

BHARTI AIRTEL MALAWI HOLDINGS B.V.

Annual Report and Financial Statements for the year ended 31 March 2023

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To the shareholders,
Bharti Airtel Malawi Holdings B.V. (the "Company")
Overschiestraat 65
1062 XD Amsterdam, The Netherlands

Dear shareholders,

Please find attached the financial statements for the year starting on 1 April 2022 and ending on 31 March 2023 of the Company (hereinafter referred to as the "**Year 2022/2023**").

We have prepared the annual accounts of the Year 2022/2023 of the Company in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements comprise the Balance Sheet as at 31 March 2023 and the Income Statement for the Year 2022/2023 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment and holding company.

DIRECTORS

The following directors appointed in terms of the Articles of Association of the company served office during the period:

- J.C. Uneken- van de Vreede
- D. van Kootwijk
- J.K. Paul

FINANCIAL PERFORMANCE

The shareholder's equity as on 31 March 2023 is showing a total amount of USD 25,894 thousands (31 March 2022: USD 99,207 thousands) and the Income Statement for the Year 2022/2023 is showing a post-tax profit of USD 22,510 thousands (2021/2022: USD 27,624 thousands).

For purposes of VAT and Corporate Income Tax, the Company forms a fiscal unity with Bharti Airtel International (Netherlands) B.V. We will gladly provide further explanations upon request.

On behalf of the management board of the Company

sd-/

J.C. Uneken - van de Vreede
Managing Director
Date – 04 July 2023

Bharti Airtel Malawi Holdings B.V.
Balance Sheet (before appropriation of result)

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

	Notes	As of	
		31 March, 2023	31 March, 2022
ASSETS			
Fixed assets			
Intangible fixed assets	(5)	-	-
Financial fixed assets			
Participations in group companies	(6) (a)	7,061	7,061
Receivables from group companies	(b)	-	81,913
Other Financial Assets	(c)	172	172
Other receivables	(7)	11,056	12,548
Total Financial fixed assets		18,289	101,694
Current assets			
Receivables			
Receivables from group companies	(8)	5,928	682
Cash	(9)	5,008	1
Total current assets		10,936	683
Total assets		29,225	102,377
EQUITY AND LIABILITIES			
Shareholder's equity			
Issued share capital	(10)	20	20
Other reserves		3,364	71,563
Unappropriated results		22,510	27,624
		25,894	99,207
Current liabilities			
Payable to other companies	(11)	1,756	1,595
Other Current Liabilities	(12)	1,575	1,575
Total liabilities		3,331	3,170
Total equity and liabilities		29,225	102,377

Bharti Airtel Malawi Holdings B.V.
Income Statement

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

	Notes	For the year ended	
		31 March, 2023	31 March, 2022
Income			
Dividend income	(14)	25,464	22,750
Interest income	(15)	9	826
Total operating income		25,473	23,576
Expense			
Other expenses	(a)	5	135
Interest expense and similar charges	(b)	1	1
Total operating expenses		6	136
Result from operations		25,467	23,440
Foreign currency exchange differences (gain)/ loss	(17)	(9)	4,728
Exceptional item gain	(18)	-	(13,396)
Result before taxation		25,476	32,108
Taxation	(19)	2,966	4,484
Net result for the year		22,510	27,624

Bharti Airtel Malawi Holdings B.V.

Notes to the Financial Statements

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

1. Corporate information

1.1 Activities

The activities of the Company are that of an investment and holding company. The Company has its registered office at Overschiestraat 65, 1062 XD Amsterdam, The Netherlands.

1.2 Group structure

The Company forms part of the Airtel Africa Group of companies.

Immediate parent company is Bharti Airtel Africa B.V. and the step-up parent Companies are:

- Bharti Airtel International (Netherlands) B.V., The Netherlands
- Airtel Africa plc, United Kingdom
- Bharti Airtel Limited, India

1.3 List of participating interests

The Company has the following capital interests:

Name, statutory registered office	Share in issued capital	
	31 March 2023	31 March 2022
	%	%
Airtel Malawi plc ¹ Lilongwe, Malawi	80.00	80.00
Malawi Towers Limited ² Lilongwe, Malawi	0.00	0.00

¹Pursuant to the requirement of the New Telecommunication Act in Malawi, it was made mandatory for companies holding an electronic communication license to have 20% local shareholding. To give effect to this, the Company transferred by way of a secondary sale, 20% of its shareholding in Airtel Malawi plc ("Airtel Malawi"), a wholly owned subsidiary of the Company, to the public and consequently Airtel Malawi listed on the Malawi Stock Exchange on 24 February 2020.

²The Company sold its entire stake in Malawi Towers Limited to Helios Towers Malawi Holdings Limited, a non-Airtel Africa group company ('Helios Towers') during the financial year 2021-22.

2. General accounting principles for the preparation of the annual accounts

2.1 Basis of preparation

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2, of Dutch Civil Code and the Dutch Accounting Standard applicable to small legal entities, as published by the Dutch Accounting Standard Board ('Raad voor de Jaarverslaggeving'). The annual report and financial statements have been prepared on the historical cost basis and based on the principal accounting policies set out below. They are presented in US Dollar. These financial statements will be submitted for consideration and approval at the forthcoming annual meeting of shareholders of the Company. Further, amounts which are less than half a thousand are appearing as '0'.

2.2 Consolidation

The Company avails itself of the facility of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the Company and its subsidiaries are consolidated into the annual accounts of Airtel Africa plc, United Kingdom. A copy of the consolidated accounts of Airtel Africa plc will be filed together with these financial statements and will thereafter be available at the Trade Register of the Chamber of Commerce in Amsterdam.

Bharti Airtel Malawi Holdings B.V. **Notes to the Financial Statements**

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

2.3 Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments can be both primary financial instruments, such as receivables and payables, and financial derivatives.

The Company does not use derivatives.

2.4 Translation of foreign currency

The financial statements are presented in US dollar, which is also the Company's functional and presentation currency, this based on the currency in which its main transactions are concluded.

Transactions in foreign currencies (other than functional currency of the Company) are initially recorded in the functional currency at the exchange rate 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 Balance Sheet date. Foreign exchange differences on subsequent re-statement/settlement are recognised in the Profit and Loss Account. Share capital, which is denominated in Euro, is translated at the exchange rate prevailing at the Balance Sheet date; foreign exchange differences are taken to the other reserves within shareholder's equity.

2.5 Impairment

At each Balance Sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.6 Financial fixed assets

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Netherlands Civil Code, participating interests in group companies are carried at cost less any impairment.

Receivables are valued at nominal value, unless disclosed differently. The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after balance sheet date which are included in the current assets. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

2.7 Current assets

Receivables are valued at cost. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

2.8 Cash and cash equivalents

Cash includes cash at bank.

2.9 Non-current liabilities

Borrowings are valued at amortised cost. Payables to group companies are included in non-current liabilities, except for maturities less than 12 months after balance sheet date which are included in the current liabilities.

2.10 Current liabilities

Liabilities are valued at nominal value, unless determined differently.

Bharti Airtel Malawi Holdings B.V. **Notes to the Financial Statements**

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

2.11 Other expenses

Other expenses are recognized based on the historical cost convention and are allocated to the reporting year to which they relate.

2.12 Income

Income mainly comprises of interest and dividend for the reporting period. Dividend income from investments in subsidiaries is recognized 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).

2.13 Taxes

The Company forms a fiscal unity for VAT and Corporate Income Tax purposes with Bharti Airtel International (Netherlands) B.V. The Company is jointly and severally liable for the tax payable by the fiscal unity.

3. Estimates

In applying the principles and policies for drawing up the financial statements, the directors of the company make estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under article 362, sub 1, book 2 of the Dutch Civil Code that the nature of these estimates and judgments, including related assumptions, is disclosed in the Notes to the relevant financial statement item.

4. Staff members

During the Year 2022/2023 the Company had no employees, and hence incurred no salaries or related social security charges (2021/2022: NIL).

5. Intangible assets

	For the year ended	
	31 March 2023	31 March 2022
Book value as of 1 April		
Purchase price	3,080	3,080
Accumulated amortisation	(3,080)	(3,080)
	<u>-</u>	<u>-</u>
Movements		
Adjustment - Purchase price	-	-
Adjustment - Accumulated amortisation	-	-
	<u>-</u>	<u>-</u>
Book value as of 31 March		
Purchase price	3,080	3,080
Accumulated amortisation	(3,080)	(3,080)
	<u>-</u>	<u>-</u>

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

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

6. Financial fixed assets

	As of	
	31 March 2023	31 March 2022
(a) Participations in group companies	7,061	7,061
(b) Receivables from group companies	-	81,913
	7,061	88,974

(a) Participations in group companies

	As of	
	31 March 2023	31 March 2022
Airtel Malawi plc	7,061	7,061
	7,061	7,061

(b) Receivables from group companies

	As of	
	31 March 2023	31 March 2022
Other receivable from Bharti Airtel Africa B.V.	-	81,913
	-	81,913

(c) Other Financial Assets

	As of	
	31 March 2023	31 March 2022
Financial assets	172	172
	172	172

7. Other receivables

	As of	
	31 March 2023	31 March 2022
Withholding tax	523	523
Claim Receivable	10,533	12,025
	11,056	12,548

Current assets

8. Receivables

(a) Receivables from group company

	As of	
	31 March 2023	31 March 2022
Amounts owed by Airtel Malawi plc	799	682
Dividend receivable from Airtel Malawi plc	5,129	0
	5,928	682

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

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

9. