airtel

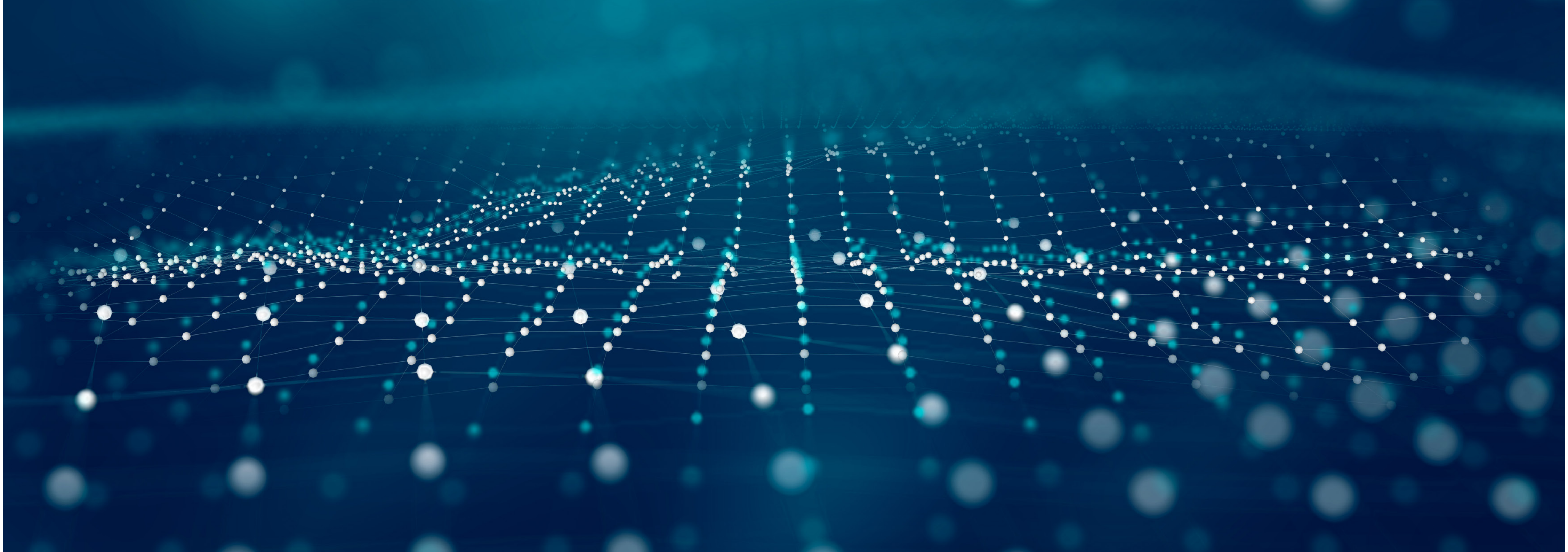
THE SMARTPHONE NETWORK

ANNUAL REPORT 2020

Contents

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.

2020 KEY MILESTONES

1 Let's Read Project

The company partnered with the USAID “Let's Read” project by providing over 2000 data sim cards to the 5 year project which has been rolled out to five provinces in Zambia. The project led by the Education Development Center, Inc. (EDC) is meant to improve the reading outcomes for approximately 1.4 million children attending pre-primary (kindergarten) through Grade 3. The data sim cards where handed over to the Minister of General Education Dr. Dennis Wanchinga (right) by the former Airtel Enterprise Director, Mr Muyunda Munyinda.

2 Airtel Opens 11 Shops across the Country

In a bid to increase touch points for the Company's products and service for customers across the Country, Airtel opened an additional 11 new shops bringing the total number of stores to 28 across all ten provinces. The new shops that were opened are based in Mufulira, Chirundu, Mazabuka, Kalulushi, Lundazi, Kaoma, Sesheke, Choma, Kafue, Mpika and Mkushi. In Kaoma, Zonal Business Manager for Western Province Godwin Katebe (blue jacket) was on hand to open the shop there.

3 Airtel Employees Partner with World Vision for Covid support towards the Health Sector

Employees at Airtel raised money to help the Covid fight and donated masks, sanitizers and hand washing basins to World Vision to support the health sector in Chibombo District of Central Province. Airtel's Human Resource Director Ms Bwembya Chikonde (2nd from right) handed over the donation to World Vision representative Mr Yule Mwiwa (left)

4 Airtel donated K5m to Zambian Government for Covid Support

Airtel donated a whopping K5 million to the government of Zambia through the Ministry of Health as part of the Company's Corporate Social Responsibility in the fight against COVID 19. The cheque was handed over to the then Minister of Health, Dr. Chitalu Chilufya (left) by the Airtel Managing Director Mr. Apoorva Mehrotra (right).

5 Airtel launched the ‘self-care' App

The Business launched a one-stop-shop self-care application that enables customers to easily access Airtel products and services including Me2U, Airtel Money and SoChe on one platform. The app can be downloaded on Play Store of any android phone.

6 Airtel partnered with Jesuits on Covid Response to donate to 135 Covid affected Families

Many families continue to be affected by the Covid pandemic in many ways and most families have been affected economically. Airtel partnered with the Jesuits Zambia Covid Response and donated an assortment of goods to 135 Covid affected families in Ngombe Compound. Airtel Human Resource Director Ms Bwembya Chikonde (left) handed over the items to Father Leonard Chiti.

7 Airtel launches Tonse Bundles

The Company also unveiled new value for money data bundles called “TONSE” which are a simplified data offering flaunting the tagline “You too can make that dream possible through Tonse Bundles” that can be accessed via the *575#. Marketing Director, Mr Hussam Baday launched the data offering at a Media briefing held at the Head Office.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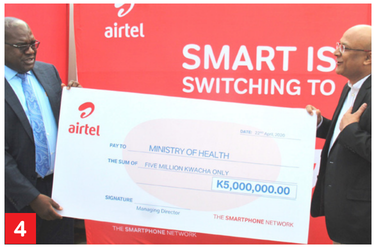

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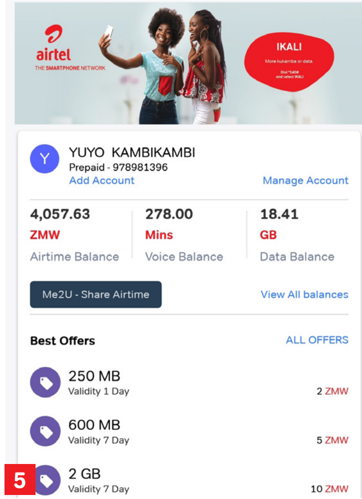

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BOARD OF DIRECTORS

MONICA KATEBE MUSONDA
Board Chairperson

Qualifications
She holds an 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
Monica 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 and Edward Nathan as well as worked as in-house corporate counsel at International Finance Corporation and for the Dangote Group. Her experience in 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
She serves as a non-executive director on the Boards of Dangote Industries Zambia Limited and Financial Sector Deepening Zambia. In 2016, she was appointed by the UN Secretary General to be a member of the Lead Group of the Scaling Up Nutrition Movement. 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 was appointed Managing Director for Airtel Networks Zambia Plc on 1st March 2018. He joined Airtel 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. Before joining Airtel and most notably, he spent 14 years at Vodafone, where his last posting was as Executive Vice President (EVP) & Business Head for the Delhi NCR Circle.

External appointments
Apoorva is a Director of Airtel Mobile Commerce Zambia Limited.

JITO KAYUMBA
Board Member

Qualifications
As a certified Investment Advisor, he holds a degree in Political Science, specializing in Public Policy, Economics and Governance from Canada's Concordia University. He also holds a Masters in Business Administration from ALU School of Business.

Experience
As a seasoned investment professional, Jito is regularly called upon by numerous global fora to provide insight on development financing and investment in Africa. He is also an advocate for innovative early childhood education.
He has also been recognized for his work in energy policy and the promotion of streamlined investment in energy ventures in Zambia, driven by Independent Power Producers.
Jito is a partner at Kukula Capital, Zambia's pioneering Private Equity and Venture Capital firm. The company's impact investments has generated over 500 jobs and has developed the market for alternative capital in Zambia. He has led investments in numerous Zambian SMEs and actively participates in their strategy and development.

External appointments
He serves on other boards including Bank of Zambia, Pensions and Insurance Authority regulations, and on other companies across various sectors. He also serves as Chairman of iSchool Zambia, an early childhood e-learning company.

JAIDEEP PAUL
Board Member

Qualifications
He is a Commerce Graduate from Calcutta University and a Chartered Accountant from ICAI.

Experience
Jaideep joined Bharti Airtel Delhi Circle in 2002. He worked as Chief Financial Officer of Bharti Retail (a franchisee of Walmart) for 2 years and Fairtrade LLC Muscat before joining Airtel Nigeria as Chief Financial Officer in September 2010.

He has been the Chief Finance Officer at Airtel Africa since May 2014 following his role at Airtel Nigeria. He has a total work experience of 29 years having started his career with Pricewaterhouse in 1989.

He continues to provide the Board with the ability to achieve financial discipline and enhance the overall efficiency of the organization. Jaideep is a keen analyst with exceptional negotiation and relationship management skills and abilities.

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
He 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. His 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.
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.

He also led Vodacom Tanzania through an IPO process and managed to deliver a successful outcome for shareholders, Government and new investors, raising $213m and floating 25% of the business onto the Dar Es Salaam stock exchange.
Ian joined Airtel Africa as 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
Ian serves as Director on the Boards of Airtel Uganda, Kenya, Tanzania, Malawi and Rwanda. He is also a Director of Airtel Mobile Commerce Zambia Limited.

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 Regional Executive Vice Presidents, in countries' C-suite and Human Resources leaders to increase organizational performance, through talent management, performance and rewards, as well as developmental initiatives across 5 International markets.
Having operated in two retail formats, Game and Dion Wired who are under the MassMart/Walmart umbrella in 13 African countries, she developed and reinforced the correct leadership ethos across the businesses, and reinforced a customer centric culture both internally and externally.
She was instrumental in stabilizing the general union environment, developing the Workforce Management strategy and crafting the re-engineering process and alignment of people costs to the business model.
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.
By assisting to leverage diversity and initiatives she enabled MassDiscounters to become one of the first retailers in South Africa to attain a level 3 Black empowerment status.

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

CORPORATE GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE

Airtel Networks Zambia plc ('Airtel") places high standards on corporate governance and is committed to the principles of openness, integrity and accountability. The ultimate goal is to insure the long term value and success of the Company in the interests of various stakeholder groups. This includes continuous improvement to decision making processes and management systems through legal, organization and ethical directives as well as measures to enhance transparency.

The Directors and employees of Airtel strive to ensure that the Company is managed in an efficient, accountable, responsible and moral manner. The Board of Directors endorses the Lusaka Stock Exchange (LuSE) Corporate Governance Code for listed and quoted companies (the "Code") and believes that, in all material respects, the Company complied with the principles of the Code throughout the year under review.

BOARD OF DIRECTORS
The Board currently comprises six Directors inclusive of 2 Independent non-executive Directors. The depth of experience and diversity of the Board ensures that robust and forthright debate occurs on all issues of material importance to the Company.

The Company aims to achieve a balanced relationship between management and control by keeping the roles of the Chairman and Managing Director separate. The Chairman is an Independent Non-Executive Director.

The Board is responsible to shareholders for strategy and direction, review of management decisions, monitoring of operational performance and management, risk management processes and formulation of policies.

The Board follows a risk management framework and is responsible for the review of the risk management processes in the Company and ensures that Board policies and decisions on risk are properly implemented.

The Airtel Board meets at least four times annually and the Company's Articles of Association makes provision for decisions to be taken between meetings for written resolutions where necessary. Four meetings were convened in 2020.

BOARD COMMITTEES
The Board is assisted in the discharge of its responsibilities by subcommittees. The Committees operate under approved mandates and terms of references which define their functions and responsibilities. These Committees are accountable to the Board.

AUDIT COMMITTEE
The Audit Committee assists the Board in the discharge of its duties relating to its financial reporting and performance, reviewing external audit reports, internal control systems and compliance. The Committee reviews and evaluates the nature, extent and categories of risks facing the Company, probability of risks occurring and mitigating actions and then reports them to the Board.

RENUMERATION COMMITTEE
The main role of the Remuneration Committee is to assist and advise the Board on matters relating to the remuneration of the senior management and employees in general, in order to motivate and retain employees and ensure that the Company is able to attract the best talents in the market in order to maximize shareholder value.

Sonia Shamwana - Chinganya - Company Secretary

RETIREMENT AND ELECTION OF DIRECTORS
All Directors with the exception of the Managing Director are subject to retirement and re-election on rotational basis with one third of the Board being elected annually. This is in accordance with the Company's Articles of Association.

BOARD EVALUATION
The Board carries out a self-assessment of its performance during the year and shall continue to implement appropriate actions to enhance its performance.

BOARD MEETING ATTENDANCE
In accordance with the Companies Act 2017, listing Rules of the Lusaka Stock Exchange and the Securities Act No. 41 of 2016, the record of Directors' attendance and meetings held during the year was taken.

The Board held 4 meetings during the 2020 financial year. The table below shows the membership and the attendance of Directors at the meetings held.

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

	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
6.	Apoorva Mehrotra	Managing Director	None

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

Board meeting attendance for 2020

	Name of Director	5 February 2020	4 May 2020	21 August 2020	10 December 2020
1.	Ms. Monica Musonda	√	√	√	√
2.	Mr. Ian Ferrao	√	√	√	√
3.	Mr. Jito Kayumba	√	√	√	√
4.	Mr. Apoorva Mehrotra	√	√	√	√
5.	Mr. Jaideep Paul	Proxy	Proxy	√	√
6.	Mrs. Rogany Ramiah	√	√	√	√

Audit Committee attendance for 2020:

	Name of Director	5 February 2020	4 May 2020	21 August 2020	10 December 2020
1.	Mr. Jito Kayumba	√	√	√	√
2.	Mr. Jaideep Paul	Proxy	Proxy	√	√

LEGAL COMPLIANCE

Airtel is committed to ensuring compliance in all its operations. The compliance function which falls under the legal department, promotes a principles-based culture of integrity that respects not only the letter of the Law but also the spirit underlying these principles. While Management determines the culture of the organization, the role of the compliance function is to assist management develop compliance minded leaders/employees and promote and foster a foundation of integrity in its business practices.

To achieve the above, the Human Resources Department conducted the following compliance based trainings:

- Global Fraud
- Privacy information and Security
- Anti-Money Laundering and Global Initiatives
- Compliance impact
- Airtel Africa Code of conduct
- Airtel Africa Anti-Bribery and Anti-Corruption Policy
- Global Anti-Bribery

All these trainings are aimed at ensuring that Airtel and third parties dealing with it are in compliance with all applicable laws and act with utmost integrity.

AIRTEL PRODUCTS & SERVICES

AIRTEL TV

Airtel launched subscription free content on the Airtel TV App that enhanced customer engagement and stimulated data usage to grow revenue. The App offers customers access to Video on Demand & Live TV which include a world of entertainment ranging from movies, documentaries, music and News. Airtel TV penetration to active data customers was about 30% as at 31 December 2020.

MY AIRTEL APP

Airtel launched a one-stop-shop self-care application to enable customers to have access to Airtel products and services which include Airtime purchases, money transfer (local & International), bank to wallet & wallet to bank transfer, bundle purchases and merchant payments. This has helped subscribers minimize movement as it provides selfcare services from the comfort of their homes. The app penetration of active data users had reached 41% as at 31 December 2020.

4G POCKET WIFI & 4G SMARTBOX

Routers & Mifi are the primary focus for data revenue growth through homes and SMEs. With the outbreak of Covid-19, Airtel launched 4G Smartbox (Router) and 4G Pocket wifi (Mifi) that allows customers to access the 4G network while working from home during the partial lock-down.

TONSE DATA BUNDLES

In the continued pursuit of being customer centric and drive to **"make that connection"** possible, Airtel re-launched the open market data bundles with the flagship name Tonse with the tagline **"You too can make that dream possible through Tonse Bundles".** This is to ensure affordability of data services for all our customers.

ENTERPRISE BUSINESS

Airtel Networks (Z) Plc, having invested in network modernization and upgrade which has seen the deployment of the 100% 4G roll out, deployment of fiber countrywide has increased network capability and suitability to ably cater for large corporates, multinationals as well as Government institutions.

Airtel Business now positions itself to deliver complete enterprise solutions combining mobile and fixed based solutions. It stands to benefit from long standing relationships with corporate bodies, supporting their business operations as well as delivering on their strategies. It is a unique value proposition that provides for multisite business connectivity, strict Service Level Agreements, guaranteed service and strong account management principles.

From a technology standpoint, Airtel Business has access to a hybrid of technology platforms that gives choice to the client for delivery of service on either GSM, Fibre, Microwave or satellite. In very unique cases, a combination of these infrastructure are delivered to meet customer expectations in budgets and quality of service. The enterprise business product offering continues to include domestic MPLS network as well as customer tailored value propositions including Virtual Private Networks (VPNs), Direct Internet Access (DIA), Access Point Name (APN) configurations and international circuits such as International Private Leased Circuits (IPLC) and Data Center hosting.

As digital transformation remains an agenda for most, Airtel Business strategically remains a partner to various organizations in banking and finance, government and quasi government, mining, non-governmental organizations, embassies, manufacturing, agriculture and construction. The partnerships are based on a promise to ensure seamless delivery of services to enable their strategic objectives, building all of these promises on technology.


QC

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 December 2020.

The Year 2020 was an exceptional year that saw the advent of the Corona Virus (COVID-19) pandemic, which disrupted trade and commerce across the globe and affected human life like never seen before in recent memory. Major economies across the world ordered the shutdown of major economic activities as a measure to try to stop the surging scourge. This led to massive company shut downs that resulted in massive job losses.

In Africa most countries opted for partial shutdown allowing only essential work to continue. However, due to the dependency on commodity exports, economies like Zambia recorded a huge drop in demand for copper and this cascaded into a rapid depreciation of the Zambian Kwacha against the US Dollar.

The Economic environment

The Zambian economy experienced significant challenges as the local currency depreciated against the US Dollar by close to 50% from K14/$1 at the beginning of the year to K21/$1 as at 31 December 2020. Inflation deteriorated from 12% at the beginning of the year to 19% at the close of the 31 December 2020. As a result of this depreciation in local currency and rising inflation, prices of consumer goods and services have increased significantly over the last year resulting in a huge strain on consumer spending.

The Central Bank intervened by reducing the Policy Rate from 11.5% at the beginning of the year to 8% as at 31 December 2020. Despite this reduction in the Policy Rate, commercial and retail lending rates remained high due to high default risk in the market.

As a result of this the real Gross Domestic Product (GDP) growth for 2020 is estimated to have closed at -ve4.8% from an estimated 2% for 2019 and 4% for 2018. (Source - World Bank/BOZ). This GDP performance, for 2020 was mainly due to various challenges faced by industry in Zambia as a result of the impact of the Pandemic.

Changes in the Telecommunications Industry

As you are aware, the Zambia Information Communication Technology Authority (ZICTA) had granted a fourth mobile license to Uzi. The failure by Uzi to commence operations in Zambia prompted ZICTA to cancel the license and request for new proposals.

On 7th September 2020, ZICTA proceeded to float an RFP for offering a Network license for a 4th mobile operator.

Beeline Telecommunications successfully lodged in its bid, being the only Company that responded to the RFP. On 19th February 2021 ZICTA announced the issuance of the 4th Mobile License to Beeline Telecommunications. Beeline Telecommunications is expected to commence its operations by 19th August 2021.

Airtel reiterates that it shall stand firm to defend its position in the Zambian market and its continued commitment to the Zambia people in the provision of 1st class telecommunication services.

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, will usually outperform other companies and will be able to attract investors, whose support can help to finance further growth. In keeping to this, four Board and Audit Committee meetings were held in the year ending 31st December, 2020.

Corporate Social Responsibility

Airtel continues to lend a hand wherever possible as our contribution to society, thus meeting basic human needs by complementing Government to help raise the standards of living of members of communities, help create wealth as well as now more than ever before provide the much needed fundamental platforms and avenues for communities to earn a living via the many products and services we provide as a company.

The year under review was like for many businesses a challenging one and unprecedented. We undertook some corporate social responsibility programs focused on the COVID-19 pandemic with the business contributing Five Million Kwacha to the Zambia Government through the Ministry of Health as the Company's support towards the fight against the pandemic.

In recognizing the need for the youth to be involved in ICT projects and programs, Airtel sponsored the biggest ICT innovation conference which was aimed at advancing innovation in the ICT sector, targeting the youth and hosted by the regulator, ZICTA. The conference attracted over 40 young innovators and was flagged off by the Minister of Communication (represented by Director of Communications – Mr Yese Bwalya), the ZICTA Director General, Patrick Mutimushi, accompanied by the Airtel MD, Apoorva Mehrotra.

In the Company's continued bid to complement Government efforts to improve health care, Airtel donated 200 blankets worth K30, 000 to the Livingstone General Hospital to cater for the 200 bed spaces.

In realizing our company's values to be Alive, Inclusive and Respectful, members of staff raised K75, 606 towards the fight against COVID-19 which was matched by the company to total K151, 212. The monies were used to buy COVID-19 materials in the form of 2000 masks, 2000 sanitizers and 200 hand wash basins which were donated to the health and education sectors in partnership with the World Vision and the Ministry of General Education Copperbelt Provincial office.

In order to bring some relief to COVID 19 affected families in Ngombe Township, the Company partnered with the Jesuits Zambia Covid Response and donated an assortment of goods to 135 Covid affected families in Ngombe Compound. The assortment of goods worth K52, 000 included bags of mealie meal, sugar, salt and cooking oil to mention but a few.

The Company also gave 10 phones to the Ministry of Health to help with their contact tracing program.

Looking forward

Despite the foregoing, 2020 provided us an opportunity to realign our efforts and focus to provide world-class services on our 100% 4G network. In December 2020, ZICTA awarded Airtel, 10MHz spectrum in the 800 Band at a cost of USD$ 12.5mn, following a competitive tendering process that was open to all players on the market. At Airtel, we continue to demonstrate our commitment to supporting the government's digital agenda as expounded in both the 7th National Development Plan as well as the Vision 2030. The 10MHz spectrum in the 800 Band will enable us to increase our coverage and continue to improve our network.

The business continued to improve its overall business performance in 2020, despite continued aggressive competition among players in the industry.

Acknowledgements

I wish to thank all the employees 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 2020, Airtel Networks Zambia Plc continued to improve its operational business performance despite the onslaught of the COVID-19 pandemic that threatened to disrupt trade and commerce for the most part of 2020. Competition continued to heighten in the market with very innovative products and services deployed by all operators. Airtel held its own and retained & strengthened revenue market leadership despite the challenging economic environment. Our highly innovative and dedicated employees made this possible.

The Zambian economy faced a lot of turbulence in 2020. The local currency rapidly depreciated by close to 50%, in the face of dampened demand for copper, Zambia's major foreign currency earner. This depreciation of the local currency cascaded into an increase in consumer goods and services resulting in an increase in inflation to an estimated 19.2% in 2020 from 11.7% in 2019. Economic activity in Zambia declined as the pandemic raged across the globe. The Central Bank stepped in to stimulate economic activity and growth by reducing the policy rate to 8%, eventually, from 11.50% and retained the Statutory Reserve Ratio at 9% throughout 2020. These measures, however, did little to stimulate economic activity because the commercial and retail lending rates remained high. This was due to heightened default risk occasioned by the COVID-19 induced stress in many business operations which resulted in staff layoffs for some entities.

Real Gross Domestic Product (GDP) growth for 2020 is estimated at –ve4.8% while 2019 was an estimated 2%. (Source - World Bank/Bank Of Zambia). This performance was mainly due to various challenges faced by industry in Zambia, exacerbated by the COVID-19 pandemic, from low liquidity and high cost of capital, to load shedding and high cost of energy resulting in high cost of doing business, while demand for certain products and service dropped as the partial lockdown entailed working from home. The hospitality Industry crashed due to restricted numbers in hotels, lodges, restaurants, bars and casinos.

Despite the foregoing, 2020 saw Airtel continue to invest in the country's largest 4G Network (100% 4G) as we continue to support the government's digital agenda as expounded in both the 7th National Development Plan as well as the Vision 2030. Airtel further participated in an open tender floated by the Zambia Information and Communications Technology Authority (ZICTA) for 10 MHz in 800 Spectrum Band. In December 2020, ZICTA announced that it had awarded Airtel the 10MHz spectrum. This development will enable Airtel to deploy and enhance Mobile Broad Band coverage in underserved areas and enhanced capacity on our already existing Network.

Industry Update

Airtel Networks Zambia Plc focus for the year was to drive customer experience through the 100% 4G Network that has been rolled out. Campaigns dubbed "100% 4G Konse" and "Make that Connection" continued during the year to ensure customer awareness of the 4G availability. To make the 4G Network experience a reality to most of our subscribers with 4G devices, we engaged in pushing subscribers with 4G devices but using 3G SIM cards to upgrade the SIM cards.

