Financial statements

Independent auditor's report to the members of Airtel Africa plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Airtel Africa plc (the 'company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and company statements of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 35 of the Group financial statements and the related notes 1 to 11 of the company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and company for the year are disclosed in note 8.1 in the Group financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Prepaid and Airtel Money (mobile money) revenue • Airtel Money restricted cash; and • The classification of legal cases. Within this report, key audit matters are identified as follows: • Newly identified • Increased level of risk • Similar level of risk • Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was $65m which represents 6.3% of profit before tax (March 2022: 5.1% of profit before tax) and 2.5% (March 2022: 3%) of underlying earnings before interest, tax, depreciation and amortisation (underlying EBITDA).
Scoping	Our scope covered seventeen components. Of these, three were full-scope audits. Six components were subject to an audit of specified account balances and seven components were subject to analytical review procedures. A further component is the Group's shared service centre in India. The scope of this component was either a full scope or an audit of specified account balances depending on the scope of the component managed at the shared service centre. These covered 96% of Group profit before tax, 97% of Group revenue and 96% of the Group total assets. Components and balances not in scope were subject to analytical procedures performed by the Group audit team.
Significant changes in our approach	Airtel Money restricted cash has now been included as a separate key audit matter given the increase in size and prominence of the Group's mobile money business. Going concern has not been included as key audit matter this year given the continued profitability of the Group and the early prepayment of bonds in the current year. Gabon, Chad, Congo B, Rwanda, Seychelles and Madagascar are now subject to analytical review procedures this year as these components are deemed not to be significant to the Group. We tested the operating effectiveness of controls relating to IFRS16, the classification of legal and regulatory matters as well as the consolidation process this year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the relevant controls over the Group's forecasting process;
- Performing retrospective reviews of historical forecasts to assess the reasonableness of the Group's forecasting process;
- Performing risk assessment procedures in response to the economic disruption risk. This covered a period of at least twelve months from the date of approval of the financial statements;
- Assessing the reasonableness of the anticipated impact of the Group's principal risks on the Group's cash flow projections and how these were factored into the Group's reasonable worst case forecast, including: currency devaluation; a reduction in revenue and profit; and legal, tax and regulatory claims;
- Assessing and challenging the assumptions used by the directors in each of the cash flow forecasts, considering our own expectations based on our knowledge of the Group;
- Assessing and challenging the key mitigating actions available, including a reduction in capital expenditure and lower dividends payouts;
- Obtaining direct confirmations of the value, duration and terms for the Group's undrawn committed facilities as at the year-end;
- Recalculating the cash headroom available using undrawn committed facilities in each of the scenarios prepared by management and approved by the directors and testing the integrity and mechanical accuracy of the going concern model; and
- Assessing the appropriateness of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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

5.1. Prepaid and mobile money revenue

Key audit matter description	As set out in note 6 to the financial statements, revenue of $5,255m (March 2022: $4,714m) is derived from the provision of voice, data, mobile money and other services. These revenue streams account for $5,245m of revenue (March 2022: $4,307m) with voice and data accounting for $4,278m (March 2022: $3,883m) of revenue and mobile money services accounting for $540m (March 2022: $424m) of revenue. 88% of voice and data revenue derives from customers who subscribe to services on a prepaid basis. Mobile money revenue relates to the commission earned on allowing customers to transfer funds and pay bills on the Group's mobile money IT platform, Mobiquity. The Group's accounting policies on prepaid and mobile money revenue are set out in note 2.21. Due to the complexity of the Group's revenue recording systems (IN for prepaid revenue and Mobiquity for mobile money) and the volume of customer data, we identified a key audit matter relating to prepaid revenue, specifically (i) the correct set up of tariffs on the applicable systems and (ii) the manual journal posting of revenue from the billing system to the general ledger. For mobile money, we identified a key audit matter in relation to the accuracy of rates and tariffs within the Mobiquity system. Errors in either would impact the accuracy of prepaid and mobile money revenue. We also identified a fraud risk in respect of both matters.
How the scope of our audit responded to the key audit matter	Our procedures involved: • Working with our IT specialists to understand the IT environment in which the revenue recording systems reside, including interface controls between different IT applications. This included the IN billing system for prepaid revenue and the Mobquity IT platform for mobile money; • Testing the relevant controls over (a) approvals and maintenance of new plans in the IN billing system, and (b) authorisation of rate changes and the maintenance of rates within the IN and Mobquity systems; • Testing the reconciliation process between the general ledger and IN and Mobiquity, including any manual adjustments posted; • For prepaid revenue, testing a sample of call record validations to test the accuracy of prepaid revenue and the resolution of exceptions in addition to performing independent call testing to evidence that the amounts charged to the subscriber is consistent with the approved tariffs; • We analysed key movements in prepaid revenue recorded within the general ledger against cash collection in the billing systems at the Group level; • For prepaid revenue, tested a sample of tarrifs set up in IN system; • For Airtel Money, tested a sample of tariffs set up in Mobiquity system; and • We also created our expectation of the Airtel Money revenue by considering the transactions and the applicable rates and compared the actual revenue recorded with the expected revenue.
Key observations	Based on our work, we noted no significant issues on the accuracy of prepaid and mobile money revenue recorded in the year.

Independent auditor's report to the members of Airtel Africa plc continued

5.2. Mobile money restricted cash

Key audit matter description	Airtel Money has been identified as a separate reportable segment for the year ended 31 March 2023 due to the growth in this business together with changes to the Group's organisational structure, including the separate reporting of the results of mobile money to the Chief Operating Decision Maker (CODM) for the allocation of resources and assessment of performance. The Group holds cash on behalf of its mobile money customers, which is restricted for use by the Group. The total restricted cash balance as at 31 March 2023 amounted to $617m (March 2022: $513m) and is presented as 'balance held under mobile money trust' under cash and cash equivalents. We identified a key audit matter and a fraud risk related to the existence of this restricted cash balance.
How the scope of our audit responded to the key audit matter	Our procedures involved: • Testing the relevant controls around the exsistence and valuation of the Airtel Money restricted cash balance. • Obtained and tested the Airtel Money bank reconciliations, tracing the amounts held to external, independent confirmations. • Testing a sample of transactions at or around period end to ensure the transactions were appropriate and did not constitute transfers into the Group's own operating bank accounts.
Key observations	Based on our work, we noted no exceptions regarding the existence of the mobile money restricted cash balance.

5.3 Classification of legal matters

Key audit matter description	Management has recorded a provision of $7m (March 2022: $7m) in respect of legal claims against components operating within complex jurisdictions. This is included in the total provision for legal and regulatory cases amounting to $34m (March 2022: $51m) as set out in note 25 to the financial statements. Contingent liabilities as at 31 March 2023 for legal claims in these jurisdictions amounted to $69m (March 2022: $70m) as described in Note 29 to the financial statements. Airtel Africa has business operations in 14 countries across Africa, each with different legal environments. Certain components operate in higher-risk and complex jurisdictions than others. Each component maintains legal registers which are updated on a monthly basis to summarise the current position of each legal case and to consider whether a legal case is assessed as probable, possible or remote in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent assets, and consequently whether a provision or contingent liability disclosure is required. Management of these matters is frequently supported by external counsel in the local markets and the opinion of counsel is considered in assessing the classification of the matter as probable, possible or remote in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent assets. Further information on the Group's policies for legal matters, including the judgements taken, can be found in notes 2.19 and 2.20 of the financial statements, and within the key source of estimation uncertainty disclosures in note 3.1. The Audit and Risk Committee also comment on this area in their report on page 106. We identified a key audit matter relating to the appropriate classification and presentation of legal cases within the financial statements as remote (no disclosure), possible (contingent liability, note 29) and probable (provision, note 25) in accordance with IAS 37, with a focus on components operating in complex jurisdictions. There is an incremental challenge in predicting the outcome of the ongoing cases in these jurisdictions due to the significant number of cases and the high value of the claims. Management has exercised significant judgement in determining their assessment of the outcome and the accounting consequences thereon. As a result of these factors, we consider there to be a fraud risk associated with this key audit matter due to susceptibility of the judgement to bias.
How the scope of our audit responded to the key audit matter	Our procedures involved: • Obtaining an understanding of the relevant controls concerning the classification of legal cases and testing the design, implementation and operating effectiveness of these controls; • Assessing a sample of cases and challenging whether the cases are appropriately classified as probable, possible or remote based on IAS 37: Provisions, Contingent Liabilities and Contingent Assets; • Holding discussions with internal legal counsel and obtaining supporting evidence for a sample of cases; • Circularising external legal counsel for a sample of cases and checking their assessment of whether a case is probable, possible or remote is appropriate. We also evaluated the competence, capability and objectivity of external legal counsel; • Assessing the consistency and completeness of approach across each operating company by considering if there is any precedent for similar cases to be settled within each jurisdiction, as well as current legal settlements; and • Evaluating the financial statement disclosures, including the articulation of each material case.
Key observations	Based on the procedures performed we consider the classification of legal cases as probable, possible and remote to be appropriate. We consider the provision and contingent liability disclosures within notes 25 and 29 of the financial statements to be appropriate.

6. Our application of materiality

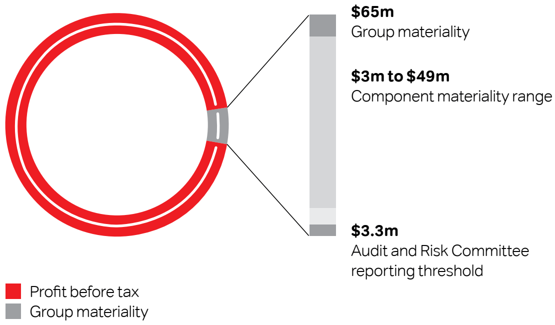
6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$65m (March 2022: $62m)	$41m (March 2022: $33.5m)
Basis for determining materiality	6.3% of profit before tax (March 2022: 5.1% of profit before tax) and 2.5% of underlying EBITDA (March 2022: 3% of underlying EBITDA).	1% of net assets (March 2022: 1% of net assets).
Rationale for the benchmark applied	Profit before tax is our primary benchmark as it impacts distributable reserves and dividends, which is key for investors. Underlying EBITDA is also a key performance measure for the Group.	Airtel Africa plc is a holding company, which holds investments in a number of subsidiaries. Thus, the primary users of the company's financial statements are the Group's shareholders and the directors and management of its holding company (Bharti Airtel Limited) and ultimate holding company (Bharti Enterprises (Holding) Private Limited which is held by the private trusts of the Bharti family). We therefore considered net assets to be the most appropriate benchmark given the primary purpose of the company is a holding company.

Profit before tax
$1,034m



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	65% (March 2022: 60%) of Group materiality	65% (March 2022: 60%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. Our experience of auditing the Group: this is the fifth year of our audit of the consolidated financial statements and fourth year of auditing the Group as a listed entity on the London Stock Exchange; b. Our ability to visit component management and component audit teams in India, Dubai and Africa during the year following the easing of covid-related travel restrictions; and c. The maturity of the Group's control environment. As a result of these factors, we increased performance materiality to 65% of Group materiality (March 2022: 60% of Group materiality). We applied the same approach in calculating parent company materiality.	

6.3 Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of $3.3m (March 2022: $3.1m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditor's report to the members of Airtel Africa plc continued

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our component audit scope requires us to (a) achieve sufficient coverage across the Group to address the key risk areas and (b) meet the requirements of ISA (UK) 600 to plan and oversee the work performed by component audit teams. Our Group audit was scoped on an entity-level basis, assessing components against the risk of material misstatement at the Group level. We also considered the quantum of financial statement balances and individual financial transactions of a significant nature. In performing our assessment, we have considered the geographical spread of the Group and risks presented within each region.

The Group operates across fourteen countries across Africa (each were identified as a component for audit purposes) and supported by the Group's shared service centre based in India, as well as a key holding company based in the Netherlands (Bharti Airtel Netherlands B.V.) which holds a part of the Group's debt, and Airtel Africa plc, the company.

Component teams performed full scope audits on two components (Nigeria and Uganda) and audits of specified account balances on five components as set out in the table below. We performed interim audit procedures for the 9 months ended 31 December 2022 on Nigeria, Uganda, Tanzania, Kenya, Malawi, Zambia and the DRC and additional procedures for the period to the year ended 31 March 2023.

For Congo B, Gabon, Niger, Chad, Seychelles, Rwanda and Madagascar we performed analytical review procedures at the Group level for the year ended 31 March 2023 as these components are not significant to the Group.

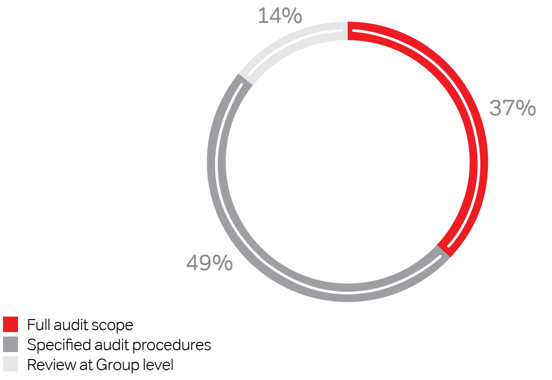
We performed a full scope audit on Airtel Africa plc and an audit of specified account balances on Bharti Airtel Netherlands B.V. A component audit team also performed procedures at the shared service centre in India. The scope of the shared service centre matched the scope of each African component e.g. the Nigeria transactions at the shared service centre were subject to a full scope audit.

The Group team performed analytical review procedures on the remaining balances not included within audit scope, each of which are insignificant. This included other holding companies within the Netherlands, including AMC B.V., the holding company of the main Airtel Money entities. We also made inquiries of management and evaluated and tested management's Group-wide controls across a range of locations and segments in order to address the risk of residual misstatement on a segment-wide and component basis. At the Group level, we also tested the consolidation process and performed procedures over significant risks and controls. We also assessed the accounting for key transactions in the year, as set out in note 5 to the financial statements.

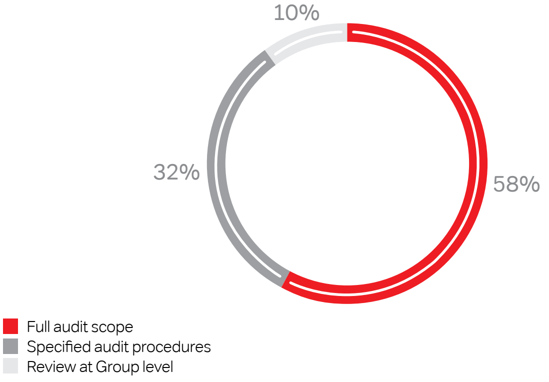
The below table summarises the segment allocation and scope of the Group's components:

Segment	Full scope audit	Audits of specified balances	Analytical review procedures
Nigeria	Nigeria	–	–
East Africa	Uganda	Tanzania, Malawi, Kenya and Zambia	Rwanda
Francophone	–	Democratic Republic of the Congo	Congo Brazzaville, Niger, Chad, Gabon, Madagascar and Seychelles
Central	Airtel Africa plc and shared service centre in India for the full scope components	Netherland holding company and shared service centre in India for other components in scope	Other components deemed insignificant to the Group

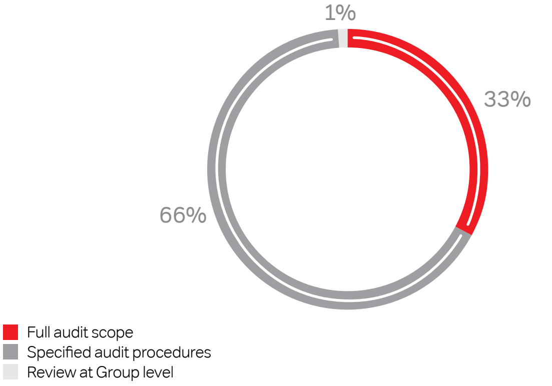
Revenue



Total assets



Profit before tax



7.2 Our consideration of the control environment

7.2.1 IT controls

As a business, the Group is heavily reliant on IT systems. Therefore, effective IT controls are important not just to address financial risks, but also for other areas such as operational, regulatory and reputational risk. Given the high volume, low value nature of the Group's transactions, reliance on the IT control environment is a fundamental part of the audit approach, not least for revenue.

Our assessment of the IT control environment included testing general IT controls (such as user access and IT change management), automated controls (such as appropriate configuration of tariffs) and system generated reports (such as daily recharge reports).

Key systems in scope for the audit were the accounting and revenue recording systems (IN, Intec and Mobiquity), including revenue recording systems managed in country (such as those relating to prepaid, mobile money and interconnect revenue) and the Group's general ledger system. The Group is reliant on third parties for the support and maintenance of these systems, and arrangements are in place with a range of third-party IT providers.

7.2.2 Business processes

We previously relied on controls for our full scope audits and audits of specified balances over the prepaid revenue, interconnect revenue, mobile money revenue, expenditure and payables, property plant and equipment and payroll cycles. In the year we expanded this to cover reliance over the classification of legal and regulatory cases, the recording or leases and the consolidation processes following improvements in the controls of these areas.

7.2.3 Governance controls

We paid particular attention to the governance of the relationship with the company and entity level controls. We did not identify any significant findings in these areas.

7.3 Our consideration of climate-related risks

The Group has disclosed its Task force on climate-related financial disclosures ('TCFD') on pages 56-59 of the Annual Report, including its governance process for managing climate related risks, the climate related risks and opportunities and how these risks and opportunities are managed. We assessed the TCFD recommended disclosures within the Annual Report and considered whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

We obtained an understanding of management's process for considering the impact of climate-related risks. We evaluated these risks to assess whether they were complete and consistent with our understanding of the Group and our wider risk assessment procedures. The key focus was the impact of climate change on the impairment review performed on the Group's assets, particularly in respect of Goodwill. Management disclosed in note 15 that no reasonable possible change in any assumption underpinning the impairment review would lead to an impairment which includes the impact of climate change. We assessed this as part of our work on impairment and agree with the conclusions drawn.

7.4 Working with other auditors

The work on all components subject to either full audit or an audit of specified account balances was performed by Deloitte member firms. The majority of account balances are managed and audited at the shared service centre in India. This is supplemented by the management and audit of account balances at each operating company and the Group head office in Dubai.

We held a planning meeting in Dubai with all the component audit teams to discuss and agree the planning and execution of the audit; at the same meeting we met with Group management to communicate our planned audit strategy, including key audit focus areas.

As part of oversight procedures, we visited all the full scope components and all the components subject to audit of specified account balances (Nigeria, Uganda, the DRC, Kenya, Tanzania, Malawi and Zambia). We also visited Gabon and Congo Brazzaville components, which was subject to Group analytical review procedures, the shared service centre in India and the Group's head office in Dubai. We remained in regular contact with all component teams throughout the year to understand key issues and appropriately plan and execute the year end audit. The frequency of these interactions was increased during the key audit periods and included direct calls between senior members of the Group and component audit teams.

We issued detailed instructions to our component audit teams, included them within our team briefings and regular status calls, and reviewed component auditor working papers during the above component visits and remotely via online review of their audit files.

Throughout the core period of the audit, we held regular, and at times daily calls with Group management, which also involved Deloitte India, who audit the shared service centre in India and where the majority of account balances are managed.

8. Other information

The other information comprises the information included in the annual report, including the strategic report, the corporate governance report, the directors' remuneration report and the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 Group or the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Airtel Africa plc continued

10. 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance, including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit and Risk committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including significant component audit teams and involving relevant internal specialists, including tax, valuations, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: prepaid and mobile money revenue, the existence of mobile money restricted cash and the classification of legal matters in components operating in certain jurisdictions. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation in the jurisdictions that the Group operates.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. This primarily includes the regulations set by the telecommunication and mobile money regulator within each operating entity and the relevant financial regulations which govern the components.

11.2 Audit response to risks identified

As a result of performing the above, we identified prepaid and mobile money revenue, the existence of mobile money restricted cash and the classification of legal cases in components operating in certain jurisdictions as key audit matters related to the potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matter in more detail and describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit and risk committee and in-house legal counsel of actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries, including enhanced testing of manual journal entries which demonstrate characteristics of audit interest; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including specialists and component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 123 and 178;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 98-99;
- the directors' statement on fair, balanced and understandable set out on page 122;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 90;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 90-97; and
- the section describing the work of the Audit and Risk Committee set out on pages 117-127.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the audit and risk committee, we were appointed by the Board in April 2019 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm is five years, covering the years ended 31 March 2019 to 31 March 2023.

15.2 Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS. We have been engaged to provide assurance on whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS and will report separately to the members on this.

Ryan Duffy (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

10 May 2023

Consolidated statement of comprehensive income

(All amounts are in US$ millions unless stated otherwise)

	Notes	For the year ended 31 March 2023	31 March 2022
Income			
Revenue	6	**5,255**	4,714
Other income		**13**	10
		5,268	4,724
Expenses			
Network operating expenses		**1,027**	817
Access charges		**410**	407
License fee and spectrum usage charges		**241**	244
Employee benefits expense	7	**287**	297
Sales and marketing expenses		**243**	224
Impairment loss on financial assets		**14**	5
Other operating expenses	8	**471**	451
Depreciation and amortisation	9	**818**	744
		3,511	3,189
Operating profit		**1,757**	1,535
Finance costs	10	**752**	441
Finance income	10	**(29)**	(19)
Other non-operating income		**–**	(111)
Share of profit of associate and joint venture accounted for using equity method		**(0)**	(0)
Profit before tax		**1,034**	1,224
Income tax expense	12	**284**	469
Profit for the year		**750**	755
Profit before tax (as presented above)		**1,034**	1,224
Less: exceptional items (net)	11	**–**	(60)
Underlying profit before tax		**1,034**	1,164
Profit after tax (as presented above)		**750**	755
Less: exceptional items (net)	11	**(161)**	(62)
Underlying profit after tax		**589**	693
Other comprehensive income ('OCI')			
Items to be reclassified subsequently to profit or loss:			
Loss due to foreign currency translation differences		**(350)**	(4)
Tax expense on above		**(3)**	(3)
Share of OCI of associate and joint venture accounted for using equity method		**–**	1
Net loss on net investments hedge		**–**	(8)
		(353)	(14)
Items not to be reclassified subsequently to profit or loss:			
Remeasurement loss on defined benefit plans		**(0)**	(0)
Tax credit on above		**0**	0
		(0)	(0)
Other comprehensive loss for the year		**(353)**	(14)
Total comprehensive income for the year		**397**	741
Profit for the year attributable to:		**750**	755
Owners of the company		**663**	631
Non-controlling interests		**87**	124
Other comprehensive loss for the year attributable to:		**(353)**	(14)
Owners of the company		**(341)**	(12)
Non-controlling interests		**(12)**	(2)
Total comprehensive income for the year attributable to:		**397**	741
Owners of the company		**322**	619
Non-controlling interests		**75**	122
Earnings per share			
Basic	13	**17.7 cents**	16.8 cents
Diluted	13	**17.7 cents**	16.8 cents

Consolidated statement of financial position

(All amounts are in US$ millions unless stated otherwise)

	Note	As of 31 March 2023	31 March 2022
Assets			
Non-current assets			
Property, plant and equipment	14	**2,295**	2,214
Capital work-in-progress	14	**212**	189
Right of use assets	30	**1,497**	1,109
Goodwill	15	**3,516**	3,827
Other intangible assets	15	**813**	632
Intangible assets under development	15	**399**	2
Investments accounted for using equity method	16	**4**	6
Financial assets			
– Investments		**0**	0
– Derivative instruments	17	**9**	3
– Others		**34**	7
Income tax assets (net)		**1**	22
Deferred tax assets (net)	12	**337**	222
Other non-current assets	18	**151**	134
		9,268	8,367
Current assets			
Inventories		**15**	3
Financial assets			
– Derivative instruments	17	**4**	3
– Trade receivables	19	**145**	123
– Cash and cash equivalents	20	**586**	638
– Other bank balances	20	**131**	378
– Balance held under mobile money trust		**616**	513
– Others	21	**142**	124
Other current assets	18	**259**	215
		1,898	1,997
Total assets		**11,166**	10,364
Liabilities			
Current liabilities			
Financial liabilities			
– Borrowings	22	**945**	786
– Lease liabilities	30	**395**	323
– Derivative instruments	17	**5**	9
– Trade payables		**460**	404
– Mobile money wallet balance		**582**	496
– Others	23	**533**	376
Provisions	25	**83**	121
Deferred revenue		**183**	162
Current tax liabilities (net)		**194**	220
Other current liabilities	24	**192**	176
		3,572	3,073
Net current liabilities		**(1,674)**	(1,076)
Non-current liabilities			
Financial liabilities			
– Borrowings	22	**1,233**	1,486
– Lease liabilities	30	**1,652**	1,337
– Put option liability		**569**	579
– Derivative instruments	17	**43**	–
– Others	23	**147**	88
Provisions	25	**21**	20
Deferred tax liabilities (net)	12	**108**	114
Other non-current liabilities	24	**13**	18
		3,786	3,642
Total liabilities		**7,358**	6,715
Net assets		**3,808**	3,649
Equity			
Share capital	26	**3,420**	3,420
Reserves and surplus		**215**	82
Equity attributable to owners of the company		**3,635**	3,502
Non-controlling interests ('NCI')		**173**	147
Total equity		**3,808**	3,649

The consolidated financial statements of Airtel Africa plc (company registration number: 11462215) were approved by the Board of directors and authorised for issue on 10 May 2023 and were signed on its behalf by:

For and on behalf of the board of Airtel Africa plc

Olusegun Ogunsanya
Chief executive officer

10 May 2023

Consolidated statement of changes in equity

(All amounts are in US$ millions unless stated otherwise)

	Equity attributable to owners of the company									
	Share capital		Reserves and surplus							
	No of shares[4]	Amount	Retained earnings (Note 27a)	Transactions with NCI reserve	Other components of equity (Note 27c)	Total	Equity attributable to owners of the company	Non-controlling interests (NCI)	Total equity
As of 1 April 2021	6,839,896,081	3,420	2,975	(594)	(2,396)	(15)	3,405	(52)	3,353
Profit for the year	–	–	631	–	–	631	631	124	755
Other comprehensive loss	–	–	(0)	–	(12)	(12)	(12)	(2)	(14)
Total comprehensive income/(loss)	–	–	631	–	(12)	619	619	122	741
Transaction with owners of equity									
Employee share-based payment reserve	–	–	(1)	–	3	2	2	–	2
Purchase of own shares	–	–	–	–	(6)	(6)	(6)	–	(6)
Transactions with NCI	–	–	–	(348)	(1)	(349)	(349)	153	(196)
Dividend to owners of the company	–	–	(169)	–	–	(169)	(169)	–	(169)
Dividend (including tax) to NCI[1]	–	–	–	–	–	–	–	(76)	(76)
As of 31 March 2022	6,839,896,081	3,420	3,436	(942)	(2,412)	82	3,502	147	3,649
Profit for the year	**–**	**–**	**663**	**–**	**–**	**663**	**663**	**87**	**750**
Other comprehensive income/(loss)	**–**	**–**	**(0)**	**–**	**(341)**	**(341)**	**(341)**	**(12)**	**(353)**
Total comprehensive income/(loss)	**–**	**–**	**663**	**–**	**(341)**	**322**	**322**	**75**	**397**
Transaction with owners of equity									
Employee share-based payment reserve	**–**	**–**	**(2)**	**–**	**6**	**4**	**4**	**–**	**4**
Purchase of own shares	**–**	**–**	**–**	**–**	**(11)**	**(11)**	**(11)**	**–**	**(11)**
Transactions with NCI[2 3]	**–**	**–**	**–**	**13**	**–**	**13**	**13**	**3**	**16**
Dividend to owners of the company (refer to Note 5(a))	**–**	**–**	**(195)**	**–**	**–**	**(195)**	**(195)**	**–**	**(195)**
Dividend (including tax) to NCI[1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(52)**	**(52)**
As of 31 March 2023	**6,839,896,081**	**3,420**	**3,902**	**(929)**	**(2,758)**	**215**	**3,635**	**173**	**3,808**

1 Dividend to NCI include tax of $3m (March 2022: $4m).

2 Transaction with NCI reserves' increased due to reversal of put option liability by $16m for dividend distribution to put option NCI holders. Any dividend paid to the put option NCI holders is adjustable against the put option liability based on the put option arrangement.

3 'Transaction with NCI reserves' was reduced and NCI was increased by $3m i.e. NCI's proportionate share of the consideration for transfer of SmartCash Payment Service Bank Limited (PSB) from the control of AMC BV to Airtel Networks Limited. For details, refer to note 5(b).

4 Includes ordinary and deferred shares, refer to Note 26.

Consolidated statement of cash flows

(All amounts are in US$ millions unless stated otherwise)

	For the year ended	
	31 March 2023	31 March 2022
Cash flows from operating activities		
Profit before tax	**1,034**	1,224
Adjustments for:		
Depreciation and amortisation	**818**	744
Finance income	**(29)**	(19)
Finance cost	**752**	441
Share of profit of associate and joint venture accounted for using equity method	**(0)**	(0)
Non-operating income adjustments	**–**	(111)
Other non-cash adjustments[1]	**2**	(6)
Operating cash flow before changes in working capital	**2,577**	2,273
Changes in working capital		
Increase in trade receivables	**(45)**	(18)
(Increase)/decrease in inventories	**(13)**	4
Increase in trade payables	**9**	34
Increase in mobile money wallet balance	**120**	64
(Decrease)/increase in provisions	**(32)**	14
Increase in deferred revenue	**37**	27
Increase in other financial and non financial liabilities	**92**	50
Increase in other financial and non financial assets	**(140)**	(144)
Net cash generated from operations before tax	**2,605**	2,304
Income taxes paid	**(397)**	(293)
Net cash generated from operating activities (a)	**2,208**	2,011
Cash flows from investing activities		
Purchase of property, plant and equipment and capital work-in-progress	**(779)**	(717)
Proceeds from sale of tower assets	**–**	171
Purchase of intangible assets and intangible assets under development	**(502)**	(22)
Maturity of deposits with bank	**350**	301
Investment in deposits with bank[2]	**(126)**	(388)
Proceeds from sale of tower subsidiary (net of cash acquired)	**–**	79
Investment in joint venture	**(0)**	–
Dividend received from associate	**2**	–
Interest received	**29**	19
Net cash used in investing activities (b)	**(1,026)**	(557)
Cash flows from financing activities		
Proceeds from sale of shares to non-controlling interests	**–**	550
Acquisition of non-controlling interests	**–**	(164)
Purchase of own shares by ESOP trust	**(8)**	(6)
Proceeds from issue of shares to non-controlling interests	**–**	2
Proceeds from borrowings	**906**	973
Repayment of borrowings	**(1,018)**	(2,115)
Repayment of lease liabilities	**(279)**	(251)
Dividend paid to non-controlling interests	**(75)**	(48)
Dividend paid to owners of the company	**(195)**	(169)
Interest on borrowings and lease liabilities and other finance charges	**(400)**	(370)
Outflow on maturity of derivatives (net)	**(49)**	(9)
Net cash used in financing activities (c)	**(1,118)**	(1,607)
Increase/(decrease) in cash and cash equivalents during the year (a+b+c)	**64**	(153)
Currency translation differences relating to cash and cash equivalents	**(70)**	(3)
Cash and cash equivalents as at beginning of the year	**847**	1,003
Cash and cash equivalents as at end of the year (refer to Note 20)[3]	**841**	847

1 For the years ended 31 March 2023 and 31 March 2022, this mainly includes movement in trade receivables impairment and other provisions.

2 Includes investment in deposits with original maturity of more than three months and deposits placed against certain borrowings. These are included within other bank balances in the consolidated statement of financial position.

3 Includes balance held under mobile money trust of $616m (2022: $513m) on behalf of mobile money customers which are not available for use by the Group.

Notes to consolidated financial statements

(All amounts are in US$ millions unless stated otherwise)

1. Corporate information

Airtel Africa plc ('the company') is a public company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales (registration number 11462215). The registered address of the company is First Floor, 53/54 Grosvenor Street, London, W1K 3HU, United Kingdom. The company is listed on the London Stock Exchange (LSE) and on the Nigerian Stock Exchange (NGX). The company is a subsidiary of Airtel Africa Mauritius Limited ('the parent'), a company registered in Mauritius. The registered address of the parent is c/o IQ EQ Corporate Services (Mauritius) Ltd., 33, Edith Cavell Street, Port Louis, 11324, Mauritius.

The company, together with its subsidiary undertakings (hereinafter referred to as 'the Group') has operations in Africa. The principal activities of the Group, its associate and its joint venture consist of the provision of telecommunications and mobile money services.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and approved for use in the United Kingdom (UK) by the UK Accounting Standards Endorsement Board (UKEB).

All the amounts included in the financial statements are reported in United States dollars, with all values rounded to the nearest millions ($m) except when otherwise indicated. Further, amounts which are less than half a million are appearing as '0'.

The accounting policies as set out in the following paragraphs of this note have been consistently applied by all the Group's entities to all the periods presented in these financial statements.

a. New and amended standards and interpretations that are effective for the current year

No new IFRS issued during the year are applicable to the Group. Amendments to existing IFRSs have been applied by the Group as required, however these amendments do not have any material impact on the Group's financial statements. The list of newly issued amendments is as follows:

- Amendments to IAS 37 in relation to 'Onerous contracts – cost of fulfiling contracts'.
- Amendments to IAS 16 in relation to 'Proceeds before intended use of property, plant and equipment'.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value 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 measurement

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

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

The three levels of the fair-value hierarchy are described below:

- Level 1 – fair values derived on the basis of quoted (unadjusted) prices for identical assets or liabilities in active markets.
- Level 2 – fair values derived on the basis significant inputs other than quoted prices within Level 1 that are directly or indirectly observable.
- Level 3 – fair values derived on the basis valuation techniques that used significant inputs that are not based upon observable market data (unobservable inputs).

Going concern

These consolidated financial statements have been prepared on a going concern basis. In making this going concern assessment, the Group has considered cash flow projections to June 2024 (going concern assessment period) under both base and reasonable worst-case scenarios taking into considerations its principal risks and uncertainties, including a reduction in revenue and EBITDA and a significant devaluation of the various currencies in the countries in which the Group operates, including the Nigerian naira. As part of this evaluation, the Group has considered available ways to mitigate these risks and uncertainties and has also considered committed undrawn facilities of $525m expiring beyond the going concern assessment period, which will fulfil the Group's cash flow requirement under both the base and reasonable worst-case scenarios. Having considered all the factors above impacting the Group's businesses, the impact of downside sensitivities, and the mitigating actions available, including a reduction and deferral of capital expenditure, the directors are satisfied that the Group has adequate resources to continue its operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.3 Basis of consolidation

a. Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to 31 March each year. The Group controls an entity when it has power over the entity (that is, existing rights that give it the current ability to direct the relevant activities), it is exposed to or has right to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group re-assesses whether or not it controls the entity, if the underlying facts and circumstances indicate a change in the above-mentioned parameters that determine the existence of control.

Subsidiaries are fully consolidated from the date when the Group obtains control and are de-consolidated from the date that control ceases. No subsidiaries are excluded from the Group consolidation. Non-controlling interestis the equity in a subsidiary not attributable to the parent and is presented separately from equity attributable to the owners of the company. Non-controlling interests consist of the amount at the date of the business combination and its share of changes in equity since that date. Profit and loss and other comprehensive income/loss are attributed to the controlling and non-controlling interests in proportion to their ownership interests, even if this results in the non-controlling interests having a deficit balance. However, in cases where there are binding contractual arrangements that determine the attribution of the earnings, the attribution specified by such arrangement is considered.

2. Summary of significant accounting policies continued

The Group has written a put option to non-controlling shareholders in one of the Group's subsidiaries to purchase their equity interest in the subsidiary, for cash and/or another financial assets. This gives rise to a financial liability for the present value of the likely redemption amount. This is the case even if the contract itself is an equity instrument or even if the obligation to purchase the equity interest is conditional on the counterparty exercising a right to redeem. The financial liability is recognised initially at the present value of the likely redemption amount by debiting equity ('Transactions with NCI reserve') while continuing to recognise the non-controlling interest if the non-controlling shareholders continue to have present access to returns on the underlying equity interest of the subsidiary. Subsequently, the financial liability is re-measured in accordance with IFRS 9. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity ('Transactions with NCI reserve'). If the option is exercised, the corresponding non-controlling interest (if any) to the extent of shares re-acquired from non-controlling shareholders is de-recognised through equity ('Transactions with NCI reserve') at the time of exercise of the put option.

The profit/loss on disposal of a subsidiary (associated with loss of control) is recognised in profit and loss being the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. In addition, any amounts previously recognised in other comprehensive income in respect of the de-consolidated entity, are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit and loss or transferred to another category of equity as required/permitted by applicable IFRS). At such disposal any retained interest in the entity is remeasured to its fair value with the resultant change in carrying value being recognised in the profit and loss.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as a transaction with equity holders. Any difference between the amount of the adjustment to non-controlling interests and any consideration exchanged is recognised in 'the transactions with NCI reserve', within equity.

b. Associate and joint venture (JV)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method from the date on which the Group starts exercising significant influence over the associate or joint control over the joint venture.

At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of the impairment as the difference between the recoverable amount of the investment and its carrying value.

c. Method of consolidation

The standalone financial statements of subsidiaries are fully consolidated on a line-by-line basis after adjusting for business combination adjustments. Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The Group's investments in its associate and JV are accounted for using the equity method. Accordingly, the investment is carried at cost less any impairment loss, as adjusted for post-acquisition changes in the Group's share of the net assets of the investee. Any excess of the cost over the Group's share of net assets in its associate/JV at the date of acquisition is presented as goodwill. The goodwill is included within the carrying amount of the investment. The unrealised gains resulting from transactions with the associate/JV are eliminated against the investment to the extent of the Group's interest in the associate/JV. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Adjustments in respect of accounting policies of the Group's subsidiaries, associate and JV are made to ensure consistency with the accounting policies that are adopted by the Group.

2.4 Business combinations

The Group accounts for business combinations using the acquisition method of accounting; accordingly, the identifiable assets acquired and the liabilities assumed in the acquisition are recorded at their acquisition date fair values (except certain assets and liabilities which are required to be measured as per the applicable standards) and the non-controlling interest is initially recognised at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The consideration transferred for the acquisition of a subsidiary is the aggregation of the fair values of the assets transferred, the liabilities incurred or assumed and the equity interests issued by the Group in exchange for control of the acquiree.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is subsequently measured at fair value with changes in fair value recognised in profit and loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, along with the amount of any non-controlling interests in the acquiree and the acquisition-date fair value (with the resulting difference being recognised in the profit and loss) of any previous equity interest in the acquiree, over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Acquisition-related costs are expensed in the period in which the costs are incurred.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the identifiable assets and liabilities acquired in a business combination are measured at their provisional fair values at the date of acquisition.

Subsequent adjustments to the provisional values are made within the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date, otherwise, the adjustments are recorded in the period in which they occur.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequent to initial recognition, it is measured at the higher of:

(i) the amount that would be recognised in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'.

Common control transactions

Transfers involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, (and that control is not transitory) are accounted for at their historic carrying values. The difference between the consideration paid/received and the historic carrying values is recorded in equity.

2.5 Foreign currency transactions

a. Functional and presentation currency

The items included within the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (i.e., 'functional currency').

The financial statements are presented in US dollars, which is also the functional and presentation currency of the company.

b. Transactions and balances

For the purpose of presenting the consolidated financial statements, transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

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

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

c. Foreign operations

The assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign entities) are translated into US dollars at the exchange rates prevailing at the reporting date. Items recognised in profit and loss are translated into US dollars at monthly average exchange rates, with equity translated at the historical rate. The resulting exchange differences are recognised in other comprehensive income and held within the foreign currency translation reserve (FCTR), a component of equity.

On disposal of a foreign operation (i.e., disposal of Group's entire interest in a foreign operation or disposal involving loss of control), all the accumulated exchange differences accumulated in FCTR in respect of that foreign operation is reclassified to profit and loss.

d. Net investment in foreign operation

When a monetary item forms part of the Group's net investment in a foreign operation, the exchange differences are then recognised initially in other comprehensive income and are held within the foreign currency translation reserve (FCTR). Such FCTR is reclassified from equity to profit and loss on disposal of the foreign operation.

2.6 Current versus non-current classification

The Group classifies assets and liabilities in the statement of financial position as current or non-current.

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

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

A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or the Group does not have the unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

2.7 Property, plant and equipment (PPE) and capital work-in-progress (CWIP)

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

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

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

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

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

2. Summary of significant accounting policies continued

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

Categories	Years
Leasehold improvement	Period of lease or 10-20 years, as applicable, whichever is less
Buildings	20
Plant and equipment	
Network equipment (including passive infrastructure)	3-25
Computer	3-5
Furniture and fixture and office equipment	1-5
Vehicles	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and/or depreciation method are accounted for prospectively, with depreciation calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired, or otherwise disposed of are de-recognised from the statement of financial position and the resulting gains/(losses) are included in the profit and loss within other income/other expenses, respectively.

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

2.8 Intangible assets

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

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets acquired (refer to Note 2.4). Goodwill is not amortised; however, it is tested for impairment (refer to Note 2.9) and carried at cost less accumulated impairment losses if any. The gains/(losses) on the disposal of a cash-generating unit (group of CGUs) include the carrying amount of goodwill relating to the group of CGUs sold. In case goodwill has been allocated to a group of CGUs, allocation of goodwill is determined based on the relative value of the operations sold in order to compute the gains/(losses).

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

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

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

- **Software**

Software is amortised over the software licence period, generally not exceeding three years.

- **Licences (including spectrum)**

Acquired licences and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction over the relevant licence period. The useful lives generally range from two to twenty-five years.

In addition, the Group incurs a fee on licences/spectrum that is calculated based on the revenue of the licensee entity. These fees are recognised as a expense in profit and loss when incurred.

- **Other acquired intangible assets**

Other acquired intangible assets include customer relationships which are amortised over the estimated life of such relationships generally ranging from one year to five years.

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

Further, the cost of intangible assets under development is presented separately in the statement of financial position and includes spectrums/licences allotted to the Group and related costs for which services are yet to be rolled out.

- **Internally-generated intangible assets – research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been met:

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred.

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

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

2.9 Impairment of non-financial assets

a. Goodwill

Goodwill is tested for impairment, at least annually or earlier, in case circumstances indicate that the carrying value may exceed the recoverable amount (higher of fair value less costs to sell and the value in use). For the purpose of impairment testing, goodwill is allocated to a cash-generating-unit (CGU) or group of CGUs (CGUs) which are expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, but not higher than an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

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

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

b. Property, plant and equipment, right-of-use assets, intangible assets and intangible assets under development

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

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value in use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the CGU level to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss representing the excess of recoverable value over the carrying value of the asset/CGU is recognised immediately in profit and loss.

c. Reversal of impairment losses

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

2.10 Financial instruments

a. Recognition, classification and presentation

Financial instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

The Group determines the classification of its financial instruments at initial recognition.

The Group classifies its financial assets into the following categories:

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. The Group does not have any financial instruments classified as fair value through other comprehensive income.

The Group 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 liability (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 offset against each other and the resultant net amount is presented in the statement of financial position if, and only when, the Group 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.

The amounts held by electronic account holders in their mobile money wallets are presented separately in the balance sheet as 'mobile money wallet balance'. The amounts held in bank on behalf of such electronic account holders are restricted for use by the Group and are presented as 'balance held under mobile money trust'.

b. Measurement – non-derivative financial instruments

I. Initial measurement

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. Summary of significant accounting policies continued

The transaction price is generally the best evidence of the financial instrument's initial fair value. However, it is possible for an entity to determine that the instrument's fair value is not the transaction price. The difference between the transaction amount and the fair value (if any) is accounted for as follows:

- The difference is recognised as a gain or loss in the profit and loss only if fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets.
- In all other cases, an entity recognises the instrument at fair value and defers the difference between the fair value at initial recognition and the transaction price in the Statement of Financial Position.

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

EIR is the rate that exactly discounts the estimated future cash receipts or payments (including all fees and transaction costs that form an integral part of the effective interest rate) 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 (based on the EIR method) and dividend income from financial assets at FVTPL is recognised in 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 instruments 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, in case of trade receivables and contract assets, the Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

III. Subsequent measurement – financial liabilities

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

c. 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 and loss within finance income/finance costs.

In cases, where the initial fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on observable inputs, on subsequent measurement, the difference between initial fair value and transaction price is recognised in profit and loss on an appropriate basis (e.g., straight-line) over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

d. Hedging activities

I. Fair value hedge

Some of the Group's entities may use derivative financial instruments (e.g., interest rate swaps) to manage/mitigate their exposure to the risk of change in the fair value of borrowings. The Group may designate 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 and loss over the period of the remaining maturity of the hedged item. The amortisation is based on the recalculated effective interest rate.

II. Cash flow hedge

Some of the Group's entities may use derivative financial instruments (e.g., foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk. Further, the Group may designate certain derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate 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 is held within the cash flow hedge reserve (CFHR) – within other components of equity. Any gains/(losses) relating to the ineffective portion are recognised immediately in profit and loss within finance income/finance costs. The amounts accumulated in cash flow hedge reserve are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period.

For any other cash flow hedges, the amount accumulated in OCI (in CFHR) is reclassified to profit and loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit and loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI (in CFHR) remains in accumulated OCI (in CFHR) if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit and loss as a reclassification adjustment.

After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI (in CFHR) must be accounted for depending on the nature of the underlying transaction as described above.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

III. Net investment hedge

The Group may hedge its net investment in certain foreign subsidiaries. On doing so, any foreign exchange differences on the hedging instrument (e.g., borrowings) relating to the effective portion of the hedge is recognised in other comprehensive income within the foreign currency translation reserve (FCTR) – within other components of equity, so as to offset the change in the value of the net investment being hedged. The ineffective portion of the gain or loss on these hedges is immediately recognised in profit and loss. The amounts accumulated in equity are reclassified to profit and loss when the foreign operation is disposed.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

2.11 Leases

At inception of a contract, the Group 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 Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and the Group has the right to direct the use of the asset.

a. Group as a lessee

The Group 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 Group 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 rate method. It is remeasured when there is a change in future lease payments, including changes in CPI or if the Group 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 and loss if the carrying amount of the related right-of-use asset has been reduced to zero.

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

Subsequent to initial recognition, right-of-use assets 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 asset.

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

When a contract includes lease and non-lease components, the Group 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.

Short-term leases

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

Sale and leaseback

In sale and leaseback transactions, the Group first considers whether the initial transfer of the underlying asset to the buyer-lessor is a sale by applying the requirements of IFRS 15. If the transfer qualifies as a sale and the transaction is on market terms, the Group derecognises the asset, recognises a right-of-use asset (and lease liabilities) and recognises a portion of the total gain or loss on the sale in the profit and loss. The right-of-use asset is recognised at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The amount recognised is calculated by splitting the total gain or loss into:

- an amount recognised in the profit and loss relating to the buyer-lessor's rights in the underlying asset, and
- an unrecognised amount relating to the rights retained by the seller-lessee which is deferred by way of reducing the right-of-use assets initially recognised.

b. Group 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.

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 Group applies IFRS 15 to allocate the consideration under the contract to each component.

2. Summary of significant accounting policies continued

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

2.12 Taxes

The income tax expense comprises current and deferred income tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised outside profit and loss, in other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly within other comprehensive income or directly in equity.

a. Current tax

Current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date in the respective countries where the Group entities operate and generate taxable income. The payments made in excess/(shortfall) of the respective Group entities' income tax obligation for the respective periods are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

Any interest relating to accrued liabilities for potential tax assessments is not included in the income tax charge or (credit), but is recognised within finance costs.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. These provisions are measured at the best estimate of the amount expected to become payable or based on the expected value approach, as applicable and are presented within current tax liabilities. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Further, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and tax credits can be utilised. To assess such probability, the Group considers profit generation capability of the taxable entity based on historical trends as well as forecast profitability for the foreseeable future. When it is probable that there will be future taxable profits, an evaluation is performed to assess the availability of sufficient deductible temporary differences during the foreseeable future, relating to the same taxation authority and in the same taxable entity.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associate and joint venture unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

2.13 Inventories

Group's inventories include handsets, modems and related accessories.

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

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, wallet balances, bank balances, cheques in hand and any deposits with original maturities of three months or less (i.e., that are readily convertible to known amounts of cash and cash equivalents, and subject to an insignificant risk of a change in value). However, for the purpose of the statement of cash flows, in addition to the above items, any bank overdrafts that are an integral part of the Group's cash management and balances held under mobile money trust are also included as a component of cash and cash equivalents.

Term deposits with an original maturity of more than three months are presented within other bank balances.

2.15 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets-held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and the sale is expected to complete within one year from the date of classification as held for sale. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets (measured in accordance with IAS 12) and financial assets which are measured at fair value in accordance with IFRS 9. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

A loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative loss previously recognised.

If the criteria for held for sale are no longer met, it ceases to be classified as held for sale and is measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation/amortisation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

2.16 Share capital/share premium

Ordinary shares are classified as equity when the Group 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 Group and there is no contractual obligation whatsoever to that effect. The share premium account is used to record the premium on issue of shares.

2.17 Employee benefits

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

- **Defined contribution plans**

The contributions to defined contribution plans are recognised in profit and loss as and when the services are rendered by employees. The Group has no further obligations under these plans beyond its periodic contributions.

- **Defined benefit plans**

The Group has defined benefit plans in the form of 'retirement benefits' and 'severance pay' wherein the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each interim reporting period. The obligation towards these benefits is recognised in the statement of financial position under provisions, at the present value of the defined benefit obligations. The present value of these obligations is determined by discounting the estimated future cash outflows, using an appropriate discount rate.

Defined benefit costs are split into the following categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- interest expense; and
- remeasurements.

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

- **Other long-term employee benefits**

The employees of the Group are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

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

- **Share-based payments**

Refer to Note below.

2.18 Share-based payments

The Group operates equity-settled and cash-settled compensation plans under which the Group receives services from employees as consideration for equity shares/cash-settled units.

The Group measures the fair value of the services received from employees by reference to the fair value of the equity instruments granted. The grant-date fair value of equity-settled share-based payment arrangements is generally recognised as an expense on a straight-line basis, with a corresponding increase in equity (reserves), over the vesting period of the awards.

At each reporting date, the Group estimates the number of equity instruments expected to eventually vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates of the number of equity instruments expected to vest, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

The fair value of the amount payable to employees in respect of share-based payments which are settled in cash is recognised as an expense on a straight-line basis with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of such instruments. Any changes in the liability are recognised in profit and loss.

As at each reporting date, the Group estimates the number of awards that are expected to eventually vest. It recognises the impact of any revision to original estimates in the period of change. Accordingly, no expense is recognised for awards that do not ultimately vest, except for where vesting is conditional upon a market performance/non-vesting condition. These are treated as vesting irrespective of whether or not the market/non-vesting condition is satisfied, provided that service conditions and all other non-market performance conditions are satisfied.

Where the terms of an award are modified, in addition to the expense pertaining to the original award, an incremental expense is recognised for any modification that results in additional fair value, or is otherwise beneficial to the employee as measured at the date of modification.

For further details of equity-settled and cash-settled compensation plans refer to Note 7.

- **Treasury shares**

The company is the sponsoring entity of an Employee Benefit Trust (EBT) which is controlled by the Group. The company provides funds to the EBT to enable it to satisfy its objectives. The company's equity instruments held by the EBT are accounted for as if they were the company's own equity and are treated as treasury shares. Such treasury shares are recorded at cost and deducted from equity. Refer to Note 26.1 for details of treasury shares held by the EBT.

2.19 Provisions

a. General

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

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

2. Summary of significant accounting policies continued

b. Provision for legal, tax and regulatory matters

The Group is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Group. Management, in consultation with legal, tax and other advisers where required, assesses the likelihood that a pending claim will succeed against the Group. The Group recognises a provision in cases where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations arising from such claims.

c. Asset Retirement Obligation (ARO)

AROs are recognised for those lease arrangements where the Group has an obligation at the end of the lease period to restore the leased premises to a condition similar to that at inception of the lease. AROs are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any change in the estimated future costs or in the discount rate applied are adjusted against the cost of the asset.

2.20 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 unless virtually certain and disclosed only where an inflow of economic benefits is probable.

2.21 Revenue

Revenue is recognised upon the transfer of control of promised products or services to the customer at the consideration which the Group has received or expects to receive in exchange for those products or services, net of any taxes/duties and discounts. When determining the consideration to which the Group is entitled for providing promised products or services via intermediaries, the Group 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 Group is entitled is determined to be that receivable from the intermediary. To the extent that the intermediary is considered to be an agent, the consideration to which the Group is entitled is determined to be the amount receivable from the ultimate customer. Any upfront discount or commission provided to the intermediary is recognised as a cost of sale in such a case.

The Group has entered into certain multiple-element revenue arrangements, which involve the delivery or performance of multiple products, services or right-of-use assets. At the inception of the arrangement, all the deliverables within the contract are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately.

Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their relative standalone selling prices. The stand-alone selling prices are the prices at which the Group would sell a promised good or service separately to a customer.

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

- **Service revenue**

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

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

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

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

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

Subscription charges are recognised over the subscription pack validity period.

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

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

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

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

As part of the mobile money services, the Group earns commission from merchants for facilitating recharges, bill payments and other merchant payments. It also earns commissions on the transfer of money from one customer wallet to another. Such commission is recognised as revenue at a point in time on fulfilment of these services by the Group.

Sale of products

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

Costs to obtain or fulfil a contract with a customer

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

2.22 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs which are not directly attributable to the acquisition, construction or production of an asset (that necessarily takes a substantial period of time to get ready for its intended use or sale) are expensed in the period they occur.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

2.23 Operating profit

Operating profit is stated as revenue less operating expenditure, including depreciation and amortisation and operating exceptional items. Operating profit excludes finance income, finance costs, other non-operating income and share of profit of the associate and joint venture accounted for using equity method.

2.24 Exceptional items – Alternative performance measures (APMs)

Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive APMs, which provide additional useful information on the underlying trends, performance and position of the Group. This assessment covers the nature of the item being one-off or non-routine and the significance of the impact of that item on reported performance in accordance with the Group's exceptional items policy.

To monitor performance, the Group uses the following APMs:

- 'Underlying profit before tax' representing profit before tax for the period, excluding the impact of exceptional items.
- 'Underlying profit after tax' representing profit after tax for the period, excluding the impact of exceptional items and tax on exceptional items.

Exceptional items refer to items of income or expense within the consolidated statement of comprehensive income, which are of such size, nature or incidence that their exclusion is considered necessary to explain the performance of the Group and improve the comparability between periods. Reversals of previous exceptional items are also considered as exceptional items. When applicable, these items include network modernisation, share issue expenses, loan prepayment costs, the settlement of legal and regulatory cases, restructuring costs, impairments, gain on sale of tower assets and initial recognition of deferred tax assets. A breakdown of the exceptional items included in the profit and loss is disclosed in Note 11.

For other APMs, refer pages 240-245.

2.25 Dividends

Dividends to shareholders of the company are deducted from retained earnings and recognised as a liability, in the year in which the dividends are approved by the shareholders. Interim dividends are deducted from the retained earnings when they are paid.

2.26 Earnings per share (EPS)

The Group presents the basic and diluted EPS data. Basic EPS is computed by dividing the profit for the period attributable to the owners of the company by the weighted average number of shares net of any treasury shares outstanding during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. Critical accounting estimates, assumptions and judgements

The estimates and judgements used in the preparation of these financial statements are continuously evaluated by the Group, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group believes to be reasonable under the existing circumstances. These estimates and judgements are based on the facts and events that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the Group regularly assesses these estimates, actual results could differ materially from these estimates (even if the assumptions underlying such estimates were reasonable when made), if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the year in which they become known.

3.1 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

- **Uncertain tax treatments**

Uncertainties exist with respect to the interpretation of complex tax regulations. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions/contingencies, based on reasonable estimates, for potential audits by the tax authorities in the respective countries in which it operates as well as where the probability of tax authorities accepting the Group's treatment is in doubt. The amount of direct tax provisions carried as part of current tax liabilities amounted to $15m and contingencies amounted to $16m (refer to Note 29). Reflecting the complexities of tax regulations and international business relationships, as described above, the Group receives, from time to time, demands from tax authorities. The Group assesses these demands and estimates whether a provision should be recorded or a contingent liability should be disclosed or whether the matter is considered to be remote. These estimates are based on various factors, such as experience from previous tax audits and the Group's interpretation of tax regulations by the taxable entity and the relevant tax authority. For those demands where the Group believes there is a low likelihood of the demand being successful against the Group, no provision is recorded nor a contingent liability is disclosed. However, these estimates may be subject to a material change within the next financial year which could lead to the recognition of additional material provisions or the disclosure of additional material contingent liabilities.

- **Contingent liabilities and provisions**

The Group is involved in various legal, indirect tax and regulatory matters, the outcome of which may not be favourable to the Group. Management, in consultation with legal, indirect tax and other advisers where required, assesses the likelihood that a pending claim will succeed. The Group 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. The Group carried provisions amounting to

3. Critical accounting estimates, assumptions and judgements continued

$30m in respect of indirect tax, legal and regulatory matters and discloses contingencies amounting to $116m. In recording or disclosing these amounts, the Group has estimated which claims are probable and consequently has recorded a provision for those. For the claims which are possible, the Group has disclosed a contingent liability. For claims which are considered to be remote, no recording or disclosure has been made. However, given the nature of these matters and size of such claims there may be a risk of a material change within the next financial year, including the recognition of additional provisions, should the Group not be successful in defending the cases where contingent liabilities are disclosed. For further details, refer to Notes 25 and 29, respectively.

3.2 Critical judgements in applying the Group's accounting policies

There were no critical accounting judgments that would have a significant effect on the amount recognised in the Group's financial statements.

4. New accounting pronouncements to be adopted on or after 1 April 2023

The following pronouncements issued by the IASB are relevant to the Group and effective for annual periods beginning on or after 1 January 2023. The Group's financial statements will be presented in accordance with these requirements, which are being evaluated but are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group. These pronouncements have been issued by IASB but have not yet been adopted by UKEB for use in the UK.

- Amendments to IFRS 16 in relation to Sale and leaseback accounting.
- Amendments to IAS 1 in relation to 'classification of liabilities as current and non-current'.
- Amendments to IAS 12 in relation to 'deferred tax related to assets and liabilities arising from a single transaction'.
- Amendments to IAS 8 in relation to Accounting Estimates.
- Amendments to IAS 1 in relation to disclosure of accounting policies.

5. Significant transactions/new developments

a) The directors recommended and shareholders approved a final dividend of 3 cents per ordinary share for the year ended 31 March 2022, which was paid on 22 July 2022 to the holders of ordinary shares on the register of members at the close of business on 24 June 2022.

An interim dividend of 2.18 cents per share was also approved by the Board on 26 October 2022, which has been paid on 08 December 2022.

b) In April 2022, one of the Airtel Mobile Commerce B.V.'s (AMC B.V.) subsidiaries, SmartCash Payment Service Bank Limited ('SmartCash'), received the final approval from the Central Bank of Nigeria for a full Payment Service Bank licence affording it the opportunity to deliver a full suite of mobile money services in Nigeria.

Later in August 2022, in line with the directions of the Central Bank of Nigeria, SmartCash was transferred to Airtel Networks Limited (a subsidiary of Airtel Africa Group, outside the perimeter of AMC B.V. Group). Airtel Africa Group has agreed with non-controlling investors to compensate them for their respective potential loss of value by way of transferring additional AMC B.V. shares equivalent to the value of SmartCash on the prescribed trigger event date (subject to a cap of 5% of the value of AMC B.V. Group), which will only be payable in the event that SmartCash does not again form part of the AMC B.V. Group perimeter or the non-controlling investors do not own a direct shareholding in SmartCash based on regulatory approvals, by the prescribed trigger event date.

Given that the proposal to compensate the non-controlling investors is agreed, for their economic value loss due to exclusion of SmartCash (which they were entitled to before the transfer of SmartCash to Airtel Nigeria Limited) based on the future fair value of SmartCash on the prescribed trigger event date, Airtel Africa Group continues to recognise non-controlling interest with respect to net assets of SmartCash.

c) In June 2022, the Group announced the acquisition by Airtel Congo RDC S.A, a subsidiary of the Group, of 58 MHz of additional spectrum spread across the 900, 1800, 2100, and 2600 MHz bands for a gross consideration of $42m. An amount of $20m pertaining to the 900, 1800 and 2100 MHz bands has been capitalized as an intangible asset and $22m pertaining to the 2600 MHz bands is carried as intangible asset under development since these bands are not yet available for use (expected to be available for use by June 2023).

d) On 7 July 2022, Bharti Airtel International (Netherlands) B.V., one of the Group's subsidiaries, completed the early redemption of $450m of its $1bn of 5.35% guaranteed senior notes due in 2024 for a consideration of $463m. The consideration included accrued interest up to the date of redemption and early redemption cost.

e) In July 2022, the Group announced the acquisition by Airtel Kenya, a subsidiary of the Group, of 60 MHz of additional spectrum in the 2600 MHz band from the Communications Authority of Kenya, for a gross consideration of $40m. The spectrum is valid from July 2022 for a period of 15 years. This cost has been capitalised as an intangible asset.

f) In October 2022, the Group announced the acquisition by Airtel Tanzania, a subsidiary of the Group, of 110 MHz of additional spectrum spread across the 2600 MHz (two blocks of 2x15 MHz) and 3500 MHz bands from the Tanzania Communications Regulatory Authority (TCRA) for a gross consideration of $60m. The spectrum is being carried as an intangible under development, since it is not available for use yet (expected to be available for use by August 2023).

g) In October 2022, the Group announced the acquisition by Airtel Zambia, a subsidiary of the Group, of 60 MHz of additional spectrum spread across the 800 MHz and 2600 MHz bands from the Zambia Information and Communications Technology Authority (ZICTA), for a gross consideration of $29m which has been capitalised as an intangible asset.

h) In December 2022, the Group paid $317m (in Nigerian naira) to acquire 100 MHz of spectrum in the 3500 MHz band and 2x5 MHz of 2600 MHz band from the Nigerian Communications Commission (NCC). The 2600 MHz and 3500 MHz spectrum licences are valid for a period of 10 years from January and July 2023, respectively. The spectrum has been carried as an intangible under development, since it is not yet available for use (expected to be available for use by July 2023).

i) During the year, Airtel Nigeria, a subsidiary of the Group, was offered renewal of 2100 MHz spectrum license by Nigerian Communications Commission (NCC) for a gross consideration of $127m, which was accepted by Airtel Nigeria. This cost was capitalised as an intangible asset and is being amortised over the useful life of the spectrum of 15 years. A corresponding liability was created for the amount payable for the renewal which has been subsequently paid in April 2023.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

6. Revenue

	For the year ended	
	31 March 2023	31 March 2022
Service revenue	**5,245**	4,703
Sale of products	**10**	11
	5,255	4,714

Transaction price allocated to the remaining performance obligations

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to $183m as of 31 March 2023 and $162m as as of 31 March 2022 will be satisfied, respectively, within a period of the next year.

Revenue recognised that was included in the deferred revenue balance at the beginning of the year:

	For the year ended	
	31 March 2023	31 March 2022
Revenue recognised that was included in the deferred revenue balance at the beginning of the year	**162**	135

Significant changes in the unbilled revenue and deferred revenue balances during the year are as follows:

	For the year ended			
	31 March 2023		31 March 2022	
	Unbilled revenue	**Deferred revenue**	Unbilled revenue	Deferred revenue
Revenue recognised that was included in the deferred revenue balance at the beginning of the year	**–**	**162**	–	135
Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	**183**	–	162
Transfers from unbilled revenue recognised at the beginning of the period to receivables	**53**	**–**	43	–

Reconciliation of costs to obtain or fulfil a contract with a customer

	For the year ended	
	31 March 2023	31 March 2022
Costs to obtain or fulfil a contract with customer		
Opening balance	**55**	44
Costs incurred and deferred	**171**	88
Less: cost amortised	**(95)**	(77)
Foreign currency translation impact	**(7)**	(0)
Closing balance	**124**	55

6.1 Segmental information

The Group's segment information is provided on the basis of geographical clusters and products to the chief executive officer (chief operating decision maker – 'CODM') for the purposes of resource allocation and assessment of performance.

The Group's reporting segments till 31 March 2022 were as follows:

Nigeria – comprising operations in Nigeria.

East Africa – comprising operations in Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia.

Francophone Africa – comprising operations in Chad, Gabon, Democratic Republic of the Congo, Madagascar, Niger, Rebublic of the Congo and the Seychelles.

Owing to significant growth in the Group's mobile money business and a corresponding change in the organisation structure combined with changes in information provided to the CODM for the allocation of resources and the assessment of performance, with effect from April 2022, the Group has identified mobile money as a new operating and reportable segment. Thus, the segments for the Group are now as follows:

Nigeria mobile services – comprising of mobile service operations in Nigeria.

East Africa mobile services – comprising of mobile service operations in Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia.

Francophone Africa mobile services – comprising of mobile service operations in Chad, Gabon, Democratic Republic of the Congo, Madagascar, Niger, Rebublic of the Congo and the Seychelles.

Mobile money – comprising of mobile money services across the Group, including the recently launched payment service bank in Nigeria.

* Mobile money segment consolidates the results of mobile money operations from all operating entities within the Group. Airtel Money Commerce B.V. (AMC B.V.) is the holding company for all mobile money services for the Group, and as of 31 March 2023, it consolidates mobile money operations from eleven OpCos, currently excluding operations in Nigeria, Tanzania, and Republic of the Congo. It is management's intention to continue work to transfer all these remaining mobile money services operations into AMC B.V., subject to local regulatory requirements.

6. Revenue continued

Each segment derives revenue from the respective services housed within each segment, as described above. Expenses, assets and liabilities primarily related to the corporate headquarters and centralised functions of the Group are presented as unallocated items.

The amounts reported to the chief operational decision-maker ('CODM') are based on the accounting principles used in the preparation of the financial statements. Each segment's performance is evaluated based on segment revenue and segment result.

The segment result is Underlying EBITDA (i.e., earnings before interest, tax, depreciation and amortisation before exceptional items). This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance. During the year ended 31 March 2023, EBITDA is equal to underlying EBITDA since there are no exceptional items pertaining to EBITDA.

Consequent to the change in reportable segments during the period, comparative information has also been restated in line with the revised segments.

Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period in which the changes occur.

The 'Eliminations' column comprises inter-segment revenues eliminated upon consolidation.

Segment assets and segment liabilities comprise those assets and liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipment, capital work in progress, right-of-use assets, intangibles assets, inventories and cash and cash equivalents. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises investment in property, plant and equipment, capital work in progress, intangible assets (excluding licences) and capital advances.

Investment elimination upon consolidation and resulting goodwill impacts are reflected in the 'Eliminations' column.

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2023 is as follows:

	Nigeria mobile services	East Africa mobile services	Francophone Africa mobile services	Mobile money	Others (unallocated)	Eliminations	Total
Revenue from external customers							
Voice revenue	1,052	835	604	–	–	–	2,491
Data revenue	884	537	366	–	–	–	1,787
Mobile money revenue[1]	–	–	–	540	–	–	540
Other revenue[2]	189	124	114	–	10	–	437
	2,125	1,496	1,084	540	10	–	5,255
Inter-segment revenue	3	12	6	152	4	(177)	–
Total revenue	2,128	1,508	1,090	692	14	(177)	5,255
Underlying EBITDA	1,099	753	476	344	(97)	–	2,575
Less:							
Depreciation and amortisation	344	260	190	17	7	–	818
Finance costs							752
Finance income							(29)
Share of profit of associate and joint venture accounted for using equity method							(0)
Profit before tax							1,034
Other segment items							
Capital expenditure	293	256	151	33	15	–	748
As of 31 March 2023							
Segment assets	2,634	2,255	1,599	945	25,485	(21,752)	11,166
Segment liabilities	2,193	2,393	2,359	742	12,839	(13,168)	7,358
Investment accounted for using equity method (included in segment assets above)	–	–	4	–	–	–	4

1 Mobile money revenue is net of inter-segment elimination of $152m mainly for commission on sale of airtime. It includes $103m pertaining to East Africa mobile services and balance $49m pertaining to Francophone Africa mobile services.

2 Other revenue includes messaging, value-added services, enterprise, site sharing and handset sale revenue.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

6. Revenue continued

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2022 is as follows:

	Nigeria mobile services	East Africa mobile services	Francophone Africa mobile services	Mobile money	Others (unallocated)	Eliminations	Total
Revenue from external customers							
Voice revenue	984	782	592	–	–	–	2,358
Data revenue	734	457	334	–	–	–	1,525
Mobile money revenue[1]	–	–	–	424	–	–	424
Other revenue[2]	157	146	104	–	–	–	407
	1,875	1,385	1,030	424	–	–	4,714
Inter-segment revenue	3	10	3	129	–	(145)	–
Total revenue	1,878	1,395	1,033	553	–	(145)	4,714
Underlying EBITDA	1,043	672	425	281	(110)	–	2,311
Less:							
Depreciation and amortisation	268	230	199	14	33	–	744
Finance costs							441
Finance income							(19)
Non-operating income (net)							(111)
Share of profit of associate and joint venture accounted for using equity method							(0)
Exceptional items pertaining to operating profit	–	32	–	–	–	–	32
Profit before tax							1,224
Other segment items							
Capital expenditure	249	259	114	25	9	–	656
As of 31 March 2022							
Segment assets	2,247	1,886	1,485	776	27,396	(23,426)	10,364
Segment liabilities	1,438	2,450	2,358	588	14,458	(14,577)	6,715
Investment accounted for using equity method (included in segment assets above)	–	–	6	–	–	–	6

1 Mobile money revenue is net of inter-segment elimination of $129m mainly for commission on sale of airtime. It includes $85m pertaining to East Africa mobile services and balance $44m pertaining to Francophone Africa mobile services.

2 Other revenue includes messaging, value-added services, enterprise, site sharing and handset sale revenue.

Geographical information disclosure based on location of statutory entity of non-current assets (PPE, CWIP, ROU, intangible assets, including goodwill and intangible assets under development):

	As of	
	31 March 2023	31 March 2022
United Kingdom	**0**	1
Nigeria	**2,379**	1,670
Netherlands (including goodwill)	**3,464**	3,773
Others	**2,889**	2,529
Total	**8,732**	7,973

7. Employee benefits expense

	For the year ended	
	31 March 2023	31 March 2022
Salaries and bonuses	**243**	258
Defined contribution plan cost	**12**	14
Defined benefit plan cost/(income)	**5**	(2)
Staff welfare expenses	**18**	17
Others	**9**	10
	287	297

Employee benefit expenses includes directors' remuneration. For further information about the remuneration of individual directors, refer to pages 145 to 163 of the directors' remuneration report.

Details of year end and monthly average number of people employed by the Group during the year:

	For the year ended			
	31 March 2023		31 March 2022	
	Year end	**Average**	Year end	Average
Nigeria	**779**	**728**	706	686
East Africa	**1,250**	**1,252**	1,251	1,230
Francophone Africa	**1,144**	**1,148**	1,149	1,151
Corporate and others	**827**	**779**	651	596
Total	**4,000**	**3,907**	3,757	3,663

7.1 Share-based payment plans

The following table provides an overview of all existing equity-settled and cash-settled plans of the company:

Scheme	**Plans**	**Vesting period (years)**	**Contractual term (years)**
Equity settled plans	Replacement stock awards[1]	1–2	2
	IPO Awards[1]	1–3	3
	IPO share options[3]	1–3	10
	IPO executive share options[3]	1–3	10
	Performance share awards[1]	3	3
	Restricted share awards[2]	3	3
	One-off awards[3]	1–3	3
	Replacement awards[3]	1–2	2
	Deferred bonus shares[3]	2	2
Cash settled plans	Shadow stock plan[1]	1–2	2

1 Vesting is subject to service, total shareholder return and financial performance conditions.

2 Vesting is subject to service and financial performance conditions.

3 Vesting is subject to service conditions only.

The following table exhibits the net compensation expenses under the schemes:

	For the year ended	
	31 March 2023	31 March 2022
Expenses arising from equity and cash settled share based payment transactions	**1**	2

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

7. Employee benefits expense continued

The following table provides an overview of all existing share option and cash-settled plans of the company. Details of share options outstanding during the year are as follows:

	31 March 2023		31 March 2022	
	Number of share options (in '000)	Weighted average exercise price per share (in US$)	Number of share options (in '000)	Weighted average exercise price per share (in US$)
Replacement stock awards				
Outstanding at beginning of year	–	–	299	–
Granted during the year[1]	–	–	135	–
Exercised during the year[2]	–	–	(434)	–
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–
IPO Awards				
Outstanding at beginning of year	80	–	566	–
Additions during the year based on performance[1]	53	–	63	–
Exercised during the year[2]	(133)	–	(511)	–
Forfeited during the year[3]	–	–	(38)	–
Outstanding at the end of the year	–	–	80	–
Exercisable at the end of the year	–	–	–	–
IPO share options				
Outstanding at beginning of year	751	1	3,132	1
Exercised during the year[2]	–	–	–	–
Forfeited during the year[3]	–	–	(2,381)	–
Outstanding at the end of the year	751	1	751	1
Exercisable at the end of the year	751	1	250	1
IPO executive share options				
Outstanding at beginning of year	8,842	1	10,594	1
Exercised during the year[2]	(2,187)	–	(717)	–
Forfeited during the year[3]	(265)	–	(1,035)	–
Outstanding at the end of the year	6,390	1	8,842	1
Exercisable at the end of the year	6,390	1	2,815	1
Shadow stock plan				
Outstanding at beginning of year	–	–	688	–
Additions during the year based on performance[1]	–	–	261	–
Exercised during the year[2]	–	–	(884)	–
Forfeited during the year[3]	–	–	(65)	–
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–
Performance share awards				
Outstanding at beginning of year	1,523	–	1,373	–
Granted during the year[1]	788	–	1,126	–
Exercised during the year[2]	–	–	(299)	–
Forfeited during the year[3]	–	–	(677)	–
Outstanding at the end of the year	2,311	–	1,523	–
Exercisable at the end of the year	–	–	–	–
Restricted share awards				
Outstanding at beginning of year	708	–	633	–
Granted during the year[1]	356	–	509	–
Exercised during the year[2]	–	–	(133)	–
Forfeited during the year[3]	–	–	(301)	–
Outstanding at the end of the year	1,064	–	708	–
Exercisable at the end of the year	–	–	–	–
One-off award				
Outstanding at beginning of year	301	–	361	–
Granted during the year[1]	–	–	–	–
Exercised during the year[2]	(60)	–	(60)	–
Outstanding at the end of the year	241	–	301	–
Exercisable at the end of the year	–	–	–	–
Replacement awards				
Outstanding at beginning of year	661	–	–	–
Granted during the year[1]	–	–	661	–
Exercised during the year[2]	(330)	–	–	–
Outstanding at the end of the year	331	–	661	–
Exercisable at the end of the year				
Deferred bonus shares				
Outstanding at beginning of year	–	–	–	–
Granted during the year[1]	271	–	–	–
Outstanding at the end of the year	271	–	–	–
Exercisable at the end of the year	–	–	–	–

1 Includes additional awards granted based on meeting performance conditions.
2 For share options exercised during the year ended 31 March 2023, the weighted average share price during the year was $1.65 per share (March 2022: $1.46 per share).
3 Represents forfeitures on account of employees not meeting service or performance conditions.

7. Employee benefits expense continued

The total carrying value of cash-settled share-based compensation liability is nil and nil as of 31 March 2023 and 2022, respectively.

The fair value of options and awards is measured using the Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity-settled plans which are granted during the year are given in the below table:

	31 March 2023	31 March 2022
Risk free interest rates	**2.12%**	0.08% to 0.16%
Expected life	**2.00 to 3.00**	2.00 to 3.00
Volatility	**44.14% to 58.36%**	36.22% to 38.10%
Dividend yield	**2.97%**	3.69%
Share price on the date of grant	**1.69**	1.08
Fair value	**1.23 to 1.27**	0.70 to 0.75

The expected life of the stock options is based on the company's expectations and is not necessarily indicative of exercise patterns that may actually occur. The expected volatility reflects the assumption that the historical volatility over a period to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome. Further, the expected volatility is based on the weighted average volatility of the comparable benchmark companies.

The details of weighted average remaining contractual life for the share options are as follows:

Existing plans	**31 March 2023**	31 March 2022
Remaining contractual life for the share options outstanding as of (years)	**0 to 6**	0 to 7

7.2 Employee benefits

The details of significant employee benefits (included within provisions) are as follows (for details on employee benefit plans refer to Note 2.17):

	For the year ended 31 March 2023				For the year ended 31 March 2022			
	Retirement benefits	**Severance benefits**	**Compensated absences**	**Total**	Retirement benefits	Severance benefits	Compensated absences	Total
Obligation:								
Balance as at beginning of the year	**11**	**2**	**11**	**24**	12	2	10	24
Current service cost	**3**	**1**	**2**	**5**	2	0	2	4
Interest cost	**1**	**1**	**1**	**2**	1	0	1	2
Benefits paid	**(1)**	**(1)**	**(2)**	**(3)**	(0)	(0)	(3)	(3)
Past service cost and gains/(loss) on settlement	**–**	**–**	**–**	**–**	(4)	–	0	(4)
Remeasurements	**(0)**	**1**	**0**	**1**	0	0	1	1
Exchange differences	**(0)**	**(0)**	**(0)**	**(0)**	(0)	(0)	(0)	(0)
Present value of employee benefit obligation	**13**	**4**	**12**	**29**	11	2	11	24
Liability recognised in the balance sheet	**13**	**4**	**12**	**29**	11	2	11	24
Current portion	**6**	**0**	**4**	**10**	2	0	4	6
Non-current portion	**7**	**4**	**8**	**19**	9	2	7	18

Amount recognised in other comprehensive income for the above plans

	For the year ended	
	31 March 2022	31 March 2021
Loss from change in experience assumptions	**(1)**	(0)
Loss from change in demographic assumptions	**(0)**	(0)
Gain/(loss) from change in financial assumptions	**1**	(0)
Remeasurements on liability	**(0)**	(0)

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

7. Employee benefits expense continued

The financial and demographic assumptions used to determine defined benefit obligations are as follows:

	As of	
	31 March 2023	31 March 2022
Discount rate	**7.80% to 15.00%**	8.00% to 14.00%
Rate of return on plan assets	**NA**	NA
Rate of salary increase	**4.48% to 7.50%**	3.84% to 7.00%
Rate of attrition	**5.40% to 14.75%**	5.20% to 13.00%
Retirement age	**55 to 65 years**	55 to 65 years
Mortality rate	**CIMA F**	CIMA F

The Group regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligations is given in the table below:

		31 March 2023			31 March 2022		
		Retirement benefits	**Severance benefits**	**Total**	Retirement benefits	Severance benefits	Total
Discount rate	+1.00%	**(1)**	**(0)**	**(1)**	(0)	(0)	(1)
	–1.00%	**(1)**	**0**	**(1)**	0	0	0
Salary growth rate	+1.00%	**(1)**	**0**	**(1)**	0	0	0
	–1.00%	**(1)**	**(0)**	**(1)**	(0)	(1)	(1)
Withdrawal rate	+1.00%	**(1)**	**1**	**0**	(0)	1	1
	–1.00%	**(1)**	**(1)**	**(2)**	0	(1)	(1)

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, because of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular underlying actuarial assumption, while assuming all other assumptions to be constant. In practice, it is unlikely to occur as changes in some of the assumptions may be correlated.

The table below summarises the maturity profile and duration of the defined benefits plan liability (retirement and severance benefits) on an undiscounted basis:

	As of	
	31 March 2023	31 March 2022
Within one year	**6**	2
Within one-three years	**6**	7
Within three-five years	**8**	7
Above five years	**20**	19
	40	35
Weighted average duration in years	**8**	8

8. Other operating expenses

Other operating expenses mainly include the following:

	For the year ended	
	31 March 2023	31 March 2022
Cost of sales[1]	**292**	243
Repairs and maintenaince	**24**	21
Charitable donations	**2**	2

1 Cost of sales mainly includes mobile money distribution and gateway charges.

8. Other operating expenses continued

8.1 Auditor's remuneration

The total remuneration of the Group's auditor, Deloitte and other component audit firms, for services provided to the Group during the years ended 31 March 2023 and 2022, respectively is analysed below (in US$ thousands):

	For the year ended	
	31 March 2023	31 March 2022
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts[1]	**2,407**	2,654
Fees payable to the company's auditor and their associates for the audit of the company's subsidiaries	**2,011**	1,805
Total audit fees	**4,418**	4,459
Non-audit services		
Fees payable to the company's auditor associates for quarterly assurance services performed by component teams	**1,099**	1,027
Fees payable to company's auditor and their associates for other assurance services	**488**	386
Fees payable to the company's auditors for half yearly review procedures performed by Deloitte UK for the purposes of Airtel Afirca plc	**342**	353
Total non-audit fees	**1,929**	1,766
Total fees	**6,347**	6,225

1 March 2023 fees includes additional fees of $84,180 arising from the completion of March 2022 audit.

9. Depreciation and amortisation

	For the year ended	
	31 March 2023	31 March 2022
Depreciation	**715**	629
Amortisation	**103**	115
	818	744

10. Finance costs and income

	For the year ended	
	31 March 2023	31 March 2022
Finance costs		
Interest on borrowings and other financial liabilities	**168**	162
Interest on lease liabilities	**194**	148
Net exchange loss	**259**	81
Bank charges, corporate guarantee fees and commitment fees	**20**	23
Net loss on derivative financial instruments	**79**	12
Other finance charges	**32**	15
	752	441
Finance income		
Interest income on deposits	**29**	19
	29	19

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

11. Exceptional items

Underlying profit before tax excludes the following exceptional items:

	For the year ended	
	31 March 2023	31 March 2022
Profit before tax	**1,034**	1,224
Add: exceptional items		
– Gain on sale of tower assets[1]	**–**	(111)
– Spectrum fee agreement cost[2]	**–**	20
– Bond prepayment cost[3]	**–**	19
– Provision for settlement of contractual dispute[4]	**–**	12
	–	(60)
Underlying profit before tax	**1,034**	1,164

1 Represents the gain on the sale of telecommunication tower assets during the year ended 31 March 2022 in the Group's subsidiaries in Malawi, Madagascar, Tanzania and Rwanda as part of the Group's strategic asset monetisation programme recognised in other non-operating income.

2 Represents cost of agreeing historic spectrum fees during the year ended 31 March 2022 in one of the Group's subsidiaries recognised in license fees and spectrum usage charges.

3 Comprises cost of prepaying $505m bonds during the year ended 31 March 2022 with original maturity of March 2023 recognised in finance costs.

4 Represents provision for expected settlement of a contractual dispute recognised during the year ended 31 March 2022, in which one of the Group's subsidiaries is a party recognised in other operating expenses.

Underlying profit after tax excludes the following exceptional items:

	For the year ended	
	31 March 2023	31 March 2022
Profit after tax	**750**	755
– Exceptional items (as above)	**–**	(60)
– Tax on above exceptional items	**–**	(2)
– Deferred tax asset recognition[1]	**(161)**	–
	(161)	(62)
Underlying profit after tax	**589**	693

1 During the year ended 31 March 2023, the Group has recognised new deferred tax assets in Airtel Kenya. Airtel Kenya had carried forward losses and temporary differences on which deferred tax was not previously recognised. Considering Airtel Kenya's profitability trends, that tax losses have recently been utilised and on the |basis of forecast future taxable profits, the Group has determined that it is now probable that taxable profits will be available against which the tax losses and temporary differences can be utilised. Consequently, the deferred tax asset recognition criteria are met, leading to the recognition of an additional deferred tax asset of $117m during the year ended 31 March 2023 in Airtel Kenya. Additionally, the Group has also trued up deferred tax assets in Airtel Tanzania and Airtel DRC amounting to $19m and $25m, respectively on deductible temporary differences based on updated probability of future taxable profits in these subsidiaries.

Profit attributable to non-controlling interests include benefit of $10m and $33m during the years ended 31 March 2023 and 31 March 2022, respectively, relating to the above exceptional items.

12. Income tax

The major components of the income tax expense are:

	For the year ended	
	31 March 2023	31 March 2022
Current income tax		
– For the year	**407**	343
– Adjustments for prior periods	**1**	4
	408	347
Deferred tax		
– Origination and reversal of temporary differences	**(10)**	141
– Recognition of deferred tax on tax losses and temporary differences	**(119)**	(17)
– Write down of deferred tax due to inadequate future taxable profits	**–**	3
– Adjustments for prior periods	**5**	(5)
	(124)	122
Income tax expense	**284**	469

Factors affecting the tax expense for the year

The table below explains the differences between the expected tax expenses, being the aggregate of the Group's geographical split of profits/(loss) multiplied by the relevant local tax rates and the Group's total tax expense for each year:

	For the year ended	
	31 March 2023	31 March 2022
Profit before tax as shown in the consolidated income statement	**1,034**	1,224
Blended tax rate[1]	**32.3%**	34.2%
Tax expense at the Group's blended tax rate	**334**	418
Effect of:		
Tax on dividend and undistributed retained earnings of subsidiaries	**51**	56
Deferred tax triggered during the year[2]	**(119)**	–
Deferred tax recognised on projected profitability[3]	**(33)**	(17)
Irrecoverable withholding taxes	**20**	14
Adjustment in respect of previous years	**5**	(6)
Settlement of various disputes	**0**	5
Expenses (net) not taxable/deductible	**(5)**	4
Losses for which no deferred tax asset recognised	**25**	(3)
Other tax	**6**	(2)
Income tax expense	**284**	469

1 Blended tax rate has been derived by applying the following formula:

Profit/(loss) before tax for each entity *Respective statutory tax rate/consolidated profit before tax.

For effective tax rate, refer to alternative performance measures on pages 87-89.

2 For the year ended 31 March 2023, $119m of deferred tax asset (DTA) was recognised on brought forward tax losses and temporary differences for Airtel Kenya for the first time due to continued improvement in profitability. Out of $119m of deferred tax, $117m was recognised under exceptional items for the initial recognition of DTA based on forecasted profitability.

3 Deferred tax asset (net) recognised during 2022/23 of $19m in the Democratic Republic of Congo and $14m in Tanzania. During 2022/23, this majorly includes deferred tax asset recognised for $10m and $9m in the Democratic Republic of Congo and Niger, respectively, based on forecasted profitability.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

12. Income tax continued

The analysis of deferred tax assets and liabilities is as follows:

Deferred tax assets and liabilities are consolidated jurisdiction wise at component level. The breakdown of deferred tax assets and net deferred tax liabilities is summarised below.

Deferred tax in jurisdictions with net deferred tax assets is comprised of:

	As of	
	31 March 2023	31 March 2022
Deferred tax assets (net)		
a) Deferred tax asset arising out of		
Carried forward losses	**127**	144
Fair valuation of financial instruments and exchange differences	**68**	105
Depreciation/amortisation on PPE/intangible assets	**99**	31
Provision for impairment of trade receivables/advances	**28**	17
Deferred tax asset on fair valuation of PPE/intangible	**11**	12
Employee benefits	**8**	8
Provision for inventories	**3**	3
Deferred revenue	**3**	–
Others	**2**	5
b) Deferred tax liability due to		
Depreciation/amortisation on PPE/intangible assets	**(9)**	(103)
Others	**(3)**	–
	337	222

Deferred tax in jurisdictions with net deferred tax liabilities is comprised of:

	As of	
	31 March 2023	31 March 2022
Deferred tax liabilities (net)		
a) Deferred tax liability due to		
Deferred tax liability on retained earnings	**(54)**	(74)
Depreciation/amortisation on PPE/intangible assets	**(213)**	(58)
Fair valuation of financial instruments and exchange differences	**(0)**	(1)
Others	**(5)**	(6)
b) Deferred tax asset arising out of		
Provision for impairment of trade receivables/advances	**10**	13
Carried forward losses	**76**	–
Fair valuation of financial instruments and exchange differences	**68**	4
Deferred revenue	**2**	5
Employee benefits	**2**	–
Provision for inventories	**3**	–
Others	**3**	3
	(108)	(114)

Net deferred tax asset/(liability) reflected in the statement of financial position is as follows:

	As of	
	31 March 2023	31 March 2022
Deferred tax assets	**337**	222
Deferred tax liabilities	**(108)**	(114)
Net	**229**	108

12. Income tax continued

Movement reflected in profit and loss for each of the temporary differences and tax losses carry forward is as follows:

	As of	
	31 March 2023	31 March 2022
Deferred tax expenses/(benefit)		
Carried forward losses	**(58)**	84
Depreciation/amortisation on PPE/intangible assets	**(12)**	54
Undistributed retained earnings	**(16)**	27
Fair valuation of financial instruments and exchange differences	**(28)**	(22)
Provision for impairment of trade receivables/advances	**(10)**	(9)
Deferred revenue	**(0)**	(5)
Deferred tax on fair valuation of PPE/Intangible	**0**	(6)
Employee benefits	**(2)**	(1)
Provision for inventories	**(2)**	2
Others	**4**	(2)
	(124)	122

The movement in net balance of deferred tax asset and liabilities from prior year end is as follows:

	As of	
	31 March 2023	31 March 2022
Opening balance	**108**	233
Tax (expense)/credit recognised in statement of profit and loss	**124**	(122)
Translation adjustment recognised in other comprehensive loss and others	**(3)**	(3)
Closing balance	**229**	108

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forward tax losses/credits can be utilised. Accordingly, the Group has not recognised deferred tax assets in respect of deductible temporary differences and carry-forward tax losses of $927m and $1,593m as of 31 March 2023 and 31 March 2022, respectively, as it is not currently probable that relevant taxable profits will be available in future. The applicable tax rates for the same vary from 20% to 33%, depending on the tax jurisdiction in which the respective Group entity operates.

Unused tax losses and deductible temporary differences for which no deferred tax assets is recognised:

	As of	
	31 March 2023	31 March 2022
Expiring within 5 years	**222**	389
Expiring beyond 5 years	**20**	428
Unlimited	**685**	776
	927	1,593

Unused tax losses and deductible temporary differences for which deferred tax assets is recognised:

	As of	
	31 March 2023	31 March 2022
Expiring within 5 years	**–**	–
Expiring beyond 5 years	**–**	–
Unlimited	**1,100**	708
	1,100	708

The Group has not recognised deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve with respect to certain of its subsidiaries where the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries will not distribute the profits in the foreseeable future. The taxable temporary difference associated with respect to unremitted retained earnings is $29m and $76m as of 31 March 2023 and 31 March 2022, respectively. The distribution of the unremitted retained earnings is expected to attract a tax in range of 5% to 20% depending on the tax rate applicable as of 31 March 2023 in the jurisdiction in which the respective Group entity operates. Also, the Group does not recognise deferred tax liability on the unremitted retained earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

12. Income tax continued

Factors affecting the tax charge in future years

a) The Group's future tax charge and effective tax rate, could be affected by the following factors:

- Change in income tax rate in any of the jurisdictions in which Group operates
- Overall profit mix between profit and loss making entities
- Withholding tax on distributed and undistributed retained earnings of subsidiaries
- Recognition of deferred tax assets in any of the Group entities

b) The Group is routinely subjected to audit by tax authorities in the jurisdictions in which the Group operates. The Group recognises tax provisions based on reasonable estimates for those matters where determination of tax is uncertain but it is considered probable that there will be a future outflow of funds to tax authorities. The amount of these provisions is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the tax authority in jurisdictions in which the Group operates; the amount ultimately paid for these uncertain tax cases may differ materially and could, therefore, affect the Group's overall profitability and cash flows in the future.

c) The tax impact of a transaction disclosed as contingent liability can also be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. Refer to Note 29 for details of the contingencies pertaining to income tax.

13. Earnings per share (EPS)

The details used in the computation of basic EPS:

	For the year ended	
	31 March 2023	31 March 2022
Profit for the year attributable to owners of the company	**663**	631
Weighted average ordinary shares outstanding for basic EPS[1]	**3,751,665,898**	3,754,179,962
Basic EPS	**17.7 cents**	16.8 cents

The details used in the computation of diluted EPS:

	For the year ended	
	31 March 2023	31 March 2022
Profit for the year attributable to owners of the company	**663**	631
Weighted average ordinary shares outstanding for diluted EPS[1 2]	**3,756,867,853**	3,760,109,303
Diluted EPS	**17.7 cents**	16.8 cents

1 Deferred shares have not been considered for EPS computation as they do not have a right to participate in profits.

2 The difference between the basic and diluted number of shares at the end of March 2023 being 5,201,955 (March 2022: 5,929,341) relates to awards committed but not yet issued under the Group's share-based payment schemes.

14. Property, plant and equipment (PPE)

The following table presents the reconciliation of changes in the carrying value of PPE for the years ended 31 March 2023 and 31 March 2022:

	Leasehold improvements	Building	Land	Plant and equipment[2]	Furniture and fixture	Vehicles	Office equipment	Computer	Total	Capital work in progress[3]
Gross carrying value										
Balance as of 1 April 2021	50	46	27	2,858	37	24	45	676	3,763	166
Additions/capitalisation	1	0	2	543	28	0	14	38	626	653
Disposals/adjustments[1]	(0)	(0)	(2)	(285)	(2)	(2)	(4)	(1)	(296)	(627)
Foreign currency translation impact	(2)	1	(1)	(71)	(1)	(0)	0	(10)	(84)	(3)
Balance as of 31 March 2022	49	47	26	3,045	62	22	55	703	4,009	189
Additions/capitalisation	**3**	**–**	**0**	**614**	**17**	**0**	**15**	**51**	**700**	**735**
Disposals/adjustments[1]	**0**	**–**	**–**	**(20)**	**(3)**	**(0)**	**(3)**	**(5)**	**(31)**	**(700)**
Foreign currency translation impact	**(3)**	**(4)**	**(1)**	**(390)**	**(6)**	**(0)**	**(6)**	**(53)**	**(463)**	**(12)**
Balance as of 31 March 2023	**49**	**43**	**25**	**3,249**	**70**	**22**	**61**	**696**	**4,215**	**212**
Accumulated depreciation										
Balance as of 1 April 2021	44	17	1	936	15	22	27	635	1,697	–
Charge	1	3	0	364	10	0	9	31	418	–
Disposals/adjustments[1]	0	(0)	(1)	(241)	(2)	(2)	(3)	(3)	(252)	–
Foreign currency translation impact	(1)	0	(0)	(56)	(0)	(0)	(1)	(10)	(68)	–
Balance as of 31 March 2022	44	20	0	1,003	23	20	32	653	1,795	–
Charge	**1**	**2**	**–**	**374**	**13**	**0**	**13**	**32**	**435**	**–**
Disposals/adjustments[1]	**(0)**	**–**	**–**	**(18)**	**(3)**	**(0)**	**(1)**	**(5)**	**(27)**	**–**
Foreign currency translation impact	**(3)**	**(3)**	**(0)**	**(222)**	**(3)**	**(0)**	**(5)**	**(47)**	**(283)**	**–**
Balance as of 31 March 2023	**42**	**19**	**–**	**1,137**	**30**	**20**	**39**	**633**	**1,920**	**–**
Net carrying value										
As of 1 April 2021	6	29	26	1,922	22	2	18	41	2,066	166
As of 31 March 2022	5	27	26	2,042	39	2	23	50	2,214	189
As of 31 March 2023	**7**	**24**	**25**	**2,112**	**40**	**2**	**22**	**63**	**2,295**	**212**

1 Related to the reversal of gross carrying value and accumulated depreciation on retirement of PPE and reclassification from one category of asset to another.

2 Includes PPE secured against the Group's Borrowings outstanding of $44m and $50m as of 31 March 2023 and 31 March 2022, respectively. For details of the security, refer to Note 22.2.

3 The carrying value of capital work-in-progress as of 31 March 2023 and 2022 mainly pertains to plant and equipment.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

15. Intangible assets

The following table presents the reconciliation of changes in the carrying value of goodwill and other intangible assets for the years ended 31 March 2023 and 31 March 2022:

		Other intangible assets				
	Goodwill	Software	Licences (including spectrum)[2]	Others	Total	Intangibles under development
Gross carrying value						
Balance as of 1 April 2021	3,835	3	936	24	963	177
Additions/capitalisation	–	–	187	7	194	21
Disposals/adjustments[1]	–	–	(53)	(0)	(53)	(194)
Foreign currency translation impact	(8)	–	(28)	(1)	(29)	(2)
Balance as of 31 March 2022	3,827	3	1,042	30	1,075	2
Additions/capitalisation	**–**	**–**	**322**	**9**	**331**	**738**
Disposals/adjustments[1]	**–**	**–**	**(41)**	**–**	**(41)**	**(331)**
Foreign currency translation impact	**(311)**	**–**	**(106)**	**(2)**	**(108)**	**(10)**
Balance as of 31 March 2023	**3,516**	**3**	**1,217**	**37**	**1,257**	**399**
Accumulated amortisation						
Balance as of 1 April 2021	–	3	379	23	405	–
Charge	–	–	113	2	115	–
Disposals/adjustments[1]	–	–	(52)	(0)	(52)	–
Foreign currency translation impact	–	–	(24)	(1)	(25)	–
Balance as of 31 March 2022	–	3	416	24	443	–
Charge	**–**	**–**	**99**	**4**	**103**	**–**
Disposals/adjustments[1]	**–**	**–**	**(41)**	**0**	**(41)**	**–**
Foreign currency translation impact	**–**	**–**	**(60)**	**(1)**	**(61)**	**–**
Balance as of 31 March 2023	**–**	**3**	**414**	**27**	**444**	**–**
Net carrying value						
As of 1 April 2021	3,835	–	557	1	558	177
As of 31 March 2022	3,827	–	626	6	632	2
As of 31 March 2023	**3,516**	**–**	**803**	**10**	**813**	**399**

1 Mainly consists of reversal of gross carrying value and accumulated depreciation on retirement of intangibles and reclassification from one category of asset to another. Also includes movement from intangible asset under development on capitalisation.

2 The Group capitalises deferred spectrum license payments, for which the Group is under an obligation for payment till the expiry of the licence period. Consequently, intangible assets are recognised at the present value of such payments with a corresponding liability.

The weighted average remaining amortisation period of the Group's licences as of 31 March 2023 and 2022 is 10.35 years and 9.47 years, respectively.

Impairment review

As disclosed in Note 6.1, during the year, the Group re-assessed its operating segments which resulted in mobile money becoming a new operating segment of the Group. In line with this change, for the purposes of impairment testing, mobile money was identified as an additional new group of CGUs. The new group of CGUs for impairment testing purposes are Nigeria mobile services, East Africa mobile services, Francophone Africa mobile services and mobile money (previously Nigeria, East Africa and Francophone Africa). Goodwill was reallocated to the four groups of CGUs based on the relative values of each group of CGUs, which resulted in goodwill being reallocated from Nigeria mobile services, East Africa mobile services and Francophone Africa mobile services to the mobile money group of CGUs. Consequently, as of 1 April 2022, goodwill of $1,295m was reallocated to the new group of CGUs, i.e. mobile money.

The carrying amount of goodwill is attributed to the following groups of CGUs:

	As of	
	31 March 2023	31 March 2022
Nigeria – mobile services	**900**	1,275
East Africa – mobile services	**927**	1,835
Franchophone Africa – mobile services	**503**	717
Mobile money	**1,186**	–
	3,516	3,827

15. Intangible assets continued

The Group tests goodwill for impairment annually on 31 December. The carrying value of goodwill as of 31 December 2022 was $901m, $951m, $497m and $1,200m for Nigeria mobile services, East Africa mobile services and Francophone Africa mobile services and mobile money services, respectively. The recoverable amounts of the above group of CGUs are based on value-in-use, which are determined based on ten-year business plans that have been approved by the Board.

Whilst the Board performed a long-term viability assessment over a three-year period, for the purposes of assessing liquidity (refer to long-term viability statement on pages 98-99), the Group has adopted a ten-year plan for the purpose of impairment testing due to the following reasons:

- The Group operates in emerging markets where the telecommunications and mobile money markets are underpenetrated when compared to developed markets. In these emerging markets, short-term plans (for example, five years) are not indicative of the long-term future prospects and performance of the Group.
- The life of the Group's regulatory telecom licences and network assets are at an average of ten years, the spectrum renewals happen for a period of ten years or more and in general the replacement of technology happens after a similar duration, and
- The potential opportunities of the emerging African telecom and mobile money sectors, which is mostly a two-to-three player market with lower smartphone penetration.

Accordingly, the Board approved that this planning horizon reflects the assumptions for medium- to long-term market developments, appropriately covers market dynamics of emerging markets and better reflects the expected performance in the markets in which the Group operates.

While using the ten-year plan, the Group also considers external market data to support the assumptions used in such plans, which is generally available only for the first five years. Considering the degree of availability of external market data beyond year five, the Group has performed sensitivity analysis to assess the impact on impairment of using a five-year plan. The results of this sensitivity analysis demonstrate that the initial five-year plan with appropriate changes, including long-term growth rates applied at the end of this period does not result in any impairment and does not impact the headroom by more than 6% in any of the group of CGUs as compared to the headroom using the ten-year plan. Further, the Group is confident that projections for years six to ten are reliable and can demonstrate its ability, based on past experience, to forecast cash flows accurately over a longer period. Accordingly, the Board has approved and the Group continues to follow a consistent policy of using an initial forecast period of ten years for the purpose of impairment testing.

In assessing the Group's prospects, the directors considered 5G cellular network potential in the markets in which the Group operates The Group's first endeavour is to secure spectrum for 5G launch and roll out 5G network in key markets. During the financial year, the Group secured 5G spectrum in Nigeria, Kenya, Zambia and Tanzania and will selectively launch 5G services in these markets. Given the relatively low 4G customer penetration in the countries where it operates, the Group will continue to focus on its strategy to expand its data services and increase data customer penetration by leveraging and expanding its leading 4G network.

The nominal cash flows used in the impairment tests reflect the Group's current assessment of the impact of climate change and associated commitments the Group has made (refer to climate change disclosures on pages 56-61). Based on the analysis conducted so far, the Group is satisfied that the impact of climate change does not lead to an impairment as of 31 December 2022 and is adequately covered as part of the sensitivities disclosed below.

The nominal cash flows beyond the planning period are extrapolated using appropriate long-term terminal growth rates. The long-term terminal growth rates used do not exceed the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with internal/external sources of information.

The inputs used in performing the impairment assessment as of 31 December 2022 were as follows:

Assumptions	Nigeria mobile services	East Africa mobile services	Francophone Africa mobile services	Mobile money
Pre-tax discount rate	33.38%	23.01%	21.07%	26.10%
Capital expenditure (as a percentage of revenue)	6-23%	8-20%	9-26%	1-5%
Long term growth rate	7.64%	7.30%	7.35%	7.47%

As of 31 December 2022, the impairment testing did not result in any impairment in the carrying amount of goodwill in any group of CGUs.

The key assumptions in performing the impairment assessment are as follows:

Assumptions	Basis of assumptions
Discount rate	Nominal discount rate reflects the market assessment of the risks specific to the group of CGUs and estimated based on the weighted average cost of capital for respective CGUs.
Capital expenditures	The cash flow forecasts of capital expenditure are based on experience after considering the capital expenditure required to meet coverage and capacity requirements relating to voice, data and mobile money services.
Growth rates	The growth rates into perpetuity used are in line with the nominal long-term average growth rates of the respective industry and country in which the entity operates and are consistent with the internal/external sources of information.

As of 31 December 2022, the impairment testing did not result in any impairment in the carrying amount of goodwill in any group of CGUs. The results of the impairment tests using these rates show that the recoverable amount exceeds the carrying amount by $1,342m for Nigeria mobile services (54%), $1,593m for East Africa mobile services (66%), $1,512m for Francophone Africa mobile services (105%) and $2,688m for mobile money (198%), respectively. The Group, therefore, concluded that no impairment was required to the goodwill held against each group of CGUs.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

15. Intangible assets continued

Sensitivity in discount rate and capital expenditure

Management believes that no reasonably possible change in any of the key assumptions would cause the difference between the carrying value and recoverable amount for any cash-generating unit to be materially different from the recoverable value in the base case. The table below sets out the breakeven pre-tax discount rate for each group of CGUs, which will result in the recoverable amount being equal with the carrying amount for each group of CGUs:

	Nigeria mobile services	East Africa mobile services	Francophone Africa mobile services	Mobile money
Pre-tax discount rate	46.89%	32.34%	33.37%	55.00%

The table below presents the increase in isolation in absolute capital expenditure as a percentage of revenue (across all years of the impairment review) which will result in equating the recoverable amount with the carrying amount for each group of CGUs:

	Nigeria mobile services	East Africa mobile services	Francophone Africa mobile services	Mobile money
Capital expenditure (as a percentage of revenue)	6.21%	8.15%	8.89%	20.24%

No reasonably possible change in the terminal growth rate would cause the carrying amount to exceed the recoverable amount.

Impairment assessment for the year ended 31 March 2022:

The inputs used in performing the impairment assessment at 31 December 2021 were as follows:

Assumptions	Basis of assumptions
Discount rate	Discount rate reflects the market assessment of the risks specific to the group of CGUs and estimated based on the weighted average cost of capital for each respective group of CGUs.
Capital expenditures	The cash flow forecasts of capital expenditure are based on experience after considering the capital expenditure required to meet coverage and capacity requirements relating to voice, data and mobile money services.
Growth rates	The growth rates used are in line with the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with internal/external sources of information.

The key assumptions in performing the impairment assessment are as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate	24.35%	16.17%	15.43%
Capital expenditure (as a percentage of revenue)	8-15%	7-15%	7-12%
Long term growth rate	2.65%	5.31%	5.46%

As of 31 December 2021, the impairment testing did not result in any impairment in the carrying amount of goodwill in any group of CGUs. The results of the impairment tests using these rates show that the recoverable amount exceeds the carrying amount by $5,579m for East Africa (173%) and $2,559m for Francophone Africa (160%). For Nigeria, the recoverable amount exceeds the carrying amount by $2,842m (104%), including the cash flows of the PSB licence which was received after the impairment testing date. Excluding such cash flows did not result in any impairment in Nigeria. The Group, therefore, concluded that no impairment was required to the goodwill held against each group of CGUs.

Sensitivity in discount rate and capital expenditure

Management believes that no reasonably possible change in any of the key assumptions would cause the difference between the carrying value and recoverable amount for any cash-generating unit to be materially different from the recoverable value in the base case. The table below sets out the breakeven pre-tax discount rate for each group of CGUs, which will result in the recoverable amount being equal with the carrying amount for each group of CGUs:

	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate	43.70%	34.34%	32.63%

The table below presents the increase in isolation in absolute capital expenditure as a percentage of revenue (across all years of the impairment review) which will result in equating the recoverable amount with the carrying amount for each group of CGUs:

	Nigeria	East Africa	Francophone Africa
Capital expenditure (as a percentage of revenue)	9.64%	13.99%	11.06%

No reasonably possible change in the terminal growth rate would cause the carrying amount to exceed the recoverable amount.

16. Investments accounted for using equity method

The Group's interests in associate and joint venture are accounted for using the equity method. The details (principal place of operation/country of incorporation, principal activities and percentage of ownership interest and voting power (direct/indirect) held by the Group) of associate/JV are set out in Note 34.

The amounts recognised in the statement of financial position are as follows:

	As of	
	31 March 2023	31 March 2022
Investment in associate[1]	**4**	6
Investment in joint venture[2]	**0**	–
	4	6

1 Adjusted for dividend received during the year from associate amounting to $2m (2022: Nil).

2 On 22 March 2023 the Group entered into a joint venture in the Democratic Republic of Congo. The joint venture is yet to commence its operations.

The amounts recognised in the profit or loss are as follows:

	For the year ended	
	31 March 2023	31 March 2022
Share of profit of associate	**0**	0
Share of profit of joint venture	**–**	–
	0	0

The amount recognised in other comprehensive income is as follows:

	For the year ended	
	31 March 2023	31 March 2022
Share of other comprehensive income of associate	**–**	1
Share of other comprehensive income of joint venture	**–**	–
	–	1

17. Derivative financial instruments

	As of	
	31 March 2023	31 March 2022
Assets		
Currency swaps, forward and option contracts	**4**	3
Interest swaps	**9**	3
	13	6
Liabilities		
Currency swaps, forward and option contracts	**48**	8
Embedded derivatives	**0**	1
	48	9
Non-current derivative financial assets	**9**	3
Current derivative financial assets	**4**	3
Non-current derivative financial liabilities	**(43)**	–
Current derivative financial liabilities	**(5)**	(9)
	(35)	(3)

The Group holds derivatives which are accounted for as FVTPL. In some of these derivatives, on recognition, since the fair value of these derivatives could neither be evidenced by a quoted price in an active market nor data from any observable markets was available, the difference between the fair value at initial recognition and the transaction price is deferred and recognised on a straight-line basis over the tenure of such derivatives. The fair value of the derivatives are determined based on a valuation report by the derivative issuer.

A reconciliation of day one aggregate difference not recognised at the beginning and end of the period of changes in the balance of this difference is as follows:

	For the year ended	
	31 March 2023	31 March 2022
Opening balance	**1**	4
Difference between fair value on initial recognition and transaction price	**30**	–
Less: aggregate difference recognised in profit and loss	**(10)**	(3)
Closing balance	**21**	1

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

18. Other non-financial assets

Non-current

	As of	
	31 March 2023	31 March 2022
Advances (net)[1]	**37**	28
Prepayments[2]	**80**	85
Cost to obtain or fulfil a contract with a customer	**34**	10
Others	**–**	11
	151	134

1 Advances (net) mainly includes payments made to various government authorities under protest, for tax, legal and regulatory sub judice matters and are net of allowance recognised as part of the Group's recoverability assessment of $13m and $11m as of 31 March 2023 and 2022, respectively.

2 Prepayments mainly include advance payments in respect of capacity indefeasible right to use (IRUs) and lease contracts for which leases are yet to commence.

Current

	As of	
	31 March 2023	31 March 2022
Prepayments[1]	**70**	69
Taxes recoverable[2]	**69**	37
Advances to suppliers (net)[3]	**24**	20
Cost to obtain or fulfil a contract with a customer	**90**	44
Others[4]	**6**	45
	259	215

1 Prepayments mainly include advance payment in respect of capacity indefeasible right to use (IRU), network costs and advance payments for lease contracts for which leases are yet to commence.

2 Taxes recoverable include customs duty, sales tax and value-added tax.

3 Advance to suppliers (net) are disclosed net of provision of $7m and $8m as of 31 March 2023 and 2022, respectively.

4 Others mainly includes claims receivable from vendors based on contractual arrangements and employee advances net of related provision of $5m and $5m as of 31 March 2023 and 2022, respectively. The balance as of 31 March 2022 included a reimbursement asset amounting to $25m pertaining to a probable obligation in relation to a deed of support. Based on an agreement between the parties to this arrangement entered during the year, the outstanding amount of $10m as of 31 March 2023 has been reclassified to other current financial assets.

19. Trade receivables

	As of	
	31 March 2023	31 March 2022
Trade receivable[1]	**329**	303
Less: allowance for impairment of trade receivables	**(184)**	(180)
	145	123

1 Refer to Note 32 for credit risk.

The movement in allowances for doubtful debts is as follows:

	For the year ended	
	31 March 2023	31 March 2022
Opening balance	**180**	184
Additions	**38**	21
Reversal	**(34)**	(25)
Net charges/(reversal)	**4**	(4)
Closing balance	**184**	180

There has been no change in the estimation techniques or significant assumptions made in calculating the provision.

20. Cash and bank balances

Cash and cash equivalents

	As of	
	31 March 2023	31 March 2022
Balances with banks		
– On current accounts	**248**	267
– Bank deposits with original maturity of three months or less	**272**	281
Cheques on hand	**1**	–
Balance held in wallets	**64**	89
Cash on hand	**1**	1
	586	638

Other bank balances

	As of	
	31 March 2023	31 March 2022
Term deposits with banks with original maturity of more than three months but less than 12 months	**117**	220
Margin money deposits[1]	**14**	158
Unpaid dividend	**0**	0
	131	378

1 Margin money deposits represent amount given as collateral for legal cases and/or bank guarantees for disputed matters and deposit against derivative contracts. As of 31 March 2022 these also included deposits given against borrowings in one of the Group's subsidiaries.

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

	As of	
	31 March 2023	31 March 2022
Cash and cash equivalents as per statement of financial position	**586**	638
Balance held under mobile money trust	**616**	513
Bank overdraft	**(361)**	(304)
	841	847

21. Financial assets – others

Current

	As of	
	31 March 2023	31 March 2022
Unbilled revenue	**59**	53
Claims recoverable[1]	**41**	42
Interest accrued on investments/deposits	**3**	2
Others[2]	**39**	27
	142	124

1 As of 31 March 2023, this primarily includes receivables under the Group's tower sale agreements.

2 As of 31 March 2023, this primarily relates to advances given for currency swaps, a reimbursement asset pertaining to a deed of support (refer to Note 18) and an amount receivable from minority shareholders on account of issue of share capital in one of the subsidiaries. As of 31 March 2022, it also included an advance for payment service bank licence in Nigeria.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

22. Borrowings

Non-current

	As of	
	31 March 2023	31 March 2022
Secured		
Term loans	**43**	50
Less: current portion (A)	**(8)**	(50)
	35	–
Unsecured		
Term loans[2]	**964**	655
Non-convertible bonds[1 2]	**554**	1,015
	1,518	1,670
Less: current portion (B)	**(320)**	(184)
	1,198	1,486
	1,233	1,486

Current

	As of	
	31 March 2023	31 March 2022
Secured		
Term loans	**1**	–
	1	–
Unsecured		
Term loans[2]	**255**	248
Bank overdraft	**361**	304
	616	552
Current maturities of long-term borrowings (A + B)	**328**	234
	945	786

1 Includes impact of fair value hedges (refer to Note 32).

2 Includes debt origination costs.

22.1 Analysis of borrowings

The details given in Notes 22.1.1, 22.1.2 and 22.2 are based on contractual cash flows before adjusting for debt origination cost and fair valuation adjustments pertaining to Group's fair value hedges.

22.1.1 Repayment terms of borrowings

The table below summarises the maturity profile of the Group's borrowings:

	As of	
	31 March 2023	31 March 2022
Within one year	**945**	786
Between one and two years	**826**	339
Between two and five years	**345**	1,136
Over five years	**62**	–
	2,178	2,261

22. Borrowings continued

22.1.2 Currency of borrowings

	Total borrowings	Floating rate borrowings	Fixed rate borrowings
USD	**1,430**	**713**	**717**
Euro	**70**	**70**	**–**
UGX	**136**	**116**	**20**
KES	**128**	**89**	**39**
XAF	**141**	**–**	**141**
XOF	**77**	**–**	**77**
Others	**196**	**137**	**59**
31 March 2023	**2,178**	**1,125**	**1,053**
USD	1,773	500	1,273
Euro	72	72	–
UGX	73	48	25
KES	77	33	44
XAF	117	–	117
XOF	91	–	91
Others	58	35	23
31 March 2022	2,261	688	1,573

22.2 Security details

The Group has taken borrowings in certain subsidiaries. The details of security provided against such borrowings are as follows:

		Outstanding loan amount		
Entity	Relation	**31 March 2023**	31 March 2022	security detail
Airtel Networks Limited	Subsidiary	**1**	50	Pledge of all fixed and floating assets
Airtel Tanzania plc	Subsidiary	**43**	–	First Pari-Passu security in the form of fixed and floating charge over all assets, with certain agreed exclusions, for the outstanding amount with a maximum amount of up to 125% of the facility.

The $550m USD bonds maturing in 2024 contain a negative pledge covenant whereby Bharti Airtel Limited and certain of its significant subsidiaries are not permitted to create any security interest to secure any indebtedness for borrowed money or obligations evidenced by bonds, debentures or notes (among other things, and subject to certain exceptions), without at the same time granting security equally and ratably to the holders of these bonds.

These bonds also contain an event of default clause which gets triggered if Bharti Airtel Limited (intermediate parent entity) ceases to control, directly or indirectly, at least 51% of the voting power of the voting stock of Bharti Airtel International (Netherlands) B.V. (a subsidiary of the Group) in addition to other events of default which are usual and customary to such bonds.

These bonds are guaranteed by Bharti Airtel Limited (intermediate parent entity), for detail refer to Note 32. Such guarantee is considered an integral part of the bonds and, therefore, accounted for as part of the same unit of account.

22.3 Unused lines of credit[1]

The below table provides details of undrawn credit facilities that are available to the Group.

	As of	
	31 March 2023	31 March 2022
Un-drawn credit facilities	**859**	749

1 Excluding non-fund-based facilities such as bank guarantees.

For updated details around the committed facilities available to the Group as of the date of authorisation of financial statements, refer to Note 2.2 on going concern.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

23. Financial liabilities – others

Non-current

	As of	
	31 March 2023	31 March 2022
Deferred payment liability	**142**	79
Payable against capital expediture	**–**	5
Security deposits	**3**	2
Others	**2**	2
	147	88

Current

	As of	
	31 March 2023	31 March 2022
Payable against capital expenditure	**377**	247
Interest accrued but not due	**26**	29
Security deposit[1]	**13**	12
Deferred payment liability	**40**	15
Dividend payable to NCI	**13**	37
Others[2]	**64**	36
	533	376

1 This pertains to deposits received from customers/channel partners, which are repayable on demand after adjusting the outstanding from such customers/channel partners.

2 This mainly pertains to amount payable to related parties and interest received on trust bank accounts.

24. Other non-financial liabilities

Non-current

	As of	
	31 March 2023	31 March 2022
Income received in advance	**13**	18
	13	18

Current

	As of	
	31 March 2023	31 March 2022
Taxes payable[1]	**187**	171
Income received in advance	**5**	5
	192	176

1 Taxes payable includes value-added tax, excise, withholding taxes and other taxes payable.

25. Provisions

Non-current

	As of	
	31 March 2023	31 March 2022
Provision for defined benefit obligations	**11**	11
Provision for other long- term employee benefits	**8**	7
Asset retirement obligations[1]	**2**	2
Total	**21**	20

25. Provisions continued

Current

	As of	
	31 March 2023	31 March 2022
Provision for short-term employee benefits payable	**43**	52
Provision for sub-judice matters[2]	**30**	63
Provision for defined benefit obligations	**6**	2
Provision for other long- term employee benefits	**4**	4
Total	**83**	121

1 The amount of future cash outflows to meet the asset retirement obligations are subject to inherent uncertainties due to limited availability of information on the amount of cost to be incurred in future.

2 As of 31 March 2022, this included a probable obligation in relation to a deed of support against which the Group carries a back to back indemnity. Based on an agreement between the parties to this arrangement entered during the year, the outstanding amount of $10m, as of 31 March 2023, has been reclassified to other current financial liabilities.

The movement of provision for sub-judice matters is as given below:

	For the year ended 31 March 2023		
	Indirect tax cases	**Legal and regulatory cases**	**Total**
Opening balance	**12**	**51**	**63**
Additions during the year	**5**	**2**	**7**
Reversal during the year	**(3)**	**(12)**	**(15)**
Utilisation/settlement during the year[1]	**(3)**	**(22)**	**(25)**
Closing balance	**11**	**19**	**30**

1 Refer footnote 2 above.

	For the year ended 31 March 2022		
	Indirect tax cases	Legal and regulatory cases	Total
Opening balance	40	19	59
Additions during the year	15	41	56
Reversal during the year	(29)	(2)	(31)
Utilisation during the year	(14)	(7)	(21)
Closing balance	12	51	63

For details of contingent liabilities, refer to Note 29.

26. Share capital

	As of	
	31 March 2023	31 March 2022
Authorised shares		
3,758,151,504 ordinary shares of $0.50 each (March 2022: 3,758,151,504)	**1,879**	1,879
3,081,744,577 deferred shares of $0.50 each (March 2022:3,081,744,577)	**1,541**	1,541
	3,420	3,420
Issued, subscribed and fully paid-up shares		
3,758,151,504 ordinary shares of $0.50 each (March 2022: 3,758,151,504)	**1,879**	1,879
3,081,744,577 deferred shares of $0.50 each (March 2022: 3,081,744,577)	**1,541**	1,541
	3,420	3,420

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

26. Share capital continued

26.1 Treasury shares

Details of movement in treasury shares:

	For the year ended			
	31 March 2023		31 March 2022	
	Number of shares (in '000)	**Amount**	Number of shares (in '000)	Amount
Opening balance	**4,932,206**	**7**	3,699,614	4
Purchased during the year	**6,327,804**	**11**	3,741,747	6
Excercised during the year	**(3,933,952)**	**(6)**	(2,509,155)	(3)
Closing balance	**7,326,058**	**12**	4,932,206	7

Terms/rights attached to equity shares

The company has following two classes of ordinary shares:

- Ordinary shares having par value of $0.50 per share. Each holder of equity shares is entitled to cast one vote per share and carry a right to dividends.
- Deferred shares of $0.50 each. These deferred shares are not listed and are intended to be cancelled in due course. No share certificates are to be issued in respect of the deferred shares. These are not freely transferable and would not affect the net assets of the company. The deferred shareholders shall have no right to receive any dividend or other distribution or return whether of capital or income. On a return of capital in a liquidation, the deferred shareholders shall have the right to receive the nominal amount of each deferred share held, but only after the holder of each 'Other' share (i.e., shares other than the deferred shares) in the capital of the company shall have received the amount paid up on each such 'Other' share held and the payment in cash or in specie of £100,000 (or its equivalent in any other currency) on each such 'Other' shares held. The company shall have an irrevocable authority from each holder of the deferred shares at any time to purchase all or any of the deferred shares without obtaining the consent of the deferred shareholders in consideration of the payment of an amount not exceeding one US$ cent in respect of all of the deferred shares then being purchased.

27. Other equity

a. Retained earnings

Retained earnings represent the amount of accumulated earnings of the company and gains/(losses) on common control transactions.

The company's distributable reserves are equal to the balance of its retained earnings of $689m (as presented on page 237 in the company only financial statements). The majority of the distributable reserves are held in investment and operating subsidiaries. Management continuously monitors the level of distributable reserves in each company in the Group, ensuring adequate reserves are available for upcoming dividend payments and that the company has access to these reserves.

b. Share premium

The aggregate difference between the par value of shares and the subscription amount is recognised as share premium.

c. Other components of equity

	Foreign currency translation reserve	**Share stablisation reserve**	**Share based payment reserve**	**Treasury shares**	**Total**
As of 1 April 2021	(2,399)	7	0	(4)	(2,396)
Net losses due to foreign currency translation differences	(4)	–	–	–	(4)
Net losses on net investments hedge	(8)	–	–	–	(8)
Employee share-based payment reserve	–	–	1	3	3
Purchase of own shares	–	–	–	(6)	(6)
Transaction with NCI	(1)	–	–	–	(1)
As of 31 March 2022	(2,412)	7	1	(7)	(2,412)
As of 1 April 2022	**(2,412)**	**7**	**1**	**(7)**	**(2,412)**
Net losses due to foreign currency translation differences	**(341)**	**–**	**–**	**–**	**(341)**
Employee share-based payment reserve	**–**	**–**	**0**	**6**	**6**
Purchase of own shares	**–**	**–**	**–**	**(11)**	**(11)**
As of 31 March 2023	**(2,753)**	**7**	**1**	**(12)**	**(2,758)**

27. Other equity continued

27.1 Dividends

	For the year ended	
	31 March 2023	31 March 2022
Distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2022 of 3 cents (2021: 2.5 cents) per share	**113**	94
Interim dividend for the year ended 31 March 2023 of 2.18 cents (2022: 2 cents) per share	**82**	75
	195	169
Proposed dividend for the year ended 31 March 2023 of 3.27 cents (2022: 3 cents) per share	**123**	113

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting (AGM) and has not been included as a liability in these financial statements. The proposed dividend is payable to all ordinary shareholders on the register of members on 23 June 2023. The payment of this dividend will not have any tax consequences for the Group.

28. Investments in subsidiaries

The details (principal place of operation/country of incorporation, principal activities and percentage ownership interest and voting power (direct/indirect) held by the Group) of subsidiaries are set out in Note 34.

Summarised financial information of the principal subsidiaries having material non-controlling interests is as follows:

A. Airtel Tanzania Public Limited Company

Summarised financial position

	As of	
	31 March 2023	31 March 2022
Assets		
Non-current assets	**518**	375
Current assets	**182**	194
Liabilities		
Non-current liabilities	**225**	162
Current liabilities	**318**	307
Equity	**157**	100
Percentage of ownership interest held by NCI	**49%**	49%
Accumulated NCI[1]	**98**	70

1 Includes share of goodwill of $21m (March 2022: $21m).

Summarised income statement

	For the year ended	
	31 March 2023	31 March 2022
Revenue	**337**	308
Net profit	**70**	150
Other comprehensive loss	**(0)**	(19)
Total comprehensive income	**70**	131
Profit allocated to NCI	**34**	74

Summarised cash flows

	For the year ended	
	31 March 2023	31 March 2022
Net cash inflow from operating activities	**103**	124
Net cash outflow from investing activities	**(66)**	(87)
Net cash outflow from financing activities	**(25)**	(51)
Net cash inflow/(outflow)	**12**	(14)
Dividend paid to NCI during the year (included in cash flow from financing activities)	**36**	31

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

28. Investments in subsidiaries continued

B. Airtel Malawi plc

Summarised financial position

	As of	
	31 March 2023	31 March 2022
Assets		
Non-current assets	**123**	126
Current assets	**79**	67
Liabilities		
Non-current liabilities	**38**	72
Current liabilities	**122**	72
Equity	**42**	49
Percentage of ownership interest held by NCI	**20%**	20%
Accumulated NCI[1]	**42**	52

1 Includes share of goodwill of $33m (March 2022: $42m).

Summarised income statement

	For the year ended	
	31 March 2023	31 March 2022
Revenue	**164**	170
Net profit	**34**	34
Other comprehensive (loss)/income	**(9)**	3
Total comprehensive income	**25**	37
Profit allocated to NCI	**7**	7

Summarised cash flows

	For the year ended	
	31 March 2023	31 March 2022
Net cash inflow from operating activities	**82**	31
Net cash (outflow)/inflow from investing activities	**(5)**	3
Net cash outflow from financing activities	**(56)**	(18)
Net cash inflow	**21**	16
Dividend paid to NCI during the year (included in cash flow from financing activities)	**6**	6

C. Airtel Mobile Commerce B.V. sub-group (i.e., including subsidiaries)

Summarised financial position

	As of	
	31 March 2023	31 March 2022
Assets		
Non-current assets	**42**	27
Current assets	**757**	616
Liabilities		
Non-current liabilities	**20**	21
Current liabilities	**592**	456
Equity	**187**	166
Percentage of ownership interest held by NCI	**26%**	26%
Accumulated NCI[1]	**48**	43

1 In addition, NCI was increased by $3m, i.e., NCI's proportionate share of the consideration for transfer of SmartCash Payment Service Bank (PSB) Limited from the control of AMC B.V. to Airtel Networks Limited. For details, refer to note 5(b).

28. Investments in subsidiaries continued

Summarised income statement

	For the year ended	
	31 March 2023	31 March 2022
Revenue	**584**	308
Net profit	**183**	93
Other comprehensive loss	**(9)**	(2)
Total comprehensive income	**174**	91
Profit allocated to NCI	**47**	21

Summarised cash flows

	For the year ended	
	31 March 2023	31 March 2022
Net cash inflow from operating activities	**220**	110
Net cash outflow from investing activities	**(42)**	(75)
Net cash (outflow)/inflow from financing activities	**(151)**	1
Net cash inflow	**27**	36
Dividend paid to NCI during the year(included in cash flow from financing activities)	**31**	–

29. Contingent liabilities and commitments

(i) Contingent liabilities

	As of	
	31 March 2023	31 March 2022
(a) Taxes, duties and other demands (under adjudication/appeal/dispute)		
– Income tax	**16**	18
– Value-added tax[1]	**20**	30
– Customs duty and excise duty	**9**	9
– Other miscellaneous demands	**5**	6
(b) Claims under legal and regulatory cases, including arbitration matters[2 3]	**82**	82
	132	145

There are uncertainties in the legal, regulatory and tax environments in the countries in which the Group operates and there is a risk of demands, which may be raised based on current or past business operations. Such demands have in the past been challenged and contested on merits with the relevant authorities and appropriate settlements agreed.

The reduction of $13m in contingent liabilities during the year ended 31 March 2023 is primarily due to a change in the likelihood of outflow of resources from possible to remote related to the 2016 VAT matter on the sale of towers.

The company and its subsidiaries are currently and may become, from time to time, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to their operations. As of 31 March 2023, the Group's key contingent liabilities include the following:

1. Value-added tax (VAT)

VAT Audit 2016

In July 2016, one of the subsidiaries in the mobile services business made a payment to another subsidiary engaged in passive infrastructure services for all invoices raised since 2013 for rendering tower services. The subsidiary claimed the input VAT charged on these invoices.

During the desktop VAT audit conducted by the tax authorities for 2016, the above-mentioned VAT credit was denied alleging that the VAT credit was time-barred. Based on the VAT rules, the mobile services subsidiary is of the view that the time limitation for claiming input VAT starts from the year in which payment is made against the invoice. Since the payment was made in 2016, the time limit for claiming input credit (by 31 December of following year) had not lapsed.

In October 2016, the mobile services subsidiary received a notice of recovery and proceeded to make the 10% deposit in order to initiate litigation. The subsidiary submitted a comprehensive letter to the authorities in October 2017, for which a response is awaited from the tax authorities. An amount of $8m is included within contingent liabilities in respect of this matter. No provision has been created against this claim.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

29. Contingent liabilities and commitments continued

Claims under legal and regulatory cases, including arbitration matters

2. One of the subsidiaries of the Group is involved in a dispute with one of its vendors, with respect to invoices for services provided to a subsidiary under a service contract. The original order under the contract was issued by the subsidiary for a total amount of Central African franc (CFA) 473,800,000 (approx. $1m). In 2014, the vendor-initiated arbitration proceedings claiming a sum of approximately CFA 1.9bn (approx. $3m). In mid-May 2019, the lower courts imposed a penalty of CFA 35bn (approx. $59m), based on which certain banks of the subsidiary were summoned to release the funds. The subsidiary immediately lodged an appeal in the Supreme Court for a stay of execution which was granted. Subsequently, the vendor filed an appeal before the Common Court of Justice and Arbitration (CCJA). Quite unexpectedly, in April 2020, the CCJA lifted the Supreme Court stay of execution. In May 2021, the Commercial Division of the High Court maintained new seizures carried out by the vendor. The subsidiary appealed and the Court of Appeal determination on the seizures is pending as of April 2022. In March 2022 the CCJA interpreted its judgment of March 2019 to indicate that the daily penalty could not be maintained after its ruling dated 18 November 2018.

