

# OUR JOURNEY

## 01

The Zambia Information and Communications Technology Authority (ZICTA) with support from Airtel Networks Zambia Plc selected the top three (03) innovators from the ICT Innovation program and awarded financial grants towards the commercialization and scale-up of the three projects.

## 02

Absa Life Zambia Ltd partnered with Airtel Money to launch the first ever family digital Insurance in Zambia. The Umoyo Family Plan product will be distributed through a digital channel with Airtel as the distributor, using the USSD code \*115# to sell the product to Airtel subscribers. It is a Micro-insurance Funeral Plan which provides death cover for costs associated with a funeral of the policyholder (main member), spouse and children.

## 03

Infratel Corporation Limited and Airtel signed a long-term tower colocation agreement that now allows Airtel to lease multiple installation ready towers across the ten provinces. The Memorandum of Understanding (MOU) is anchored on shared values such as the promotion of use of Green Energy at tower sites and reduced environmental impact of tower structures.

## 04

Airtel launched the Airtel Money Mastercard virtual payment solution in Zambia, that allows all Airtel customers in the country, even those without a bank account, to make global e-commerce payments safely and securely, underpinned by a growing demand for digital payments.

## 05

Airtel opened six (6) new retail outlets in four provinces bringing the total number of stores to 41 across all ten provinces. The new stores are located in the Copperbelt, Northern, Lusaka and Eastern Provinces namely in Nakonde, Matero, Chingola, Kitwe, Chongwe and Petauke towns.

## 06

The Airtel Business portfolio which is a strategic business unit specifically created to support and advise the businesses on their digital connectivity solutions was launched in June. The portfolio will help local businesses, from large corporate organisations to small and medium enterprises and start-ups, to take control of their digital transformation journeys. It will also collaborate with local enterprises to offer and deliver reliable and bespoke solutions for business mobility and fixed connectivity solutions, through Airtel Zambia's robust infrastructure, 100% 4G network and technical expertise.

# 07

The Company achieved the International Standardization for Organization (ISO) for Information Security Management System - ISO/IEC 27001:2013, and the Business Continuity Management System - ISO 22301:2019. These certifications highlighted the Company's continued dedication to improve customer experience and confidence while enhancing business processes and quality control.

# 10

The Company received two awards and three certificates of excellence from the Chartered Institute of Customer Management Zambia (CICM) for providing exceptional customer service. Airtel was presented the Digital Customer Experience award and the Customer's Choice Award (Best in Class – ICT (Information Communication Technology) and Telecoms). The certificates of excellence were for Customer Service Strategic Leader of the Year, Customer Team Leader/Supervisor of the Year and Customer Service Personality of the Year.

# 08

With a rise in Covid 19 cases, Airtel staff in Kitwe and Ndola joined the Copperbelt Health Provincial Office to distribute flyers about COVID 19 as well as speak to Bus Operators and Marketeers on the need to observe the 5 golden rules. The Company printed over 10,000 informational flyers about Covid 19 with over 100 bus drivers and marketeers being vaccinated.

# 11

The Company handed over 53 Routers to the Centre for Infectious Disease Research in Zambia (CIDRZ) through the USAID Tuberculosis Local Organization Network (TBLON) project for distribution to 53 diagnostic centers. The Routers will help enhance screening and testing for the disease by strengthening data management and patient monitoring.

# 09

In a first of its kind, Airtel signed a partnership agreement with Smart Zambia Institute (SZI) in an initiative dubbed the Kazi-Power Girls in ICT Program aimed at providing digital skills training to schoolgirls in the country and to encourage them to pursue careers in Science, Technology, Engineering and Mathematics (STEM).

# 12

The "12 Days of Christmas giving" was launched in December with activities being done over the 12 days leading up to Christmas. Kicking off on 14th December, staff from 12 towns across the country supported deserving causes in their area of operation with an assortment of goods ranging from toys, exercise books, Mealie Meal and other household items.

# BOARD OF DIRECTORS



## MONICA KATEBE MUSONDA

Board Chairperson

### Qualifications

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

### Experience

Katebe Monica Musonda 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 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 Southern Africa committed to providing high quality and nutritious food from local products at affordable prices.

### External appointments

Monica currently serves as Chairperson on the Boards of Airtel Networks Zambia Plc and Zambian Breweries. She also serves as non-executive director on the Boards of Zambeef Plc, Dangote Industries Zambia Limited and Arcelor Mittal South Africa Plc. 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.



## APOORVA MEHROTRA

Managing Director

### Qualifications

He holds a Masters' Degree in Management Studies (Marketing) and a Bachelor's Degree in Psychology.

### Experience

Apoorva Mehrotra was appointed Managing Director for Airtel Networks Zambia Plc on 1st March 2018. He joined Airtel Zambia as Chief Commercial Officer in April 2017. He has over 26 years' experience in Operations, Sales and Marketing across the telecom industry as well as in the consumer durables and FMCG sectors.

### External appointments

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.



## JAIDEEP PAUL

Board Member

### Qualifications

Mr Jaideep Paul 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 32 years across various industries, with over 18 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 serves on the boards of Airtel Nigeria and Airtel Tanzania. He is also Director of several entities under the BAIN and Airtel Mobile Commerce umbrellas.

## IAN FERRAO

Board Member

### Qualifications

Ian holds a First Class Honours Degree in BSc Management Sciences from the Warwick Business School.

### Experience

Ian has spent 13 years leading Telecom organizations in Africa, both as an entrepreneur and a corporate CEO.

Ian has behind him a track record for delivering turnaround and acceleration stories in all the Companies that he has led, with a strong understanding of Mobile Money and GSM growth drivers.

Ian is the Regional Director for the East Africa Region (Kenya, Uganda, Tanzania, Malawi, Zambia and Rwanda). He is part of the Africa Executive Committee and is accountable for the profitable growth of the Airtel East Africa businesses.

### External appointment

Before joining Airtel Ian's previous positions include CEO at Vodacom Tanzania PLC, CEO at Vodacom Lesotho, Chief Commercial Officer at Vodacom Business Africa and Commercial Director at AfriConnect Zambia.

## ROGANY RAMIAH

Board Member

### Qualifications

Rogany holds a degree in Psychology from the University of Witwatersrand and attended the Harvard University Division of Continuing Education.

### Experience

Rogany is a seasoned Senior Human Resources Executive, with more than 22 years of experience in the retail, media and consulting sectors, as well as 8 years as an Executive Board Director, whose global experience includes USA, Canada, U.K, China, India, Japan & Africa. She is viewed as a trusted business advisor who has provided strategic advice, and end to end functional support to CEO's, in countries' C-suite and Human Resources leaders to increase organizational performance, through talent management, performance and rewards, as well as developmental initiatives across multiple International markets. Having operated in two retail formats, under the MassMart/Walmart umbrella in 13 African countries, she developed and reinforced leadership acceleration across the businesses, and a customer centric culture both internally and externally. She was instrumental in creating harmonious relations with the unions, developed the Workforce Management Strategy. She led the crafting of various re-engineering processes and alignment of people costs to the business models. Rogany steered accelerated talent bench strength, and ensured the efficient delivery of high potential development programs, instituted a talent assessment center and introduced competencies and standards of excellence to drive a high performance culture. Rogany was a member of the Walmart International Women's Council and played a key role in delivering Gender and Diversity goals.

### External appointments

Before joining Airtel she held Senior executive roles at Massmart/Walmart International (Canada, UK, China, Japan and India), and Independent newspapers.



# CORPORATE GOVERNANCE IN THE TIME OF THE COVID 19 PANDEMIC

COVID – 19 (popularly known as the coronavirus) first broke out in Wuhan, China in December 2019. The virus rapidly spread to other parts of the world and was declared a pandemic by the World Health Organisation (WHO) on 11 March 2020. Fast-forward to 2021, the pandemic is still wreaking havoc the world over.

The challenges posed by the COVID-19 pandemic and consequential restrictions in the manner of conducting business has prompted the need for organisations to consider new approaches to corporate governance processes and dynamics. It is no longer business as usual and the various governance structures and role-players have had no choice but to re-align the governance ecosystem to current demands.

The primary role of the Board is to define the organisational purpose and set the strategy in order to deliver on the corporate mandate. Central to fulfilling the mandate, the Directors are charged with acting in the best interest of the company. Therefore, while the role of the Board is to govern, the role of management is to manage. The outbreak of COVID-19 has presented Boards with major challenges in so far as executing their strategic oversight functions are concerned. As in any crisis situation, the environment is so dynamic such that the Board needs to lead from the front by exercising clear, decisive and ethical leadership. In fact, it is during situations like the COVID-19 pandemic that Boards are put to their biggest leadership test.

The evolution of the crisis calls for renewed governance workings since the conditions are no longer conducive for the pre-crisis board practices. The Board should continue focusing on high level strategic issues, but should be flexible enough to align its work routine with the governance demands of the crisis. This can mean an increased frequency of meetings, change in the agendas and realignment of focus. The Board should render required support and direction to management, while retaining objective oversight. It is therefore incumbent upon the Board to exercise the required leadership during the crisis by being agile, flexible, responsive and calculated, and most importantly be able to exercise sound and ethical judgement.

In this context, Boards should take the opportunity now to assess their own composition and capacity to deliver urgent, high-quality leadership with the current Covid 19 crisis. Equally, effective and quick implementable succession planning is a governance imperative at a time when key directors and executives may become suddenly incapacitated.



During the different stages of the pandemic, gatherings have continued to be restricted to a limited number of people. This means that Boards have not been in a position to conduct face-to-face meetings, which meant that boards needed to consider virtual meetings. Luckily for Airtel Zambia, our constitution and Companies Act allows the holding of virtual meetings and therefore this hurdle was easily navigated.

The AGM is clearly an essential part of companies' engagement with their shareholders. In addition to the passing of necessary resolutions, it is also an occasion for the exchange of divergent views.

COVID – 19 has presented unprecedented challenges to all the actors in the corporate governance value chain. It is no longer business as usual since every aspect of governance ought to be adjusted to the new normal. It is therefore necessary for the key role players in governance to acknowledge that the new era will require boards to reposition their frameworks to remain relevant. What remains certain, however, is the fact that any crisis will pass and COVID – 19 will not be any different. Those entities will turn the adverse effects and learnings of the crisis into positives that will stand the test of time.

Notwithstanding the pandemic, Airtel Networks Zambia Plc ensured 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 remained 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 their Board meetings scheduled for the period January 2021 to December 2021 with the attendance of the Board of Directors as below.

|    | NAME                  | TITLE       | COMMITTEE MEMBERSHIP      |
|----|-----------------------|-------------|---------------------------|
| 1. | Katebe Monica Musonda | Chairperson | REMCO                     |
| 2. | Ian Ferrao            | Member      | None                      |
| 3. | Jito Kayumba          | Member      | REMCO and Audit Committee |
| 4. | Jaideep Paul          | Member      | Audit Committee           |
| 5. | Rogany Ramiah         | Member      | REMCO                     |

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

## Board meeting attendance for 2021

|    | NAME OF DIRECTOR     | 16 FEBRUARY 2021 | 27 MAY 2021 | 20 AUGUST 2021 | 26 NOVEMBER 2021 |
|----|----------------------|------------------|-------------|----------------|------------------|
| 1. | Ms. Monica Musonda   | √                | √           | √              | √                |
| 2. | Mr. Ian Ferrao       | √                | √           | √              | √                |
| 3. | Mr. Jito Kayumba     | √                | √           | √              | √                |
| 4. | Mr. Apoorva Mehrotra | √                | √           | √              | √                |
| 5. | Mr. Jaideep Paul     | Proxy            | Proxy       | Proxy          | √                |
| 6. | Mrs. Rogany Ramiah   | √                | √           | √              | √                |

|    | NAME OF DIRECTOR | 16 FEBRUARY 2021 | 27 MAY 2021 | 20 AUGUST 2021 | 26 NOVEMBER 2021 |
|----|------------------|------------------|-------------|----------------|------------------|
| 1. | Mr. Jito Kayumba | √                | √           | √              | √                |
| 2. | Mr. Jaideep Paul | Proxy            | Proxy       | √              | √                |

## Remuneration nomination committee meeting attendance (remco) for 2021

|    | NAME OF DIRECTOR   | 16 FEBRUARY 2021 | 9 DECEMBER 2021 |
|----|--------------------|------------------|-----------------|
| 1. | Ms. Monica Musonda | √                | √               |
| 2. | Mr. Jito Kayumba   | √                | Resigned        |
| 3. | Ms. Rogany Ramiah  | √                | √               |

# AIRTEL PRODUCTS & SERVICES





## 40% PAYG RATE REDUCTION

In order to drive affordability and increase access to communication for the Zambian community, Airtel reduced the Voice Pay As You Go calling rate by 40%, from K1 per minute to 60 ngwee per minute. This meant that Airtel customers could call anyone at a very affordable rate of One Ngwee per second. We realized that with the onset of the COVID 19 pandemic, many citizens continued to face economic challenges therefore it became imperative to make communication costs easier. We shall continue to support the Zambian Government's effort to ensure that all Zambians have access to digital connectivity.

## MY AIRTEL APP FEATURE ENHANCEMENT

Airtel Zambia has continued to push for digitalization of its products due to the increased threat of Covid-19 among Zambia communities to reduce the contact points. We enhanced the MyAirtel App by

adding a lot of new features to enable customers access products digitally. Other new features include:

- **My favorites** - The feature allows customer to save their frequently used numbers and transactions including paybills, sending and receiving money, buying airtime and bundles and merchant payments;
- **Sim registration**, a feature which allows customer to update their Know Your Customer (KYC) details digitally;
- **Home Broad Band product access** - enables customers to buy bundles for their Pocket Wifi (Mifi) and Smartbox (Routers);
- **Help & Support** - a feature that allows customers to access quick support; and
- **Siliza Loans**, which allows customers to borrow Airtime.

# AIRTEL BUSINESS





## 1. AIRTEL BUSINESS REBRANDING

Enterprise Business was rebranded to Airtel Business in June 2021. The objective was to reposition Airtel Business as a brand for providing a comprehensive suite of ICT and digital solutions. With the rebranding to Airtel business, Corporate customers can now benefit from a range of localized expert solutions to support their growth ambitions and stay ahead of competition.

## 2. NEW HOME BROADBAND SOLUTIONS

In order to heed to Airtel Zambia's quest to support work from home and home schooling during the outbreak of the Covid-19 pandemic, we redesigned the Home broadband offering to ensure that customers are able to get 50% extra data volume for every bundle they purchase for the first 60 days of using the Mifi or Router.

For Corporate Enterprise customers, an Enterprise broadband product was launched as a work from home solution. By subscribing to a prescribed bundle for 24 months, Airtel was providing a free router

breaking the device barrier. Corporate institutions where able to leverage on this product to enabled their employees work seamlessly and this increased worker's productivity.

## 3. AIRTEL FIBRE

Airtel Business launched Airtel Fibre to Office which is the technology that provides customers with a fully-dedicated optic fiber to connect their offices and provides uninterrupted high speed bandwidth that enable smooth operations for critical business applications. Customers can select connection speed from 1Mbps to 1Gbps depending on their bandwidth requirements.

Using this network, Airtel was able to provide a myriad of cost effective products and services for enterprise customers which include Metro Ethernet Service, MPLS, Dedicated Internet Access, Fixed SIP/E1 Voice, International Private Leased lines and Software Defined Wide Area Network (SD-WAN).

All service delivery for these products were managed and governed through the adoption of a rigid service level agreement which in turn was linked to Key Performance Indicators.

By partnering with leading carriers and technology vendors around the world, Airtel Business is now the preferred network provider for end to end telecommunication solution provider.

## 4. AIRTEL WHOLESALE BANDWIDTH

Airtel built a 100G national backbone fibre connecting the four major border towns in Zambia, that is, Kazungula, Kariba, Kasumbalesa and Mwami. The fibre network has been carefully laid to form multiple self-healing rings creating redundancy resulting in improved service availability and guaranteed uptime. The national fibre positioned Airtel Business to provide wholesale capacity and IP transit capacity for Enterprise customers and international ISP carriers requiring wholesale bandwidth within Zambia and transiting to other neighboring countries.

# CHAIRPERSON'S REVIEW

## THE YEAR IN REVIEW

It is my distinguished honour to report on the results of Airtel Networks Zambia Plc (Airtel) for the Financial Year ended 31<sup>st</sup> December 2021.

In the Year 2021 the world continued to experience disruptions from the COVID Pandemic as new variants ravaged humanity across the globe. Governments in collaboration with pharmaceutical companies accelerated the roll out of vaccines and vaccinations across the globe and gained momentum including in our operating environment, Zambia. Lockdowns were eased, howbeit on and off with intermittent travel restrictions as new variants sprung up. With this background, supply chains continued to be disrupted and related costs continued to increase hence increasing the cost of doing business and delays in the deployment of some projects. It is gratifying to note that in Zambia, our government did not order total shutdown of the economy due to COVID, but Corporates and Airtel in particular, continued to implement safety in the work place by providing relevant tools and technology for employees to work remotely without compromising the quality of service we offer to our customers.

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 started to recover as the Kwacha appreciated by 21.4% as at 31 December 2021 compared to 31 December 2020, trading at K16.65/\$1 compared to K21.19/\$1 in prior year. Inflation dropped to 16.4% in December 2021 from 19.2% in December 2020 mainly due to appreciation of the Kwacha in the second half of the 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 were held in the year ending 31st December, 2021.



## CORPORATE SOCIAL RESPONSIBILITY

Airtel Africa adopted a new Sustainability Policy to focus on the Education and Environmental pillars with an emphasis on seeing the up scaling of ICT in schools by helping to digitize the education space as also alluded to in the Vision 2030 Policy. In the year, Airtel embarked on a partnership with the Smart Zambia to provide digital skills training schoolgirls in the country and to encourage them to pursue careers in Science, Technology, Engineering and Mathematics (STEM).

Under the program, 150 girls selected from three provinces in Zambia underwent digital skills training. Airtel provided support through connectivity for the sessions by providing routers and data for the duration of the project as well as provided mentors for the schoolgirls, drawn from across the business, in addition to offering job shadowing opportunities after each training. The partnership was part of the Digital Transformation Centres (DTC) initiative launched by the International Telecommunication Union (ITU), the UN's specialized agency for ICT, digital communications and technology firm, CISCO and the National Institute for Public Administration (NIPA).

As the Covid pandemic continued affecting businesses and stretching the health sector, Airtel continued the COVID support to different entities and donated Phones to the Levy Mwanawasa Teaching Hospital loaded with talk-time loaded every month. The phones are being used at the front desk. The Company also donated sanitizers and masks to the Ministry of Transport and Communication. Airtel staff in Kitwe and Ndola joined the Copperbelt Health Provincial Office to distribute flyers about COVID 19 as well as speak to Bus Operators and Marketeers on the need to observe the 5 golden rules. The Company printed over 10,000 informational flyers about Covid 19 with over 100 bus drivers and marketeers being vaccinated.

The Company also handed over 53 routers to the Centre for Infectious Disease Research in Zambia (CIDRZ) through the USAID Tuberculosis Local Organization Network (TBLON) project for distribution to 53 diagnostic centers to help enhance screening and testing for the disease by strengthening data management and patient monitoring.

The "12 Days of Christmas giving" was launched in December with activities being done over 12 days leading to Christmas in 12 towns across the Country. Staff from 12 towns across the country supported deserving causes in their area of operation with an assortment of goods ranging from toys, exercise books, Mealie meal and other household items.

## LOOKING FORWARD

While 2021 was a challenging year, 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 despite such a challenging year persevered to ensure that business operations remained seemingly unaffected by the

pandemic and put the customer first to ensure that Airtel continued to deliver world class service. You are the true heroes and on behalf of my fellow Directors, we salute you!

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



Monica Musonda  
CHAIRPERSON

# MANAGING DIRECTOR'S REPORT

## OUR DEAR SHAREHOLDERS,

In 2021, Airtel Networks Zambia Plc ("Airtel") continued to deliver strong business performance despite the emerging variants of the COVID-19 virus that continued to disrupt Economic activity. Competitor intensity heightened in the market as operators emerged with aggressively priced products and services. Despite this heightened competition, Airtel strengthened revenue market share leadership. We owe this stellar performance to our highly innovative and dedicated employees.

According to the Monetary Policy Committee of the Bank Of Zambia, for 2021, the economy was projected to rebound, growing by 3.3 percent on the back of strong performance in the agriculture, information and communication, as well as wholesale and retail trade sectors. Further, in 2021 the recovery in International demand for Copper and copper prices were positive developments, while disruptions due to COVID-19 continued to abate as the 4th wave (OMICRON ) set in. Inflation increased from 19.2% at end of December 2020 to a peak of 24.6% in June 2021 before declining to an estimated 16.4% at 31 December 2021. The Kwacha, which had been on a depreciating trend, weakening by 7% in the year to June 2021, appreciated by 36% between 1 July and 31 December 2021.

## INDUSTRY UPDATE

The competitive landscape for mobile telecommunication has continued being aggressive and Airtel Zambia remained resolute to continue delivering value to our customers. We focused on ensuring that customers had great experience by expanding our network infrastructure as we launched additional sites and increased our spectrum holding after successfully bidding for L800 Spectrum. This was supported by efforts that ensured that all customers with 4G devices upgraded their 3G SIM cards to 4G.

We continued to focus on driving affordability to help meet the needs and aspirations of the Zambian population amid the many challenges faced by the customer living through the second year of the Covid-19 pandemic. In view of this, we positioned our products pricing to ensure that our customers obtained maximum value.

To further strengthen our affordability positioning, Airtel slashed its Voice pay as you go tariff by 40% to only 1 ngwee per second across All Networks under a campaign dubbed "Ka Ngwee Kesu" (Our Little Ngwee). This was done to celebrate our smallest denomination of currency – The Ngwee. Airtel Zambia continues to strive to make connectivity simpler and cheaper for all citizens and ensure that there is a product for everyone at an affordable price .



Airtel Zambia positions Data as the main driver to ensure that Zambians are connected through Information Communications and Technologies (ICT). It is in this vein that we continue to position our data bundles to be competitive and affordable. In the pursuit of being customer centric and driving data adoption among the Zambians, we continued positioning Tonsure Data bundle as our main proposition. This has enabled customers to connect seamlessly as they continue to “#makethatconnection” possible. Airtel Zambia enabled the campaign #makethatconnection possible through its 100% 4G coverage which has been backed up by increased Network capacity with additional spectrum and sites.

## FINANCIAL OVERVIEW

### CUSTOMERS

As at 31 December 2021, total customers were 8.0mn (6.7mn in 2020) out of which 5.0mn (4.1mn in 2020) were Data customers ( 63% of total customers ).

### REVENUE AND COST

In the year under review, Airtel recorded strong revenue growth despite the impact of the COVID-19 Pandemic and the escalating economic challenges in the country. We achieved gross revenue of K3,580mn representing a growth of 37.8% compared to K2,598mn achieved in 2020.

Data revenue grew by 47.5% in the year under review, at K1,316mn compared to K892mn in 2020. The growth in Data revenue was mainly due to 52.5% growth in traffic on the back of 20.4% growth in customers who have used data in the period under review.

Voice revenue grew by 36.2% in the year under review, to K1,903mn from K1,398mn in 2020. Total Minutes of Use (MOU) increased by 42.5% in 2021 compared to traffic generated in 2020.

Inflation reduced to 16.4% in December 2021 in comparison to 19.2% seen in December 2020. Management has continued to implement War On Waste initiatives as part of our strategy to manage costs.

### PROFIT MARGIN

Operating profits increased by 74.4% 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 520.8% due to a reversal of exchange losses suffered in prior year of ~ K768 million as the closing Kwacha rate at 31 December 2021 appreciated by 21.4% to K16.65/\$1 from K21.19 at 31 December 2020 (mainly unrealized on foreign currency denominated borrowings and Lease Liabilities). The Kwacha remains volatile and, therefore, management maintains various hedging structures to mitigate the impact of any depreciation of the local currency

The finance charges increased to K222mn compared to K213mn in the prior year. As at 31 December 2021, Management has converted the USD denominated Term Loan Balance (\$18.75mn) that was outstanding, into a Local Currency facility to mitigate the impact of any depreciation of the Local Currency.

The company reported a Profit After Tax (PAT) of K693mn from a loss of K340mn in prior year. This was mainly a result strong revenue performance, operating efficiencies and impact of appreciation of the Local Currency against USD on exchange gains and losses. Management is also pleased to report positive net cash generated from operations of K1,275mn for the year ended 31 December 2021 while the same was K1,426mn for the year ended 31 December 2020.

### CAPITAL EXPENDITURE

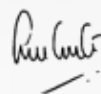
Despite the tough economic times induced by the COVID pandemic, we have experienced significant growth as noted in our results. We have also continued to execute our Network and Distribution Expansion plans to drive continued strong growth and, in the year under review we invested K556mn compared to K615mn in the prior year.

### CHANGES TO SENIOR MANAGEMENT

In the year under review we welcome Samir Waman as Chief Financial Officer, who replaced Mukesh Singla who was reassigned within the Airtel Africa Group.

### 2022 OUTLOOK

Airtel Zambia has created a strong base for the provision of services to its customers through a robust platform which enables customers access the products and services. With 100% 4G coverage, we continue to drive 4G devices penetration through Smartphone, Mifi & Router to ensure quality service delivery and improve customer experience to grow their usage. We continue to improve product accessibility for our customer through our digital platform as we offer the Airtel Self-care App on which we have integrated multiple products to make it a one stop shop for our customers. Airtel Zambia will continue to work with government and all business entities in supporting the attainment of the set goals and enabling the citizens to access government e-services by provision of connectivity. Airtel Zambia Management team remain resolute to deliver quality services to its customers and improve the shareholders' value while growing the company's participation in its community as a corporate citizen.



Apoorva Mehrotra  
MANAGING DIRECTOR



# PROFILES OF EXECUTIVE COMMITTEE

## APOORVA MEHROTRA

Managing Director

Apoorva Mehrotra was appointed Managing Director for Airtel Networks Zambia Plc on 1st March 2018. He joined Airtel Zambia as Chief Commercial Officer in April 2017.

He has over 26 years' experience in Operations, Sales and Marketing across the telecom industry as well as in the consumer durables and FMCG sectors. 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. He holds a Masters' Degree in Management Studies (Marketing) and a Bachelor's Degree in Psychology.



## ANDREW CHUMA

Sales and Distribution Director

Andrew has a rich experience in the Fast Moving Consumer Goods and Telecommunications Industry. He is a resourceful leader with the ability to drive overall sales targets.

Andrew was with Airtel Africa where he held the position of Sales Operations Head before joining the Zambian team in 2019. Andrew holds a Degree in Business Information Technology.



## BWEMBYA BARBARA CHIKONDE

Human Resource Director

Bwembya has been with Airtel Zambia for 17 years and has over 16 years Human Resource and Administration generalist experience having worked in various portfolios in Airtel. She has also served as the Talent and Development Senior Manager at Airtel Africa Head Office in Nairobi, where she was responsible for implementing and rolling out successful HR interventions across the then 17 Airtel Africa Operations. Bwembya has a wealth of experience and expertise in change management, HR operations and analytics, organization design and behavior, Industrial Relations, Total Rewards, global mobility management, Business Partnering, Business transformation, employee championing and International HR best practices exposure having worked in East and Southern Africa.

She is a certified Hay job evaluator. She holds a Bachelor's degree in Mass Communication and Public Administration and a Post graduate Diploma in Human Resource and is a holder of a Master's in Sustainable Business and Responsible leadership. She is currently pursuing her Masters of Science in Human Resource and Psychology. She is a Swedish Institute management Alumni.



## HUSSAM BADAY

Chief Commercial Officer

Hussam is a Master of Business Administration and BSc holder in Electronics and Communications Engineering. Prior to his appointment as Chief Commercial Officer, he worked as Airtel Zambia's Marketing Director since 2018. Before that he was Chief Marketing Officer at Sudatel Telecom Group (STG).

STG is a leading telecom service provider serving customers in Sudan and West Africa. Hussam has a rich background in successful marketing strategies, business development, and proper execution that turned around commercial performance.

He also serves as an advisory board member at CMO- council Africa and holds a Professional Diploma in marketing from The Chartered Institute of Marketing (UK).



## KAPA KAUMBA

Customer Experience Director

Kapa who has over 20 years' experience as a customer experience and contact centre expert joined Airtel Zambia in June 2020. In addition to her current role as Customer Experience Director, Kapa has a vast career in the Pay TV sector where her roles included country and commercial general Manager for Econet Media. Prior to this she consulted for several companies. She also had a dynamic career with MultiChoice South Africa and MultiChoice Nigeria where she managed the customer service operations as General Manager.

She holds a Bachelor of Arts Degree in Public Administration and Economics from the University of Zambia, a Global Executive Development Program certification from Gordon Institute of Business science, South Africa and a Management Advancement Certification from the University of Witwatersrand, South Africa.



## LINDIWE BANDA

Enterprise Business Director

Lindiwe has telecoms work experience spanning over 14 years with specialization in driving growth through the Enterprise sector.

She joined Airtel Zambia in December 2020 with a history in both traditional Internet Service Provider as well as Mobile Network Operator. Her most recent role before joining Airtel was with MTN Zambia.





**MARTIN JOWI**  
Supply Chain Management Director

Martin has been the Supply Chain Director since 2017 when he joined Airtel Zambia from Airtel Ghana where he served in the same capacity. He has a wealth of experience from his previous roles in Supply Chain at MNCs like GlaxoSmithKline Kenya, Essar Telecoms and Magadi Soda. He is responsible for ensuring efficiency and effectiveness of the supply chain process in responding to operational and capital needs.

Martin holds a Degree in Commerce from the University of Nairobi and an MBA from the United States International University Nairobi. He also holds a Graduate Diploma from the Chartered Institute of Purchasing & Supply-UK and is a certified Lean Sigma Green Belt



**RAJAN JOSHI**  
Networks Director

With over 30 years of experience in the telecommunication industry, Rajan joined Airtel Zambia in 2019. His exposure spans across planning, operations and deployment domains in Africa and India. He was formerly with Vodafone (India) where he held the position of Chief Technical Officer for six years.

Other positions held during his time with Vodafone are, General Manager – Transmission Projects & Operations and Head – Transmission. He holds a degree in Electronic and Telecommunication from College of Engineering Pune (COEP) University of Pune (India).



**SANJOY GHOSH**  
Information Technology Director

Sanjoy has 26 years of work experience and 20 years in the telecommunications industry alone. As a team member of Airtel India, he worked under various portfolios which included Enterprise Customer service delivery head as well as Head of OSS /BSS Projects. In Tata DoCoMo he worked as Head of CSD-enterprise business.

Sanjoy moved to Airtel Malawi as IT Director in 2015 & worked there for 2 years before moving to Zambia in 2017. He completed his engineering from Kolkata and is a Certified Prince II in program management and recently attained a Master's in Business Administration from the UK.



**SAMIR WAMAN**  
Finance Director

Samir joined Airtel as Finance Director in December 2021. He is a part of the Airtel Zambia Executive Committee. Samir brings with him a wealth of knowledge from his last role as Africa Airtel Money Finance Director where he was responsible for driving profitable growth for Airtel Money across Airtel Africa Operations.

He was also instrumental in leading the investments from partners such as TPG, MasterCard and Qatar Investments for Airtel Money. He started his career in 2000 and has worked with Airtel India, Vodafone, Ernst & Young and Pidilite Industries before joining Airtel Africa in 2018. Samir is a qualified Chartered Accountant with a Bachelor in Commerce Degree from Mumbai University.



**SUZYO NDOZI AKATAMA**  
Legal And Regulatory Director

Suzyo has over 17 years' experience as a lawyer having worked in various capacities before joining Airtel Zambia in June 2019. In addition to her current role as Director Legal and Regulatory Affairs, she is also serving as a Trustee on the Board of the Airtel Pension Fund.

Her immediate past role was that of Country Counsel and Company Secretary for Citibank Zambia Limited. Suzyo holds a Bachelor Degree in Law from the University of Zambia and Masters in Law – Banking and Finance from the University of London International Programmes

# DIRECTORS' REPORT

for the year ended 31 December 2021

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 2021.

## 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 did not pay any dividends during the year. Further Directors do not propose a final dividend for the year ended 31 December 2021 (2020: Nil).

## RESULTS

"The profit for the year ended 31 December 2021 amounted to K693.293 million (2020: Loss K340.558 million) and the operating profit for the year ended 31 December 2021 amounted to K1,253.647 million (2020: K718.945 million).

The Company continues to accelerate its revenue growth momentum with a 37.8% 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") has allotted 10Mhz radio spectrum in the 800Mhz frequency band at a cost of USD12.5 million on 18 January 2021. As of 31 December 2021, the Company paid the license fees in full.

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.

## 1. 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 | Appointed on 1 March 2018       |
| Jito Kayumba (Non-ED)      | Board Member      | Resigned on 26 November 2021    |
| Jaideep Paul (Non-ED)      | Board Member      | Appointed on 2 November 2016    |
| Ian Ferrao (Non-ED)        | Board Member      | Appointed on 23 September 2019  |
| Rogany Ramiah (Non-ED)     | Board Member      | Appointed on 16 July 2019       |
| Lynda Mataka (Non-ED)      | Board Member      | Appointed on 16 February 2022   |

## 2. NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to K231.203 million (2020: K203.403 million). The average number of employees for each month of the year was as follows:

| MONTH     | 2021 | 2020 |
|-----------|------|------|
| January   | 199  | 206  |
| February  | 198  | 205  |
| March     | 196  | 201  |
| April     | 198  | 201  |
| May       | 196  | 203  |
| June      | 195  | 205  |
| July      | 192  | 202  |
| August    | 190  | 203  |
| September | 187  | 199  |
| October   | 184  | 197  |
| November  | 200  | 195  |
| December  | 201  | 196  |

## 1. 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.

## 2. COVID-19

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.

## 3. GIFTS AND DONATIONS

During the year the Company made donations of K0.053 million. (2020: K5.275 million).

## 4. ROAMING

Roaming revenue is earned from foreign telephone operators when their subscribers utilise the Company's network. The Company accrued roaming revenue amounting to K14.214 million (2020: K11.028 million).

## 5. PROPERTY, PLANT AND EQUIPMENT

The Company purchased property, plant and equipment amounting to K555.698 million (2020: K614.963 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 has made the payment towards the purchase of international bandwidth on indefeasible right of use (IRU) basis amounting to K16.662 million (2020: K33.710 million). The same has been presented as prepayment in the financial statements (note 20).

## 6. 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.

## 7. 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.

By order of the Board.



**Sonia Shamwana-Chinganya**  
Company SECRETARY

**Date: 17 February 2022**  
**LUSAKA**

# STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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 are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The independent external auditor, Messrs Deloitte & Touche, have audited the financial statements and their report is shown on pages 30 to 33.

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 2021;
- 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 2021;

- 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.
- 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.

## APPROVAL OF THE FINANCIAL STATEMENTS

The financial Statements of the Company as indicated above, were approved by the Directors on 17 February 2022 and signed on behalf of the Board by:



K. Monica Musonda  
Chairperson



Apoorva Mehrotra  
Director

# INDEPENDENT AUDITOR'S REPORT

To the members of



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

Tel: +260 21 1 228 677

## 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 34 to 64, which comprise the statement of financial position as at 31 December 2021, 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 2021, 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.

## REVENUE

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key audit matter description | <p>As set out in note 8, revenue of K3.6 billion (2020: K2.6 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).</p> <p>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.</p> |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| How the scope of our audit responded to the key audit matter | <p><b>Our procedures involved:</b></p> <ul style="list-style-type: none"> <li>• Working with our IT specialists to test the IT environment in which the revenue recording systems reside, including interface controls between different IT applications.</li> <li>• 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.</li> <li>• Testing the reconciliation process between the general ledger and revenue recording systems including any manual adjustments posted.</li> <li>• Testing a sample of call record validations to test the accuracy of revenue and the resolution of exceptions.</li> <li>• Sample testing the accuracy of tariff set up in the system.</li> <li>• 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.</li> <li>• Detailed substantive testing of journal entries processes around revenue to ensure these were appropriately authorised, complete and accurate.</li> </ul> |
| 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.

## 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

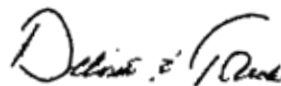
The Companies Act, 2017 requires that in carrying out our audit of Airtel Networks Zambia Plc, we report on whether:

- 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**



**F. NCHIMUNYA (AUD/F000154)**

**PARTNER**

**23<sup>rd</sup> February, 2022**

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| PARTICULARS                                                             | NOTE  | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-------------------------------------------------------------------------|-------|---------------------------|---------------------------|
| <b>Income</b>                                                           |       |                           |                           |
| Revenue                                                                 | 8     | 3,580,387                 | 2,598,305                 |
| Other income                                                            | 9     | 1,513                     | 6,870                     |
|                                                                         |       | 3,581,900                 | 2,605,175                 |
| <b>Expenses</b>                                                         |       |                           |                           |
| Network operating expenses                                              |       | (650,827)                 | (510,839)                 |
| Depreciation and amortisation                                           | 12(b) | (506,572)                 | (417,804)                 |
| Other expenses                                                          | 12(a) | (295,959)                 | (282,457)                 |
| Sales and marketing expenses                                            |       | (355,684)                 | (218,110)                 |
| Employee benefits expenses                                              |       | (231,203)                 | (203,403)                 |
| Access charges                                                          |       | (131,072)                 | (130,626)                 |
| Licence fee/ spectrum usage charges                                     |       | (156,936)                 | (122,991)                 |
|                                                                         |       | (2,328,253)               | (1,886,230)               |
| <b>Operating profit</b>                                                 |       | 1,253,647                 | 718,945                   |
| Finance income                                                          | 11(b) | 86                        | 117                       |
| Net exchange gain/(loss)                                                | 10    | 71,844                    | (768,305)                 |
| Finance cost                                                            | 11(a) | (222,494)                 | (212,922)                 |
| <b>Profit/ (loss) before tax</b>                                        |       | 1,103,083                 | (262,165)                 |
| Income tax expense                                                      | 13    | (409,790)                 | (78,393)                  |
| <b>Profit/(loss) and total comprehensive income/(loss) for the year</b> |       | 693,293                   | (340,558)                 |
| <b>Basic and diluted earnings per share (Kwacha)</b>                    | 14    | 6.67                      | (3.27)                    |

| PARTICULARS                             | NOTE | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------------------|------|---------------------------|---------------------------|
| <b>ASSETS</b>                           |      |                           |                           |
| <b>Non-Current Assets</b>               |      |                           |                           |
| Property, plant and equipment           | 17   | 1,934,899                 | 1,694,522                 |
| Capital work-in-progress                | 17   | 107,448                   | 174,133                   |
| Right-of-use assets                     | 18   | 523,490                   | 635,585                   |
| Intangible assets                       | 19   | 240,124                   | 2,716                     |
| Intangible assets under development     | 19   | -                         | 79,275                    |
| Deferred tax asset                      | 16   | 18,874                    | 126,063                   |
| Other non-current assets                | 20   | 183,225                   | 174,675                   |
| <b>Total non-current assets</b>         |      | <b>3,008,060</b>          | <b>2,886,969</b>          |
| <b>Current assets</b>                   |      |                           |                           |
| Inventories                             | 21   | 4,183                     | 3,776                     |
| Derivative financial instruments        | 36   | -                         | 8,658                     |
| Trade and other receivables             | 22   | 159,911                   | 268,302                   |
| Contract assets                         | 24   | 33,439                    | 23,239                    |
| Cash and cash equivalents               | 25   | 41,507                    | 66,137                    |
| Other current assets                    | 23   | 151,126                   | 159,473                   |
| <b>Total current assets</b>             |      | <b>390,166</b>            | <b>529,585</b>            |
| <b>Total assets</b>                     |      | <b>3,398,226</b>          | <b>3,416,554</b>          |
| <b>EQUITY AND LIABILITIES</b>           |      |                           |                           |
| <b>Equity</b>                           |      |                           |                           |
| Share capital                           | 15   | 1,040                     | 1,040                     |
| Share premium                           | 15   | 24,962                    | 24,962                    |
| Retained earnings/ (accumulated losses) |      | 287,445                   | (405,848)                 |
| <b>Total equity</b>                     |      | <b>313,447</b>            | <b>(379,846)</b>          |
| <b>Non current liabilities</b>          |      |                           |                           |
| Borrowings                              | 29   | 328,698                   | 264,817                   |
| Lease liabilities                       | 32   | 842,734                   | 1,313,275                 |
| Contract Liabilities                    | 28   | 6,558                     | -                         |
| <b>Total non-current liabilities</b>    |      | <b>1,177,990</b>          | <b>1,578,092</b>          |
| <b>Current liabilities</b>              |      |                           |                           |
| Borrowings                              | 29   | 446,560                   | 717,604                   |
| Lease liabilities                       | 32   | 225,331                   | 256,135                   |
| Derivative financial instruments        | 36   | 39,241                    | 3,094                     |
| Trade and other payables                | 26   | 793,764                   | 967,270                   |
| Contract liabilities                    | 28   | 118,221                   | 101,829                   |
| Current tax payable                     | 13   | 159,242                   | 83,935                    |
| Other current liabilities               | 27   | 124,430                   | 88,441                    |
| <b>Total current liabilities</b>        |      | <b>1,906,789</b>          | <b>2,218,308</b>          |
| <b>Total liabilities</b>                |      | <b>3,084,779</b>          | <b>3,796,400</b>          |
| <b>Total equity and liabilities</b>     |      | <b>3,398,226</b>          | <b>3,416,554</b>          |

## STATEMENT OF FINANCIAL POSITION

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 26. The financial statements on pages 34 to 64 were approved for issue by the Board of Directors on 17<sup>th</sup> February 2022 and were signed on its behalf by:

  
Monica Musonda  
Chairperson

  
Apoorva Mehrotra  
Managing Director

## STATEMENT OF CHANGES IN EQUITY

| PARTICULARS                             | NOTES | SHARE CAPITAL<br>K'000 | SHARE PREMIUM<br>K'000 | RETAINED EARNINGS<br>K'000 | TOTAL<br>K'000   |
|-----------------------------------------|-------|------------------------|------------------------|----------------------------|------------------|
| Balance at 1 January 2020               |       | 1,040                  | 24,962                 | (65,290)                   | (39,288)         |
| Total comprehensive loss for the year   |       | -                      | -                      | (340,558)                  | (340,558)        |
| <b>Balance at 31 December 2020</b>      |       | <b>1,040</b>           | <b>24,962</b>          | <b>(405,848)</b>           | <b>(379,846)</b> |
| At 1 January 2021                       |       | 1,040                  | 24,962                 | (405,848)                  | (379,846)        |
| Total comprehensive income for the year |       | -                      | -                      | 693,293                    | 693,293          |
| <b>Balance at 31 December 2021</b>      |       | <b>1,040</b>           | <b>24,962</b>          | <b>287,445</b>             | <b>313,447</b>   |

## STATEMENT OF CASH FLOWS

| PARTICULARS                                                   | NOTE      | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|---------------------------------------------------------------|-----------|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                   |           |                           |                           |
| <b>( Profit/ (loss) before income tax</b>                     |           | <b>1,103,083</b>          | (262,165)                 |
| Adjustments for:                                              |           |                           |                           |
| Finance income                                                | 11        | (86)                      | (117)                     |
| Finance costs                                                 | 11        | 222,494                   | 212,922                   |
| Depreciation and amortisation                                 | 12(b)     | 506,572                   | 417,804                   |
| Impairment loss recognised on trade receivables               | 22        | 3,317                     | 4,812                     |
| Net exchange (gains)/ losses                                  | 10        | (71,844)                  | 768,305                   |
| (Gain)/loss on disposal of property, plant and equipment      | 9         | (84)                      | 446                       |
| Other adjustments (i)                                         |           | (2,313)                   | (5,019)                   |
| <b>Operating cash flows before changes in working capital</b> |           | <b>1,761,139</b>          | 1,136,988                 |
| Changes in working capital:                                   |           |                           |                           |
| Decrease/ (Increase) in trade and other receivables           |           | 140,652                   | (76,208)                  |
| Increase in inventories                                       |           | (407)                     | (397)                     |
| (Decrease)/increase in trade and other payables               |           | (121,598)                 | 489,999                   |
| (Increase)/decrease in other current and non current assets   |           | (10,403)                  | 19,961                    |
| (Decrease)/increase in other liabilities                      |           | (266,858)                 | 27,763                    |
| <b>Net cash generated from operations before tax</b>          |           | <b>1,502,525</b>          | 1,598,106                 |
| Income tax paid (ii)                                          | 13        | (227,294)                 | (172,240)                 |
| <b>Net cash generated from operating activities</b>           |           | <b>1,275,231</b>          | 1,425,866                 |
| <b>Cash flows from investing activities</b>                   |           |                           |                           |
| Purchase of property and equipment                            | 17        | (555,698)                 | (614,963)                 |
| Interest received                                             | 11        | 86                        | 117                       |
| Proceeds from disposal of property and equipment              |           | 40,471                    | 434                       |
| Purchase of intangible assets                                 | 19        | (192,398)                 | (79,275)                  |
| <b>Net cash flows used in investing activities</b>            |           | <b>(707,539)</b>          | (693,687)                 |
| <b>Cash flows from financing activities</b>                   |           |                           |                           |
| Proceeds from borrowings                                      | 29        | 240,000                   | 36,418                    |
| Repayment of borrowings                                       | 29        | (403,494)                 | (384,437)                 |
| Interest paid on borrowings                                   | 11        | (73,377)                  | (59,688)                  |
| Interest paid on lease liabilities                            | 11        | (149,117)                 | (153,234)                 |
| Repayment of lease liabilities                                | 32        | (261,252)                 | (165,390)                 |
| <b>Net cash flows used in financing activities</b>            |           | <b>(647,240)</b>          | (726,331)                 |
| Net increase/ (decrease) in cash and cash equivalents         |           | (79,548)                  | 5,848                     |
| Cash and cash equivalents at beginning of the year            |           | (121,834)                 | (125,380)                 |
| Effects of currency translation on cash and cash equivalents  |           | 1,449                     | (2,302)                   |
| <b>Cash and cash equivalents at end of the year</b>           | <b>25</b> | <b>(199,933)</b>          | <b>(121,834)</b>          |

(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 K1.65 million (2020 : K1.57 million).

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2021

### 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 27 of the Director's report. The financial statements for the year ended 31<sup>st</sup> December 2021 were authorised for issue in accordance with a resolution of the Directors on 17<sup>th</sup> February 2022.

### 2. GOING CONCERN

The Company ended the year 2021 with strong underlying operational performance with revenue growth of 37.8%. On account of appreciation of the Zambian Kwacha against the US Dollar during the year, there was a favourable impact of exchange gains amounting to K71.8 million (2020: loss of K768.3 million) hence the Company recorded a net profit of K693.3 million (2020: loss of K340.56 million). As at 31 December 2021, accumulated profits were K287.45 million (2020: losses of K405.85 million) and the Company was in a net current liability position of K1,516.62 million (2020: K1,688.72 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, 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 2021; 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

Impact of the initial application of Covid-19-Related Rent Concessions beyond 30 June 2021 -Amendment to IFRS 16

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

b Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).

c There is no substantive change to other terms and conditions of the lease.

The Company has not been impacted by the amendment to IFRS 16 (as issued by the IASB in March 2021) in advance of its effective date.

### 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 IFRS 3                                  | Reference to the Conceptual Framework                                             |
|                                                       |                                                                                   |
| Amendments to IAS 16                                  | Property, Plant and Equipment—Proceeds before Intended Use                        |
|                                                       |                                                                                   |
| Amendments to IAS 37                                  | Onerous Contracts—Cost of Fulfilling a Contract                                   |
| Annual Improvements to IFRS Standards 2018-2020 Cycle | IFRS 9 Financial Instruments and IFRS 16 Leases                                   |
|                                                       |                                                                                   |
| Amendments to IAS 1 and IFRS Practice                 | 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.

#### Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if a Company also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

#### Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

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, a Company recognises such sales proceeds and related costs in profit or loss. The Company 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 Company's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

The Company shall recognise 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 the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### **Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract**

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).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise 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 the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### **Annual Improvements to IFRS Standards 2018-2020— IFRS 9 Financial Instruments and IFRS 16 Leases.**

The Annual Improvements include amendments to two 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.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

##### **IFRS 16 Leases**

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

#### **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 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.

### **(b) Basis of preparation**

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies 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 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 Company does not at present, have distinguishable business segments.

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

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values 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, whichever is less. |
| Network equipment              | 3 – 25                                                   |
| Computer equipment             | 3 - 5                                                    |
| Office furniture and equipment | 1 – 5                                                    |

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 and net realisable value. Cost is determined by the First-in First-out method, and includes all expenditure incurred in bringing the inventories to their present value and condition, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

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

Cash and cash equivalents include cash 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). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are 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.

## III. Subsequent measurement - financial liabilities

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

### 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. Retirement benefit obligations

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

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

##### 2. Other entitlements

The estimated liability for employees' accrued gratuity and annual leave entitlement at the reporting date is recognised as an expense accrual.

#### (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 a period of 15 years

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

#### (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) Dividends

Dividends payable to the Company's shareholders are charged to equity in the period in which they are declared.

(t) 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.

(u) 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.

(v) 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. The carrying amount of impaired receivables is set out in Note 22.

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 Note 16.

Determination of residual values and useful lives

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

Contingent liabilities and provisions

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Company. Management in consultation with the legal, tax and other advisers 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 9.84% for USD leases and 17.61% 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.

(c) Income taxes

The Company is subject to income taxes in Zambia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax based on detailed calculations of what tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

## 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 2021 and 31 December 2020.

At 31 December 2021, 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 **K40.802 million** (2020: K92.811 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 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|----------------------------------|---------------------------|---------------------------|
| Cash & cash equivalents (net)    | 7,220                     | 21,338                    |
| Trade and other receivables      | 112,198                   | 177,345                   |
| Trade and other payables         | (129,261)                 | (118,072)                 |
| Lease liabilities                | (806,192)                 | (1,142,384)               |
| Borrowings (note 29)             | -                         | (794,450)                 |
| <b>Total</b>                     | <b>(816,035)</b>          | <b>(1,856,223)</b>        |
| The following US Dollar exchange |                           |                           |
| Average Rate                     | 16.752                    | 18.278                    |
| Closing Rate                     | 16.651                    | 21.185                    |

#### (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.

Company's interest bearing financial liabilities were the overdraft of **K241.440 million** (2020: K187.971 million) and the borrowing of **K533.818 million** at year end (2020: K794.450 million). The Company regularly monitors financing options available to ensure optimum interest rates are obtained. At 31 December 2021, if effective interest rates on borrowings had been 2% higher/lower with all other variables held constant, pre tax profit would have been **K15.505 million** (2020: K19.648 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 2021 is made up as follows:

| PARTICULARS                      | NOTE | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|----------------------------------|------|---------------------------|---------------------------|
| Cash and cash equivalents        | 25   | 41,507                    | 66,137                    |
| Contract Assets                  | 24   | 33,439                    | 23,239                    |
| Amounts due from related parties | 33   | 95,813                    | 230,627                   |
| Trade receivables (net)          | 22   | 64,098                    | 37,675                    |
| <b>Total</b>                     |      | <b>234,857</b>            | <b>357,678</b>            |

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<br>2021<br>K'000 | 31 DECEMBER<br>2021<br>K'000 | 31 DECEMBER<br>2020<br>K'000 | 31 DECEMBER<br>2020<br>K'000 |
|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                   | <b>Gross amount</b>          | <b>Impaired</b>              | Gross amount                 | Impaired                     |
| 30 days           | 11,638                       | -                            | 20,127                       | -                            |
| 60 days           | 49,799                       | -                            | 12,792                       | -                            |
| 90 days and above | 88,963                       | 86,302                       | 87,741                       | 82,985                       |
| <b>Total</b>      | <b>150,400</b>               | <b>86,302</b>                | <b>120,660</b>               | <b>82,985</b>                |

Collateral is held for some of the above assets namely distributors with bank guarantees of K10.170 million, K1.089 million post-paid deposits and nil channel partner deposits as at 31 December 2021 (2020: K9.12 million distributors with bank guarantees, K0.998 million post-paid deposits and K7.405 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.

None of the above assets are either past due or impaired except for the following interconnect, one network, roaming and distributor amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

| PARTICULARS                            | 2021<br>K'000 | 2020<br>K'000 |
|----------------------------------------|---------------|---------------|
| Past due but not impaired:             |               |               |
| by up to 30 days                       | 31,588        | 8,749         |
| by 31 to 90 days                       | 17,018        | 4,385         |
| by 91 days and over                    | 2,661         | 4,141         |
| <b>Total past due but not impaired</b> | <b>51,267</b> | <b>17,275</b> |

#### 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 maintain 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<br>1 YEAR<br>K'000 | BETWEEN<br>1 & 2 YEARS<br>K'000 | BETWEEN<br>2 & 5 YEARS<br>K'000 | OVER<br>5 YEARS<br>K'000 |
|----------------------------|------|------------------------------|---------------------------------|---------------------------------|--------------------------|
| <b>At 31 December 2021</b> |      |                              |                                 |                                 |                          |
| - Trade and other payables | 26   | 793,764                      | -                               | -                               | -                        |
| - Bank overdrafts          | 25   | 241,440                      | -                               | -                               | -                        |
| - Term loans               | 29   | 205,120                      | 328,698                         | -                               | -                        |
| <b>At 31 December 2020</b> |      |                              |                                 |                                 |                          |
| - Trade and other payables | 26   | 967,270                      | -                               | -                               | -                        |
| - Bank overdrafts          | 25   | 187,971                      | -                               | -                               | -                        |
| - Term loans               | 29   | 529,633                      | 264,817                         | -                               | -                        |

## 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 2021 and 31 December 2020 were as follows:

| PARTICULARS                                                       | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-------------------------------------------------------------------|---------------------------|---------------------------|
| Total borrowings (including bank overdraft and lease liabilities) | 1,843,323                 | 2,551,831                 |
| Less: cash and cash equivalents                                   | (41,507)                  | (66,137)                  |
| Net Debt                                                          | 1,801,816                 | 2,485,694                 |
| Total equity                                                      | 313,447                   | (379,846)                 |
| Total capital                                                     | 2,115,263                 | 2,105,848                 |
| Gearing ratio                                                     | 85%                       | 118%                      |

## 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 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------------|---------------------------|---------------------------|
| Airtime revenue              | 1,903,101                 | 1,397,520                 |
| Data revenue                 | 1,315,748                 | 891,983                   |
| Interconnect revenue         | 205,162                   | 192,625                   |
| Other services               | 87,292                    | 77,131                    |
| Short Messaging Services     | 73,563                    | 64,964                    |
| Value added services content | 67,313                    | 55,807                    |
| Roaming revenue              | 14,214                    | 11,028                    |
| Connection revenue           | 16,841                    | 14,757                    |
| Handsets and accessories     | 13,331                    | 10,280                    |
| Trade discount               | (116,178)                 | (117,790)                 |
| Total                        | 3,580,387                 | 2,598,305                 |

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to **K124.779** million at 31 December 2021 and **K101.829** million as at 31 December 2020 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 **K101.829** million (2020: K79.667 million). Transfers from contract assets recognized at the beginning of the period to receivables is **K23.239** million for the year ended 31 December 2021 (2020: K30.445 million).

## 9. OTHER INCOME

| PARTICULARS                                                | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------------------------------------------|---------------------------|---------------------------|
| (Gain/ (loss) on disposal of property, plant and equipment | 84                        | (446)                     |
| Other operating income                                     | 1,429                     | 7,316                     |
| Total                                                      | 1,513                     | 6,870                     |

## 10. NET EXCHANGE GAINS/(LOSSES)

Net exchange gain/(loss) arose on:

| PARTICULARS                              | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------------------------|---------------------------|---------------------------|
| Lease liabilities                        | 256,490                   | (483,235)                 |
| Borrowings and cash and cash equivalents | 98,587                    | (380,547)                 |
| Other balances                           | (283,233)                 | 95,477                    |
| <b>Total</b>                             | <b>71,844</b>             | <b>(768,305)</b>          |

## 11. FINANCE COST AND INCOME

| PARTICULARS                    | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|--------------------------------|---------------------------|---------------------------|
| (a) Finance costs              |                           |                           |
| Interest on lease liability    | 149,117                   | 153,234                   |
| Interest expense on borrowings | 73,377                    | 59,688                    |
| <b>Total</b>                   | <b>222,494</b>            | <b>212,922</b>            |
| (b) Finance income             |                           |                           |
| Interest income on deposits    | (86)                      | (117)                     |

## 12. PROFIT/ (LOSS) BEFORE TAX

Profit/(loss) before tax is stated after debiting:

| PARTICULARS                                      | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|--------------------------------------------------|---------------------------|---------------------------|
| (a) Other expenses                               |                           |                           |
| Content charges                                  | 114,465                   | 62,026                    |
| Management fees                                  | 74,699                    | 70,148                    |
| IT expenses                                      | 52,604                    | 72,314                    |
| Other expenses                                   | 34,811                    | 45,755                    |
| Cost of goods sold                               | 12,534                    | 25,317                    |
| Provision for impairment losses                  | 3,317                     | 4,812                     |
| Auditors' remuneration                           | 3,529                     | 2,085                     |
|                                                  | <b>295,959</b>            | <b>282,457</b>            |
| (b) Depreciation and amortisation                |                           |                           |
| Depreciation on property and equipment (Note 17) | 341,560                   | 289,467                   |
| Depreciation on right-of-use assets (Note 18)    | 130,872                   | 127,875                   |
| Amortisation of intangible assets (Note 19)      | 34,140                    | 462                       |
|                                                  | <b>506,572</b>            | <b>417,804</b>            |

## 13. INCOME TAX EXPENSE

| PARTICULARS                        | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------------------|---------------------------|---------------------------|
| Current income tax                 | 310,303                   | 171,415                   |
| Deferred income tax (Note 16)      | 107,189                   | (97,367)                  |
| Prior year (over)/ under provision | (10,301)                  | 4,345                     |
| Other adjustments*                 | 2,599                     | -                         |
| <b>Income tax expense</b>          | <b>409,790</b>            | <b>78,393</b>             |

\*Other adjustments relates to property transfer tax paid during the year on shares that were transferred from Bharti Airtel International (Netherlands) BV ("BAIN") to Airtel Africa Plc in prior years.

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 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|----------------------------------------------------------|---------------------------|---------------------------|
| Profit/ (loss) before income tax                         | 1,103,083                 | (262,165)                 |
| Tax calculated at the statutory income tax rate of 40%   | 441,233                   | (104,866)                 |
| Tax effect of:                                           |                           |                           |
| Other adjustments                                        | (128,331)                 | 276,281                   |
| Origination and reversal of timing differences (note 16) | 107,189                   | (97,367)                  |
| Prior year (over)/ under provision                       | (10,301)                  | 4,345                     |
| <b>Income tax expense</b>                                | <b>409,790</b>            | <b>78,393</b>             |

#### Income tax payable

Current income tax movement in the statement of financial position:

| PARTICULARS                               | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-------------------------------------------|---------------------------|---------------------------|
| At January                                | 83,935                    | 80,415                    |
| Current income tax charge                 | 310,303                   | 171,415                   |
| Prior year (over)/under provision         | (10,301)                  | 4,345                     |
| WHT recoveries in respect of current year | (1,649)                   | (1,573)                   |
| Payments during the year                  | (225,645)                 | (170,667)                 |
| Other adjustment                          | 2,599                     | -                         |
| <b>At end of the year</b>                 | <b>159,242</b>            | <b>83,935</b>             |

Income tax provisional returns have been filed with the Zambia Revenue Authority ("ZRA") for the year ended 31 December 2021. Quarterly payments for the year ended 31 December 2021 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 2021 and 31 December 2020. Diluted earnings per share is therefore the same as basic earnings per share.

| PARTICULARS                                                     | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------------------------------------------|---------------------------|---------------------------|
| Profit/(loss) attributable to the equity holders of the Company | 693,293                   | (340,558)                 |
| Weighted average number of ordinary shares (Nos '000)           | 104,000                   | 104,000                   |
| Basic/diluted earnings per share (Kwacha)                       | 6.67                      | (3.27)                    |

## 15. SHARE CAPITAL

| PARTICULARS                | NUMBER OF SHARES(MILLION)<br>NOS'000 | ORDINARY SHARES<br>K'000 | SHARE PREMIUM<br>K'000 |
|----------------------------|--------------------------------------|--------------------------|------------------------|
| <b>At 31 December 2021</b> | <b>104</b>                           | <b>1,040</b>             | <b>24,962</b>          |
| At 31 December 2020        | 104                                  | 1,040                    | 24,962                 |

The total authorised number of ordinary shares is **K150** million (2020: 150 million) with a par value of K0.01 per share. The issued and fully paid ordinary shares is **K104** million (2020: 104 million).

## 16. DEFERRED TAX

Deferred tax liability is calculated using the enacted income tax rate of **40%** (2020: 40%). The movement on the deferred tax account is as follows:

| PARTICULARS                        | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------------------|---------------------------|---------------------------|
| <b>1 January</b>                   | <b>(126,063)</b>          | <b>(28,696)</b>           |
| Charge/ (credit) to profit or loss | 107,189                   | (97,367)                  |
| <b>At 31 December</b>              | <b>(18,874)</b>           | <b>(126,063)</b>          |

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:

| <b>PARTICULARS</b>                     | <b>AT 1 JANUARY<br/>K'000</b> | <b>CHARGED/ (CREDITED) TO INCOME STATEMENT<br/>K'000</b> | <b>AT 31 DECEMBER<br/>K'000</b> |
|----------------------------------------|-------------------------------|----------------------------------------------------------|---------------------------------|
| <b>31 December 2021</b>                |                               |                                                          |                                 |
| <b>Deferred tax liabilities</b>        |                               |                                                          |                                 |
| Property and equipment                 | <b>245,119</b>                | <b>5,981</b>                                             | <b>251,100</b>                  |
| Unrealised Exchange gains              | <b>27,366</b>                 | <b>(28,734)</b>                                          | <b>(1,368)</b>                  |
| <b>Deferred tax assets</b>             |                               |                                                          |                                 |
| Other temporary deductible differences | <b>(42,483)</b>               | <b>(119,567)</b>                                         | <b>(162,050)</b>                |
| Other provisions                       | <b>(50,785)</b>               | <b>2,487</b>                                             | <b>(48,298)</b>                 |
| Unrealised exchange losses             | <b>(2,853)</b>                | <b>6,834</b>                                             | <b>3,981</b>                    |
| IIFRS 16 incremental impact            | <b>(302,427)</b>              | <b>240,188</b>                                           | <b>(62,239)</b>                 |
| <b>Net deferred tax</b>                | <b>(126,063)</b>              | <b>107,189</b>                                           | <b>(18,874)</b>                 |
| <b>31 December 2020</b>                |                               |                                                          |                                 |
| <b>Deferred tax liabilities</b>        |                               |                                                          |                                 |
| Property and equipment                 | 200,873                       | 44,246                                                   | 245,119                         |
| Unrealised exchange gains              | 14,883                        | 12,483                                                   | 27,366                          |
| <b>Deferred tax assets</b>             |                               |                                                          |                                 |
| Other temporary deductible differences | (58,441)                      | 15,958                                                   | (42,483)                        |
| Other provisions                       | (48,414)                      | (2,371)                                                  | (50,785)                        |
| Unrealised exchange losses             | (6,428)                       | 3,575                                                    | (2,853)                         |
| IFRS 16 transition adjustment          | (131,169)                     | (171,258)                                                | (302,427)                       |
| <b>Net deferred tax</b>                | <b>(28,696)</b>               | <b>(97,367)</b>                                          | <b>(126,063)</b>                |

## 17. PROPERTY, PLANT AND EQUIPMENT

| PARTICULARS                | BUILDINGS<br>K'000 | LEASEHOLD IMPROVEMENTS<br>K'000 | TELECOM EQUIPMENT<br>K'000 | FIXTURE, FITTINGS OFFICE & OTHER IT EQUIPMENT<br>K'000 | TOTAL<br>K'000   | CAPITAL WORK IN PROGRESS (i)<br>K'000 |
|----------------------------|--------------------|---------------------------------|----------------------------|--------------------------------------------------------|------------------|---------------------------------------|
| <b>Historical Cost:</b>    |                    |                                 |                            |                                                        |                  |                                       |
| <b>At 1 January 2020</b>   | 115,295            | 17,963                          | 3,496,264                  | 612,793                                                | 4,242,315        | 83,614                                |
| Additions                  | -                  | -                               | -                          | -                                                      | -                | 614,963                               |
| Transfers                  | 4                  | 1,736                           | 454,542                    | 71,224                                                 | 527,506          | (527,506)                             |
| Adjustments/ disposals     | -                  | -                               | (3,529)                    | -                                                      | (3,529)          | 3,062                                 |
| <b>At 31 December 2020</b> | 115,299            | 19,699                          | 3,947,277                  | 684,017                                                | 4,766,292        | 174,133                               |
| <b>At 1 January 2021</b>   | <b>115,299</b>     | <b>19,699</b>                   | <b>3,947,277</b>           | <b>684,017</b>                                         | <b>4,766,292</b> | <b>174,133</b>                        |
| Additions                  | -                  | -                               | -                          | -                                                      | -                | 555,698                               |
| Transfers                  | -                  | (47)                            | 570,849                    | 51,522                                                 | 622,324          | (622,324)                             |
| Adjustments/ disposals     | -                  | -                               | (23,389)                   | (62,382)                                               | (85,771)         | (59)                                  |
| <b>At 31 December 2021</b> | <b>115,299</b>     | <b>19,652</b>                   | <b>4,494,737</b>           | <b>673,157</b>                                         | <b>5,302,845</b> | <b>107,448</b>                        |
| <b>Depreciation</b>        |                    |                                 |                            |                                                        |                  |                                       |
| <b>At 1 January 2020</b>   | 38,983             | 14,931                          | 2,185,586                  | 545,452                                                | 2,784,952        | -                                     |
| Charge for the year        | 5,785              | 776                             | 244,968                    | 37,938                                                 | 289,467          | -                                     |
| Adjustments/ disposals     | -                  | -                               | (2,649)                    | -                                                      | (2,649)          | -                                     |
| <b>At 31 December 2020</b> | 44,768             | 15,707                          | 2,427,905                  | 583,390                                                | <b>3,071,770</b> | -                                     |
| <b>At 1 January 2021</b>   | <b>44,768</b>      | <b>15,707</b>                   | <b>2,427,905</b>           | <b>583,390</b>                                         | <b>3,071,770</b> | -                                     |
| Charge for the year        | 5,757              | 1,896                           | 297,202                    | 36,705                                                 | <b>341,560</b>   | -                                     |
| Adjustments/ disposals     | -                  | -                               | (22,848)                   | (22,536)                                               | <b>(45,384)</b>  | -                                     |
| <b>At 31 December 2021</b> | <b>50,525</b>      | <b>17,603</b>                   | <b>2,702,259</b>           | <b>597,559</b>                                         | <b>3,367,946</b> | -                                     |
| <b>Carrying amount:</b>    |                    |                                 |                            |                                                        |                  |                                       |
| <b>At 31 December 2021</b> | <b>64,774</b>      | <b>2,049</b>                    | <b>1,792,478</b>           | <b>75,598</b>                                          | <b>1,934,899</b> | <b>107,448</b>                        |
| At 31 December 2020        | 70,531             | 3,992                           | 1,519,372                  | 100,627                                                | 1,694,522        | 174,133                               |

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 2021 and 2020 is K107.448 million and K174.133 million respectively, which mainly pertains to telecom equipment.

## 18. RIGHT-OF-USE ASSET

| PARTICULARS                  | LEASEHOLD BUILDINGS K'000 | TELECOM EQUIPMENT K'000 | MOTOR VEHICLES K'000 | TOTAL K'000      |
|------------------------------|---------------------------|-------------------------|----------------------|------------------|
| <b>Cost</b>                  |                           |                         |                      |                  |
| <b>At 1 January 2020 (i)</b> | 6,452                     | 977,458                 | 6,160                | 990,070          |
| Additions                    | 1,653                     | 155,992                 | -                    | 157,645          |
| Asset retirement             | -                         | (11,039)                | -                    | (11,039)         |
| <b>At 31 December 2020</b>   | 8,105                     | 1,122,411               | 6,160                | 1,136,676        |
|                              |                           |                         |                      |                  |
| <b>At 1 January 2021</b>     | <b>8,105</b>              | <b>1,122,411</b>        | <b>6,160</b>         | <b>1,136,676</b> |
| Additions                    | 5,379                     | 20,837                  | -                    | 26,216           |
| Asset retirement             | -                         | (13,876)                | -                    | (13,876)         |
| <b>At 31 December 2021</b>   | <b>13,484</b>             | <b>1,129,372</b>        | <b>6,160</b>         | <b>1,149,016</b> |
|                              |                           |                         |                      |                  |
| Depreciation                 |                           |                         |                      |                  |
|                              |                           |                         |                      |                  |
| <b>At 1 January 2020 (i)</b> | 2,549                     | 371,657                 | 3,308                | 377,514          |
| Charge for the year          | 3,296                     | 121,913                 | 2,666                | 127,875          |
| Asset retirement             | -                         | (4,298)                 | -                    | (4,298)          |
| <b>At 31 December 2020</b>   | 5,845                     | 489,272                 | 5,974                | 501,091          |
|                              |                           |                         |                      |                  |
| <b>At 1 January 2021</b>     | <b>5,845</b>              | <b>489,272</b>          | <b>5,974</b>         | <b>501,091</b>   |
| Charge for the year          | 3,716                     | 126,971                 | 185                  | 130,872          |
| Asset retirement             | -                         | (6,437)                 | -                    | (6,437)          |
| <b>At 31 December 2021</b>   | <b>9,561</b>              | <b>609,806</b>          | <b>6,159</b>         | <b>625,526</b>   |
|                              |                           |                         |                      |                  |
| <b>Carrying amount:</b>      |                           |                         |                      |                  |
|                              |                           |                         |                      |                  |
| <b>At 31 December 2021</b>   | <b>3,923</b>              | <b>519,566</b>          | <b>1</b>             | <b>523,490</b>   |
|                              |                           |                         |                      |                  |
| At 31 December 2020          | 2,260                     | 633,139                 | 186                  | 635,585          |

(i) Till 31 December 2018, the Company only recognised right-of-use assets in relation to leases that were classified as 'finance leases' under IAS 17 - Leases.

## 19. INTANGIBLE ASSETS

| PARTICULARS                | CELLULAR LICENSE K'000 | INTERNET SERVICE PROVIDER LICENSE | TOTAL K'000    | *INTANGIBLE ASSETS UNDER DEVELOPMENT K'000 |
|----------------------------|------------------------|-----------------------------------|----------------|--------------------------------------------|
| <b>Cost</b>                |                        |                                   |                |                                            |
| At 1 January 2020          | 7,372                  | 125                               | 7,497          | -                                          |
| Additions                  | -                      | -                                 | -              | 79,275                                     |
| Adjustments/disposals (i)  | (326)                  | -                                 | (326)          | -                                          |
| At 31 December 2020        | 7,046                  | 125                               | 7,171          | 79,275                                     |
|                            |                        |                                   |                |                                            |
| <b>At 1 January 2021</b>   | <b>7,046</b>           | <b>125</b>                        | <b>7,171</b>   | <b>79,275</b>                              |
| <b>Additions</b>           | <b>192,398</b>         | <b>-</b>                          | <b>192,398</b> | <b>-</b>                                   |
| Transfers                  | 79,275                 | -                                 | 79,275         | (79,275)                                   |
| <b>At 31 December 2021</b> | <b>278,719</b>         | <b>125</b>                        | <b>278,844</b> | <b>-</b>                                   |
|                            |                        |                                   |                |                                            |
| <b>Amortization</b>        |                        |                                   |                |                                            |
|                            |                        |                                   |                |                                            |
| At 1 January 2020          | 4,194                  | 125                               | 4,319          | -                                          |
| Charge for the year        | 462                    | -                                 | 462            | -                                          |
| Adjustments/disposals (i)  | (326)                  | -                                 | (326)          | -                                          |
| At 31 December 2020        | 4,330                  | 125                               | 4,455          | -                                          |
|                            |                        |                                   |                |                                            |
| <b>At 1 January 2021</b>   | <b>4,330</b>           | <b>125</b>                        | <b>4,455</b>   | <b>-</b>                                   |
| Charge for the year        | 34,140                 | -                                 | 34,140         | -                                          |
| Adjustments/disposals (i)  | 125                    | -                                 | 125            | -                                          |
| <b>At 31 December 2021</b> | <b>38,595</b>          | <b>125</b>                        | <b>38,720</b>  | <b>-</b>                                   |
|                            |                        |                                   |                |                                            |
| <b>Carrying amount</b>     |                        |                                   |                |                                            |
| <b>At 31 December 2021</b> | <b>240,124</b>         | <b>-</b>                          | <b>240,124</b> | <b>-</b>                                   |
| At 31 December 2020        | 2,716                  | -                                 | 2,716          | 79,275                                     |

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

Intangible assets under development relates to the amount of spectrum awarded to the

Company. The Zambia Information and Communications Technology Authority (“ZICTA”) has allotted 10Mhz radio spectrum in the 800Mhz frequency band at a cost of USD12.5 million on 18 January 2021. As of 31 December 2021, the Company paid the license fees in full and the amount was transferred to Cellular license.

## 20. OTHER NON-CURRENT ASSETS

| PARTICULARS                                      | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|--------------------------------------------------|---------------------------|---------------------------|
| Indefeasible right of use (IRU) of bandwidth (i) | 162,523                   | 162,126                   |
| Deferred customer acquisition cost (ii)          | 20,702                    | 12,549                    |
| <b>Total</b>                                     | <b>183,225</b>            | <b>174,675</b>            |

### (i) Indefeasible right of use (IRU) of bandwidth

| PARTICULARS                | INDEFEASIBLE RIGHT OF USE (IRU)<br>K'000 |
|----------------------------|------------------------------------------|
| <b>Cost</b>                |                                          |
| At 1 January 2020          | 192,749                                  |
| Additions                  | 33,710                                   |
| At 31 December 2020        | 226,459                                  |
| <b>At 1 January 2021</b>   | <b>226,459</b>                           |
| Additions                  | 16,662                                   |
| <b>At 31 December 2021</b> | <b>243,121</b>                           |
| <b>Amortization</b>        |                                          |
| At 1 January 2020          | 30,609                                   |
| Charge for the year        | 16,387                                   |
| At 31 December 2020        | 46,996                                   |
| <b>At 1 January 2021</b>   | <b>46,996</b>                            |
| Charge for the year        | 15,949                                   |
| <b>At 31 December 2021</b> | <b>62,945</b>                            |
| <b>Carrying amount</b>     |                                          |

| PARTICULARS            | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------|---------------------------|---------------------------|
| Current prepayment     | 17,653                    | 17,337                    |
| Non-current prepayment | 162,523                   | 162,126                   |
| <b>Total</b>           | <b>180,176</b>            | 179,463                   |

### (ii) Deferred customer acquisition cost

| PARTICULARS                               | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-------------------------------------------|---------------------------|---------------------------|
| <b>At the beginning of the year</b>       | <b>42,618</b>             | 25,980                    |
| Expenses deferred                         | 76,144                    | 49,605                    |
| Amortisation                              | (47,439)                  | (32,967)                  |
| <b>At the end of the year</b>             | <b>71,323</b>             | <b>42,618</b>             |
| <b>Deferred customer acquisition cost</b> |                           |                           |
| Current prepayment*                       | 50,621                    | 30,069                    |
| Non-current prepayment                    | 20,702                    | 12,549                    |
| <b>Total</b>                              | <b>71,323</b>             | <b>42,618</b>             |

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

## 21. INVENTORIES

| PARTICULARS                       | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------------|---------------------------|---------------------------|
| Merchandise held for sale         | 18,376                    | 16,400                    |
| Less provision for obsolete stock | (14,193)                  | (12,624)                  |
| <b>Balance as at 31 December</b>  | <b>4,183</b>              | <b>3,776</b>              |

The cost of inventories recognized as an expense and included in ‘other expenses’ amounted to **K0.03** million (2020: K1.89 million).

## 22. TRADE AND OTHER RECEIVABLES

| PARTICULARS                                      | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|--------------------------------------------------|---------------------------|---------------------------|
| Trade receivables                                | 150,400                   | 120,660                   |
| Less provision for impairment losses             | (86,302)                  | (82,985)                  |
| Net trade receivables                            | 64,098                    | 37,675                    |
| Amounts due from related parties (refer note 33) | 95,813                    | 230,627                   |
| <b>Total</b>                                     | <b>159,911</b>            | <b>268,302</b>            |

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 receivables has crossed the law of limitation period past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

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

| PARTICULARS                 | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------|---------------------------|---------------------------|
| Balance as at 1 January     | 82,985                    | 78,173                    |
| Transfer to credit-impaired | 3,317                     | 4,812                     |
|                             |                           |                           |
| Balance as at 31 December   | 86,302                    | 82,985                    |

## 23. OTHER CURRENT ASSETS

| PARTICULARS           | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
|-----------------------|------------------|------------------|
| Prepayments           | 105,286          | 92,665           |
| Others assets         | 41,165           | 61,670           |
| Advances to suppliers | 4,675            | 5,138            |
|                       | 151,126          | 159,473          |

## 24. CONTRACT ASSETS

| PARTICULARS                                                     | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------------------------------------------|---------------------------|---------------------------|
| Revenue from interconnect customers                             | 17,850                    | 10,612                    |
| Revenue from post paid customers                                | 8,484                     | 9,590                     |
| Revenue from sale of handsets to corporate/enterprise Customers | 6,710                     | 2,569                     |
| Revenue from roaming customers                                  | 395                       | 468                       |
| Current                                                         | 33,439                    | 23,239                    |
| 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 DECMEBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|--------------------|---------------------------|---------------------------|
| Balances in banks  |                           |                           |
| - Current accounts | 16,905                    | 51,849                    |
| Cash on hand       | 24,602                    | 14,288                    |
|                    | 41,507                    | 66,137                    |

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

| PARTICULARS            | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------|---------------------------|---------------------------|
| Cash and bank balances | 41,507                    | 66,137                    |
| Bank overdrafts        | (241,440)                 | (187,971)                 |
|                        | (199,933)                 | (121,834)                 |

The Company has ten overdraft/ facilities with limits of up to K545 million and US\$76.363 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 utilization in both USD and ZMW.

|        |                                     |                  |                                                               |
|--------|-------------------------------------|------------------|---------------------------------------------------------------|
| (i)    | Bharti Airtel Zambia Holdings BV    | \$ 50 million    | 3 Months Libor + 4.5%                                         |
| (ii)   | Citibank Zambia Limited             | \$ 11 million    | 3 Months Libor + 1.75% (MPR+ liquidity premium + 1.5% margin) |
| (iii)  | Standard Chartered Bank Zambia Plc  | \$ 2.363 million | 1 Months Libor + 2% (MPR+ 9%)                                 |
| (iv)   | Standard Chartered Bank Zambia Plc  | \$ 13 million    | Libor + 2% margin                                             |
| (v)    | Barclays Bank Zambia Plc            | K 20 million     | MPR +9.75%                                                    |
| (vi)   | Stanbic Bank Zambia Limited         | K 20 million     | MPR +7.5%                                                     |
| (vii)  | Ecobank Zambia Limited              | K 165 million    | MPR +7.55%                                                    |
| (viii) | Access Bank Limited                 | K 65 million     | MPR +7.5%                                                     |
| (ix)   | Indo Zambia Bank Plc                | K 100 million    | MPR +8%                                                       |
| (x)    | Zambia National Commercial Bank Plc | K 175 million    | MPR +8.5%                                                     |

The Company had drawn amounts as at the year-end of **K241.44 million** and US\$ **Nil** (2020: K187.971 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 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------------------------------|---------------------------|---------------------------|
| Trade payables                                 | 503,100                   | 557,322                   |
| Amounts due to related parties (refer note 33) | 269,442                   | 370,191                   |
| Accrued expenses                               | 21,222                    | 39,757                    |
|                                                | 793,764                   | 967,270                   |

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. OTHER CURRENT LIABILITIES

| PARTICULARS         | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|---------------------|---------------------------|---------------------------|
| Other taxes payable | 124,430                   | 88,441                    |

## 28. CONTRACT LIABILITIES

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

| PARTICULARS     | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------|---------------------------|---------------------------|
| Deferred income | 124,779                   | 101,829                   |
|                 |                           |                           |
| Current         | 118,221                   | 101,829                   |
| Non-current     | 6,558                     | -                         |
| <b>Total</b>    | <b>124,779</b>            | <b>101,829</b>            |

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

## 29. BORROWINGS

| PARTICULARS                                | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|--------------------------------------------|---------------------------|---------------------------|
| <b>Non-current</b>                         |                           |                           |
| Term loans                                 | 533,818                   | 794,450                   |
| Less : current                             | (205,120)                 | (529,633)                 |
| <b>Total</b>                               | <b>328,698</b>            | <b>264,817</b>            |
|                                            |                           |                           |
| <b>Current maturity of long term debts</b> | <b>205,120</b>            | <b>529,633</b>            |
|                                            |                           |                           |
| <b>Current</b>                             |                           |                           |
| Bank overdraft                             | 241,440                   | 187,971                   |
|                                            |                           |                           |
| Total current borrowings                   | 446,560                   | 717,604                   |

The term loans are due to the following commercial banks:

| PARTICULARS               | STANDARD<br>CHARTERED<br>BANK ZAMBIA<br>PLC<br>K'000 | CITIBANK<br>ZAMBIA<br>LIMITED<br>K'000 | ABSA BANK<br>ZAMBIA PLC<br>K'000 | ABSA BANK<br>MAURITIUS<br>LIMITED<br>K'000 | TOTAL<br>K'000 |
|---------------------------|------------------------------------------------------|----------------------------------------|----------------------------------|--------------------------------------------|----------------|
| At 1 January 2020         | 69,474                                               | -                                      | 333,480                          | 361,270                                    | 764,224        |
| Draw down during the year | -                                                    | 36,418                                 | -                                | -                                          | 36,418         |
| Repayments in the year    | (90,467)                                             | (36,250)                               | (123,706)                        | (134,014)                                  | (384,437)      |
| Exchange loss/ (gain)     | 20,993                                               | (168)                                  | 171,562                          | 185,858                                    | 378,245        |
| At 31 December 2020       |                                                      | -                                      | 381,336                          | 413,114                                    | 794,450        |

| PARTICULARS                | FIRST<br>NATIONAL<br>BANK<br>ZAMBIA<br>PLC<br>K'000 | STANDARD<br>CHARTERED<br>BANK ZAMBIA<br>PLC<br>K'000 | CITIBANK<br>ZAMBIA<br>LIMITED<br>K'000 | ABSA BANK<br>ZAMBIA PLC<br>K'000 | ABSA BANK<br>MAURITIUS<br>LIMITED<br>K'000 | TOTAL<br>K'000 |
|----------------------------|-----------------------------------------------------|------------------------------------------------------|----------------------------------------|----------------------------------|--------------------------------------------|----------------|
| <b>At 1 January 2021</b>   | -                                                   | -                                                    | -                                      | 381,336                          | 413,114                                    | 794,450        |
| Drawn 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)       |
| <b>At 31 December 2021</b> | <b>160,000</b>                                      | <b>60,772</b>                                        | <b>-</b>                               | <b>313,046</b>                   | <b>-</b>                                   | <b>533,818</b> |

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 (US\$24 million) and ABSA Bank Mauritius Limited (US\$26 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 carries an interest rate of Monetary Policy Rate + 6.25% per annum. The facility is payable on semi-annual up to 31st December, 2024. The loan is guaranteed by Bharti Airtel International (Netherlands) BV (Step up parent) and is 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 carries an interest rate of Monetary Policy Rate + 6.5 % per annum. The facility is repayable on 3 March 2022 and is unsecured.

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.

## 30. CONTINGENT LIABILITIES

### Legal proceedings

The Company had some pending legal proceedings as at 31 December 2021. The management is of the opinion, having obtained relevant legal advice, that it is possible, but not probable, that contingent liability of K0.361 million (2020: K0.361 million) arising from pending proceedings against the Company will crystallise.

## Tax proceedings

At 31 December 2020, 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 K2.06 million (2020: K2.06 million) were deemed probable and provided for. As at 31 December 2021, there was K17.271 million assessments identified under contingent liability (2020: K17.271 million), as the possibility of pay-out on remaining assessments was deemed remote.

| TAXES , DUTIES AND OTHER DEMANDS<br>(UNDER ADJUDICATION / APPEAL / DISPUTE) | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------------------------------------------------------|---------------------------|---------------------------|
| Income Tax                                                                  | 17,271                    | 17,271                    |
| <b>Total</b>                                                                | <b>17,271</b>             | <b>17,271</b>             |

## 31. CAPITAL COMMITMENTS

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

|                       |                |         |
|-----------------------|----------------|---------|
| <b>At 31 December</b> | <b>347,746</b> | 314,390 |
|-----------------------|----------------|---------|

## 32. LEASE LIABILITIES

### (a) Analysed as:

|              |                  |                  |
|--------------|------------------|------------------|
| Non-current  | 842,734          | 1,313,275        |
| Current      | 225,331          | 256,135          |
| <b>Total</b> | <b>1,068,065</b> | <b>1,569,410</b> |

### (b) Maturity analysis:

| PARTICULARS                                         | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------------------------------|---------------------------|---------------------------|
| Less than one year                                  | 350,509                   | 407,685                   |
| Later than one year but not later than two years    | 326,458                   | 452,304                   |
| Later than two years but not later than five years  | 569,293                   | 1,057,283                 |
| Later than five years but not later than nine years | 81,436                    | 102,748                   |
| Later than nine years                               | 16,953                    | 9,593                     |
| <b>Total</b>                                        | <b>1,344,649</b>          | <b>2,029,613</b>          |
| Less: future finance charges                        | (276,584)                 | (460,203))                |
| <b>Total</b>                                        | <b>1,068,065</b>          | <b>1,569,410</b>          |

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

| PARTICULARS                             | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------------------|---------------------------|---------------------------|
| At the beginning of the year            | 1,569,410                 | 1,102,618                 |
| Additions during the year               | 26,216                    | 157,645                   |
| Retirement during the year              | (9,819)                   | (8,698)                   |
| Repayments during the year              | (261,252)                 | (165,390)                 |
| Exchange (gain)/loss                    | (256,490)                 | 483,235                   |
| <b>Net investment in finance leases</b> | <b>1,068,065</b>          | <b>1,569,410</b>          |

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.

Till 31 December 2018, the Company only recognised lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 - Leases.

### 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 2021 and 2020 is as stated below:

| NAME OF SHAREHOLDER                            | 31 DECEMBER 2021<br>K'000<br>NUMBER OF SHARES | % SHAREHOLDING |
|------------------------------------------------|-----------------------------------------------|----------------|
| Bharti Airtel Zambia Holdings BV               | 100,215,630                                   | 96.36%         |
| Public (institutions and individual investors) | 3,784,370                                     | 3.64%          |
|                                                | <b>104,000,000</b>                            | <b>100.00%</b> |

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 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|---------------------------------------|--------------------------|-------------------------|---------------------------|---------------------------|
| Airtel Mobile Commerce Zambia Limited | Zambia                   | Fellow subsidiary       | <b>342,467</b>            | 186,084                   |
| Bharti Airtel (UK) Limited            | United Kingdom           | Fellow subsidiary       | <b>28,365</b>             | 14,272                    |
| Network i2i Ltd.                      | Mauritius                | Step up parent          | <b>19,902</b>             | 19,113                    |
| Centum Learning Limited               | India                    | * Other related party   | <b>3,796</b>              | -                         |
| Airtel Malawi plc                     | Malawi                   | Fellow subsidiary       | <b>3,012</b>              | 2,538                     |
| Airtel Congo (RDC) S.A.               | Congo (DRC)              | Fellow subsidiary       | <b>2,150</b>              | 2,028                     |
| Airtel Tanzania plc                   | Tanzania                 | Fellow subsidiary       | <b>957</b>                | 591                       |
| Nxtra Data Limited                    | India                    | Fellow subsidiary       | <b>471</b>                | 1,814                     |
| Airtel Networks Kenya                 | Kenya                    | Fellow subsidiary       | <b>324</b>                | 1,323                     |
| Airtel Networks Limited               | Nigeria                  | Fellow subsidiary       | <b>230</b>                | 184                       |
| Bharti Airtel Limited                 | India                    | Step up parent          | <b>137</b>                | 88                        |
| Airtel Uganda Limited                 | Uganda                   | Fellow subsidiary       | <b>127</b>                | 91                        |
| Airtel Rwanda Limited                 | Rwanda                   | Fellow subsidiary       | <b>91</b>                 | 251                       |
| Airtel Congo S.A                      | Congo B                  | Fellow subsidiary       | <b>6</b>                  | 3                         |
| Airtel (Seychelles) Limited           | Seychelles               | Fellow subsidiary       | <b>5</b>                  | -                         |
| Airtel Madagascar S.A.                | Madagascar               | Fellow subsidiary       | <b>1</b>                  | 1                         |
| <b>Total</b>                          |                          |                         | <b>402,041</b>            | 228,381                   |

#### ii) Sale of goods and services

| NAME OF RELATED PARTY                 | COUNTRY OF INCORPORATION | RELATIONSHIP TO COMPANY | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|---------------------------------------|--------------------------|-------------------------|---------------------------|---------------------------|
| Bharti Airtel (UK) Limited            | United Kingdom           | Fellow subsidiary       | <b>87,967</b>             | 75,644                    |
| Airtel Mobile Commerce Zambia Limited | Zambia                   | Fellow subsidiary       | <b>40,314</b>             | 25,989                    |
| Airtel Malawi plc                     | Malawi                   | Fellow subsidiary       | <b>15,859</b>             | 12,431                    |
| Airtel Congo (RDC) S.A.               | Congo (DRC)              | Fellow subsidiary       | <b>13,300</b>             | 13,103                    |
| Airtel Networks Limited               | Nigeria                  | Fellow subsidiary       | <b>2,622</b>              | 11,171                    |
| Airtel Networks Kenya Limited         | Kenya                    | Fellow subsidiary       | <b>1,194</b>              | 1,349                     |
| Airtel Tanzania plc                   | Tanzania                 | Fellow subsidiary       | <b>536</b>                | 1,312                     |
| Airtel Uganda Limited                 | Uganda                   | Fellow subsidiary       | <b>227</b>                | 144                       |
| Bharti Airtel Limited                 | India                    | Step up parent          | <b>36</b>                 | -                         |
| Airtel Rwanda Limited                 | Rwanda                   | Fellow subsidiary       | <b>10</b>                 | 94                        |
| Jersey Airtel Limited                 | Jersey                   | Fellow subsidiary       | <b>2</b>                  | -                         |
| <b>Total</b>                          |                          |                         | <b>162,067</b>            | 141,237                   |

#### iii) Management fees expenses

| NAME OF RELATED PARTY                          | COUNTRY OF INCORPORATION | RELATIONSHIP TO COMPANY | 2021<br>K'000 | 2020<br>K'000 |
|------------------------------------------------|--------------------------|-------------------------|---------------|---------------|
| Bharti Airtel International (Netherlands) B.V. | Netherlands              | Step up parent          | <b>74,699</b> | 70,148        |