There was a high conversion of these subscribers, which has increased data usage through high speed enabled devices using the 4G Network. With more focus on subscribers' experience, we continued to reposition all our products with a high focus on Ikali bundles which has become the customers' favorite product and driven data uptake during the year.

The outbreak of the global pandemic of Covid-19 early in the year created a lot of anxiety not only in the telecommunication industry but globally. Many changes were necessitated to adopt and align the business operations which presented both opportunities for data usage as most places shut down but also threats to physical distribution of recharges and sim packs for the business. We had to quickly embrace technology by allowing subscribers to transact using online platforms like the Self-care Airtel Application, Airtel website and using Airtel Money for recharges in place of physical scratch cards. In the midst of competition from market players, we adopted swiftly and saw a gain in the revenue market share during the year.

Most companies started working from home to adhere to the health guidelines relating to the Covid-19 requirements of social distancing and staying at home. With this, data became a key enabler for peoples' day to day life. We repositioned our product offering to create affordability and convenience for customers. Customized offering for work-from-home were repositioned which have continued to be one of the focus area point to ensure continuity of transactions and interactions.

During the year, the ZICTA re-advertised for the 4th operator in the country with more focus on having Zambians to cease the opportunity. This was due to the failure by Uzi Zambia Ltd commencing operations after being granted the license. The license was granted to Beeline Telecommunications Limited. As Airtel we continue realigning our strategy to ensure that we remain a strong market player in the sector.

Financial Overview

Customers

As at 31 December 2020, total customers were 6.7mn (5.9mn in 2019) whilst data customers were 4.1mn (3.4mn in 2019) representing circa 61% of total customers.

Revenue and Cost

In the year under review, the industry recorded revenue growth despite the impact of the COVID-19 pandemic and the escalating economic challenges that consumers faced in the local market. We achieved gross revenue of K2, 598mn representing a growth of 20.6% compared to K2, 154mn achieved in 2019.

Data revenue grew by 32.7% in the year under review, at K892mn compared to K672mn in 2019. The growth in Data revenue was mainly due to 77.4% growth in traffic on the back of 20.5% growth in customers who have used data in the period under review. During the period under review we continued to lead in the provision of competitively priced data bundles riding on a high speed and quality data network buoyed by our 100% 4G Network.

Voice revenue grew by 18% in the year under review, to K1, 398mn from K1, 184mn in 2019. Total Minutes of Use (MOU) increased by 28.6% in 2020 compared to traffic generated in 2019.

In general terms, the cost of doing business increased due to the ~ 50% depreciation in Kwacha and general inflationary effects on goods and services as Year on Year inflation finally closed the year 2020 at 19.2% compared to 11.7% in December 2019. Load shedding continued and coupled with the already high cost of fuel, energy costs skyrocketed as Airtel sought to maintain Quality of Service by running sites on generators during the extended load shedding hours. As part of our cost optimization strategy, Management has also continued to implement War On Waste initiatives to optimize costs.

Profit Margin

Operating profits increased by 7.4% mainly due to strong revenue growth coupled with prudent cost management resulting in operating efficiencies on the back of War On Waste Initiatives implemented by Management.

Profit Before Tax (PBT) decreased by 220.9% due to significant exchange losses of ~ K768 million (mainly on unrealized foreign currency denominated borrowing and lease liabilities). The exchange rate depreciated by close to 50% in year under review. The Kwacha remained unstable at upwards of ZMW21/$1 as at the end of the year. Any appreciation of the local currency against the USD will result in exchange gains in future periods and any depreciation will exacerbate the exchange losses. Management has put in place various hedging structures to mitigate the impact of any depreciation of the local currency while also renegotiating local contracts that are denominated in foreign currency.

The company reported a negative Profit After Tax (PAT) of K340mn down from K15.7mn in prior year. This was mainly a result of the huge unrealised exchange losses as alluded above . Management is pleased to report positive net cash generated from operations of K1,426mn for the year ended 31 December 2020 while the same was K716mn for the year ended 31 December 2019.

Capital Expenditure

The company continued modernizing and expanding the network and distribution infrastructure in the year under review resulting in the delivery of additional 10MHz spectrum in the 800 Spectrum Band in addition to investments made to enhance capacity and resilience for uninterrupted and quality customer experience on both voice and data. In 2020, the business spent a total of K694 mn on various network and distribution infrastructure projects in anticipation of imminent growth in demand for voice and data products and superior experience for our corporate and retail customers.

Changes to Senior Management

There were some changes to the senior management team's composition with the recruitment of the Customer Experience Director Ms Kapa Kaumba and the appointment of Ms Lindiwe Banda who took over as Enterprise Director following the resignation of Muyunda Munyinda.

2021 Outlook

Following the award of the 10MHz in the 800 spectrum Band by ZICTA in December 2020, Airtel will embark on network deployment to operationalize this spectrum to derive quality and coverage advantage. Airtel will further continue to drive adoption of Data services, which shall be a key driver for growth. To achieve this, we shall focus on device partner tie-ups for our shops across the country to retail a variety of Data Enabled devices at competitive prices.
We remain committed to continuing our investment drive to ensure quality of service and excellent innovative products and services, despite the challenging economic environment. This is in support of government's digital penetration agenda. We shall also continue to collaborate with the communities we operate in to support critical causes affecting them.
We believe management and staff possess the right skill sets to ensure we achieve our objectives going forward.

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

With 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 Networks Zambia Plc for 16 years and has over 15 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. She 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 and holds a Bachelor's Degree in Mass Communication and Public Administration and a Post graduate Diploma in Human Resource. She is also a holder of a Master's in Sustainable Business and Responsible leadership. Bwembya is currently pursuing her Masters of Science in Human Resource and Psychology and is a Swedish Institute management Alumni.

HUSSAM BADAY
Marketing Director

Hussam is a Master of Business Administration and BSc holder in Electronics and Communications Engineering. Prior to his Airtel Networks Zambia PLC appointment in 2018 he was Chief Marketing Officer at Sudatel Telecom Group (STG). STG is a leading telecom service provider serving customers in Sudan and West Africa.

He 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).

JAMES CHONA
Airtel Money Director

James rejoined Airtel Networks Zambia Plc in 2018 and has a rich industry experience from diverse sectors such as FMCG, Telecommunications, Consumer Electronics and Banking.

He is a resourceful professional whose prior roles were that of Ecobank's Country Head – Consumer Banking and Business Leader for Samsung Electronics in Zambia, Zimbabwe, Malawi and Mozambique.

He holds a Bachelor of Engineering in Electrical and Electronics Engineering and a Diploma in Aeronautical Electronics.

KAPA KAUMBA
Customer Experience Director

Kapa joined Airtel Networks Zambia Ltd in June 2020 and has over 20 years' experience as a customer experience and contact centre expert. 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 comes with over 14 years of experience which she has obtained from having worked in the Telecoms industry, Media, Internet Service Provider (ISP) domain, Enterprise Sales Innovation solutions and IT fields.

She held the roles of Enterprise Solutions Manager and Senior Manager Corporate Sales at MTN where she was responsible for leading the Enterprise Account Managers team. She also worked at Zamtel for three (03) years in the capacity of Business Solutions Manager.

While at Zamtel, Lindiwe held the position of Business Solutions Specialist and her roles included Managing Client Portfolios, developing tailor made communication solutions of all ranges for corporate customers. At Africonnect she held the role of Corporate Account Executive from January 2010 to December 2010.

Education: She holds a Bachelor of Science Degree in Computing and Information systems from London Metropolitan University and currently pursuing her MBA – Management Strategy

MARTIN JOWI

Supply Chain Management Director

Martin joined Airtel Networks Zambia Plc in 2017 as Supply Chain Director 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.

MUKESH SINGLA

Finance Director

Mukesh joined Airtel Networks Zambia Plc in 2016 and is a result oriented finance professional with over 20 years post qualification experience.

He has worked at multi locations in both large service and manufacturing industries, handled large teams, and easily adapted to new people and environments. He is specialized in many areas which include finance operations, business strategy, profit improvement, business planning & analytics, fiscal controls, treasury operations, and risk management amongst others. He also has hands on experience in greenfield projects, start-ups, acquisition/merger demerger of operations, equity divestment and strategic partners relationship. He is a qualified Chartered Accountant from India as well as Zambia.

RAJAN JOSHI

Networks Director

Rajan joined Airtel Networks Zambia Plc in 2019 and has over 30 years of industry experience gained from leading telecom operators.

His exposure spans across planning, operations and deployment domains in Africa and India. He was formerly with Vodafone (India) where he held the positon 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 over 25 years of work experience of which 20 have been in the telecommunication industry. 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 and 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 is currently pursuing a Masters from the UK in Business Administration.

SUZYO NDOVI AKATAMA

Legal And Regulatory Director

Suzyo joined Airtel Networks Zambia Plc in June 2019 and has over 16 years' experience as a lawyer working in various capacities. 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


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DIRECTORS' REPORT

for the year ended 31 December 2020

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 2020.

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 2020 (2019: Nil).

Results

The loss for the year ended 31 December 2020 amounted to K340.558 million (2019: Profit K15.743 million) and the operating profit for the year ended 31 December 2020 amounted to K718.945 million (2019: K669.629 million). The loss for the year 2020 was mainly on account of the devaluation of Kwacha. The impact of the same is K768.305 million (2019: K269.398 million).
The Company continues to accelerate its revenue growth momentum with a 20.61% YoY 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 2020, the Company had paid initial license fees of USD3.75 million and the remaining USD8.75 million will be paid by 31 March 2021.

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	Appointed on 23 March 2016
Jaideep Paul (ED)	Board Member	Appointed on 2 November 2016
Ian Ferrao (ED)	Board Member	Appointed on 23 September 2019
Rogany Ramiah (ED)	Board Member	Appointed on 16 July 2019

2. NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to K203.403 million (2019: K149.143 million). The average number of employees for each month of the year was as follows:

Month	2020	2019
January	**206**	204
February	**205**	207
March	**201**	204
April	**201**	203
May	**203**	207
June	**205**	205
July	**202**	205
August	**203**	199
September	**199**	201
October	**197**	200
November	**195**	202
December	**196**	206

3. HEATH AND SAFTEY

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.

4. 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.

5. GIFTS AND DONATIONS

During the year the Company made donations of K5.275 million (2019: K0.221 million). The donations include K5 million towards the fight against the Covid-19 pandemic.

6. ROAMING

Roaming revenue is earned from foreign telephone operators when their subscribers utilise the Company's network. The Company accrued roaming revenue amounting to K11.028 million (2019: K27.128 million).

7. PROPERTY, PLANT AND EQUIPMENT

The Company purchased property, plant and equipment amounting to K614.963 million (2019: K470.293 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 K33.710 million (2019: K85.119 million). The same has been presented as prepayment in the financial statements (note 20).

8. 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.

9. STATEMENT ON CORPORATE GOVERNANCE

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

The 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 busines

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
Lusaka

16 February 2021

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

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 the 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 29 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.

K. Monica Musonda
Chairperson

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 2020;
- 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 2020;
- 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. (Refer Note 2 of the financial statement for more details)
- 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 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 16 February 2021 and signed on behalf of the Board by:

Apoorva Mehrotra
Director

INDEPENDENT AUDITOR'S REPORT

To the members of

Airtel Networks Zambia Plc

Report on the financial statements

Opinion

We have audited the financial statements of Airtel Networks Zambia Plc set out on pages 34 to 69, which comprise the statement of financial position as at 31 December 2020, 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 2020, 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Revenue recognition

- Determination of revenue relating to usage of airtime;
- Accounting treatment for promotional products and bundled products;
- The revenue computation process is highly automated, complex in nature, characterised by high volume of data and dynamic; and
- The revenue recording involves a manual transfer of information from the IT billing system to the general ledger.
- As a result of the significance of this process, the timing of the revenue recognition, volume of transactional data involved, manual interference in the transfer of data from the IT billing system to the general ledger, this was considered a key audit matter.

The revenue recognition policy is disclosed in Note 4 (c) and revenue recognised disclosed in Note 8.

How our audit addressed the key audit matters

Our procedures included but were not limited to the following:

- Obtained an understanding of the Company's revenue streams;
- Performed walkthroughs of the different classes of revenue transactions and evaluated the design and implementation of controls;
- Obtained an understanding of promotional products and bundled products configurations to identify the related revenue streams and assessed the revenue recognition criteria for each stream for compliance with the applicable accounting standards;
- Involved our Risk Advisory specialist to test the controls within the billing systems and the control environment relevant to revenue;
- Tested the accuracy of IN (Billing system) to general ledger reconciliation and the validity of reconciling items; and
- Reviewed work performed by the Company's Revenue Assurance (RA) team to address the risk of revenue leakage and confirmed that the RA Dashboards (templates on which control activities are performed) were prepared and signed by the RA team on predefined intervals.

In addition to the above we performed detailed substantive testing of journal entries processes around revenue to ensure these were appropriately authorised, complete and accurate.

We found the operation of the controls over revenue to be effective, and our substantive testing did not reveal any material misstatements.

Going concern

As disclosed in Note 2 to the financial statements the Company, primarily due to the depreciation of the Kwacha, incurred a net loss of K341 million during the year ended 31 December 2020 and, as of that date, the Company's current liabilities

We performed various procedures, including the following:

- Obtained an understanding of the Directors own assessment of the appropriateness of the going concern assumption;

Key audit matters	How our audit addressed the key audit matters
Going concern (continued) exceeded its current assets by K1,689 million. As stated in note 2, the ability of the Company to continue as a going concern is dependent on its ability to achieve sufficient revenue growth, continued access to financing facilities and stability of the Kwacha /US Dollar exchange rate. Judgement is required by the Directors in estimating future Kwacha/US Dollar exchange rate and revenue growth which have a significant impact on cashflow forecasts used in determining whether or not a material uncertainty exists.	• Reviewed the reasonableness of assumptions relating to revenue growth used in the forecasts against historical performance and planned network enhancement program; • Reviewed reasonableness of the forecast exchange rate included in the cashflow forecast against market and Central Bank expectations; • Performed sensitivity analysis on the cashflow by varying key assumptions such as exchange rate and revenue growth; • Reviewed the adequacy of financing facilities from third party and intermediate holding Company; and • Reviewed the Director's disclosures relating to going concern in the financial statements for adequacy. • We concurred with the Director's conclusion that the preparation of financial statements on a going concern is appropriate and that no material uncertainty exists. We considered disclosures related to going concern to be adequate.
Tax matters The entity operates in a fairly complex tax environment. The current tax legislation for telecom industry is generic in nature and subject to varying interpretations. There is inherent judgement involved in determining current tax liability. This matter has been considered a key area of focus due to the inherent judgement and subjectivity involved.	• We performed the following procedures among others: • Assessed the design of the controls and operating effectiveness of controls around the management of the Company tax affairs and assessment of the accuracy of the tax computations; • Reviewed correspondence between the Zambia Revenue Authority ("ZRA") and the Company for potential liabilities; and • Engaged our tax specialist to review the tax computation for the year to ensure compliance with the tax legislation.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 2017, which we obtained prior to the date of this auditor's report, and the annual report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2017 and the Securities Act of Zambia, 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.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

- The annual financial statements of the Company have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Company has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income are in agreement with the Company's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit. In respect of the foregoing requirements, we have no matters to report.

Deloitte & Touche

DELOITTE & TOUCHE

F. NCHIMUNYA (AUD/F000154)
PARTNER
Date: 25th February, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

Particulars	Note	2020 K'000	2019 K'000
Income			
Revenue	8	**2,598,305**	2,154,318
Other income	9	**6,870**	10,499
		2,605,175	2,164,817
Expenses			
Network operating expenses		**(510,839)**	(361,415)
Depreciation and amortisation	12(b)	**(417,804)**	(388,959)
Other expenses	12(a)	**(282,457)**	(212,078)
Sales and marketing expenses		**(218,110)**	(136,958)
Employee benefits expenses		**(203,403)**	(149,143)
Access charges		**(130,626)**	(138,004)
Licence fee/ spectrum usage charges		**(122,991)**	(108,631)
		(1,886,230)	(1,495,188)
Operating profit		**718,945**	669,629
Finance income	11	**117**	223
Net exchange losses	10	**(768,305)**	(269,398)
Finance cost	11	**(212,922)**	(183,662)
(Loss)/profit before tax		**(262,165)**	216,792
Income tax expense	13	**(78,393)**	(201,049)
(Loss)/ profit and total comprehensive (loss)/income for the year		**(340,558)**	15,743
Basic and diluted earnings per share (Kwacha)	14	**(3.27)**	0.15

STATEMENT OF FINANCIAL POSITION

at 31 December 2020

Particulars	Note	2020 K'000	2019 K'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	17	**1,694,522**	1,457,363
Capital work-in-progress	17	**174,133**	83,614
Right-of-use assets	18	**635,585**	612,556
Intangible assets	19	**2,716**	3,178
Intangible assets under development	19	**79,275**	-
Deferred tax asset	16	**126,063**	28,696
Other non-current assets	20	**174,675**	152,704
Total non-current assets		**2,886,969**	2,338,111
Current assets			
Inventories	21	**3,776**	3,379
Derivative financial instruments	36	**8,658**	6,750
Trade and other receivables	22	**268,302**	196,906
Contract assets	24	**23,239**	30,445
Cash and cash equivalents	25	**66,137**	29,325
Other current assets	23	**159,473**	100,974
Total current assets		**529,585**	**367,779**
Total assets		**3,416,554**	**2,705,890**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**1,040**	1,040
Share premium	15	**24,962**	24,962
Deficit on retained earnings		**(405,848)**	(65,290)
Total equity		**(379,846)**	**(39,288)**
Non current liabilities			
Borrowings	29	**264,817**	521,062
Lease liabilities	32	**1,313,275**	947,291
Total non-current liabilities		**1,578,092**	1,468,353
Current liabilities			
Borrowings	29	**717,604**	397,867
Lease liabilities	32	**256,135**	155,327
Derivative financial instruments	36	**3,094**	6,085
Trade and other payables	26	**967,270**	477,271
Contract liabilities	28	**101,829**	79,667
Current tax payable	13	**83,935**	80,415
Other current liabilities	27	**88,441**	80,193
Total current liabilities		**2,218,308**	1,276,825
Total liabilities		**3,796,400**	2,745,178
Total equity and liabilities		**3,416,554**	**2,705,890**

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 28. The financial statements on pages 34 to 69 were approved for issue by the Board of Directors on 16 February 2021 and were signed on its behalf by:

Monica Musonda
Chairperson

Apoorva Mehrotra
Managing Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

Particulars	Notes	Share capital K'000	Share premium K'000	Deficit on retained earnings K'000	Total K'000
Balance at 1 January 2019		1,040	24,962	(37,784)	(11,782)
Transitional adjustment on adoption of IFRS 16 at 1 January 2019:					
- Right-of-use assets	18	-	-	168,733	168,733
- Lease liabilities	32	-	-	(241,132)	(241,132)
- Lease rent equalisation		-	-	190	190
Deferred tax on transition adjustment	16	-	-	28,960	28,960
Total comprehensive income for the year		-	-	15,743	15,743
Balance at 31 December 2019		**1,040**	**24,962**	**(65,290)**	**(39,288)**
At 1 January 2020		1,040	24,962	(65,290)	(39,288)
Total comprehensive income for the year		-	-	(340,558)	(340,558)
Balance at 31 December 2020		**1,040**	**24,962**	**(405,848)**	**(379,846)**

STATEMENT OF CASH FLOW

for the year ended 31 December 2020

Particulars	Note	2020	2019
Cash flows from operating activities			
(Loss)/ profit before income tax		**(262,165)**	216,792
Adjustments for:			
Finance income	11	**(117)**	(223)
Finance costs	11	**212,922**	183,662
Depreciation and amortisation	12(b)	**417,804**	388,959
Impairment loss recognised on trade receivables	22	**4,812**	5,926
Net exchange losses	10	**768,305**	269,398
Loss/(gain) on disposal of property, plant and equipment	9	**446**	(7,756)
Other adjustments (i)		**(5,019)**	(4,790)
Operating cash flows before changes in working capital		**1,136,988**	1,051,968
Changes in working capital:			
Increase in trade and other receivables		**(76,208)**	(17,931)
Increase in inventories		**(397)**	(2,704)
Increase/(decrease) in trade and other payables		**489,999**	(56,868)
(Increase)/decrease in other current and non current assets		**19,961**	(78,721)
Increase in other liabilities		**27,763**	5,664
Net cash generated from operations before tax		**1,598,106**	901,408
Income tax paid (ii)		**(172,240)**	(185,707)
Net cash generated from operating activities		**1,425,866**	715,701
Cash flows from investing activities			
Purchase of property and equipment	17	**(614,963)**	(470,293)
Interest received	11	**117**	223
Proceeds from disposal of property and equipment		**434**	12,881
Purchase of intangible assets under development	19	**(79,275)**	-
Net cash flows used in investing activities		**(693,687)**	(457,189)
Cash flows from financing activities			
Proceeds from borrowings	29	**36,418**	636,250
Repayment of borrowings	29	**(384,437)**	(708,875)
Interest paid on borrowings	11	**(59,688)**	(61,700)
Interest paid on lease liabilities	11	**(153,234)**	(121,962)
Repayment of lease liabilities	32	**(165,390)**	(127,905)
Net cash flows used in financing activities		**(726,331)**	(384,192)
Net increase/ (decrease) in cash and cash equivalents		**5,848**	(125,680)
Cash and cash equivalents at beginning of the year		**(125,380)**	(191)
Effects of currency translation on cash and cash equivalents		**(2,302)**	491
Cash and cash equivalents at end of the year	**25**	**(121,834)**	**(125,380)**

(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 K1.57 million (2019 : nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

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 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 1 of the director's report.

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 16 February 2021.

2. GOING CONCERN

The Company ended the year 2020 with strong underlying operational performance with revenue growth of 20.61%. However, on account of weakening of the Zambian Kwacha against the US Dollar during the year, there was an adverse impact of exchange losses amounting to K768.30 million (2019: K269.40 million) hence the Company incurred a net loss of K340.56 million (2019: profit of K15.74 million). As at 31 December 2020, accumulated losses were K405.85 million (2019: K65.29 million) and the Company was in a net current liability position of K1,688.72 million (2019: K909.05 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 2020; 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 Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. 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 the same way it would account for the change applying IFRS 16 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 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

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

In the current financial year, the Company has not been impacted by the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.
Amendments to IAS 1 and IAS 8 Definition of material	The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

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	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases

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 an 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 an 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, an 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.

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

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

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.

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 has changed its policy on cost deferral recognition in these financial statements. Accordingly, the Company has deferred such costs over expected average customer life (for more details refer to note 20).

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

A business segment is a Company of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(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, which ever 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.

(h) Leases

Policies applicable from 1 January 2019

The Company has applied IFRS 16 using the modified retrospective approach with effect from January 1, 2019. The Company elected to apply the practical expedient included in IFRS 16 and therefore retained its existent assessment under IAS 17 and IFRIC 4 as to whether a contract entered or modified before January 1, 2019 contains a lease.

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.

(i) Company as a lessee

On initial application of IFRS 16, the Company recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2019 whereas the Company has elected to measure right-of-use asset at its carrying amount as if IFRS 16 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at January 1, 2019. The Company has elected not to recognise a lease liability and a right-of-use asset for leases for which the lease term ends within twelve months of January 1, 2019 and has accounted for these leases as short-term leases.

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

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

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

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

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

(ii) Company as a lessor

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

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

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

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

Policies applicable prior to 1 January 2019

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. For lessors lease income from operating leases is recognised in income on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Leases of property, plant and equipment where the Company has substantially retained all risks and rewards of ownership are classified as finance leases. Finance leases are capitalised by the lessee at the lease's commencement at the lower of fair value of the leased property and present value of minimum lease payments. The Lessor recognises assets held under a finance lease in their statements of financial position and present them as a receivable at an amount equal to the net investment in the lease.

For a finance lease interest and depreciation is charged as expense in the periods in which they are incurred.

(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.

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 unconditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(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) Income tax

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) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(w) Earning per share (EPS)

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Critical accounting estimates and assumptions

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

Receivables

Critical estimates are made by the Directors in determining the recoverable amount of impaired receivables. The Company uses a provision matrix to measure the expected credit loss of trade receivables. Factors taken into consideration in making such judgments include historical trends and the number of days a debt is past its due date for payment. 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 to assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable. However, given the nature of these matters, there may be a risk of a material change within the next financial year.

(ii) Critical judgments in applying the entity'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.

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 2020 and 31 December 2019.

At 31 December 2020, 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 K92.811 million (2019: K86.231 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	2020 K'000	2019 K'000
Cash & cash equivalents (net)	**21,338**	(28,854)
Trade and other receivables	**177,345**	137,085
Trade and other payables	**(118,072)**	(130,260)
Lease liabilities	**(1,142,384)**	(938,370)
Borrowings (note 29)	**(794,450)**	(764,224)
Total	**(1,856,223)**	(1,724,623)
The following US Dollar exchange rates applied during the period:		

Particulars	2020 K	2019 K
Average Rate	**18.278**	12.902
Closing Rate	**21.185**	13.895

(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 rat es.

The Company's interest bearing financial liabilities were the overdraft of K187.971 million (2019: K154.705 million) and the borrowing of K794.450 million at year end (2019: K764.224 million). The Company regularly monitors financing options available to ensure optimum interest rates are obtained. At 31 December 2020, if effective interest rates on borrowings had been 2% higher/lower with all other variables held constant, pre tax profit would have been K19.648 million (2019: K18.379 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 2020 is made up as follows:

Particulars	Note	2020 K'000	2019 K'000
Cash and cash equivalents	25	**66,137**	29,325
Contract Assets	24	**23,239**	30,445
Amounts due from related parties	33	**230,627**	139,864
Trade receivables (net)	22	**37,675**	57,042
Total		**357,678**	256,676

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 aging of trade receivables at the reporting date was:

Particulars	2020 K'000	2020 K'000	2019 K'000	2019 K'000
	Gross amount	**Impaired**	Gross amount	Impaired
30 days	**20,127**	**-**	23,969	-
60 days	**12,792**	**-**	31,495	-
90 days and above	**87,741**	**82,985**	79,751	78,173
Total	**120,660**	**82,985**	135,215	78,173

Collateral is held for some of the above assets namely distributors with bank guarantees of K9.120 million, K0.998 million post-paid deposits and K7.405 million channel partner deposits as at 31 December 2020 (2019: K9.42 million bank guarantees and K1.128 million post-paid deposits and K5.740 million channel partner deposits respectively). 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	2020 K'000	2019 K'000
Past due but not impaired:		
by up to 30 days	**8,749**	25,097
by 31 to 90 days	**4,385**	6,398
by 91 days and over	**4,141**	1,438
Total past due but not impaired	**17,275**	32,933

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 1 year K'000	Between 1 & 2 years K'000	Between 2 & 5 years K'000	Over 5 years K'000
At 31 December 2020					
- Trade and other payables	26	**967,270**	-	-	-
- Bank overdrafts	25	**187,971**	-	-	-
- Term loans	29	**529,633**	**264,817**	-	-
At 31 December 2019					
- Trade and other payables	26	477,271	-	-	-
- Bank overdrafts	25	154,705	-	-	-
- Term loans	29	243,162	347,375	173,687	-

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 2020 and 31 December 2019 were as follows:

Particulars	2020 K'000	2019 K'000
Total borrowings (including bank overdraft and lease liabilities)	**2,551,831**	2,021,547
Less: cash and cash equivalents	**(66,137)**	(29,325)
Net Debt	**2,485,694**	1,992,222
Total equity	**(379,846)**	(39,288)
Total capital	**2,105,848**	1,952,934
Gearing ratio	**118%**	102%

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.

Particulars	2020 K'000	2019 K'000
Analysis of revenue by category:		
Airtime revenue	**1,397,520**	1,184,516
Data revenue	**891,983**	672,048
Interconnect revenue	**192,625**	201,128
Other services	**77,131**	50,376
Short Messaging Services	**64,964**	55,058
Value added services content	**55,807**	73,222
Roaming revenue	**11,028**	27,128
Connection revenue	**14,757**	12,934
Handsets and accessories	**10,280**	6,810
Trade discount	**(117,790)**	(128,902)
Total	**2,598,305**	2,154,318

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to K101.829 million at 31 December 2020 and K79.667 million as at 31 December 2019 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 K79.667 million (2019: K101.608 million). Transfers from contract assets recognized at the beginning of the period to receivables is K30.445 million for 2020 (2019: K30.415 million).

9. OTHER INCOME

Particulars	2020 K'000	2019 K'000
(Loss)/ gain on disposal of property, plant and equip-	**(446)**	7,756
Other operating income	**7,316**	2,743
Total	**6,870**	10,499

10. NET EXCHANGE LOSS

Particulars	2020 K'000	2019 K'000
Net exchange (loss)/gain arose on:		
Lease liabilities	**(483,235)**	(137,442)
Borrowings and cash and cash equivalents	**(380,547)**	(120,750)
Other balances	**95,477**	(11,206)
Total	**(768,305)**	(269,398)

11. FINANCE COST AND INCOME

Particulars	2020 K'000	2019 K'000
Finance costs		
Interest on lease liability	**153,234**	121,962
Interest expense on borrowings	**59,688**	61,700
Total	**212,922**	183,662
Finance income		
Interest income on deposits	**117**	223

12. LOSS/ (PROFIT) BEFORE TAX

Particulars	2020 K'000	2019 K'000
Loss/(profit) before tax is stated after debiting:		
(a) Other expenses		
IT expenses	**72,314**	57,487
Management fees	**70,148**	53,714
Content charges	**62,026**	54,240
Other expenses	**45,755**	27,856
Cost of goods sold	**25,317**	10,590
Provision for impairment losses	**4,812**	5,926
Auditors' remuneration	**2,085**	2,238
	282,457	212,078
(b) Depreciation and amortisation		
Depreciation on property and equipment (Note 17)	**289,467**	274,913
Depreciation on right-of-use assets (Note 18)	**127,875**	113,584
Amortisation of intangible assets (Note 19)	**462**	462
	417,804	388,959

13. INCOME TAX

Particulars	2020 K'000	2019 K'000
Current income tax	**171,415**	156,436
Deferred income tax (Note 16)	**(97,367)**	32,880
Prior year additional tax charge	**4,345**	11,733
Income tax expense		
Income tax expense	**78,393**	201,049

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	2020 K'000	2019 K'000
(Loss)/ profit before income tax	**(262,165)**	216,792
Tax calculated at the statutory income tax rate of 40%	**(104,866)**	86,717
Tax effect of:		
Expenses not deductible for tax purposes (net)	**276,281**	69,719
Origination and reversal of timing differences (note 16)	**(97,367)**	32,880
Prior year additional tax charge	**4,345**	11,733
Income tax expense	**78,393**	201,049

Income tax payable

Current income tax movement in the statement of financial position:

Particulars	2020 K'000	2019 K'000
At January	**80,415**	98,337
Current income tax charge	**171,415**	156,436
Prior year additional tax charge	**4,345**	11,733
WHT recoveries in respect of current year	**(1,573)**	-
Payments during the year	**(170,667)**	(185,707)
Other adjustment entries	**-**	(384)
At end of the year	**83,935**	80,415

Income tax provisional returns have been filed with the Zambia Revenue Authority ("ZRA") for the year ended 31 December 2020. Quarterly payments for the year ended 31 December 2020 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 2020 and 31 December 2019. Diluted earnings per share is therefore the same as basic earnings per share.

Particulars	2020 K'000	2019 K'000
(Loss)/profit attributable to the equity holders of the Company	**(340,558)**	15,743
Weighted average number of ordinary shares (Nos '000)	**104,000**	104,000
Basic/diluted earnings per share (Kwacha)	**(3.27)**	0.15

15. SHARE CAPITAL

Particulars	Number of shares (million) Nos'000	Ordinary Shares K'000	Share Premium K'000
At 31 December 2020	**104**	**1,040**	**24,962**
At 31 December 2019	104	1,040	24,962

The total authorised number of ordinary shares is 150 million (2019: 150 million) with a par value of K0.01 per share. The issued and fully paid ordinary shares is 104 million (2019: 104 million).

16. DEFERRED TAX

Deferred tax liability is calculated using the enacted income tax rate of **40%** (2019: 40%). The movement on the deferred tax account is as follows:

Particulars	2020 K'000	2019 K'000
1 January	**(28,696)**	(32,616)
Charge to profit or loss	**(97,367)**	32,880
Credit to retained earnings	**-**	(28,960)
At 31 December	**(126,063)**	(28,696)

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

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

Particulars	At 1 January K'000	Charged/ (credited) to profit/loss K'000	Charged/ (credited) to retained earnings K'000	At 31 December K'000
2020				
Deferred tax liabilities				
Property and equipment	**200,873**	**44,246**	**-**	**245,119**
Unrealised Exchange gains	**14,883**	**12,483**	**-**	**27,366**
Deferred tax assets				
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)**
IIFRS 16 incremental impact	**(131,169)**	**(171,258)**	**-**	**(302,427)**
Net deferred tax	**(28,696)**	**(97,367)**	**-**	**(126,063)**
2019				
Deferred tax liabilities				
Property and equipment	420,192	(219,319)	-	200,873
Unrealised exchange gains	(85,063)	99,946	-	14,883
Deferred tax assets				
Other temporary deductible differences	(317,944)	259,503	-	(58,441)
Other provisions	(51,175)	2,761	-	(48,414)
Unrealised exchange losses	1,374	(7,802)	-	(6,428)
IFRS 16 transition adjustment	-	(102,209)	(28,960)	(131,169)
Net deferred tax	**(32,616)**	**32,880**	(28,960)	**(28,696)**

The Company adopted IFRS 16 in 2019 and elected to recognise transitional adjustment through retained earnings on the date of application. The deferred tax impact of the amounts adjusted through retained earnings was K28.960 million.

17. PROPERTY , PLANT AND EQUIPMENT

Particulars	Buildings K'000	Leasehold Improvements K'000	Telecom equipment K'000	Fixture,fittings office & other IT equipment K'000	Total K'000	Capital work in progress (i) K'000
Historical Cost:						
At 1 January 2019	115,295	17,963	2,994,289	563,548	3,691,095	177,095
Additions	-	-	-	-	-	470,293
Transfers	-	-	518,090	50,474	568,564	(568,564)
Adjustments/ disposals	-	-	(16,115)	(1,229)	(17,344)	4,790
At 31 December 2019	**115,295**	**17,963**	**3,496,264**	**612,793**	**4,242,315**	**83,614**
At 1 January 2020	**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)
Asset Retirement	-	-	(3,529)	-	(3,529)	3,062
At 31 December 2020	**115,299**	**19,699**	**3,947,277**	**684,017**	**4,766,292**	**174,133**
Depreciation						
At 1 January 2019	33,219	14,237	1,954,355	787,296	2,789,107	-
Charge for the year	5,764	694	242,910	25,545	274,913	-
Adjustments/ disposals	-	-	(11,679)	(267,389)	(279,068)	-
At 31 December 2019	**38,983**	**14,931**	**2,185,586**	**545,452**	**2,784,952**	**-**
At 1 January 2020	**38,983**	**14,931**	**2,185,586**	**545,452**	**2,784,952**	**-**
Charge for the year (i)	**5,785**	**776**	**244,968**	**37,938**	**289,467**	**-**
Asset Retirement	**-**	**-**	**(2,649)**	**-**	**(2,649)**	**-**
At 31 December 2020	**44,768**	**15,707**	**2,427,905**	**583,390**	**3,071,770**	**-**
Carrying amount:						
At 31 Decemeber 2020	**70,531**	**3,992**	**1,519,372**	**100,627**	**1,694,522**	**174,133**
At 31 Decemeber 2019	76,312	3,032	1,310,678	67,341	1,457,363	83,614

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 2020 and 2019 is K174.133 million and K83.614 million respectively, which mainly pertains to telecom equipment. In 2019 and 2020, adjustments/disposals include reversal of provision due to deployment of aged inventory.

18. RIGHT-OF-USE ASSETS

Particulars	Leasehold buildings K'000	Telecom equipment K'000	Motor vehicles K'000	Total K'000
Cost				
At 1 January 2019 (i)	-	814,860	-	814,860
Transitional adjustment on adoption of IFRS 16	6,356	156,217	6,160	168,733
Additions	96	13,383		13,479
Asset retirement	-	(7,002)	-	(7,002)
At 31 December 2019	6,452	977,458	6,160	990,070
At 1 January 2020	**6,452**	**977,458**	**6,160**	**990,070**
Additions	**1,653**	**155,992**	**-**	**157,645**
Asset retirement	**-**	**(11,039)**	**-**	**(11,039)**
At 31 December 2020	**8,105**	**1,122,411**	**6,160**	**1,136,676**
Depreciation				
At 1 January 2019 (i)	-	267,179	-	267,179
Charge for the year	2,549	107,727	3,308	113,584
Asset retirement	-	(3,249)	-	(3,249)
At 31 December 2019	2,549	371,657	3,308	377,514
At 1 January 2020	**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)**
At 31 December 2020	**5,845**	**489,272**	**5,974**	**501,091**
Carrying amount:				
At 31 December 2020	**2,260**	**633,139**	**186**	**635,585**
At 31 December 2019	3,903	605,801	2,852	612,556

(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 K'000	Total K'000	*Intangible assets under development K'000
Cost				
At 1 January 2019	7,372	125	7,497	-
At 31 December 2019	7,372	125	7,497	-
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**
Amortization				
At 1 January 2019	3,270	125	3,857	-
Charge for the year	462	**-**	462	-
At 31 December 2019	4,194	125	4,319	-
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**	**-**
Carrying amount				
At 31 December 2020	**2,716**	**-**	**2,716**	**79,275**
At 31 December 2019	3,178	-	3,178	-

(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 for which services are yet to be rolled out. 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 2020, the Company had paid initial license fees of USD3.75 million and the remaining USD8.75 million will be paid by 31 March 2021.

20. OTHER NON-CURRENT ASSETS

Particulars	2020 K'000	2019 K'000
Indefeasible right of use (IRU) of bandwidth (i)	**162,126**	147,438
Deferred customer acquisition cost (ii)	**12,549**	5,266
Total	**174,675**	152,704

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

Particulars	Indefeasible right of use (IRU) K'000
Cost	
At 1 January 2019	107,630
Additions	85,119
At 31 December 2019	192,749
At 1 January 2020	**192,749**
Additions	**33,710**
At 31 December 2020	**226,459**
Amortization	
At 1 January 2019	15,111
Charge for the year	15,498
At 31 December 2019	30,609
At 1 January 2020	30,609
Charge for the year	16,387
At 31 December 2020	**46,996**

Particulars	2020 K'000	2019 K'000
Current prepayment	**17,337**	14,702
Non-current prepayment	**162,126**	147,438
Total	**179,463**	162,140

(a) In 2017, the Company took international bandwidth on indefeasible right of use (IRU) basis, which is being amortised over a period of 10 to 15 years. Additional 15-year IRU has been taken in 2019 and 2020.

(ii) Deferred customer acquisition cost

Particulars	2020 K'000	2019 K'000
At the beginning of the year	**25,980**	-
Expenses deferred	**49,605**	28,883
Amounts relating to prior year*	**-**	27,957
Amortisation	**(32,967)**	(30,860)
At the end of the year	**42,618**	25,980
Deferred customer acquisition cost		
Current prepayment	**30,069**	20,714
Non-current prepayment	**12,549**	5,266
Total	**42,618**	25,980

*In prior years, based on the then available information, the Company considered that the average life of customers across its network was less than 12 months and had taken the practical expedient available under IFRS 15 not to defer customer acquisition costs on recognition and amortise over the average anticipated customer life, but to expense customer acquisition costs as incurred. With increased and more reliable data the Company now estimates that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and has updated its policy on cost deferral recognition in these financia statements with a financial impact of increasing profits before tax by K25.980 million for 2019. The amounts relating to the prior and earlier years were not considered to be material requiring restatement of the prior year financial statements.

21. INVENTORIES

Particulars	2020 K'000	2019 K'000
Merchandise held for sale	**16,400**	26,667
Less provision for obsolete stock	**(12,624)**	(23,288)
Balance as at 31 December	**3,776**	3,379

The cost of inventories recognized as an expense and included in 'cost of sales' amounted to K1.89 million (2019: K12.79 million).

22. TRADE AND OTHER RECEIVABLES

Particulars	2020 K'000	2019 K'000
Trade receivables	**120,660**	135,215
Less provision for impairment losses	**(82,985)**	(78,173)
Net trade receivables	**37,675**	57,042
Amounts due from related parties (refer note 33)	**230,627**	139,864
Total	**268,302**	196,906

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	2020 K'000	2019 K'000
Balance as at 1 January	**78,173**	110,068
Transfer to credit-impaired	**4,812**	5,926
Amounts written off during the year as uncollectible	**-**	(37,821)
Balance as at 31 December	**82,985**	78,173

23. OTHER CURRENT ASSETS

Particulars	2020 K'000	2019 K'000
Prepayments	**92,665**	63,024
Others assets	**61,670**	34,905
Advances to suppliers	**5,138**	3,045
	159,473	100,974

24. CONTRACT ASSESTS

Particulars	2020 K'000	2019 K'000
Revenue from interconnect customers	**10,612**	12,961
Revenue from post paid customers	**9,590**	10,394
Revenue from sale of handsets to corporate/enterprise Customers	**2,569**	6,047
Revenue from roaming customers	**468**	1,043
Current	**23,239**	30,445
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	2020 K'000	2019 K'000
Balances in banks		
- Current accounts	**51,849**	22,319
Cash on hand	**14,288**	7,006
	66,137	29,325

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

Particulars	2020 K'000	2019 K'000
Cash and bank balances	**66,137**	29,325
Bank overdrafts	**(187,971)**	(154,705)
	(121,834)	(125,380)

The Company has eight overdraft/ facilities with limits of up to K270 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 is 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 + 2.6% (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 + 2.9% margin
(v)	Barclays Bank Zambia Plc	K 20 million	MPR +9.75%
(vi)	Stanbic Bank Zambia Limited	K 20 million	MPR +7.5%
	Ecobank Zambia Limited	K 165 million	MPR +7.55%
	Access Bank Limited	K 65 million	MPR +7.5%

The Company had drawn amounts as at the year-end of K187.971 million and US$ Nil (2019: K119.887 million and US$2.506 million).

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	2020 K'000	2019 K'000
Trade payables	**557,322**	306,806
Amounts due to related parties (refer note 33)	**370,191**	152,577
Accrued expenses	**39,757**	17,888
	967,270	477,271

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	2020 K'000	2019 K'000
Other taxes payable	**88,441**	80,193

28. CONTRACT LIABILITIES

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

Particulars	2020 K'000	2019 K'000
Deferred income	**101,829**	79,667
Current	**101,829**	79,667
Non-current	**-**	-
Total	**101,829**	79,667

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	2020 K'000	2019 K'000
Non-current		
Term loans	**794,450**	764,224
Less : current	**(529,633)**	(243,162)
Total	**264,817**	521,062
Current maturity of long term debts	**529,633**	173,688
Current		
Term Loans	**-**	
Bank overdraft	**187,971**	154,705
	187,971	224,179
Total current borrowings	**717,604**	397,867

The term loans are due to the following commercial banks:

Particulars	Standard Chartered bank Zambia Plc K'000	Citibank Zambia Limited K'000	ABSA Bank Zambia Plc K'000	ABSA Bank Mauritius Limited K'000	Total K'000
At 1 January 2019	715,608	-	-	-	715,608
Draw down during the year	-	-	305,400	330,850	636,250
Repayments in the year	(708,875)	-	-	-	(708,875)
Exchange Loss	62,741	-	28,080	30,420	121,241
At 31 December 2019	69,474	-	333,480	361,270	764,224

Particulars	Standard Chartered bank Zambia Plc K'000	Citibank Zambia Limited K'000	ABSA Bank Zambia Plc K'000	ABSA Bank Mauritius Limited K'000	Total K'000
At 1 January 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 losses/(gains)	**20,993**	**(168)**	**171,562**	**185,858**	**378,245**
At 31 December 2020	**-**	**-**	**381,336**	**413,114**	**794,450**

In May 2020, the Company obtained a short term credit facility from CITI Bank Zambia Limited for US$ 2 Million. The Loan carries an interest rate of 2.13 % per annum. The facility was repayable within 41 days .The facility was fully repaid in June 2020.

In July 2019 the Company obtained a US$50 Million medium term credit facility lent jointly by ABSA Bank Zambia Plc. (US$24 Million) and ABSA Bank Mauritius Limited (US$26 Million). The Loan carries an interest rate of 3 month Libor + 2.25 % per annum. The facility is repayable within 36 months. The loan is guaranteed by Bharti Airtel International (Netherlands) BV (Step up parent) and is unsecured.

In May 2018 & July 2018 the Company obtained a short term credit facility from SCB Bank for US$ 15 Million and US$ 50 million respectively. The Loan carries an interest rate of 6 month Libor + 2.5 % per annum. The facility is repayable within 12 months. US$ 50 Million was repaid in July 2019 and US$ 5 Million was repaid in November 2019. The balance was paid in May 2020.

30. CONTINGENT LIABILITIES

Legal proceedings

The Company had some pending legal proceedings as at 31 December 2020. 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 (2019: Nil) arising from pending proceedings against the Company will crystalise.

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 (2019: K5.04 million) were deemed probable and provided for. As at 31 December 2020, there was K17.271 million assessments identified under contingent liability (2019: Nil), as the possibility of payout on remaining assessments was deemed remote.

31. CAPITAL COMMITMENTS

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

Particulars	2020 K'000	2019 K'000
At 31 December	**314,390**	181,774

32. LEASE LIABILITIES

(a) Analysed as:

Particulars	2020 K'000	2019 K'000
Non-current	**1,313,275**	947,291
Current	**256,135**	155,327
Total	**1,569,410**	1,102,618

(b) Maturity analysis:

Particulars	2019 K'000	2018 K'000
Less than one year	**407,685**	269,679
Later than one year but not later than two years	**452,304**	257,512
Later than two years but not later than five years	**1,057,283**	774,717
Later than five years but not later than nine years	**102,748**	191,954
Later than nine years	**9,593**	776
Total	**2,029,613**	1,494,638
Less: future finance charges	**(460,203)**	(392,020)
Total	**1,569,410**	1,102,618

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

Particulars	2020 K'000	2019 K'000
At the beginning of the year	**1,102,618**	843,076
Transitional adjustment on adoption of IFRS 16	**-**	241,132
Additions during the year	**157,645**	13,479
Retirement during the year	**(8,698)**	(4,606)
Repayments during the year	**(165,390)**	(127,905)
Exchange loss	**483,235**	137,442
Net investment in finance leases	**1,569,410**	1,102,618

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 2020 and 2019 is as stated below:

Name of shareholder	Number of shares	% Shareholding
Bharti Airtel Zambia Holdings BV	100,215,630	96.36%
Public (institutions and individual investors)	3,784,370	3.64%
	104,000,000	**100.00%**

The following transactions were carried out with related parties:

i) Purchase of goods and services

Name of Related Party	Country of incorporation	Relationship to Company	2020 K'000	2019 K'000
Airtel Mobile Commerce Zambia	Zambia	Fellow subsidiary	**186,084**	110,417
Network i2i Ltd.	Mauritius	Step up parent	**19,113**	5,942
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	**14,272**	21,718
Airtel Malawi plc	Malawi	Fellow subsidiary	**2,538**	2,589
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	**2,028**	1,073
Nxtra Data Limited	India	Fellow subsidiary	**1,814**	397
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	**1,323**	2,096
Airtel Tanzania plc	Tanzania	Fellow subsidiary	**591**	263
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	**251**	91
Airtel Networks Limited	Nigeria	Fellow subsidiary	**184**	267
Airtel Uganda Limited	Uganda	Fellow subsidiary	**91**	54
Bharti Airtel Limited	India	Step up parent	**88**	847
Airtel Congo S.A	Congo B	Fellow subsidiary	**3**	3
Airtel Madagascar S.A.	Madagascar	Fellow subsidiary	**1**	4
Centum Learning Limited	India	* Other related	**-**	1,328
Bharti Airtel Zambia Holdings BV	Netherlands	Holding Company	**-**	1,136
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	**-**	3
Celtel Niger S.A.	Niger	Fellow subsidiary	**-**	1
Total			**228,381**	148,229

ii) Sale of goods and services

Name of Related Party	Country of incorporation	Relationship to Company	2020 K'000	2019 K'000
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	**75,644**	50,969
Airtel Mobile Commerce Zambia Limited	Zambia	Fellow subsidiary	**25,989**	14,308
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	**13,103**	8,385
Airtel Malawi plc	Malawi	Fellow subsidiary	**12,431**	5,947
Airtel Networks Limited	Nigeria	Fellow subsidiary	**11,171**	8,772
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	**1,349**	506
Airtel Tanzania plc	Tanzania	Fellow subsidiary	**1,312**	410
Airtel Uganda Limited	Uganda	Fellow subsidiary	**144**	1,676
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	**94**	414
Airtel Tchad S.A.	Chad	Fellow subsidiary	**-**	3,491
Network i2i Ltd.	Mauritius	Step up parent	**-**	1,268
Airtel Congo S.A	Congo B	Fellow subsidiary	**-**	426
Bharti Airtel Limited	India	Step up parent	**-**	31
Airtel Madagascar S.A.	Madagascar	Fellow subsidiary	**-**	2
Airtel Gabon S.A.	Gabon	Fellow subsidiary	**-**	1
Jersey Airtel Limited	Jersey	Fellow subsidiary	**-**	2
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	**-**	1
Celtel Niger S.A.	Niger	Fellow subsidiary	**-**	1
Total			**141,237**	96,610

iii) Management fees expenses

Name of Related Party	Country of incorporation	Relationship to Company	2020 K'000	2019 K'000
Bharti Airtel International (Netherlands) B.V.	Netherlands	Step up parent	**70,148**	53,741

iv) Receivable from related parties

Name of Related Party	Country of incorporation	Relationship to Company	2020 K'000	2019 K'000
Airtel Mobile Commerce Zambia Limited	Zambia	Fellow subsidiary	**64,324**	19,561
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	**45,943**	18,684
Airtel Tanzania plc	Tanzania	Fellow subsidiary	**35,013**	41,912
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	**37,722**	31,071
Airtel Malawi plc	Malawi	Fellow subsidiary	**31,682**	14,123
Airtel Tchad S.A.	Chad	Fellow subsidiary	**5,734**	3,761
Airtel Networks Limited	Nigeria	Fellow subsidiary	**3,422**	5,997
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	**1,733**	326
Celtel Niger S.A.	Niger	Fellow subsidiary	**1,655**	1,087
Bharti Airtel Limited	India	Step up parent	**1,475**	977
Airtel Congo S.A	Congo B	Fellow subsidiary	**1,006**	435
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	**704**	463
Bharti Hexacom Limited	India	Fellow subsidiary	**89**	-
Bharti Airtel Services Limited	India	Fellow subsidiary	**70**	46
Airtel Uganda Limited	Uganda	Fellow subsidiary	**36**	54
Airtel Gabon S.A.	Gabon	Fellow subsidiary	**19**	12
Network i2i Ltd.	Mauritius	Step up parent	**-**	1,355
Total			**230,627**	139,864

v) Payable to related parties

Name of Related Party	Country of incorporation	Relationship to Company	2020 K'000	2019 K'000
Airtel Mobile Commerce Zambia Limited	Zambia	Fellow subsidiary	**293,962**	110,970
Bharti Airtel International (Netherlands) BV	Netherlands	Step up parent	**41,543**	12,399
Network i2i Ltd.	Mauritius	Step up parent	**12,064**	11,571
Airtel Networks Limited	Nigeria	Fellow subsidiary	**5,937**	1,236
Airtel Tanzania plc	Tanzania	Fellow subsidiary	**3,637**	2,350
Airtel Networks Kenya Limited	Kenya	Fellow subsidiary	**3,357**	1,309
Bharti Airtel (UK) Limited	United Kingdom	Fellow subsidiary	**2,677**	2,901
Airtel Malawi plc	Malawi	Fellow subsidiary	**1,881**	1,369
Bharti Airtel Limited	India	Step up parent	**1,369**	1,767
Nxtra Data Limited	India	Fellow subsidiary	**1,656**	804
Airtel Rwanda Limited	Rwanda	Fellow subsidiary	**1,413**	811
Airtel Congo (RDC) S.A.	Congo (DRC)	Fellow subsidiary	**375**	103
Airtel Madagascar S.A.	Madagascar	Fellow subsidiary	**230**	151
Bharti Hexacom Limited	India	Fellow subsidiary	**37**	-
Airtel Ghana Limited (JV)	Ghana	* Other related party	**31**	20
Bharti Airtel Zambia Holdings BV	Netherlands	Holding Company	**10**	4,405
Airtel Uganda Limited	Uganda	Fellow subsidiary	**7**	4
Airtel Tchad S.A.	Chad	Fellow subsidiary	**3**	2
Airtel Congo S.A	Congo B	Fellow subsidiary	**2**	-
Centum Learning Limited	India	* Other related party	**-**	394
Africa Towers NV (Liquidated wef 31 December 2020)	Netherlands	Fellow subsidiary	**-**	10
Airtel (Seychelles) Limited	Seychelles	Fellow subsidiary	**-**	1
Total			**370,191**	152,577

No provisions for impairment losses have been required in 2020 and 2019 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	2020 K'000	2019 K'000
Salaries and other short-term employment benefits	**71,479**	44,299

vii) 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
Non-Executive							
Jito Kayumba	**459**	-	-	-	-	-	**459**
Monica K. Musonda	**548**	-	-	-	-	-	**548**
Executive							
Apoorva Mehrotra	-	**5,419**	**4,524**	-	**1,123**	**1,680**	**12,746**
Total	**1,007**	**5,419**	**4,524**	-	**1,123**	**1,680**	**13,753**

Compensation of directors for the year ended 31 December 2019

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
Non-Executive							
Jito Kayumba	523	-	-	-	-	-	523
Monica K. Musonda	670	-	-	-	-	-	670
Executive							
Apoorva Mehrotra	-	3,707	1,480	-	793	1,369	7,349
Total	1,193	3,707	1,480	-	793	1,369	8,542

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

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

Classes and categories of financial instruments and their fair values

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics;
- The carrying amounts of financial instruments;
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

Foreign exchange forward contracts

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

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

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

Particulars		Total K'000	Total K'000
		Carrying value	**fair value**
31 December 2020			
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)**
31 December 2019			
Derivative financial Assets	Level 2	6,750	6,750
Derivative financial Liability	Level 2	(6,085)	(6,085)
Cash and bank balances		29,325	29,325
Trade and other receivables		196,906	196,906
Contract assets		30,445	30,445
Bank overdraft		(154,705)	(154,705)
Trade and other payables		(477,271)	(477,271)
Lease liabilities		(1,102,618)	(1,102,618)

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 2020 and year ended 31 December 2019 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"

35. EMPLOYEE BENEFIT EXPENSE

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

Particulars	2020 K'000	2019 K'000
Aon Zambia Pension Fund Administrators Limited	**8,259**	7,509
National Pension Scheme Authority	**3,404**	2,589

36. DERIVATIVE FINANCIAL INSTRUMENTS

The details of derivative financial instruments are as follows:

Particulars	2020 K'000	2019 K'000
Foreign currency forward contracts (assets)	**8,658**	6,750
Foreign currency forward contracts (liabilities)	**(3,094)**	**6,085**

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 2020. 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

airtel
THE SMARTPHONE NETWORK

NOTICE TO MEMBERS

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

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of Members of Airtel Networks Zambia Plc will be held via the ZOOM platform on Monday 29th March 2021 at 09:30 hours to transact the following business: -

1. To confirm and adopt the minutes of the Annual General Meeting held on 30th June 2020.
2. To receive and adopt the Financial Statements of the Company and the Reports of the Directors and of the Auditors for the Financial Year ended 31st December 2020.
3. To re-elect Directors retiring by rotation in accordance with the provisions of the Company's Articles of Association.
4. To appoint External Auditors of the Company until the next Annual General Meeting on terms and conditions to be agreed with the Board.
5. To transact any other business that may properly be transacted at the Annual General Meeting.

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

By Order of the Board

Sonia Shamwana-Chinganya
COMPANY SECRETARY

MINUTES OF THE 21st ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF AIRTEL NETWORKS ZAMBIA PLC (THE "COMPANY") HELD ON MONDAY 30TH JUNE 2020 VIA THE 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 with a quorum being met, declared the meeting properly constituted for the conduct of business at 09:30 hours.

2.2 There being no amendments to to the Agenda, the Agenda was adopted and seconded by Janet Mwafulirwa.

3. CONFIRMATION OF PREVIOUS MINUTES
3.1 The minutes of the previous meeting held on 29th March 2019 were confirmed as a true record of the proceedings as seconded by Olivier Pognon and Gwenani James save for the following amendment at page 4 paragraph:

- correction of spelling of Charles Katala.

4. APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
4.1 The Financial Statements for the year ended 31 December 2019 were taken as read and the Financial Director presented the highlights for the year.

4.2 Marian Munyinda requested Management to advise the shareholders on the impact that the Covid 19 pandemic has had on the business operations.

4.2.1. Management responded that it was too early for the business to assess the impact of Covid 19 but stated that fortunately Zambia had not been put under complete lock down as had been observed in other countries. The shareholders were informed that the company had implemented a few things to safe guard the business from the extreme impact of the pandemic. These included:

- On the operational side, a shift in the increase of traffic was observed from commercial areas to residential areas as more and more people were working from home. Airtel had been working hard with its technology team to handle the increase in temporary soft capacity in residential areas.
- Airtel had put in place a business continuity plan to ensure that they were not out of stock for critical spares for network resources, sim cards and recharge cards, plus ensured that they stocked up in case the factories did not open in time.
- Measures were also taken to ensure that all employees that were working in the field or in Airtel offices were adequately protected. In addition, since the Head office housed critical data centers, employees were encouraged to work from home starting at the end of March. However, as at beginning of June, employees had started returning back to work at the office in a phased approach. The shareholders were further informed that Airtel would continue to monitor the spread of Covid-19 within the country and would continue to be proactive in the monitoring of the situation in the country to ensure that they were adequately covered and prepared for the pandemic.

4.3 Nasilele Ngumbi requested management to explain what they were doing to rectify the negative equity position.

4.3.1 Management responded that this position had been caused by the forex fluctuations. The business was monitoring its costs as it was likely that the forex rates would continue to fluctuate. It was stated that the business had increased the forex hedging policy from 25% to 50% but stated that the business ought to be mindful as forex hedging came at a cost. However, Airtel continued to monitor the forex fluctuations.

Management reported that some dollar denominated loans had been converted to local currency to combat the impact of high forex exchange rates. It was stated that the revenue growth this year was higher than last year. They were hopeful that in 2020, the negative position would turn positive.

4.4 David Thompson Tembo asked Management to explain why the share price had plummeted and was there something that could be done about this.

4.4.1 Management responded that unfortunately they could not do much control on the share price because there had been lack of depth on the Zambian stock exchange and the equity culture was yet to take off in the country. Airtel had been working with the Lusaka Stock Exchange's guidance to try and stimulate more interest in the stock market. Unless there was growth in the interest in capital markets, the share price was unlikely to change. It was stated that the share price is the function of the market and with more knowledge, it meant that more people could trade on the capital markets, thereby driving prices upwards.

4.5 The Chairperson proposed the motion to approve the Financial Statements for the 12-month period ended 31 December 2019, The Directors and the Auditors' report were adopted as presented and seconded by Mr. Olivier Pognon.

5. CONFIRMATION OF APPOINTMENTS

5.1 The Board of Directors proposed the confirmation of Rogany Ramiah who had been appointed as Director.

5.2 The proposal to appoint Rogany Ramiah as Director was seconded by Godfrey Chilufya Kangombe and approved by the members.

5.3 The Board of Directors proposed the confirmation of Ian Ferrao who had been appointed as Director.

5.4 The proposal to appoint Ian Ferrao as Director was seconded by Boyd Tembo and approved by the members.

6. RETIREMENT BY ROTATION

6.1 The Chairman informed the members that in accordance with Article 17.4 of the Articles of Association of the Company, Jito Kayumba and Jaideep Paul 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 Jito Kayumba and Jaideep Paul was seconded by Mundia Lufafa and Chinyama Tembo 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 seconded by Olivier Pognon and George Chola and therefore approved by the members.

8. ANY OTHER BUSINESS

8.1 Chiti Chikwanda Katongo stated that cybercrime was on the increase, and inquired what measures had the company put in place to curb fraud & safe guard customer accounts.

8.1.2 Management responded that ZICTA has developed a detailed set of guidelines on how operators should safeguard themselves against cybercrime. Airtel was working closely with ZICTA not only on development of guidelines but also on implementation. Airtel had also engaged the services of external consultants who were experts in this area. Airtel was proactively monitoring any gaps in the systems and working to close such gaps.

8.2 Chinyama Tembo stated that Airtel internet had been poor and asked Management if there were any plans to address this.

8.2.1 Management responded that the network is the core product that Airtel offered to its customers. Airtel was monitoring two areas i.e first was the capacity aspect, which as a result of Covid-19 had been under immense pressure as more and more people were working from home as their offices and schools had been shut down. Soft capacity had been increased to combat this in the short term and there was additional planning for the future.

The second part was the quality of the network. Airtel was now using advanced diagnostic tools to monitor customer experience in real time and therefore able to fix those issues before the customer even laid a complaint about their network experience.

8.2.2 Management further stated that they would continue to plan to increase the number of sites where there was high traffic. There were plans in place to increase coverage footprint to bring the unconnected population under Airtel coverage. Any additional sites that were being rolled out would have all three types of coverage i.e 2G, 3G and 4G as part of the 4G Konse campaign.

8.3 Sililo Mubiana asked Management what the company's future plans were to improve on service delivery.

8.3.1 Management responded that the approach was to keep service delivery simple and intuitive, and ensure that customers had a hassle free experience. The Airtel approach has been to adopt more digital products so that customers can service themselves. Such an example was the Airtel self-care application available on the google application store which could be downloaded by shareholders and they could begin to experience what Airtel was doing to help customers serve themselves.

8.4 Abigail Chisanga asked for clarification as to why a dividend had not been declared this year.

8.4.1 Management responded that the company had recorded negative retained earnings. Airtel was constrained by Law to pay out any dividends from a negative retained earnings balance.

8.5 Munthali Frank enquired around the composition of the Audit Committee and whether there were plans to appoint additional members on the Committee.

8.5.1 Management responded that the Audit Committee was chaired by an Independent non-executive Director as per Lusaka Stock Exchange Listing rules. Corporate governance was very robust in light of the fact that Airtel was a listed company and had to adhere to strict corporate governance directives. In addition, Airtel was a subsidiary of Airtel Africa which was listed on the London Stock Exchange. This therefore meant that the need for stringent corporate governance adherence was paramount.

8.6 There being no further business to transact, the Chairperson thanked the members for their participation and declared the meeting officially closed at 11:45am.

CERTIFIED TRUE RECORD

Chairperson: **Date:**

Secretary: **Date:**

ATTENDANCE REGISTER

1. PROXIES

Name	Proxy	Shares Held	%
1. BHARTI AIRTEL ZAMBIA HOLDINGS, B.V.	OLIVER POGNON	100,215,630	96.36
2. SATURNIA REGNA PENSION TRUST FUND	NASILELE NGUMBI	1,237,476	1.19
3. KCM PENSION TRUST SCHEME	NASILELE NGUMBI	321,208	0.31
4. ZAMBIA SUGAR PENSION TRUST -SCHEME	NASILELE NGUMBI	129,885	0.12
5. BARCLAYS BANK STAFF PENSION TRUST FUND	NASILELE NGUMBI	100,678	0.10
6. STANBIC BANK PENSION TRUST FUND	NASILELE NGUMBI	95,854	0.09
7. CEC PENSION TRUST SCHEME	NASILELE NGUMBI	62,215	0.06
8. STANDARD CHARTERED BANK PENSION TRUST FUND	NASILELE NGUMBI	45,045	0.04
9. LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME	NASILELE NGUMBI	40,379	0.04
10. INDENI PENSION TRUST SCHEME	NASILELE NGUMBI	39,607	0.04
11. SANDVIC MINNING PENSION SCHEME	NASILELE NGUMBI	36,797	0.04
12. AIRTEL ZAMBIA STAFF PENSION FUND	NASILELE NGUMBI	35,277	0.03
13. LUBAMBE COPPER MINES PENSION TRUST SCHEME	NASILELE NGUMBI	9,956	0.01
14. CAVMONT BANK ZAMBIA PENSION TRUST SCHEME	NASILELE NGUMBI	9,627	0.01
15. SCZ INTERNATIONAL LTD PENSION TRUST	NASILELE NGUMBI	8,276	0.01
16. SUN INTERNATIONAL PENSION TRUST SCHEME	NASILELE NGUMBI	7,930	0.01
17. HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME	NASILELE NGUMBI	4,960	0.00
18. GOLDEN SUNSET PENSION FUND	NASILELE NGUMBI	3,500	0.00
19. UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME	NASILELE NGUMBI	2,431	0.00
20. ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	NASILELE NGUMBI	1,716	0.00
21. ACCESS BANK ZAMBIA LIMITED PENSION SCHEME	NASILELE NGUMBI	1,498	0.00
22. YOUNG AND RUBICAM PENSION TRUST SCHEME	NASILELE NGUMBI	509	0.00
23. DIAMOND INSURANCE ZAMBIA PENSION TRUST SCHEME	NASILELE NGUMBI	451	0.00
24. CHISHA NORIA (MINOR)	KENNEDY CHISHA	140	0.00
TOTAL		**102,411,045**	**98.47**

1. ATTENDEES - SHAREHOLDERS

Name	Proxy	Shares Held	%
1. PHIRI DONALD OSCAR		5,200	0.01
2. BOYD TEMBO		4,000	0.00
3. SUZYO JACKSON MPHANDE		3,500	0.00
4. SHIKOKI RICHARD MWAMBA		3,489	0.00
5. BANDA BOBO ANESSIE MICHAEL		2,000	0.00
6. GEORGE CHILUFYA KANG'OMBE		2,000	0.00
7. FELIX MULENGA		1,725	0.00
8. MUSONDA DORIS KATWAMBA		1,560	0.00
9. LIEBENTHAL ROBERT & OMPIE M		1,250	0.00
10. MBEWE PATRICK		1,250	0.00
11. KAPOMA ALAN CHAMBESHI		1,146	0.00
12. MWABA RICHARD		809	0.00
13. MBEWE CONRAD		626	0.00
14. KABUKA JOHN LUBUMBE		600	0.00
15. MERCEDES MWANSA		562	0.00
16. PATEL KHEMCHANDBHAI KANTIBHAI		526	0.00
17. CHANDA MUMBA		520	0.00
18. BOBO EUSTACE		500	0.00
19. DAKA ARTHUR KAVUNGA		465	0.00
20. CHIKOYA MAYFORD		461	0.00
21. ANDREW RAPHEAL CHILOTA CHIRWA		400	0.00
22. MARY PEGGY HARAH		400	0.00
23. MWICHE KAFULA		391	0.00
24. SUSAN KAPAMPA MULENGA		390	0.00
25. NYIRENDA MOFFAT		384	0.00
26. MUNGO FERGUS LENGWE		380	0.00
27. KATWAMBA CHARLES		360	0.00
28. SAPULENI ANTHONY		320	0.00
29. CHIVWETA CHARLES		320	0.00

30. KAFULUBITI CARMEN M		305	0.00
31. CHIKONDE JOSEPH L		300	0.00
32. PANDALA MATTHEW		300	0.00
33. SINJANI MULONGOTI GILBERT		264	0.00
34. MWANZA GEOFFREY		263	0.00
35. MARJORIE TEMBO		260	0.00
36. MULENGA VERONICA CHISANGA		239	0.00
37. MAPANZA MASHETA NKWILIMBA		231	0.00
38. NKANDU MWELWA PAULA		218	0.00
39. MUYEYE GREGORY MULULUMA		200	0.00
40. CHINGUMBE NAMANGOLWA		200	0.00
41. ENELESI NYIRENDA		200	0.00
42. JOSEPHINE AKAKULUBELWA		200	0.00
43. SIBESO LUKONGA MUUKA		200	0.00
44. MUKUMBA CHARLES POLENI		200	0.00
45. MUUBA INONGE		200	0.00
46. TUTOR MUNTANGA		200	0.00
47. ZULU NZALI		200	0.00
48. CHAMA EDINA		188	0.00
49. GIFT PHIRI		180	0.00
50. GOMA EDWARD		167	0.00
51. BANDA DOUGLAS		160	0.00
52. SINKALA PRISCILLA CHILAMO		160	0.00
53. MUNTHALI FRANK		160	0.00
54. MULENGA CYNTHIA		158	0.00
55. SISTER MWANGE CLAIRE MUNUNGWE		156	0.00
56. MIRRIAM CHILONGA MANDONA		150	0.00
57. BANDA MUSA		140	0.00
58. CHISHA NORIA (MINOR)		140	0.00
59. MWANZA ABRAHAM		130	0.00
60. CHISANGA SHAMOYA MALILA		116	0.00
61. JERE EVITA CHIPO EVELYN		116	0.00
62. KATUNDU LUBASI MWANGALA		114	0.00
63. MUDENDA MUNTANGA		108	0.00

64. ALFRED PHIRI		105	0.00
65. CHANDA PASCAL		100	0.00
66. BRADFROD UMBANGA MALUMBE		100	0.00
67. MUSISYA ANNY		100	0.00
68. VANESSA LAMASWALA		100	0.00
69. BANDA GEOFFREY MATHEWS		100	0.00
70. TEMBO DAVID THOMSON		100	0.00
71. KAOMA MARY LEE		90	0.00
72. PETER KUNDA		83	0.00
73. CHONGWE BENSON WILSON		80	0.00
74. CHANSA EDWIN		72	0.00
75. CHANDWE REGINAH		64	0.00
76. MUBIANA SILILO		64	0.00
77. MAIMBO CHRISTINE T. ZIMBA		62	0.00
78. MBULO SUNDAY SANIDE		62	0.00
79. NAMWAYI LEAH		62	0.00
80. CHISHIMBA HELEN MWILA		60	0.00
81. MAKINA CHISOLA		60	0.00
82. NYAMBE CASEY		60	0.00
83. MILLINGTON MAMBWE		60	0.00
84. MWALE ELIUS		50	0.00
85. PILATE NDHLOVU		50	0.00
86. MFUNE ZAKEYO MENARD		46	0.00
87. MWENYA IVAN BEENE		46	0.00
88. ANDREA MWELWA NYIRENDA		42	0.00
89. MWAPE B.MUSONDA CHILOMBO		42	0.00
90. KAMANGALA K. MARTIN & BETTY N		40	0.00
91. MULENGA MOSES		40	0.00
92. MULENGA S CHRISTINE		40	0.00
93. MUNG'OMBA CHIPUTA GHANDI		40	0.00
94. SARAH KAUNDA MFULA		40	0.00
95. KALALE JANET MWAFULILWA		40	0.00
96. HATYOKA HOBBY LWIINDI		34	0.00
97. MWAMBA JEREMIAH		32	0.00

98. SAKA CHARLES ABSALOM		31	0.00
99. MAPALA MARTHA MZYECE		30	0.00
100. NKHOMA ROSE B		30	0.00
101. NKOWANI KAJEKA		30	0.00
102. WEBSON CHANDA MUMBA		30	0.00
103. HARABA GEOFFREY		30	0.00
104. KAPUTO INONGE		30	0.00
105. MAAMBO CHILUMBWA		30	0.00
106. KHATANGA FRAZIER JOE		28	0.00
107. MUNTHALI MILLIE TUWONE		28	0.00
108. MWANSA CHAMA		28	0.00
109. DAVID SIMIYANO PHIRI		28	0.00
110. NAMWAWA LOVENESS		28	0.00
111. PHIRI RABSON		27	0.00
112. MUDENDA LUCILLE N		26	0.00
113. PHIRI NYERERE		25	0.00
114. NGONA MALAMA		22	0.00
115. BARBARA M NANGOYI		20	0.00
116. LINAH ZILOSE MWALE		20	0.00
117. MUSONDA FRED		20	0.00
118. MWANSA CYNTHIA		20	0.00
119. NKANDU MOSES MWANSA		20	0.00
120. NTENGERENJI RICHARD KONDWANI		20	0.00
121. ZUNDUNA WINNIESS		20	0.00
122. ALBERT MULANDA		20	0.00
123. CHOLA GEORGE MWILA		20	0.0000
124. GWENANI JAMES		20	0.00
125. MANYONI BRIDGET TYNESS		20	0.00
126. MWALWANDA AMY		20	0.00
127. NANGOYI BARBARA MUTALE. MWINJI		20	0.00
128. SARAH MUTINTA MUYUNI		20	0.00
129. MARTHA MUTALE TWININGE		19	0.00
130. KATONGO CHITI CHIKWANDA		18	0.00
131. CHIIBA MONICA BASILA		16	0.00
132. JOSEPH TUNDEDE		16	0.00
133. KAYORA KATE		16	0.00
134. LISULO WINA		16	0.00
135. MIBENJE GIFT		16	0.00
136. MUKELABAI SEAN		15	0.00
137. BESA ELLEN CHIBUTA		14	0.00
138. CHANGWE MWANJE CHARITY		14	0.00
139. MANDA THOMAS M		14	0.00
140. MONDOLOKA KALINDI JIMMY		14	0.00
141. NYIRENDA TIWONGE		14	0.00
142. PHIRI MAVIS		14	0.00
143. SAKALA PRINCE		14	0.00
144. SICHIZYA JOYCE YIUWANANJI		14	0.00
145. SIKAZWE LUCY CHIULA		14	0.00
146. SILILO HEINRICH		14	0.00
147. SULA NICHOLAS MUNIKA		14	0.00
148. CHIFITA BEEVERN MUZHINGA		14	0.00
149. KAMANA JOSEPH LESA		14	0.00
150. MWEEMBA STANNY		14	0.00
151. NKHOMA SHEILA CHIFWEPA		14	0.00
152. NZALA LEVY KALINDA		14	0.00
153. PHIRI KENNY		8	0.00
154. MUTALE NKUNDE		6	0.00
155. MAFULEKA TEDDY		2	0.00
156. SONGOLO WAMUYUWA MICHAEL		2	0.00
TOTAL		**45,391**	**0.04**

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 29th day of March 2021 and at any adjournment of that meeting:

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

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

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

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

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

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

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

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

Signed………………………………… Date…………………………………

*Strike out whichever is not desired.

NOTES:

THE **SMARTPHONE** NETWORK

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