   Separately, in December 2020 the subsidiary initiated criminal proceedings against the vendor for fraud and deceitful conduct. In February 2021, the investigating judge issued an order to cease the investigation which was appealed by the subsidiary. In March 2022, the Court Appeal quashed the investigative judge order and allowed the investigation into the vendor to resume. Testimony in the criminal investigation case happened on 26 April 2022 in front of the Criminal Court of Appeal where the honorable judge has further re-examined the facts from the representatives of the subsidiary against this case. The court will provide a further update on the upcoming proceedings in due course.

   As per the law no civil action can be initiated against the subsidiary while criminal proceedings are ongoing. On 30 November 2022 subsidiary was notified that the plaintiff has appealed in the court of cassation against the stay of execution dated 30 May 2022. Subsidiary has filed its response on 26 January 2023. The Group still awaits the Supreme Court ruling on the merits of the case, and until that time has disclosed this matter as a contingent liability for $59m (included in the closing contingent liability). No provision has been made against this claim.

3. One of the subsidiaries of the Group is involved in a dispute with one of its distributors, with respect to alleged unpaid commissions, bonuses and benefits, totalling approximately $11m, over a period of around 11 years of its business relationship with the subsidiary. In March 2012, the distributor filed a claim against the subsidiary in the High Court. On 4 October 2016, the High Court ruled against the subsidiary and ordered to pay the claimed amount of approximately $11m to the distributor. On 5 October 2016, the subsidiary filed an appeal in the Court of Appeal against the order of the High Court, which on 24 July 2020 was ruled against the subsidiary. On 7 August 2020, the subsidiary filed an appeal against the decision of the Court of Appeal, in the Supreme Court. Record of appeal has been transmitted to the Supreme Court and briefs of argument are currently being prepared.

   Despite the strength of the subsidiary's line of defence, as both the High Court and Court of Appeal have ruled against the subsidiary, it is appropriate to disclose this matter as contingent liability for $11m, pending the decision of the Supreme Court. No provision has been made against this claim.

   In addition to the individual matters disclosed above, in the ordinary course of business, the Group is a defendant or co-defendant in various litigations and claims which are immaterial individually.

Guarantees:

Guarantees outstanding as of 31 March 2023 and 31 March 2022 amounting to $9m and $8m, respectively, have been issued by banks and financial institutions on behalf of the Group. These guarantees include certain financial bank guarantees which have been given for sub judice matters and the amounts with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

(ii) Commitments

Capital commitments

The Group has contractual commitments towards capital expenditure (net of related advances paid) of $313m and $295m as of 31 March 2023 and 31 March 2022, respectively.

30. Leases

(a) As a lessee

Right-of-use assets

2022/23	Plant and equipment	Others	Total
Balance as of 1 April 2022	1,034	75	1,109
Additions (net)	738	45	783
Depreciation charge for the year	(267)	(13)	(280)
Foreign currency translation impact	(108)	(7)	(115)
Balance as of 31 March 2023	**1,397**	**100**	**1,497**

30. Leases continued

2021/22	Plant and equipment	Others	Total
Balance as of 1 April 2021	724	75	799
Additions (net)	524	15	539
Depreciation charge for the year	(199)	(12)	(211)
Foreign currency translation impact	(15)	(3)	(18)
Balance as of 31 March 2022	1,034	75	1,109

Lease liabilities

	As of	
	31 March 2023	31 March 2022
Maturity analysis:		
Less than one year	**572**	456
Later than one year but not later than two years	**545**	412
Later than two years but not later than five years	**912**	762
Later than five years but not later than nine years	**468**	453
Later than nine years	**38**	64
Total undiscounted lease liabilities	**2,535**	2,147
Lease liabilities included in the statement of financial position	**2,047**	1,660

Amounts recognised in profit or loss

	For the year ended	
	31 March 2023	31 March 2022
Interest on lease liabilities	**194**	148

i. Plant and equipment

The Group leases passive infrastructure for providing telecommunications services under composite contracts which include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy and other services. These leases typically run for a period of 3-15 years. Some leases include an option to renew the lease mainly for an additional period of 3-10 years after the end of initial contract term based on renegotiation of lease rentals. Considering this, the Group has only considered the original lease period for lease term determination. A portion of certain lease payments change on account of changes in consumer price indices (CPI). Such payment terms are common in lease agreements in the countries where the Group operates. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

ii. Other leases

The Group's other leases comprise lease of offices, shops, showrooms, guest houses, warehouses, data centers, vehicles and Indefeasible right of use (IRU).

(b) As a lessor

The Group's lease arrangements as a lessor mainly pertain to passive infrastructure (plant and equipment). Lease income from such arrangements is presented as revenue in the statement of comprehensive income.

	For the year ended	
	31 March 2023	31 March 2022
Operating lease		
Lease income recognised in profit or loss	**5**	27

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	For the year ended	
	31 March 2023	31 March 2022
Less than one year	**2**	4
One to two years	**1**	2
Two to three years	**1**	1
Three to four years	**1**	1
Four to five years	**1**	1
More than five years	**2**	3
Total	**8**	12

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

31. Related party disclosure

(a) List of related parties

i. Parent company

Airtel Africa Mauritius Limited

ii. Intermediate parent entities

Network i2i Limited
Bharti Airtel Limited
Bharti Telecom Limited

iii. Ultimate controlling entity

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

iv. For list of subsidiaries, associate and joint venture refer to Note 34

v. Other entities with whom transactions have taken place during the reporting period

a. Fellow subsidiaries

Nxtra Data Limited
Bharti Airtel Services Limited
Bharti International (Singapore) Pte Ltd
Bharti Airtel (UK) Limited
Bharti Airtel (France) SAS
Bharti Airtel Lanka (Private) Limited
Bharti Hexacom Limited

b. Other related parties

Airtel Ghana Limited (till October 2021)
Singapore Telecommunications Limited

vi. Key management personnel (KMP)

a. Executive directors

Olusegun Ogunsanya (since October 2021)
Raghunath Venkateswarlu Mandava (till September 2021)
Jaideep Paul (since June 2021)

b. Non-executive directors

Sunil Bharti Mittal
Awuneba Ajumogobia
Douglas Baillie
John Danilovich
Andrew Green
Akhil Gupta
Shravin Bharti Mittal
Annika Poutiainen
Ravi Rajagopal
Kelly Bayer Rosmarin
Tsega Gebreyes (since October 2021)

c. Others

Olusegun Ogunsanya (till September 2021)
Jaideep Paul (till May 2021)
Ian Ferrao
Michael Foley
Razvan Ungureanu
Luc Serviant
Daddy Mukadi
Neelesh Singh (till December 2022)
Ramakrishna Lella
Olivier Pognon (till October 2021)
Edgard Maidou (since October 2021)
Rogany Ramiah
Stephen Nthenge
Vimal Kumar Ambat (till October 2022)
Ashish Malhotra (till June 2022)
Vinny Puri
C Surendran (from August 2021 to December 2022)
Olubayo Augustus Adekanmbi (from December 2021 to November 2022)
Anthony Shiner (since May 2022)
Apoorva Mehrotra (since October 2022)

In the ordinary course of business, there are certain transactions among the Group entities and all these transactions are on arm's length basis. However, the intra-group transactions and balances, and the income and expenses arising from such transactions, are eliminated on consolidation. The transactions with remaining related parties for the years ended 31 March 2023 and 31 March 2022 respectively, are described below:

The summary of transactions with the above-mentioned parties is as follows:

	For the year ended											
	31 March 2023						March 31, 2022					
Relationship	**Parent company**	**Intermediate parent entity**	**Fellow subsidiaries**	**Joint venture**	**Associates**	**Other related parties**	Parent company	Intermediate parent entity	Fellow subsidiaries	Joint venture	Associates	Other related parties
Sale/rendering of services	**–**	**13**	**77**	**–**	**–**	**–**	–	13	59	–	–	0
Purchase/ receiving of services	**–**	**16**	**59**	**–**	**0**	**–**	–	19	54	–	0	0
Rent and other charges	**–**	**1**	**–**	**–**	**–**	**–**	–	1	–	–	–	–
Guarantee and collateral fee paid	**–**	**3**	**–**	**–**	**–**	**–**	–	6	–	–	–	–
Purchase of assets	**–**	**3**	**–**	**–**	**–**	**–**	–	–	2	–	–	–
Dividend paid	**109**	**–**	**–**	**–**	**–**	**–**	95	–	–	–	–	–
Dividend received	**–**	**–**	**–**	**–**	**2**	**–**	–	–	–	–	–	–

31. Related party disclosure continued

The outstanding balance of the above-mentioned related parties are as follows:

Relationship	Parent company	Intermediate parent entity	Fellow subsidiaries	Joint venture	Associate	Other related parties
As of 31 March 2023						
Trade payables	**–**	**12**	**31**	**–**	**1**	**–**
Trade receivables	**–**	**4**	**46**	**–**	**–**	**–**
Corporate gurantee fee payable	**–**	**1**	**–**	**–**	**–**	**–**
Guarantees and collaterals taken (including performance guarantees)[1]	**–**	**2,000**	**–**	**–**	**–**	**–**
Reimbursement asset (refer to Note 21)	**–**	**10**	**–**	**–**	**–**	**–**
As of 31 March 2022						
Trade payables	–	10	33	–	0	–
Trade receivables	–	5	36	–	–	–
Corporate gurantee fee payable	–	3	–	–	–	–
Guarantees and collaterals taken (including performance guarantees)	–	2,000	–	–	–	–
Reimbursement asset (refer to Note 18)	–	25	–	–	–	–

1 This guarantee (200% of the bond amount) relates to the $1bn USD non-convertible bonds (refer to Note 22) with original maturity of 2024. The Group has prepaid a portion of these bonds and the outstanding amount as on 31 March 2023 is $550m (31 March 2022: $1,000m). In accordance with the legal and regulatory requirements pertaining to these bonds, the guarantee amount can be reduced only once these are paid in full and thus the full guarantee amount (based on issued value of guarantee) is disclosed.

Key management compensation (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, whether executive or otherwise. For the Group, these include Executive Committee members. Fuller disclosures on directors' remuneration are set out in the directors' remuneration report on pages 145 to 163. Remuneration to KMP were as follows:

	For the year ended	
	31 March 2023	31 March 2022
Short-term employee benefits	**10**	10
Performance linked incentive	**4**	3
Share-based payment	**1**	2
Other long term benefits	**2**	2
Other benefits	**1**	1
	18	18

32. Financial risk management

The Group has liabilities in the form of borrowings, guarantees, trade and other payables as well as receivables in the form of loans, cash, deposits, trade and other receivables. These arise as a part of the business activities and operations of the Group.

The business activities of the Group expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Further, the Group uses certain derivative financial instruments to mitigate some of these risk exposures. The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of directors and the Audit and Risk Committee. The Group's Finance Committee is primarily responsible for matters, including framing of policies and execution procedures as well as laying down the risk framework mechanisms for the treasury function that will help the company to achieve its strategic financial goals, balancing opportunity, prudence and initiative with risk control measures. This provides assurance to the Group that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

32. Financial risk management continued

Details of key risks applicable to the Group are summarised below:

- **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk – currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group may use derivative financial instruments such as foreign exchange forward contracts, options, currency swaps and interest rate swaps and options to manage its exposures to foreign exchange fluctuations and interest rates.

- **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has foreign currency loans and foreign currency trade payables and receivables and is, therefore, exposed to foreign exchange risk. Further, the Group derives revenue and incurs costs in local currencies where it operates, but it also incurs costs in foreign currencies, mainly from buying equipment and services from manufacturers and technology service providers. That means adverse movements in exchange rates between the currencies in the Group's OpCos and the US dollar could have a negative effect on Group's liquidity and financial condition. In some markets, the Group faces instances of limited supply of foreign currency within the local monetary system. This not only constrains Group's ability to fully benefit at Group level from strong cash generation by those OpCos but also impacts its ability to make timely foreign currency payments to our international suppliers.

The Group may use risk management products such as foreign exchange options, currency swaps or forward contracts towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the primary host contract requirement and risk management strategy of the Group. The Group manages its foreign currency risk by hedging its foreign currency exposure as per business needs and as approved by Board in accordance with established risk management policy. The Group also continues to mitigate foreign exchange risk by minimising cash held in local currency in its various OpCos where possible through such risk management products.

Given the severity of this risk, specifically in some of Group's OpCos, Group management continuously monitors the potential impact of this risk of exchange rate fluctuations based on the following methodology:

a) Comparing the average devaluation of each currency in the markets in which the Group operates against US dollar on 3-year and 5-year historic basis and onshore forward exchange rates over a 1-year period.

b) If either of the above devaluations is higher than 5% per annum, management selects the highest of these exchange rates.

c) Management then uses this exchange rate to monitor the potential impact of using such rate on the Group's income statement so that the Group can actively monitor and assess the impact on the Group's financials due to exchange rate fluctuations.

Based on the above-mentioned methodology, the weighted average yearly potential devaluation of the basket of currencies in which the Group is exposed is estimated to be in the range of 7% to 8% in the subsidiaries meeting the above criteria.

With respect to currency devaluation sensitivity, on a 12-month basis, a 1% currency devaluation across all currencies in our OpCos would have a negative impact of $51m on revenues, $31m on EBITDA and $23m on finance costs (excluding derivatives). Our largest exposure is to the Nigerian naira, for which a 1% devaluation would have a negative impact of $22m on revenues, $12m on EBITDA and $7m on finance costs (excluding derivatives).

This does not represent any guidance and is being used solely to illustrate the potential impact of further currency devaluation on the Group for the purpose of exchange rate risk management. The accounting under IFRS is based on exchange rates in line with the requirements of IAS 21 'The Effect of Changes in Foreign Exchange' and does not factor in the above-mentioned devaluation.

Based on above-mentioned specific methodology, for the identified OpCos, management evaluates specific mitigation actions based on available mechanisms in each of the geographies. For further details on such mitigation action refer to the risk section of the Annual Report.

This net investment hedge accounting relationship as of the end of each year, and its impacts, is as follows:

Net investment hedge

	As of	
	31 March 2023	31 March 2022
Currency exchange risk hedged	–	Euro to US$
Nominal amount hedged as of the end of the year	–	Nil
Nominal amount hedged during the year	–	Euro 160m
Maturity date	–	May 2021
Nominal value of hedging instruments (borrowings)	–	195
Change in fair value during the year		
Hedged item	–	8
Hedging instrument	–	(8)
FCTR gain for continuing hedge (cumulative)	–	402
Hedging (loss)/gain recognised during the year[1]	–	(8)

1 The net investment hedge accounting has been discontinued with effect from 18 May 2021 due to repayment of the hedging instrument (EUR borrowings).

32. Financial risk management continued

Foreign currency sensitivity

The following table demonstrates the sensitivity in the US$ account balances to the functional currency of the respective entities as of 31 March 2023 and 31 March 2022, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the amount of monetary assets and liabilities due to the impact of change in foreign exchange rates, including foreign currency derivatives. The impact on the Group's equity is due to a change in the fair value of intra-group monetary items that form part of the net investment in foreign operation and other foreign currency monetary items designated as a hedge of the net investment in foreign operations or our cash flow hedges.

	Change in currency exchange rate[1]	Effect on profit before tax[2]	Effect on equity (OCI)[2]
For the year ended 31 March 2023			
US dollars	**+5%**	**109**	**22**
	–5%	**(109)**	**(22)**
For the year ended 31 March 2022			
US dollars	+5%	97	34
	–5%	(97)	(34)

1 '+' represents appreciation and '-' represents depreciation in US$ against respective functional currencies of subsidiaries.

2 Represents losses/(gains) arising from conversion/translation.

- **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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing debt obligations with floating interest rates. Further, the Group engages in financing activities which are dependent on market rates and any changes in the interest rates environment may impact future rates of borrowing. The Group monitors the interest rate movement and manages the interest rate risk based on its risk management policies, which inter alia include entering into interest swaps contracts as considered appropriate and whenever necessary. The Group also maintains a portfolio mix of floating and fixed rate debt. As of 31 March 2023 after taking into account the effect of interest rate swaps, approx. 48% of the Group's borrowings are at a fixed rate of interest (31 March 2022: 70%).

The Group had applied fair value hedge accounting in the past which was discontinued in the year ended 31 March 2020. In accordance with the Group's accounting policy, the adjustment to the carrying amount of the hedged item is being amortised to profit or loss over the period to remaining maturity of the hedged item, i.e., borrowings. The unamortised portion of such fair value hedge adjustments as on 31 March 2023 is deferred gain of $5m (31 March 2022: deferred gain of $16m).

Interest rate sensitivity of borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings after considering the impact of interest rate swaps, wherever applicable, based on the outstanding amount of such borrowings as of 31 March 2023 and 31 March 2022.

Interest rate sensitivity	Increase '+'/ decrease '-' in basis points	Effect on profit before tax[1]
For the year ended 31 March 2023		
US dollar – borrowings	**+100**	**7**
	–100	**(7)**
Other currency – borrowings	**+100**	**4**
	–100	**(4)**
For the year ended 31 March 2022		
US dollar – borrowings	+100	5
	–100	(5)
Other currency – borrowings	+100	2
	–100	(2)

1 Represents losses/(gains) arising from increase/decrease of interest rates.

The assumed movement in basis points for interest rate sensitivity analysis is based on the movements in the interest rates historically and prevailing market environment.

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

32. Financial risk management continued

- **Credit risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily from trade receivables but also from cash, other banks balances, derivative financial instruments and other financial receivables.

Trade receivables

Trade receivables are typically non-interest bearing unsecured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

As independent credit ratings of customers is not available. The Group reviews the creditworthiness of its customers based on their financial position, past experience, ageing and other factors.

Credit risk related to trade receivables is managed/mitigated by each business unit in accordance with the policies and procedures established by the Group, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Group to its customers generally ranges from 14-30 days.

The Group uses an age-based provision policy to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer to Note 19 for details on the impairment of trade receivables.

Based on the industry practices and the business environment in which the Group operates, management considers trade receivables are credit impaired if the payments are more than 270 days past due in case of interconnect customers and 90 days past due in other cases since probability of default in such cases is considered to be 100% except amounts due from related parties. In determining the amount of impairment, management considers the collateral against such receivables and any amount payable to such customers.

The following table details the risk profile of gross trade receivables based on the Group's provision policy:

		Past due					
	Not past due	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 270 days**	**Above 270 days**	**Total**
Trade receivables as of 31 March 2023	**13**	**25**	**14**	**40**	**51**	**186**	**329**
Trade receivables as of 31 March 2022	15	28	8	4	48	200	303

The gross carrying amount of the trade receivable 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 Group 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 trade receivable has been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

Other financial instruments and cash deposits

The Group's treasury, in accordance with the Board approved policy, maintains its cash and cash equivalents and deposits and enters into derivative financial instruments – with banks, financial and other institutions, having a good reputation and past track record which are considered to carry a low credit risk. Similarly, counterparties of the Group's other receivables carry either negligible or very low credit risk. Further, the Group reviews the creditworthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an ongoing basis, and if required, takes necessary mitigation measures.

- **Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future obligations as and when due, without incurring unacceptable losses. The Group's liquidity risk management objective is to, at all times, maintain adequate levels of liquidity to meet its requirements. The Group closely monitors its liquidity position, expected cash flows and deploys a robust cash management and planning exercise. It maintains adequate sources of financing, including term loans, short-term loans and overdraft from both domestic and international banks at an optimised cost. It has also implemented all necessary steps to enjoy strong access to international capital markets if and when required. For details on borrowings and going concern, refer to Notes 22 and 2.2, respectively.

32. Financial risk management continued

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

	As of 31 March 2023						
	Carrying amount	**On demand**	**Less than 6 months**	**6 to 12 months**	**1 to 2 years**	**> 2 years**	**Total**
Interest bearing borrowings[1]	**2,204**	**361**	**569**	**153**	**890**	**534**	**2,507**
Lease liabilities[2]	**2,047**	**–**	**306**	**266**	**545**	**1,418**	**2,535**
Put option liability	**569**	**–**	**–**	**–**	**–**	**584**	**584**
Other financial liabilities	**654**	**–**	**483**	**34**	**25**	**190**	**732**
Trade payables	**460**	**–**	**460**	**–**	**–**	**–**	**460**
Mobile money wallet balance	**582**	**582**	**–**	**–**	**–**	**–**	**582**
Gross settled derivatives							
– Outflow	**43**	**–**	**256**	**51**	**219**	**25**	**551**
– Inflow	**–**	**–**	**(246)**	**(45)**	**(208)**	**(25)**	**(524)**
	6,559	**943**	**1,828**	**459**	**1,471**	**2,726**	**7,427**

	As of 31 March 2022						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings[1]	2,301	256	542	108	418	1,164	2,488
Lease liabilities[2]	1,660	–	244	212	412	1,279	2,147
Put option liability	579	–	–	–	–	600	600
Other financial liabilities	435	–	338	16	21	109	484
Trade payables	404	–	404	–	–	–	404
Mobile money wallet balance	496	496	–	–	–	–	496
Gross settled derivatives	–	–	–	–	–	–	–
– Outflow	7	–	271	50	–	–	321
– Inflow	–	–	(262)	(48)	–	–	(310)
	5,882	752	1,537	338	851	3,152	6,630

1 Includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest rate swaps, over the tenor of the borrowings.

2 Maturity analysis is based on undiscounted lease payments.

Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the statement of cash flows:

				Non-cash movements						
	Statement of cash flow line items	**1 April 2022**	**Cash flow**	**Interest and other finance charges**	**Dividend declared for NCI during the year**	**Lease liability additions**	**Fair value changes**	**Foreign currency translation reserve**	**Others**	**31 March 2023**
Borrowings[1]	Proceeds/repayment of borrowings	**1,968**	**(112)**	**–**	**–**	**–**	**(11)**	**(27)**	**(1)**	**1,817**
Lease liability	Repayment of lease laibility	**1,660**	**(473)**	**194**	**–**	**776**	**–**	**(110)**	**–**	**2,047**
Derivative assets net	Outflow on maturity of derivatives (net)	**3**	**(49)**	**–**	**–**	**–**	**79**	**2**	**–**	**35**
Interest accrued but not due	Interest and other finance charges paid	**29**	**(206)**	**200**	**–**	**–**	**–**	**3**	**–**	**26**
Dividend payable to NCI	Dividend paid to non-controlling interests	**37**	**(75)**	**–**	**52**	**–**	**–**	**(1)**	**–**	**13**

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(All amounts are in US$ millions unless stated otherwise)

32. Financial risk management continued

	Statement of cash flow line items	1 April 2021	Cash flow	Non-cash movements: Interest and other finance charges	Foreign exchange loss	Dividend declared for NCI during the year	Lease liability additions	Fair value changes	Foreign currency translation reserve	Others	31 March 2022
Borrowings[1]	Proceeds/repayment of borrowings	3,089	(1,142)	–	28	–	–	(5)	(2)	(0)	1,968
Lease liability	Repayment of lease laibility	1,277	(405)	148	–	–	651	–	(11)	–	1,660
Derivative assets net	Proceeds/repayment of borrowings	0	(9)	–	–	–	–	12	1	–	3
Interest accrued but not due	Interest and other finance charges paid	50	(215)	181	–	–	–	–	13	–	29
Dividend payable to NCI	Dividend paid to non-controlling interests	3	(48)	–	–	81	–	–	(0)	–	37

1 This does not include bank overdraft.

- **Capital management**

Capital includes equity attributable to the equity holders of the company. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 March 2023 and 31 March 2022.

The Group monitors capital using a leverage ratio, which is net debt divided by underlying EBITDA. Net debt is calculated as total of borrowings and lease liabilities less cash and cash equivalents, term deposits with banks, processing costs related to borrowings and fair value hedge adjustments. Also refer to alternative performance measures on pages 240-245.

	For the year ended 31 March 2023	For the year ended 31 March 2022
Long-term borrowings, net of current portion	**1,233**	1,486
Short-term borrowings and current portion of long term borrowings	**945**	786
Lease liabilities	**2,047**	1,660
Adjusted for:		
Cash and cash equivalents (refer to Note 20)	**(586)**	(638)
Term deposits with banks (refer to Note 20)	**(117)**	(220)
Margin money deposits (refer to Note 20)	**–**	(122)
Processing costs related to borrowings	**7**	5
Fair value hedge adjustment (refer to Note 32)	**(5)**	(16)
Net debt	**3,524**	2,941
Underlying EBITDA	**2,575**	2,311
Underlying EBITDA	**2,575**	2,311
Leverage ratio	**1.4**	1.3

33. Fair value of financial assets and liabilities

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

		Carrying value as of		Fair value as of	
		31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
Financial assets					
FVTPL					
Derivatives					
– Forward and option contracts	Level 2	**4**	2	**4**	2
– Currency swaps and interest rate swaps	Level 2	**9**	3	**9**	3
– Cross currency swaps	Level 3	**–**	1	**–**	1
Other bank balances	Level 2	**4**	16	**4**	16
Investments	Level 2	**0**	0	**0**	0
Amortised cost					
Trade receivables		**145**	123	**145**	123
Cash and cash equivalents		**586**	638	**586**	638
Other bank balances		**127**	362	**127**	362
Balance held under mobile money trust		**616**	513	**616**	513
Other financial assets		**176**	131	**176**	131
		1,667	1,789	**1,667**	1,789
Financial liabilities					
FVTPL					
Derivatives					
– Forward and option contracts	Level 2	**5**	2	**5**	2
– Currency swaps and interest rate swaps	Level 2	**0**	0	**0**	0
– Cross currency swaps	Level 3	**43**	7	**43**	7
– Embedded derivatives	Level 2	**0**	1	**0**	1
Amortised cost					
Long term borrowings – fixed rate	Level 1	**554**	1,015	**540**	1,016
Long term borrowings – fixed rate	Level 2	**227**	267	**210**	264
Long term borrowings – floating rate		**452**	204	**452**	204
Short term borrowings		**945**	786	**945**	786
Put option liability	Level 3	**569**	579	**569**	579
Trade payables		**460**	404	**460**	404
Mobile money wallet balance		**582**	496	**582**	496
Other financial liabilities		**680**	464	**680**	464
		4,517	4,225	**4,486**	4,223

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(All amounts are in US$ millions unless stated otherwise)

33. Fair Value of financial assets and liabilities continued

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.
- Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- 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 pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Group reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement and inputs thereto are readily observable.
- The fair value of the put option liability to buy back the stake held by non-controlling interest in AMC B.V. is measured at the present value of the redemption amount (i.e., expected cash outflows). Since the liability will be based on fair value of the equity shares of AMC B.V. (subject to a cap) at the end of 48 months, the expected cash flows are estimated by determining the projected equity valuation of the AMC B.V. at the end of 48 months and applying a cap thereon.

During the years ended 31 March 2023 and 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 fair value measurements.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets/liabilities as of 31 March 2023 and 31 March 2022:

Financial assets/liabilities	Inputs used
– Currency swaps, forward and option contracts, and other bank balances	Forward foreign currency exchange rates, interest rates
– Interest rate swaps	Prevailing/forward interest rates in market, interest rates
– Embedded derivatives	Prevailing interest rates in market, inflation rates
– Other financial assets/fixed rate borrowings/other financial liabilities	Prevailing interest rates in market, future payouts, interest rates

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy – financial assets/(liabilities) (net)

- **Cross currency swaps (CCS)**

	For the year ended	
	31 March 2023	31 March 2022
Opening balance	**(6)**	(3)
Recognised in finance costs in profit and loss (unrealised)[1]	**(67)**	(3)
Derivative settled during the period	**30**	–
Closing balance	**(43)**	(6)

1 These amounts represent the amounts recognised in the financial statements during the year, excluding the initial recognition deferment impact.

- **Put option liability**

	For the year ended	
	31 March 2023	31 March 2022
Opening balance	**579**	–
Liability recognised by debiting transaction with NCI reserve	**–**	575
Liability derecognised by crediting transaction with NCI reserve following dividend payment to put option holders	**(16)**	–
Recognised in finance costs in profit and loss (unrealised)	**6**	4
Closing balance	**569**	579

34. Companies in the Group, associate and joint venture

Information on the Group's directly and indirectly held subsidiaries, associate and joint venture is as follows:

Details of subsidiaries:

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] Percentage as of 31 March 2023	31 March 2022
1	Airtel Mobile Commerce Services Limited	LR 209/11880, 4th Floor, Parkside Towers, Mombasa Road, P.O. Box 962-00100, Nairobi, Kenya	Support services	Ordinary	**74.23**	74.23
2	Airtel (Seychelles) Limited	Airtel House, Josephine Cafrine Road, Perseverance, P.O. Box 1358, Victoria, Mahe, Seychelles	Telecommunication services	Ordinary	**100**	100
3	Airtel Congo RDC S.A.	3ème étage, 130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Telecommunication services	Ordinary	**98.50**	98.50
4	Airtel Congo S.A.	2ème Etage de L'Immeuble SCI Monte Cristo, Rond-Point de la Gare, Croisement de l'Avenue Orsy et de Boulevard Denis Sassou Nguesso, Centre Ville, B.P. 1038, Brazzaville, Congo	Telecommunication services	Ordinary	**90**	90
5	Airtel Gabon S.A.	Immeuble Libreville, Business Square, Rue Pecqueur, Centre-Ville, B.P. 9259 Libreville, Gabon	Telecommunication services	Ordinary	**100**	100
6	Airtel International LLP[4]	Plot No. 5, Sector 34, Gurugram, Haryana 122001, India	Support services	Ordinary	**100**	100
7	Airtel Madagascar S.A.	Immeuble S, lot II J 1 AA, Morarano Alarobia, 101 Antananarivo, Madagascar	Telecommunication services	Ordinary	**100**	100
8	Airtel Malawi Public Limited Company	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Telecommunication services	Ordinary	**80**	80
9	Airtel Mobile Commerce (Kenya) Limited	LR 209/11880, 7th Floor, Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	**74.23**	74.23
10	Airtel Mobile Commerce Rwanda Ltd	Airtel Building, Remera, KG 17 Ave, Kigali, Rwanda	Mobile commerce services	Ordinary	**74.23**	74.23
11	Airtel Mobile Commerce (Seychelles) B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
12	Airtel Mobile Commerce (Seychelles) Limited	Airtel House, Josephine Cafrine Road, Perseverance, P.O. Box 1358, Victoria, Mahe, Seychelles	Mobile commerce services	Ordinary	**74.23**	74.23
13	Airtel Mobile Commerce (Tanzania) Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road and Kawawa Road, Kinondoni District PO Box 9623, Dar es Salaam, Tanzania	Mobile commerce services	Ordinary	**74.23**	74.23
14	Airtel Mobile Commerce B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
15	Airtel Mobile Commerce Congo B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
16	Airtel Mobile Commerce Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
17	Airtel Mobile Commerce Kenya B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
18	Airtel Mobile Commerce Limited	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Mobile commerce services	Ordinary	**74.23**	74.23

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(All amounts are in US$ millions unless stated otherwise)

34. Companies in the Group, associate and joint venture continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] Percentage as of 31 March 2023	31 March 2022
19	Airtel Mobile Commerce Madagascar B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
20	Airtel Mobile Commerce Madagascar S.A.	Immeuble S, lot II J 1 AA, Morarano Alarobia – 101 Antananarivo – Madagascar	Mobile commerce services	Ordinary	**74.23**	74.23
21	Airtel Mobile Commerce Malawi B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
22	Airtel Mobile Commerce Nigeria B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
23	Airtel Mobile Commerce Nigeria Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Mobile commerce services	Ordinary	**99.96**	99.96
24	Airtel Mobile Commerce Rwanda B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
25	Airtel Mobile Commerce Tchad B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
26	Airtel Mobile Commerce Tchad S.A.	Avenue Charles de Gaulle, Immeuble Pierre Brock, B.P. 5665, N'Djaména, Tchad	Mobile commerce services	Ordinary	**74.23**	74.23
27	Airtel Mobile Commerce Uganda B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
28	Airtel Mobile Commerce Uganda Limited	Airtel Towers, Plot 16-A, Clement Hill Road, Nakasero, P.O. Box 6771, Kampala, Uganda	Mobile commerce services	Ordinary	**74.23**	74.23
29	Airtel Mobile Commerce Zambia B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
30	Airtel Mobile Commerce Zambia Limited	Airtel House, Stand 2375, Addis Ababa Drive, Lusaka, Zambia	Mobile commerce services	Ordinary	**74.23**	74.23
31	Airtel Money RDC S.A.	6ième étage, 130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Mobile commerce services	Ordinary	**74.23**	74.23
32	Airtel Money Niger S.A.	2054 Route de l'Aéroport, B.P. 11 922, Niamey, Niger	Mobile commerce services	Ordinary	**66.81**	66.81
33	Airtel Money S.A.	124, Avenue Bouët B.P. 23 899, Libreville, Gabon	Mobile commerce services	Ordinary	**74.23**	74.23
34	Airtel Money Tanzania Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road and Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam,Tanzania	Mobile commerce services	Ordinary	**51**	51
35	Airtel Money Transfer Limited	LR 209/11880, 7th Floor, Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	**100**	100
36	Airtel Networks Kenya Limited	LR 209/11880, 7th Floor, Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Telecommunication services	Ordinary and Preference	**100**	100
37	Airtel Networks Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Telecommunication services	Ordinary	**99.96**	99.96

34. Companies in the Group, associate and joint venture continued

					Proportion of ownership interest[1]	
					Percentage as of	
S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	**31 March 2023**	31 March 2022
38	Airtel Networks Zambia plc	Airtel House, Stand 2375, Addis Ababa Drive, Lusaka, Zambia	Telecommunication services	Ordinary	**96.36**	96.36
39	Airtel Rwanda Limited	Airtel Building, Remera, KG 17 Ave, Kigali, Rwanda	Telecommunication services	Ordinary	**100**	100
40	Airtel Tanzania Public Limited Company	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road and Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Telecommunication services	Ordinary	**51**	51
41	Airtel Tchad S.A.	Rue du Commandant Galyam Négal, Immeuble du Cinéma Etoile, B.P. 5665, N'Djaména, Tchad	Telecommunication services	Ordinary	**100**	100
42	Airtel Uganda Limited	Airtel Towers, Plot 16 –A, Clement Hill Road, Nakasero, P.O. Box 6771, Kampala, Uganda	Telecommunication services	Ordinary	**100**	100
43	Bharti Airtel Africa B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
44	Bharti Airtel Chad Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
45	Bharti Airtel Congo Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
46	Bharti Airtel Developers Forum Limited	Stand No. 2375, Corner of Great East/ Addis Ababa Road, Lusaka, Zambia	Investment Company	Ordinary	**96.36**	96.36
47	Bharti Airtel Gabon Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
48	Bharti Airtel International (Netherlands) B.V.[4]	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
49	Bharti Airtel Kenya B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
50	Bharti Airtel Kenya Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
51	Bharti Airtel Madagascar Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
52	Bharti Airtel Malawi Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
53	Bharti Airtel Mali Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
54	Bharti Airtel Niger Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
55	Bharti Airtel Nigeria B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
56	Bharti Airtel Nigeria Holdings II B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
57	Bharti Airtel RDC Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
58	Bharti Airtel Rwanda Holdings Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 Cybercity, Ebene, 72201, Republic of Mauritius	Investment Company	Ordinary	**100**	100
59	Bharti Airtel Services B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

34. Companies in the Group, associate and joint venture continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] Percentage as of 31 March 2023	31 March 2022
60	Bharti Airtel Tanzania B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
61	Bharti Airtel Uganda Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
62	Bharti Airtel Zambia Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
63	Celtel (Mauritius) Holdings Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 Cybercity, Ebene, 72201, Republic of Mauritius	Investment Company	Ordinary	**100**	100
64	Celtel Niger S.A.	2054 Route de l'Aéroport, B.P. 11 922, Niamey, Niger	Telecommunication services	Ordinary	**90**	90
65	Channel Sea Management Company (Mauritius) Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	**100**	100
66	Congo RDC Towers S.A.	6ème étage, 130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Infrastructure sharing services	Ordinary	**100**	100
67	Gabon Towers S.A.[2]	124 Avenue Bouët, B.P. 9259, Libreville, Gabon	Infrastructure sharing services	Ordinary	**100**	100
68	Indian Ocean Telecom Limited	28 Esplanade, St. Helier, Jersey JE2 3QA, Channel Islands	Investment Company	Ordinary	**100**	100
69	Mobile Commerce Congo S.A.	2ème Etage de L'Immeuble SCI Monte Cristo, Rond-Point de la Gare, Croisement de l'Avenue Orsy et de Boulevard Denis Sassou Nguesso, Centre Ville, B.P. 1038, Brazzaville, Congo	Mobile commerce services	Ordinary	**74.23**	74.23
70	Montana International[3]	C/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 Cybercity, Ebene, 72201, Republic of Mauritius	Investment Company	Ordinary	**100**	100
71	Partnership Investments Sarlu	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Investment Company	Ordinary	**100**	100
72	Société Malgache de Téléphone Cellulaire S.A.[3]	C/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 Cybercity, Ebene, 72201, Republic of Mauritius	Investment Company	Ordinary	**100**	100
73	Airtel Africa Services (UK) Limited[4]	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Support services	Ordinary	**100**	100
74	Airtel Digital Services Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
75	Airtel Mobile Commerce DRC B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
76	Airtel Mobile Commerce Gabon B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
77	Airtel Mobile Commerce Niger B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	74.23
78	Airtel Money Kenya Limited	LR 209/11880, 7th Floor, Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	**74.23**	74.23

34. Companies in the Group, associate and joint venture continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] Percentage as of 31 March 2023	31 March 2022
79	Smartcash Payment Service Bank Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Mobile commerce services	Ordinary	**99.96**	74.23
80	Airtel Africa Telesonic Holdings Limited[4]	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	100
81	Airtel Money Trust Fund	Airtel Towers, Plot 16-A, Clement Hill Road, Nakasero, P.O. Box 6771, Kampala, Uganda	Mobile commerce services	Ordinary	**74.23**	74.23
82	Airtel Africa Telesonic Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Support services	Ordinary	**100**	100
83	The Registered Trustees of Airtel Money Trust Fund	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road and Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Mobile commerce services	Ordinary	**51**	51
84	Airtel Mobile Commerce Tanzania B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**74.23**	–
85	Airtel Congo Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
86	Airtel DRC Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
87	Airtel Gabon Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
88	Airtel Kenya Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
89	Airtel Madagascar Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
90	Airtel (M) Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
91	Airtel Niger Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
92	Airtel Nigeria Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
93	Airtel Rwanda Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
94	Airtel Seychelles Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
95	Airtel Tanzania Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
96	Airtel Uganda Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

34. Companies in the Group, associate and joint venture continued

					Proportion of ownership interest[1]	
					Percentage as of	
S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	**31 March 2023**	31 March 2022
97	Airtel Zambia Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
98	Airtel Tchad Telesonic Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
99	Airtel Kenya Telesonic Limited	LR 209/11880, 7th Floor, Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Telecommunication services	Ordinary	**100**	–
100	Airtel (M) Telesonic Limited	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Telecommunication services	Ordinary	**100**	–
101	Airtel Nigeria Telesonic Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Telecommunication services	Ordinary	**100**	–
102	Airtel Rwanda Telesonic Limited	Remera, Gasabo, Umujyi wa Kigali, Rwanda	Telecommunication services	Ordinary	**100**	–
103	Airtel (Seychelles) Telesonic Limited	Airtel House, Josephine Cafrine Road, Perseverance, P.O. Box 1358, Victoria, Mahe, Seychelles	Telecommunication services	Ordinary	**100**	–
104	Airtel Telesonic Uganda Limited	Airtel Towers, Plot 16-A, Clement Hill Road, Nakasero, P.O. Box 6771, Kampala, Uganda	Telecommunication services	Ordinary	**100**	–
105	Airtel Zambia Telesonic Limited	P.O Box 320001, Showgrounds, Lusaka, Lusaka Province, Zambia	Telecommunication services	Ordinary	**100**	–
106	Nxtra Africa Data Holdings Limited[4]	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
107	Nxtra Nigeria Data Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
108	Nxtra Kenya Data Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
109	Nxtra DRC Data Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
110	Nxtra Gabon Data Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
111	Nxtra Congo Data Holdings (UK) Limited	First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Investment Company	Ordinary	**100**	–
112	Airtel Congo RDC Telesonic S.A.U.	3ème étage, 130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Telecommunication services	Ordinary	**100**	–
113	Nxtra Africa Data (Nigeria) Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Telecommunication services	Ordinary	**100**	–

1 Companies' proportion of voting power held is same as proportion of ownership interest held.

2 Under dissolution as of 31 March 2023.

3 Under removal from the register of RoC.

4 Direct subsidiary to the company.

34. Companies in the Group, associate and joint venture continued

Details of associate:

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] Percentage as of 31 March 2023	31 March 2022
1	Seychelles Cable Systems Company Limited	Caravelle House, 3rd Floor, Victoria, Mahe, Seychelles	Submarine cable system	Ordinary	**26**	26

1 Companies' proportion of voting power held is same as proportion of ownership interest held.

Details of joint venture:

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] Percentage as of 31 March 2023	31 March 2022
1	Mawezi RDC S.A.	Avenue des Huileries N^{O} 7, Commune of Lingwala,Ville de Kinshasa, République Démocratique du Congo	The construction and operation of a landing station	Ordinary	**49.25**	–

1 Companies' proportion of voting power held is same as proportion of ownership interest held.

35. Events after the balance sheet date

No material subsequent events or transactions have occurred since the date of statement of financial position except as disclosed below:

- The Board recommended a final dividend of 3.27 cents per share on 10 May 2023.

Company Statement of Financial Position

(All amounts are in US$ thousands)

	Note	As of 31 March 2023	As of 31 March 2022
Assets			
Non-current assets			
Property, plant and equipment		**169**	163
Capital work-in-progress		**63**	51
Right of use assets		**206**	396
Investment in subsidiary undertakings	4	**3,533,231**	3,533,231
Financial assets			
– Loan receivables	5	**310,864**	412,689
– Others		**16**	16
Other non-current assets		**204**	371
		3,844,753	3,946,917
Current assets			
Financial assets			
– Cash and cash equivalents	6	**134,159**	31,028
– Other bank balances	6	**101,000**	100,000
– Others		**29,660**	5,300
Other current assets		**1,773**	849
		266,592	137,177
Total assets		**4,111,345**	4,084,094
Liabilities			
Current liabilities			
Financial liabilities			
– Lease liabilities		**222**	307
– Trade and other payables	7	**1,816**	4,387
– Others		**2,818**	1,159
		4,856	5,853
Net current assets		**261,736**	131,324
Non-current liabilities			
Financial liabilities			
– Lease liabilities		**17**	165
– Others		**43**	–
		60	165
Total liabilities		**4,916**	6,018
Net assets		**4,106,429**	4,078,076
Equity			
Share capital	8	**3,419,948**	3,419,948
Reserves and surplus[1]		**686,481**	658,128
Total equity		**4,106,429**	4,078,076

1 The profit for the financial year dealt with in the financial statements of the company is $229,299,000 (March 2022: loss of $7,344,000).

The company only financial statements of Airtel Africa plc (company registration number: 11462215) were approved by the Board of directors and authorised for issue on 10 May 2023. They were signed on its behalf by:

Olusegun Ogunsanya
Chief executive officer

10 May 2023

Company Statements of Changes in Equity

(All amounts are in US$ thousands, unless stated otherwise)

	Share capital		Reserves and surplus				
	No of shares[2]	Amount	Retained earnings	Shared-based payment reserve	Others[3]	Total	Total equity
As of 1 April 2021	6,839,896,081	3,419,948	833,836	258	3,179	837,273	4,257,221
Loss for the year	–	–	(7,344)	–	–	(7,344)	(7,344)
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive loss		–	(7,344)	–	–	(7,344)	(7,344)
Employee share-based payment reserve	–	–	(878)	–	3,876	2,998	2,998
Purchase of own shares	–	–	–	–	(5,682)	(5,682)	(5,682)
Dividend to owners to the company[1]	–	–	(169,117)	–	–	(169,117)	(169,117)
As of 31 March 2022	6,839,896,081	3,419,948	656,497	258	1,373	658,128	4,078,076
Profit for the year	**–**	**–**	**229,299**	**–**	**–**	**229,299**	**229,299**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**229,299**	**–**	**–**	**229,299**	**229,299**
Employee share-based payment reserve	**–**	**–**	**(1,663)**	**–**	**6,202**	**4,539**	**4,539**
Purchase of own shares	**–**	**–**	**–**	**–**	**(10,809)**	**(10,809)**	**(10,809)**
Dividend to owners to the company[1]	**–**	**–**	**(194,676)**	**–**	**–**	**(194,676)**	**(194,676)**
As of 31 March 2023	**6,839,896,081**	**3,419,948**	**689,457**	**258**	**(3,235)**	**686,481**	**4,106,429**

1 Refer to Note 5a of consolidated financial statements.

2 Includes ordinary and deferred shares, refer to Note 27 of the consolidated financial statements.

3 Includes share stabilisation reserve and treasury shares.

Notes to company only financial statements

(All amounts are in US$ millions unless stated otherwise)

1. Summary of significant accounting policies

Basis of preparation

The company only financial statements are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, the company has prepared financial statements as per FRS 101 'Reduced Disclosure Framework.

Airtel Africa plc is the parent of the smallest group for which consolidated financial statements are prepared and of which the company is a member. The largest group to consolidate the results of the company is Bharti Airtel Limited, which is registered in India. The Bharti Airtel Limited Group financial statements are publically available and can be obtained at www.airtel.in.

All the amounts included in the Company only financial statements are reported in United States dollars (the functional currency of the company), with all values rounded to the nearest thousand (USD thousand) except when otherwise indicated. Further, amounts which are less than half a thousand are appearing as '0'.

As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the company is presented.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available in relation to:

- The requirements of IFRS 7 Financial Instruments: disclosures.
- The requirements of IAS 7 Statement of cash flows.
- The statement of compliance with adopted IFRSs.
- The effects of new but not yet effective IFRSs.
- The requirements in IAS 24 'Related party disclosure' to disclose related-party transactions entered into between two or more members of a group.
- Disclosures in respect of capital management; and
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options).

Where required, equivalent disclosures are given in the consolidated financial statements. The company financial statements have been prepared on a going concern and historical cost basis. The principal accounting policies adopted are the same as those set out in Note 2 of the consolidated financial statements except the following additional policies which are relevant to the company only financial statements:

- Investment in subsidiary undertakings are accounted for at cost.
- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably).

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical accounting judgments or key sources of estimation uncertainty that would have a significant effect on the amount recognised in the company financial statements.

3. Employee expenses

The average monthly number of employees during the year was six (March 2022: eight).

	For the year ended	
	31 March 2023	31 March 2022
Salaries	**1,074**	1,658
Bonuses	**438**	276
Others	**135**	156
	1,647	2,090

4. Investment in subsidiary undertakings

	As of	
	31 March 2023	31 March 2022
Cost		
Opening balance	**3,533,231**	3,533,231
Additions	**–**	0
Carrying cost at 31 March	**3,533,231**	3,533,231
Bharti Airtel International (Netherlands) B.V.	**3,532,758**	3,532,758
Airtel International LLP	**473**	473
Airtel Africa services (UK) Limited	**0**	0
Airtel Africa Telesonic Holdings Limited	**0**	0

For details of subsidiary undertakings, refer to Note 34 of consolidated financial statements.

5. Loan receivables

	As of	
	31 March 2023	31 March 2022
Opening balance	**412,689**	14,129
Additions	**420,870**	1,426,384
Repayment	**(522,695)**	(1,027,824)
Balance at 31 March	**310,864**	412,689
Bharti Airtel International (Netherlands) B.V.[1]	**239,905**	386,600
Airtel Africa services (UK) Limited[2]	**70,706**	26,089
Airtel Africa Telesonic Holdings Limited[3]	**253**	–

1 The loan is unsecured, bears interest at the rate of three months LIBOR+ 2.25% per annum with a maturity date of 25 March 2027. The credit facility is denominated in US$.

2 The loan is unsecured, bears interest at the rate of three months LIBOR+ 2% per annum with a maturity date of 31 December 2026. The credit facility is denominated in US$.

3 The loan is unsecured, bears interest at the rate of three months SOFR+ 2% per annum with a maturity date of 31 December 2026. The credit facility is denominated in US$.

6. Cash and bank balances

Cash and cash equivalents

	As of	
	31 March 2023	31 March 2022
Cash at bank in current accounts	**36,159**	31,028
Bank deposits with original maturity of three months or less	**98,000**	–
	134,159	31,028

Other bank balances

	As of	
	31 March 2023	31 March 2022
Term deposits with banks with original maturity of more than three months but less than 12 months	**101,000**	100,000
	101,000	100,000

7. Trade and other payables

	As of	
	31 March 2023	31 March 2022
Legal and professional expenses payable[1]	**1,071**	4,034
Employees bonuses payable	**330**	255
Dividend payable	**46**	24
Administrative and other payable	**369**	74
	1,816	4,387

1 The auditor's remuneration for the current year in respect of audit and audit-related services was $42,000 (March 2022: $46,000).

8. Share capital

Refer to Note 26 of consolidated financial statements.

9. Related-party disclosure

Refer to Note 31 of consolidated financial statements.

10. Guarantees

Guarantees outstanding as at 31 March 2023 and 31 March 2022 amounting to $163m and $160m, respectively, have been issued for external loans taken by the Group's subsidiaries.

11. Events after the balance sheet date

There are no subsequent events other than disclosed in Note 35 to the consolidated financial statements.

Alternative performance measures (APMs)

Introduction

In the reporting of financial information, the directors have adopted various APMs. These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies APMs, including those in the Group's industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Purpose

The directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group.

APMs are also used to enhance the comparability of information between reporting periods and geographical units (such as like-for-like sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance. Consequently, APMs are used by the directors and management for performance analysis, planning, reporting and incentive-setting purposes.

The directors believe the following metrics to be the APMs used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. These measures provide an enhanced understanding of the Group's results and related trends, therefore increasing transparency and clarity into the core results of the business.

The following metrics are useful in evaluating the Group's operating performance:

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Table reference[1]	Definition and purpose
Underlying EBITDA and margin	Operating profit	• Depreciation and amortisation • Exceptional items	Table A	The Group defines underlying EBITDA as operating profit/(loss) for the period before depreciation and amortisation and adjusted for exceptional items. The Group defines underlying EBITDA margin as underlying EBITDA divided by revenue. Underlying EBITDA and margin are measures used by the directors to assess the trading performance of the business and are therefore the measure of segment profit that the Group presents under IFRS. Underlying EBITDA and margin are also presented on a consolidated basis because the directors believe it is important to consider profitability on a basis consistent with that of the Group's operating segments. When presented on a consolidated basis, underlying EBITDA and margin are APMs. Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment and useful economic life. Directors believe that a measure which removes this volatility improves comparability of the Group's results period on period and hence is adjusted to arrive at underlying EBITDA and margin. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying EBITDA and margin.
Underlying profit/(loss) before tax	Profit/(loss) before tax	• Exceptional items	Table B	The Group defines underlying profit/(loss) before tax as profit/(loss) before tax adjusted for exceptional items. The directors view underlying profit/(loss) before tax to be a meaningful measure to analyse the Group's profitability. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying profit/(loss) before tax.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Table reference[1]	Definition and purpose
Effective tax rate	Reported tax rate	• Exceptional items • Foreign exchange rate movements • One-off tax impact of prior period, tax litigation settlement and impact of tax on permanent differences	Table C	The Group defines effective tax rate as reported tax rate (reported tax charge divided by reported profit before tax) adjusted for exceptional items, foreign exchange rate movements and one-off tax items of prior period adjustment, tax settlements and impact of permanent differences on tax. This provides an indication of the current on-going tax rate across the Group. Exceptional tax items or any tax arising on exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at effective tax rate. Foreign exchange rate movements are specific items that are non-tax deductible in a few of the entities which are loss making and/or where DTA is not yet triggered and hence are considered to hinder comparison of the Group's effective tax rate on a period-to-period basis and therefore excluded to arrive at effective tax rate. One-off tax impact on account of prior period adjustment, any tax litigation settlement and tax impact on permanent differences are additional specific items that because of their size and frequency in the results, are considered to hinder comparison of the Group's effective tax rate on a period-to-period basis.
Underlying profit/(loss) after tax	Profit/(loss) for the period	• Exceptional items	Table D	The Group defines underlying profit/(loss) after tax as profit/(loss) for the period adjusted for exceptional items. The directors view underlying profit/(loss) after tax to be a meaningful measure to analyse the Group's profitability. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying profit/(loss) after tax.
Earnings per share before exceptional items	EPS	• Exceptional items	Table E	The Group defines earnings per share before exceptional items as profit/(loss) for the period before exceptional items attributable to owners of the company divided by the weighted average number of ordinary shares in issue during the financial period. This measure reflects the earnings per share before exceptional items for each share unit of the company. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at earnings for the purpose of earnings per share before exceptional items.
Operating free cash flow	Cash generated from operating activities	• Income tax paid • Changes in working capital • Other non-cash items • Non-operating income • Exceptional items • Capital expenditures	Table F	The Group defines operating free cash flow as net cash generated from operating activities before income tax paid, changes in working capital, other non-cash items, non-operating income, exceptional items, and after capital expenditures. The Group views operating free cash flow as a key liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group.

Alternative performance measures (APMs) continued

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Table reference[1]	Definition and purpose
Net debt and leverage ratio	Borrowings	• Lease liabilities • Cash and cash equivalent • Term deposits with banks • Deposits given against borrowings/non-derivative financial instruments • Fair value hedges	Table G	The Group defines net debt as borrowings, including lease liabilities less cash and cash equivalents, term deposits with banks, deposits given against borrowings/non-derivative financial instruments, processing costs related to borrowings and fair value hedge adjustments. The Group defines leverage ratio as net debt divided by underlying EBITDA for the preceding 12 months. The directors view net debt and the leverage ratio to be meaningful measures to monitor the Group's ability to cover its debt through its earnings.
Return on capital employed	No direct equivalent	• Exceptional items to arrive at underlying EBIT	Table H	The Group defines return on capital employed ('ROCE') as underlying EBIT divided by average capital employed. The directors view ROCE as a financial ratio that measures the Group's profitability and the efficiency with which its capital is being utilised. The Group defines underlying EBIT as operating profit/(loss) for the period adjusted for exceptional items. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying EBIT. Capital employed is defined as sum of equity attributable to owners of the company (grossed up for put option provided to minority shareholders to provide them liquidity as part of the sale agreements executed with them during year ended 31 March 2022), non-controlling interests and net debt. Average capital employed is average of capital employed at the closing and beginning of the relevant period. For quarterly computations, ROCE is calculated by dividing underlying EBIT for the preceding 12 months by the average capital employed (being the average of the capital employed averages for the preceding four quarters).

1 Refer to 'Reconciliation between GAAP and Alternative Performance Measures' for respective table.

Some of the Group's IFRS measures and APMs are translated at constant currency exchange rates to measure the organic performance of the Group. In determining the percentage change in constant currency terms, both current and previous financial reporting period's results have been converted using exchange rates prevailing as on 31 March 2022. Reported currency percentage change is derived on the basis of the average actual periodic exchange rates for that financial period. Variances between constant currency and reported currency percentages are due to exchange rate movements between the previous financial reporting period and the current period. The constant currency numbers only reflect the retranslation of reported numbers into exchange rates as at 31 March 2022 and are not intended to represent the wider impact that currency changes has on the business.

Changes to APMs

- Underlying revenue: the underlying revenue has not been defined as an APM due to the absence of any exceptional items during the period.
- Return on capital employed (ROCE): the Group has revised the computation of ROCE by grossing up the 'equity attributable to owners of the company' for put option provided to minority shareholders based on the fact that this liability was created through reserves and the Group believes that it should not impact the computation of return on capital employed. The previous period ROCE has also been restated for this change.

Reconciliation between GAAP and Alternative Performance Measures

Table A: Underlying EBITDA and margin

Description	Unit of measure	Year ended March 2023	Year ended March 2022
Operating profit	$m	**1,757**	1,535
Add:			
Depreciation and amortisation	$m	**818**	744
Exceptional items	$m	**–**	32
Underlying EBITDA	$m	**2,575**	2,311
Revenue	$m	**5,255**	4,714
Underlying EBITDA margin (%)	%	**49.0%**	49.0%

Table B: Underlying profit/(loss) before tax

Description	Unit of measure	Year ended March 2023	Year ended March 2022
Profit/(loss) before tax	$m	**1,034**	1,224
Exceptional items (net)	$m	**–**	(60)
Underlying profit/(loss) before tax	$m	**1,034**	1,164

Table C: Effective tax rate

		Year ended					
		March 2023			March 2022		
Description	Unit of measure	**Profit before taxation**	**Income tax expense**	**Tax rate %**	Profit before taxation	Income tax expense	Tax rate %
Reported effective tax rate	$m	**1,034**	**284**	**27.4%**	1,224	469	38.3%
Adjusted for:							
Exceptional items (provided below)	$m	**–**	**161**		(60)	2	
Foreign exchange rate movement for loss making entities and/or non-DTA operating companies and holding companies	$m	**106**	**–**		50	–	
One-off adjustment and tax on permanent differences	$m	**4**	**(1)**		(12)	(2)	
Effective tax rate	$m	**1,144**	**444**	**38.8%**	1,202	469	39.0%
Exceptional items							
1. Deferred tax asset recognition	$m	**–**	**161**		–	–	
2. Gain on sale of tower assets	$m	**–**	**–**		(111)	0	
3. Bonds prepayment cost	$m	**–**	**–**		19	–	
4. Provision for settlement of contractual dispute	$m	**–**	**–**		12	2	
5. Spectrum fee agreement cost	$m	**–**	**–**		20	–	
Total	$m	**–**	**161**		(60)	2	

Table D: Underlying profit/(loss) after tax

Description	Unit of measure	Year ended March 2023	Year ended March 2022
Profit/(loss) after tax	$m	**750**	755
Exceptional items	$m	**(161)**	(62)
Underlying profit/(loss) after tax	$m	**589**	693

Reconciliation between GAAP and Alternative Performance Measures continued

Table E: Earnings per share before exceptional items

Description	Unit of measure	Year ended March 2023	March 2022
Profit for the period attributable to owners of the company	$m	**663**	631
Operating and non-operating exceptional items	$m	**–**	(60)
Tax exceptional items	$m	**(161)**	(2)
Non-controlling interest exceptional items	$m	**10**	33
Profit for the period attributable to owners of the company – before exceptional items	$m	**512**	602
Weighted average number of ordinary shares in issue during the financial period	Million	**3,752**	3,754
Earnings per share before exceptional items	Cents	**13.6**	16.0

Table F: Operating free cash flow

Description	Unit of measure	Year ended March 2023	March 2022
Net cash generated from operating activities	$m	**2,208**	2,011
Add: income tax paid	$m	**397**	293
Net cash generation from operation before tax	$m	**2,605**	2,304
Less: changes in working capital			
Increase in trade receivables	$m	**45**	18
Increase/(decrease) in inventories	$m	**13**	(4)
Increase in trade payables	$m	**(9)**	(34)
Increase in mobile money wallet balance	$m	**(120)**	(64)
Decrease/(increase) in provisions	$m	**32**	(14)
Increase in deferred revenue	$m	**(37)**	(27)
Increase in other financial and non-financial liabilities	$m	**(92)**	(50)
Increase in other financial and non-financial assets	$m	**140**	144
Operating cash flow before changes in working capital	$m	**2,577**	2,273
Other non-cash adjustments	$m	**(2)**	6
Operating exceptional items	$m	**–**	32
Underlying EBITDA	$m	**2,575**	2,311
Less: capital expenditure	$m	**(748)**	(656)
Operating free cash flow	$m	**1,827**	1,655

Table G: Net debt and leverage

Description	Unit of measure	As at March 2023	March 2022
Long term borrowing, net of current portion	$m	**1,233**	1,486
Short-term borrowings and current portion of long-term borrowing	$m	**945**	786
Add: processing costs related to borrowings	$m	**7**	5
Add/(less): fair value hedge adjustment	$m	**(5)**	(16)
Less: cash and cash equivalents	$m	**(586)**	(638)
Less: term deposits with banks	$m	**(117)**	(220)
Less: deposits given against borrowings/non-derivative financial instruments	$m	**–**	(122)
Add: lease liabilities	$m	**2,047**	1,660
Net debt	$m	**3,524**	2,941
Underlying EBITDA	$m	**2,575**	2,311
Leverage	times	**1.4x**	1.3x

Table H: Return on capital employed

Description	Unit of measure	Year ended March 2023	March 2022
Operating profit	$m	**1,757**	1,535
Add:			
Operating exceptional items	$m	**–**	32
Underlying EBIT	$m	**1,757**	1,567
Equity attributable to owners of the company	$m	**3,635**	3,502
Add: put option given to minority shareholders[1]	$m	**569**	579
Gross equity attributable to owners of the company[1]	$m	**4,204**	4,081
Non-controlling interests (NCI)	$m	**173**	147
Net debt (refer Table G)	$m	**3,524**	2,941
Capital employed	$m	**7,901**	7,169
Average capital employed[2]	$m	**7,536**	7,026
Return on capital employed	%	**23.3%**	22.3%

1 Refer changes to APMs in Alternative performance measure (APMs) section.

2 Average capital employed is calculated as average of capital employed at closing and opening of relevant period. Capital employed at the beginning of year ended 31 March 2023 and 2022 is $ 7,169m and $ 6,883m respectively.

Forward-looking statements

This document contains certain forward-looking statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

These statements are often, but not always, made through the use of words or phrases such as 'believe,' 'anticipate,' 'could,' 'may,' 'would,' 'should,' 'intend,' 'plan,' 'potential,' 'predict,' 'will,' 'expect,' 'estimate,' 'project,' 'positioned,' 'strategy,' 'outlook', 'target' and similar expressions.

It is believed that the expectations reflected in this document are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this communication.

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; changes in domestic or international tax laws and rates; adverse litigation and dispute outcomes and the effect of such outcomes on Airtel Africa's financial condition; changes or differences in domestic or international economic or political conditions; the ability to obtain price increases and the impact of price increases on consumer affordability thresholds; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; translational and transactional foreign exchange rate exposure; the impact of serious injury, illness or death in the workplace; the ability to maintain credit ratings; the ability to develop, produce or market new alternative products and to do so profitably; the ability to effectively implement strategic initiatives and actions taken to increase sales growth; the ability to enhance cash generation and pay dividends and changes in the market position, businesses, financial condition, results of operations or prospects of Airtel Africa.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements contained in this document reflect the knowledge and information available to Airtel Africa at the date of preparation of this document and Airtel Africa undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

No statement in this communication is intended to be, nor should be construed as, a profit forecast or a profit estimate and no statement in this communication should be interpreted to mean that earnings per share of Airtel Africa plc for the current or any future financial periods would necessarily match, exceed or be lower than the historical published earnings per share of Airtel Africa plc.

Financial data included in this document are presented in US dollars rounded to the nearest million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. The percentages included in the tables throughout the document are based on numbers calculated to the nearest $1,000 and therefore minor rounding differences may result in the tables. Growth metrics are provided on a constant currency basis unless otherwise stated. The Group has presented certain financial information on a constant currency basis. This is calculated by translating the results for the current financial year and prior financial year at a fixed 'constant currency' exchange rate, which is done to measure the organic performance of the Group. Growth rates for business and product segments are provided in constant currency as this better represents the underlying performance of the business.

Glossary

Technical and industry terms

Company-related	
4G data customer	A customer having a 4G handset and who has used at least 1 MB of data on the Group network using any of GPRS, 3G and 4G in the last 30 days.
Airtel Money	Airtel Money is the brand name for Airtel Africa's mobile money products and services. The term is used interchangeably with 'mobile money' when referring to our mobile money business, finance, operations and activities.
Airtel Money ARPU (mobile money ARPU)	Mobile money average revenue per user. This is derived by dividing total mobile money revenue during the relevant period by the average number of active mobile money customers and dividing the result by the number of months in the relevant period.
Airtel Money customer base (mobile money customer base)	Total number of active subscribers who have enacted any mobile money usage event in the last 30 days.
Airtel money customer penetration (mobile money customer penetration)	The proportion of total Airtel Africa active mobile customers who use mobile money services. This is calculated by dividing the mobile money customer base by the Group's total customer base.
Airtel Money transaction value (mobile money transaction value)	The sum of all financial transactions performed on Airtel Africa's mobile money platform for the relevant period.
Airtel money transaction value per customer per month (mobile money transaction value per customer per month)	Calculated by dividing the total mobile money transaction value on the Group's mobile money platform during the relevant period by the average number of active mobile money customers and dividing the result by the number of months in the relevant period.
ARPU	Average revenue per user per month. This is derived by dividing total revenue during the relevant period by the average number of customers during the period and dividing the result by the number of months in the relevant period.
Average customers	The average number of active customers for a period. This is derived from the monthly averages during the relevant period. Monthly averages are calculated using the number of active customers at the beginning and the end of each month.
Broadband base stations	Base stations that carry either 3G and/or 4G capability across all technologies and spectrum bands.
Bundle penetration	The proportion of revenue contributed by bundled products as a percentage of the total revenue generated by the service.
Capital expenditure	An alternative performance measure (non-GAAP). This is defined as investment in gross fixed assets (both tangible and intangible but excluding spectrum and licences) plus capital work in progress (CWIP), excluding provisions on CWIP for the period.
Constant currency	The Group has presented certain financial information that is calculated by translating the results for the current financial year and prior financial years at a fixed 'constant currency' exchange rate, which is used to measure the organic performance of the Group. Growth rates for business and product segments are in constant currency as it better represents the underlying performance of the business. Constant currency growth rates for prior years are calculated using closing exchange rate as at the end of the prior year.
Customer	Defined as a unique active subscriber with a unique mobile telephone number who has used any of Airtel's services in the last 30 days.
Customer base	The total number of active subscribers that have used any of our services (voice calls, SMS, data usage or mobile money transactions in the last 30 days.
Data ARPU	Data ARPU is derived by dividing total data revenue during the relevant period by the average number of data customers and dividing the result by the number of months in the relevant period.
Data customer base	The total number of subscribers who have consumed at least 1 MB of data on the Group network using any of GPRS, 3G or 4G in the last 30 days.
Data customer penetration	The proportion of customers using data services. Calculated by dividing the data customer base by the total customer base.
Data usage per customer	This is calculated by dividing the total MBs consumed on the Group's network during the relevant period by the average data customer base over the same period and dividing the result by the number of months in the relevant period.
Digitalisation	We use the term digitalisation in its broadest sense to encompass both digitisation actions and processes that convert analogue information into a digital form and thereby bring customers into the digital environment, and the broader digitalisation processes of controlling, connecting and planning processes digitally; the processes that affect digital transformation of our business, and of industry, economics and society as a whole through bringing about new business models, socio-economic structures and organisational patterns.
Diluted earnings per share	Diluted EPS is calculated 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 actually been 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.

Glossary continued

Company-related	
Earnings per share (EPS)	EPS is calculated by dividing the profit for the period attributable to the owners of the company by the weighted average number of ordinary shares outstanding during the period.
Environment, Social and Governance (ESG)	ESG is a framework designed to be embedded into an organisation's strategy that considers the needs and ways in which to generate value for all organisational stakeholders.
Foreign exchange rate movements for non-DTA operating companies and holding companies	Foreign exchange rate movements are specific items that are non-tax deductible in a few of our operating entities; hence these hinder a like-for-like comparison of the Group's effective tax rate on a period-to-period basis and are therefore excluded when calculating the effective tax rate.
GSMA	A global organisation representing mobile operators and organisations across the mobile ecosystem and adjacent industries.
Information and communication technologies (ICT)	ICT refers to all communication technologies, including the internet, wireless networks, cell phones, computers, software, middleware, video-conferencing, social networking, and other media applications and services.
IRU	Indefeasible Right of Use – a contractual agreement for a portion of the capacity/fiber of any fibre route.
Lease liability	Lease liability represents the present value of future lease payment obligations.
Leverage	An alternative performance measure (non-GAAP). Leverage (or leverage ratio) is calculated by dividing net debt at the end of the relevant period by the underlying EBITDA for the preceding 12 months.
Mini-AMB	A compact outlet that offers the services of an Airtel Money Branch, currently being trialled in Zambia.
Minutes of usage	Minutes of usage refer to the duration in minutes for which customers use the Group's network for making and receiving voice calls. It is typically expressed over a period of one month. It includes all incoming and outgoing call minutes, including roaming calls.
Mobile services	Mobile services are our core telecom services, mainly voice and data services, but also including revenue from tower operation services provided by the Group and excluding mobile money services.
Mobile transaction rates (MTR)	Mobile transaction rates are the charges paid to the telecom operator on whose network a call is terminated.
Net debt	An alternative performance measure (non-GAAP). The Group defines net debt as borrowings, including lease liabilities less cash and cash equivalents, term deposits with banks, processing costs related to borrowings and fair value hedge adjustments.
Net debt to underlying EBITDA	An alternative performance measure (non-GAAP). Calculated by dividing net debt as at the end of the relevant period by underlying EBITDA for the last 12 months (LTM), from the end of the relevant period. This is also referred to as the leverage ratio.
Net revenue	An alternative performance measure (non-GAAP). Defined as total revenue adjusted for MTR (mobile transaction rates), cost of goods sold and mobile money commissions.
Network towers or 'sites'	Physical network infrastructure comprising a base transmission system (BTS) which holds the radio transceivers (TRXs) that define a cell and coordinates the radio link protocols with the mobile device. It includes all ground-based, roof top and in-building solutions.
Operating company (OpCo)	Operating company (or OpCo) is a defined corporate business unit, providing telecoms services and mobile money services in the Group's footprint.
Operating free cash flow	An alternative performance measure (non-GAAP). Calculated by subtracting capital expenditure from underlying EBITDA.
Operating leverage	An alternative performance measure (non-GAAP). Operating leverage is a measure of the operating efficiency of the business. It is calculated by dividing operating expenditure (excluding regulatory charges) by total revenue.
Operating profit	Operating profit is a GAAP measure of profitability. Calculated as revenue less operating expenditure (including depreciation and amortisation, and operating exceptional items).
Other revenue	Other revenue includes revenues from messaging, value added services (VAS), enterprise, site sharing and handset sale revenue.
Reported currency	Our reported currency is US dollars. Accordingly, actual periodic exchange rates are used to translate the local currency financial statements of OpCos into US dollars. Under reported currency the assets and liabilities are translated into US dollars at the exchange rates prevailing at the reporting date whereas the statements of profit and loss are translated into US dollars at monthly average exchange rates.
Smartphone	A smartphone is defined as a mobile phone with an interactive touch screen that allows the user to access the internet and additional data applications, providing additional functionality to that of a basic 'feature' phone which is used only for making voice calls and sending and receiving text messages.
Smartphone penetration	Calculated by dividing the number of smartphone devices in use by the total number of customers.
Total MBs on network	Total MBs of data consumed (uploaded and downloaded) by customers on the Group network using any of GPRS, 3G and 4G during the relevant period.
Underlying EBIT	An alternative performance measure (non-GAAP). Defined as operating profit before exceptional items.

Company-related

Underlying EBITDA	An alternative performance measure (non-GAAP). Defined as operating profit before depreciation, amortisation, CSR cost and exceptional items.
Underlying EBITDA margin	An alternative performance measure (non-GAAP). Calculated by dividing underlying EBITDA for the relevant period by underlying revenue for the relevant period.
Unique subscriber penetration	The number of individual mobile subscribers as a proportion of the total population. This metric adjusts for the use of multiple SIM cards by customers, to identify the degree of uptake of mobile services by individuals.
Unstructured Supplementary Service Data	Unstructured Supplementary Service Data (USSD), also known as 'quick codes' or 'feature codes', is a communications protocol for GSM mobile operators, similar to SMS messaging. It has a variety of uses such as WAP browsing, prepaid callback services, mobile-money services, location-based content services, menu-based information services, and for configuring phones on the network.
Voice minutes of usage per customer per month	Calculated by dividing the total number of voice minutes of usage on the Group's network during the relevant period by the average number of customers and dividing the result by the number of months in the relevant period.
Weighted average number of shares	The weighted average number of shares is calculated by multiplying the number of outstanding shares by the portion of the reporting period those shares covered, doing this for each portion, and then summing the total.

Glossary continued

Abbreviations

2G	Second-generation mobile technology
3G	Third-generation mobile technology
4G	Fourth-generation mobile technology
AAML	Airtel Africa Mauritius Limited
ARPU	Average revenue per user
bps	Basis points
bn	Billion
CAGR	Compound annual growth rate
Capex	Capital expenditure
CDP	Climate disclosure project
CRO	Climate related risks and opportunities
CSR	Corporate social responsibility
DQI	Data quality index
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
ERC	Executive Risk Committee
FPPP	Financial position and prospects procedures
GAAP	Generally accepted accounting principles
GB	Gigabyte
GDP	Gross domestic product
HoldCo	Holding company
IAS	International accounting standards
ICT	Information and communication technologies
ICT (Hub)	Information communication technology (Hub) IFRS
IFRS	International financial reporting standards
IMF	International monetary fund
IPO	Initial public offering
KPIs	Key performance indicators
KYC	Know your customer
LTE	Long-term evolution (4G technology)
LSE	London Stock Exchange
LTM	Last 12 months
m	Million
MB	Megabyte
MI	Minority interest (non-controlling interest)
NGO	Non-governmental organisation
NGX	Nigerian Exchange Limited
OpCo	Operating company
P2P	Person to person
PAYG	Pay-as-you-go
ppts	Percentage points
QoS	Quality of service
RAN	Radio access network
SIM	Subscriber identification module
Single RAN	Single radio access network
SMS	Short messaging service
SPOC	Single point of contact (vendor SPOC: a designated person of the vendor who interacts with Airtel Africa's teams on a regular basis for various requirements)
TB	Terabyte
TCFD	Taskforce for climate-related financial disclosure
Telecoms	Telecommunications
UoM	Unit of measure
USSD	Unstructured supplementary service data
VQI	Voice quality index

General shareholders' information

Annual General Meeting (AGM)

Date	4 July 2023
Day	Tuesday
Time	11am BST
Venue	53/54 Grosvenor Street, London W1K 3HU, United Kingdom

Dividend

Ex-dividend date for final dividend	22 June 2023
Record date for final dividend	23 June 2023
AGM	4 July 2023
Final dividend payment	3.27 cents per ordinary share

Financial calendar

Financial year: 1 April to 31 March.

Airtel Africa plc share price

Airtel Africa's ordinary shares have a premium listing on the London Stock Exchange's main market for listed securities and are listed under the symbol AAF. Current and historical share price information is available on our website: www.airtel.africa.

Shareholders as of 31 March 2022

Number of ordinary shares held	Number of accounts	Shares	% of total issued shares
1-1,000	31	14,117	0.00
1,001-5,000	58	164,994	0.01
5,001-50,000	125	3,009,561	0.08
50,001-100,000	43	3,097,974	0.08
100,001-500,000	122	30,531,705	0.81
More than 500,000	151	3,721,333,153	99.02
Totals	**530**	**3,758,151,504**	**100%**

Warning to shareholders ('boiler room' scams)

In recent years, many companies have become aware that their shareholders have received unsolicited calls or correspondence concerning investment matters. These callers typically make claims of highly profitable opportunities in UK investments which turn out to be worthless or simply do not exist. These approaches are usually made by unauthorised companies and individuals and are commonly known as 'boiler room' scams. Airtel Africa plc shareholders are advised to be extremely wary of such approaches and advised to only deal with firms authorised by FCA. See the FCA website at fca.org.uk/scamsmart for more detailed information about this or similar activities.

Registrar and transfer agent

All the work related to share registry, both in physical and electronic form, is handled by the company's registrar and transfer agent at the address mentioned in the communication addresses section.

Communication addresses

	Contact	Email	Address
For corporate governance and other secretarial-related matters	Simon O'Hara Group company secretary	investor.relations@africa.airtel.com	First Floor, 53/54 Grosvenor Street, London, W1K 3HU, United Kingdom Tel: +44 207 493 9315
For queries relating to financial statements and corporate communication matters	Pier Falcione Deputy CFO and Head of investor relations	investor.relations@africa.airtel.com	First Floor, 53/54 Grosvenor Street, London, W1K 3HU, United Kingdom Tel: +44 207 493 9315
Registrar and transfer agent	Computershare Investor Services PLC	webqueries@computershare.co.uk	The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom
	Coronation Registrars Limited	Website: www.coronationregistrars.com	9 Amodu Ojikutu Street, Victoria Island, Lagos, Nigeria Tel: +234 1 271 4566-7

Auditor's ESEF Assurance statement

Independent auditor's reasonable assurance report on the compliance of Airtel Africa plc's European Single Electronic Format (ESEF) prepared Annual Financial Report with the European Single Electronic Format Regulatory Technical Standard ('ESEF RTS') as required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R

To the Members of Airtel Africa plc

Report on compliance with the requirements for iXBRL mark up ('tagging') of consolidated financial statements included in the ESEF-prepared Annual Financial Report

We have undertaken a reasonable assurance engagement on the iXBRL mark up of consolidated financial statements for the year ended 31 March 2023 of Airtel Africa plc (the "company") included in the ESEF-prepared Annual Financial Report prepared by the company.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 March 2023 of the company included in the ESEF-prepared Annual Financial Report, are marked up, in all material respects, in compliance with the ESEF RTS.

The directors' responsibility for the ESEF-prepared Annual Financial Report prepared in compliance with the ESEF RTS

The directors are responsible for preparing the ESEF-prepared Annual Financial Report. This responsibility includes:

- the selection and application of appropriate iXBRL tags using judgement where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF RTS.

Our independence and quality control

We have complied with the independence and other ethical requirements of Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply International Standard on Quality Control 1 and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express an opinion on whether the electronic mark up of consolidated financial statements complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (UK) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (UK) 3000') issued by the FRC.

A reasonable assurance engagement in accordance with ISAE (UK) 3000 involves performing procedures to obtain reasonable assurance about the compliance of the mark up of the consolidated financial statements with the ESEF RTS. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error. Our reasonable assurance engagement consisted primarily of:

- obtaining an understanding of the ESEF RTS mark up process, including internal control over the mark up process relevant to the engagement;
- reconciling the marked up data with the audited consolidated financial statements of the company dated 31 March 2023;
- evaluating the appropriateness of the company's mark up of the consolidated financial statements using the XBRL mark-up language;
- evaluating the appropriateness of the company's use of iXBRL elements selected from a permitted taxonomy and the creation of extension elements where no suitable element in the permitted taxonomy has been identified; and
- evaluating the use of anchoring in relation to the extension elements.

In this report we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the company for the year ended 31 March 2023 is set out in our Independent Auditor's Report dated 10 May 2023.

Use of our report

Our report is made solely to the company's members, as a body, in accordance with ISAE (UK) 3000. Our work has been undertaken so that we might state to the company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our work, this report, or for the conclusions we have formed.

Daryl Winstone FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

7 June 2023