#### iv) Receivable from related parties

| NAME OF RELATED PARTY                 | COUNTRY OF INCORPORATION | RELATIONSHIP TO COMPANY | 2021<br>K'000 | 2020<br>K'000 |
|---------------------------------------|--------------------------|-------------------------|---------------|---------------|
| Bharti Airtel (UK) Limited            | United Kingdom           | Fellow subsidiary       | <b>66,532</b> | 45,943        |
| Airtel Congo (RDC) S.A.               | Congo (DRC)              | Fellow subsidiary       | <b>13,278</b> | 37,722        |
| Airtel Malawi plc                     | Malawi                   | Fellow subsidiary       | <b>12,974</b> | 31,682        |
| Bharti Airtel Limited                 | India                    | Step up parent          | <b>1,280</b>  | 1,475         |
| Airtel Networks Kenya Limited         | Kenya                    | Fellow subsidiary       | <b>1,095</b>  | 1,733         |
| Airtel Networks Limited               | Nigeria                  | Fellow subsidiary       | <b>400</b>    | 3,422         |
| Airtel Tanzania plc                   | Tanzania                 | Fellow subsidiary       | <b>124</b>    | 35,013        |
| Bharti Airtel Services Limited        | India                    | Fellow subsidiary       | <b>56</b>     | 70            |
| Airtel Uganda Limited                 | Uganda                   | Fellow subsidiary       | <b>28</b>     | 36            |
| Airtel Rwanda Limited                 | Rwanda                   | Fellow subsidiary       | <b>19</b>     | 704           |
| Airtel Gabon S.A.                     | Gabon                    | Fellow subsidiary       | <b>15</b>     | 19            |
| Airtel Congo S.A                      | Congo B                  | Fellow subsidiary       | <b>11</b>     | 1,006         |
| Bharti Airtel Lanka (Private) Limited | Sri Lanka                | Fellow subsidiary       | <b>1</b>      | -             |
| Celtel Niger S.A.                     | Niger                    | Fellow subsidiary       | -             | 1,655         |
| Airtel Tchad S.A.                     | Chad                     | Fellow subsidiary       | -             | 5,734         |
| Airtel (Seychelles) Limited           | Seychelles               | Fellow subsidiary       | -             | -             |
| Airtel Mobile Commerce Zambia Limited | Zambia                   | Fellow subsidiary       | -             | 64,324        |
| Bharti Hexacom Limited                | India                    | Fellow subsidiary       | -             | 89            |
| <b>Total</b>                          |                          |                         | <b>95,813</b> | 230,627       |

## v) Payable to related parties

| NAME OF RELATED PARTY                        | COUNTRY OF INCORPORATION | RELATIONSHIP TO COMPANY | 31 DECEMBER 2021 K'000 | 31 DECEMBER 2020 K'000 |
|----------------------------------------------|--------------------------|-------------------------|------------------------|------------------------|
| Airtel Mobile Commerce Zambia Limited        | Zambia                   | Fellow subsidiary       | 178,586                | 293,962                |
| Bharti Airtel International (Netherlands) BV | Netherlands              | Step up parent          | 68,412                 | 41,543                 |
| Network i2i Ltd.                             | Mauritius                | Step up parent          | 5,250                  | 12,064                 |
| Airtel Networks Limited                      | Nigeria                  | Fellow subsidiary       | 4,664                  | 5,937                  |
| Airtel Networks Kenya Limited                | Kenya                    | Fellow subsidiary       | 2,977                  | 3,357                  |
| Airtel Tanzania plc                          | Tanzania                 | Fellow subsidiary       | 2,923                  | 3,637                  |
| Bharti Airtel Limited                        | India                    | Step up parent          | 2,064                  | 1,369                  |
| Airtel Rwanda Limited                        | Rwanda                   | Fellow subsidiary       | 1,152                  | 1,413                  |
| Airtel Malawi plc                            | Malawi                   | Fellow subsidiary       | 1,088                  | 1,881                  |
| Bharti Airtel (UK) Limited                   | United Kingdom           | Fellow subsidiary       | 902                    | 2,677                  |
| Nxtra Data Limited                           | India                    | Fellow subsidiary       | 898                    | 1,656                  |
| Airtel Madagascar S.A.                       | Madagascar               | Fellow subsidiary       | 180                    | 230                    |
| Airtel Congo (RDC) S.A.                      | Congo (DRC)              | Fellow subsidiary       | 170                    | 375                    |
| Airtel Ghana Limited (JV)                    | Ghana                    | * Other related party   | 113                    | 31                     |
| Bharti Hexacom Limited                       | India                    | Fellow subsidiary       | 28                     | 37                     |
| Airtel Uganda Limited                        | Uganda                   | Fellow subsidiary       | 21                     | 7                      |
| Bharti Airtel Zambia Holdings BV             | Netherlands              | Holding Company         | 10                     | 10                     |
| Airtel (Seychelles) Limited                  | Seychelles               | Fellow subsidiary       | 2                      | -                      |
| Airtel Tchad S.A.                            | Chad                     | Fellow subsidiary       | 2                      | 3                      |
| Airtel Congo S.A.                            | Congo B                  | Fellow subsidiary       | -                      | 2                      |
| <b>Total</b>                                 |                          |                         | <b>269,442</b>         | <b>370,191</b>         |

No provisions for impairment losses have been required in 2021 and 2020 for any related party receivables. Amounts due from/to related parties carry no interest, are receivable/payable on demand and are at arm length.

Other related parties' though not 'Related Parties' as per the definition under IAS 24, 'Related party disclosures', have been included by way of a voluntary disclosure, following the best corporate governance practices.

## vi) Key management compensation

| PARTICULARS                                       | 31 DECEMBER 2021 K'000 | 31 DECEMBER 2020 K'000 |
|---------------------------------------------------|------------------------|------------------------|
| Salaries and other short-term employment benefits | 51,708                 | 71,479                 |

## vii) Compensation of directors for the year ended 31 December 2021

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

## Compensation of directors for the year ended 31 December 2020

| PARTICULARS          | SITTING FEES K'000 | BASIC SALARY K'000 | PERFORMANCE BONUS (I) K'000 | OUT OF COUNTRY ALLOWANCE K'000 | HOUSING ALLOWANCE K'000 | OTHERS K'000 | TOTAL K'000   |
|----------------------|--------------------|--------------------|-----------------------------|--------------------------------|-------------------------|--------------|---------------|
| <b>Non-Executive</b> |                    |                    |                             |                                |                         |              |               |
| Jito Kayumba         | 459                | -                  | -                           | -                              | -                       | -            | 459           |
| Monica K. Musonda    | 548                | -                  | -                           | -                              | -                       | -            | 548           |
| <b>Executive</b>     |                    |                    |                             |                                |                         |              |               |
| Apoorva Mehrotra     | -                  | 5,419              | 4,524                       | -                              | 1,123                   | 1,680        | 12,746        |
| <b>Total</b>         | <b>1,007</b>       | <b>5,419</b>       | <b>4,524</b>                | <b>-</b>                       | <b>1,123</b>            | <b>1,680</b> | <b>13,753</b> |

## 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  |
| <b>31 December 2021</b>        |         |                |             |
| 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)   |
| Lease liabilities              |         | (1,068,065)    | (1,068,065) |
| Term loans                     |         | (533,818)      | (533,818)   |
|                                |         |                |             |
| <b>31 December 2020</b>        |         |                |             |
| Derivative financial Assets    | Level 2 | 8,658          | 8,658       |
| Derivative financial Liability | Level 2 | (3,094)        | (3,094)     |
| Cash and bank balances         |         | 66,137         | 66,137      |
| Trade and other receivables    |         | 268,302        | 268,302     |
| Contract assets                |         | 23,239         | 23,239      |
| Bank overdraft                 |         | (187,971)      | (187,971)   |
| Trade and other payables       |         | (967,270)      | (967,270)   |
| Lease liabilities              |         | (1,569,410)    | (1,569,410) |
| Term loans                     |         | (794,450)      | (794,450)   |

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 2021 and year ended 31 December 2020 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 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|------------------------------------------------|---------------------------|---------------------------|
| Aon Zambia Pension Fund Administrators Limited | 9,155                     | 8,259                     |
| National Pension Scheme Authority              | 4,402                     | 3,404                     |

### 36. DERIVATIVE FINANCIAL INSTRUMENTS

| PARTICULARS                                                     | 31 DECEMBER 2021<br>K'000 | 31 DECEMBER 2020<br>K'000 |
|-----------------------------------------------------------------|---------------------------|---------------------------|
| The details of derivative financial instruments are as follows: |                           |                           |
| Foreign currency forward contracts (assets)                     | -                         | 8,658                     |
| Foreign currency forward contracts (liabilities)                | (39,241)                  | (3,094)                   |

### 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 2021. 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.

# AGM AGENDA, MINUTES **AND REGISTER**

# 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 OF 23<sup>rd</sup> ANNUAL GENERAL MEETING

The Board of Directors of Airtel Networks Zambia Plc ("Airtel Zambia") wishes to advise shareholders that the 23<sup>rd</sup> Annual General Meeting ("AGM") shall be held on Wednesday, 30<sup>th</sup> March 2022 at 09:30hrs. The AGM proceeding shall be held virtually on <https://eagm.creg.co.zw/eagm/Login.aspx> for the purpose of transacting the following business:

1. To confirm and adopt the minutes of the Annual General Meeting held on 29<sup>th</sup> March 2021.
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 31<sup>st</sup> December 2021.
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.

All shareholders are encouraged to make arrangements to participate in the AGM via the Link as provided.

### Notes:

- i. The proceedings of the Annual General Meeting will be streamed live and Members are required to sign up in advance on <https://eagm.creg.co.zw/eagm/login.aspx>. To register for the Meeting, a shareholder must have a working email and an active cell phone number.
- ii. The window for registration for the Meeting shall be open on Thursday, 10<sup>th</sup> March 2022 and automatically close at the commencement of the Meeting on Wednesday, 30<sup>th</sup> March 2022 at 09:30 hours. A shareholder who does not register before the start of the meeting will not be able to do so when the meeting starts.
- iii. After registering, a shareholder will receive a confirmation email containing information about joining the Meeting.
- iv. To fully participate in the AGM, a shareholder must have a reliable internet connection.
- v. Queries on the registration process or how to login to the meeting must be sent to [info@corpservicezambia.com.zm](mailto:info@corpservicezambia.com.zm) or telephone number +260 950 968 435, +260 979 420 470 or +260 979946143. A member entitled to attend and vote at the meeting is entitled to appoint a proxy by form of proxy or power of attorney, who need not also be a member of the company, to attend and vote in their place.

The instrument appointing a proxy and, if applicable, the authority under which it is signed must be deposited at the office of the Company Secretary at Airtel House, stand 2357 Addis Ababa and Great East Roads, Rhodespark, Lusaka or emailed to [Sonia.chinganya@zm.airtel.com](mailto:Sonia.chinganya@zm.airtel.com) not less than 48 hours before the time appointed for holding the meeting.

  
By Order of the Board  
**Sonia Shamwana-Chinganya**  
COMPANY SECRETARY

First Issued on Thursday, 9<sup>th</sup> March, 2022

### Lusaka Securities Exchange Sponsoring Broker



Tel: +260 211 232 456 | Email: [advisory@sbz.com.zm](mailto:advisory@sbz.com.zm) | Website: [www.sbz.com.zm](http://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.

## OF THE 22<sup>nd</sup> ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF AIRTEL NETWORKS ZAMBIA PLC (THE "COMPANY") HELD ON MONDAY 29<sup>TH</sup> MARCH 2021 VIA ZOOM ELECTRONIC PLATFORM IN LUSAKA AT 09:30 HOURS

### IN ATTENDANCE

|                               |                                 |
|-------------------------------|---------------------------------|
| Ms. Monica Katebe Musonda     | - Chairperson                   |
| Mr. Jito Kayumba              | - Director                      |
| Mr. Apoorva Mehrotra          | - Managing Director             |
| Mr. Mukesh Singla             | - 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.

2.2 With a quorum being met, she declared the meeting properly constituted for the conduct of business at 09:30 hours.

2.3 The Notice and Agenda were read by the Company Secretary and there being no amendments to the Agenda, the Agenda was adopted and seconded by Chilufya Kasutu

### 3. CONFIRMATION OF PREVIOUS MINUTES

3.1 The minutes of the previous meeting held on 30<sup>th</sup> June 2020 were confirmed as a true record of the proceedings as seconded by Olivier Pogonon.

### 4. APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Financial Statements for the year ended 31 December 2020 were taken as read and the Finance Director presented the highlights for the year.

4.2 Management was asked why the Company had for a second year in a row not declared a dividend despite a strong top line and healthy growth in revenue.

4.3 Management responded that the Company continued to generate healthy cash flow, but as exhibited in the financial statements, the profit after tax showed that Airtel declared a loss. Further, the Company recorded retained earnings of -K400 mn and based on the Company Law rules, Dividends could only be declared from profits.

4.4 Nasilele Ngambi stated that she had observed that at the last AGM, management had explained that they were exploring various strategies to mitigate foreign exchange losses arising from the Company's forex denominated debt such as kwacha refinancing and hedging given that the local currency took a turn for the worst in 2020. She requested an update on this.

4.5 Nchoba Bwalya asked Management if there were any hedging strategies that the Company had devised to ensure that the Company did not incur such heavy foreign exchange losses in the future.

4.6 George Chilufya stated that the depreciation of the kwacha seemed to steadily continue without any sign of reversal. He asked Management what measures were taken and over what horizon they projected that Airtel would overcome its impact on profitability.

4.7 Management responded that the Company had continued with hedging by increasing it from 25% to 50%. However, the company had noticed that there was a challenge on the dollar availability on the market and so there was a deliberate effort to purchase as much foreign currency on the market so as to ensure its availability when meeting foreign currency obligations.

Management also stated that they were negotiating with local banks in order to convert dollar denominated loans into kwacha loans. Lastly it was reported that 50% of the borrowings would be liquidated by December 2021 with the balance being converted into local currency loans. The Company would therefore be able to mitigate its foreign exchange losses. There had also been expenditure that had been in foreign currency that had now been converted into local currency for example, rentals for service centers, passive infrastructure contracts, and exchange rate for certain vendor contracts had been placed at a fixed exchange rate in order to avoid the currency fluctuations.

4.8 Management was asked what they were doing to reduce costs and whether they had considered a reduction in costs with respect to staff and allowances for staff members.

4.9 Management responded that the cost had increased because of three factors. The first being inflation increase, which had necessitated an increase in salaries, the second being the amendments to the Employment Code Act, which led to the awarding of new statutory allowances to staff and the third being an increase in number of staff with more service centers being opened around the country. It was stated that people were a very important asset to the business but the Company would continue to look at ways in which they could decrease costs.

5.0 Doris Bwalya informed Management that while the Company seemed to be making profits, some of the losses were due to poor connectivity of the network and the Company needed to improve on this. She also enquired as to why the Company was not paying out a dividend in the year under review.

5.1 Management responded that the last year was difficult as the pandemic saw telecommunication services becoming extremely important as people were working from home. This saw an increase in the traffic of which 77% was on data traffic and 29% on voice traffic. Management stated that they had three methods that they had implemented. The first was working with the Regulator on feedback on Quality of Service from Customers. The second was identifying gaps based on the feedback from customers through the call centers, social media and service centers. This information was then passed on to the networks team who would work to fix the gaps in the areas with poor network. The third method was to manage capacity requirements proactively to ensure Airtel continued to serve the customers effectively.

5.2 Satish Gulati informed Management that Airtel needed to have more service centers in areas like Makeni, Kabwata and Kamwala.

5.3 Management stated the Company had opened 17 more shops around the country, bringing the total number of shops to 35 at the end of December 2020.

5.4 The Shareholders enquired as to how Airtel was performing versus MTN on market share.

5.5 Management responded that Airtel was a listed entity and therefore their financial results were available to the public whereas other telecommunication companies were private companies whose financial information was not available to the public. The information obtained was therefore from the ZICTA Annual ICT Report which was published in March 2021. The report showed that the Telecommunications industry had grown by 15% in the year 2020 as a whole and Airtel as an entity grew by the highest percentage at 20.6% thereby outperforming the market.

5.6 The Shareholders enquired as to what impact the 4th Mobile Operator would have on the telecommunications industry and on Airtel itself.

5.7 Management responded that the company would continue to focus on the customer, network, quality and capacity. Airtel would remain the operator of choice and that Airtel had no reason to worry about competition in the market. Airtel was well entrenched, had invested well and would continue to grow in the market.

5.8 The Chairperson proposed the motion to approve the Financial Statements for the 12-month period ended 31 December 2020. The Directors and the Auditors' report were adopted as presented and seconded by George Chilufya.

## **6. RETIREMENT BY ROTATION**

6.1 The Chairperson informed the members that in accordance with Article 17.4 of the Articles of Association of the Company, Rogany Ramiah and Ian Ferrao were retiring as Directors of the Company. However, being eligible, they were offering themselves up for re-election.

6.2 The proposal to re-elect the Directors was seconded by Olivier Pognon and therefore approved by the members

## **7. APPOINTMENT OF AUDITORS**

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

7.2 The proposal was approved by the members and seconded by Martha Akapelwa and therefore approved by the members.

## **8. ANY OTHER BUSINESS**

8.1 The shareholders commended Management for a job well done despite such adverse economic conditions.

8.2 There being no further business to transact, the Chairperson thanked the members for their participation and declared the meeting officially closed at 11:21am

## **CERTIFIED TRUE RECORD**

**Chairperson:**

**Date:**

**Secretary:**

**Date:**

# ATTENDANCE REGISTER

## 1. PROXIES

| Name                                                  | Proxy                       | Shares Held | %     |
|-------------------------------------------------------|-----------------------------|-------------|-------|
| BHARTI AIRTEL ZAMBIA HOLDINGS                         | MR S.O POGNON               | 100,215,630 | 96.36 |
| SATURNIA REGNA PENSION TRUST FUND                     | NASILELE NGUMBI CHAIKATISHA | 1,237,927   | 1.19  |
| KCM PENSION TRUST SCHEME                              | NASILELE NGUMBI CHAIKATISHA | 321,208     | 0.31  |
| MADISON PENSION TRUST FUND                            | KELVIN SHIYUNGA             | 154,338     | 0.15  |
| ZAMBIA SUGAR PENSION TRUST -SCHEME                    | NASILELE NGUMBI CHAIKATISHA | 129,885     | 0.12  |
| STANBIC BANK PENSION TRUST FUND                       | NASILELE NGUMBI CHAIKATISHA | 95,854      | 0.09  |
| BARCLAYS BANK STAFF PENSION TRUST FUND                | NASILELE NGUMBI CHAIKATISHA | 50,339      | 0.05  |
| BARCLAYS BANK ZAMBIA STAFF PENSION FUND-PPMZ          | KELVIN SHIYUNGA             | 50,339      | 0.05  |
| STANDARD CHARTERED BANK PENSION TRUST FUND            | NASILELE NGUMBI CHAIKATISHA | 45,045      | 0.04  |
| CEC PESION TRUST SCHEME                               | KELVIN SHIYUNGA             | 43,924      | 0.04  |
| MUKUBA PENSION TRUST DEFINED CONTRIBUTION SCHEME      | MATIMBA CHAAMBWA            | 41,824      | 0.04  |
| STANBIC NOMINEES-MPILE LOCAL EQUITY FUND              | MINTY CHITEBE               | 41,161      | 0.04  |
| LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME        | NASILELE NGUMBI CHAIKATISHA | 40,379      | 0.04  |
| INDENI PENSION TRUST SCHEME                           | NASILELE NGUMBI CHAIKATISHA | 39,607      | 0.04  |
| SANDVIC MINNING PENSION SCHEME                        | NASILELE NGUMBI CHAIKATISHA | 36,797      | 0.04  |
| AIRTEL ZAMBIA STAFF PENSION FUND                      | NASILELE NGUMBI CHAIKATISHA | 35,277      | 0.03  |
| ZANACO PLC DC PENSION SCHEME                          | NASILELE NGUMBI CHAIKATISHA | 35,055      | 0.03  |
| CEC PENSION TRUST SCHEME                              | NASILELE NGUMBI CHAIKATISHA | 18,291      | 0.02  |
| WORKCOM TRUST PENSION SCHEME PPMZ                     | KELVIN SHIYUNGA             | 11,868      | 0.01  |
| WORKCOM PENSION TRUST SCHEME                          | NASILELE NGUMBI CHAIKATISHA | 11,868      | 0.01  |
| BUYANTANSHI PENSION TRUST FUND                        | NASILELE NGUMBI CHAIKATISHA | 11,828      | 0.01  |
| LUBAMBE COPPER MINES PENSION TRUST SCHEME             | NASILELE NGUMBI CHAIKATISHA | 9,956       | 0.01  |
| GAME STORES PENSION TRUST SCHEME                      | NASILELE NGUMBI CHAIKATISHA | 9,776       | 0.01  |
| SCZ INTERNATIONAL LTD PENSION TRUST                   | NASILELE NGUMBI CHAIKATISHA | 8,276       | 0.01  |
| FINANCE BANK                                          | KELVIN SHIYUNGA             | 8,232       | 0.01  |
| SUN INTERNATIONAL PENSION TRUST SCHEME                | NASILELE NGUMBI CHAIKATISHA | 7,930       | 0.01  |
| CAVMONT BANK ZAMBIA PENSION TRUST SCHEME              | NASILELE NGUMBI CHAIKATISHA | 7,340       | 0.01  |
| SANLAM LIFE INSURANCE (Z) LTD                         | NASILELE NGUMBI CHAIKATISHA | 6,739       | 0.01  |
| PICZ PENSION TRUST-MONEY PURCHASE                     | KELVIN SHIYUNGA             | 6,622       | 0.01  |
| PSPF STAFF PENSION SCHEME                             | NASILELE NGUMBI CHAIKATISHA | 6,247       | 0.01  |
| BUYANTANSHI PENSION SCHEME                            | KELVIN SHIYUNGA             | 5,055       | 0.00  |
| HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME | NASILELE NGUMBI CHAIKATISHA | 4,960       | 0.00  |
| HSEGAIPS-PPMZ                                         | KELVIN SHIYUNGA             | 4,960       | 0.00  |

|                                                           |                             |                    |              |
|-----------------------------------------------------------|-----------------------------|--------------------|--------------|
| AFRICA 53                                                 | KELVIN SHIYUNGA             | 4,664              | 0.00         |
| NATITONAL INSTITUTE FOR SCIENTIFIC AND INDUSTRIAL RESARCH | NASILELE NGUMBI CHAIKATISHA | 3,816              | 0.00         |
| GOLDEN SUNSET PENSION FUND                                | NASILELE NGUMBI CHAIKATISHA | 3,500              | 0.00         |
| NATIONAL BREWERIES PENSION TRUST SCHEME                   | NASILELE NGUMBI CHAIKATISHA | 3,300              | 0.00         |
| UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME             | NASILELE NGUMBI CHAIKATISHA | 2,431              | 0.00         |
| ZRA PENSION TRUST SCHEME                                  | NASILELE NGUMBI CHAIKATISHA | 2,260              | 0.00         |
| LUNSEMFWA HYDRO POWER PENSION SCHEME                      | KELVIN SHIYUNGA             | 1,800              | 0.00         |
| ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME               | NASILELE NGUMBI CHAIKATISHA | 1,716              | 0.00         |
| MOTOR MART GROUP ZAMBIA                                   | KELVIN SHIYUNGA             | 1,670              | 0.00         |
| ACCESS BANK ZAMBIA LIMITED PENSION SCHEME                 | NASILELE NGUMBI CHAIKATISHA | 1,498              | 0.00         |
| STANBIC NOMINEES ZAMBIA LIMITED                           | MINTY CHITEBE               | 1,378              | 0.00         |
| STANBIC NOMINEES ZAMBIA LIMITED                           | MINTY CHITEBE               | 1,100              | 0.00         |
| NZALA LEVY KALINDA                                        | NZALA LEVY KALINDA          | 14                 | 0.00         |
| <b>TOTAL</b>                                              |                             | <b>102,783,684</b> | <b>98.83</b> |

## 1. ATTENDEES - SHAREHOLDERS

| Name                             | Proxy | Shares Held | %    |
|----------------------------------|-------|-------------|------|
| 1. MR. JOE CHIYASSA              |       | 32,486      | 0.03 |
| 2. CHITENGU RUDO TUKUZA          |       | 2,000       | 0.00 |
| 3. MR. GEORGE CHILUFYA KANG'OMBE |       | 2,000       | 0.00 |
| 4. MUSONDA DORIS KATWAMBA        |       | 1,500       | 0.00 |
| 5. KUNDA WINFIELD                |       | 1,433       | 0.00 |
| 6. KASUTU CHILUFYA               |       | 1,260       | 0.00 |
| 7. MBEWE PATRICK                 |       | 1,250       | 0.00 |
| 8. LIEBENTHAL ROBERT & OMPIE M   |       | 1,250       | 0.00 |
| 9. KAPOMA ALAN CHAMBESHI         |       | 1,146       | 0.00 |
| 10. KAPOMA ALAN CHAMBESHI        |       | 1,146       | 0.00 |
| 11. AKAPELWA MARTHA MSISKA       |       | 1,000       | 0.00 |
| 12. KABUKA JOHN LUBUMBE          |       | 600         | 0.00 |
| 13. KAZWALA PETER MBALA          |       | 540         | 0.00 |
| 14. GULATI MARTHAMMA PRABHA      |       | 500         | 0.00 |
| 15. KATWAMBA CHARLES             |       | 360         | 0.00 |

|     |                                |     |      |
|-----|--------------------------------|-----|------|
| 16. | LUPAMBO JUSTIN                 | 300 | 0.00 |
| 17. | PANDALA MATTHEW                | 300 | 0.00 |
| 18. | CHIKONDE JOSEPH L (MR)         | 300 | 0.00 |
| 19. | SINJANI MULONGOTI GILBERT      | 264 | 0.00 |
| 20. | HAZINJI WAFER                  | 200 | 0.00 |
| 21. | ZULU NZALI                     | 200 | 0.00 |
| 22. | NAKANYIKA BEAUTY KATEBE        | 200 | 0.00 |
| 23. | MUKUMBA CHARLES POLENI         | 200 | 0.00 |
| 24. | MUNTHALI FRANK                 | 160 | 0.00 |
| 25. | CHIZUNI JONATHAN               | 130 | 0.00 |
| 26. | ALFRED PHIRI                   | 105 | 0.00 |
| 27. | BANDA GEOFFREY MATHEWS         | 100 | 0.00 |
| 28. | CHANDA PASCAL                  | 100 | 0.00 |
| 29. | TEMBO DAVID THOMSON            | 100 | 0.00 |
| 30. | MUSOLO ISAAC                   | 100 | 0.00 |
| 31. | NAMWAYI LEAH                   | 62  | 0.00 |
| 32. | CHITUPILA NYIRENDA NORIA       | 60  | 0.00 |
| 33. | CHIBWE FRIDAY                  | 60  | 0.00 |
| 34. | SOSOPH CATHLEEN CHUMA          | 50  | 0.00 |
| 35. | MWENYA IVAN BEENE              | 46  | 0.00 |
| 36. | SAMUI GRACE K.                 | 41  | 0.00 |
| 37. | CHAZANGA EMELY                 | 40  | 0.00 |
| 38. | JENGA JENGA TREVOR             | 40  | 0.00 |
| 39. | KAMANGALA K. MARTIN & BETTY N  | 40  | 0.00 |
| 40. | KATALA CHARLES                 | 40  | 0.00 |
| 41. | GEORGE TEMBO                   | 34  | 0.00 |
| 42. | LILANDA LUBASI                 | 32  | 0.00 |
| 43. | MULUDYANG MARSYANO JADA        | 30  | 0.00 |
| 44. | CHOONGA NCHOBA SIMON           | 30  | 0.00 |
| 45. | KANYATA SYDNEY                 | 30  | 0.00 |
| 46. | MWANSA CHAMA                   | 28  | 0.00 |
| 47. | MUNTHALI MILLIE TUWONE         | 28  | 0.00 |
| 48. | NGONA MALAMA                   | 22  | 0.00 |
| 49. | NANGOYI BARBARA MUTALE. MWINJI | 20  | 0.00 |
| 50. | ALBERT MULANDA                 | 20  | 0.00 |
| 51. | MUKELABAI SEAN                 | 15  | 0.00 |
| 52. | MUCHIMBA DOUGLAS KANCHE        | 14  | 0.00 |

| 1.  | NAME                    | Representing                       | Count |
|-----|-------------------------|------------------------------------|-------|
| 2.  | YUYO NACHALI KAMBIKAMBI | AIRTEL NETWORKS ZAMBIA Plc         | 1     |
| 3.  | JASON CHULU             | AIRTEL NETWORKS ZAMBIA Plc         | 2     |
| 4.  | LEONIA LWENJE           | AIRTEL NETWORKS ZAMBIA Plc         | 3     |
| 5.  | JUSTIN MWANAMASE        | AIRTEL NETWORKS ZAMBIA Plc         | 4     |
| 6.  | NAMUKOLO MUSONDA        | CORPSERVE ZAMBIA                   | 5     |
| 7.  | NCHIMUNYA FELLYSTONS    | DELOITTE AND TOUCHE                | 6     |
| 8.  | TIYEZE MULENGA          | DELOITTE AND TOUCHE                | 7     |
| 9.  | KUMOYO WAMBULAWAE       | DELOITTE AND TOUCHE                | 8     |
| 10. | BRIAN SITAMULAHU        | DELOITTE AND TOUCHE                | 9     |
| 11. | INKENI HINJI            | LUSAKA SECURITIES EXCHANGE         | 10    |
| 12. | LEAH SIMASIKU           | SECURITIES AND EXCHANGE COMMISSION | 11    |
| 13. | BONIFACE MWAMBA         | STOCKBROKERS ZAMBIA LTD            | 12    |
| 14. | MICHEMA CHINZEWE        | STOCKBROKERS ZAMBIA LTD            | 13    |
| 15. | MUKUKA MAPEMBA          | ZCCM-IH                            | 14    |

## 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 29<sup>th</sup> day of March 2022 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.

[illegible]

[illegible]



THE **SMARTPHONE** NETWORK

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**AIRTEL HOUSE**

Corner of Addis Ababa Drive & Great East Road, Stand 2375,  
P.O. Box 320001, Lusaka, Zambia

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[www.airtel.co.zm](http://www.airtel.co.zm)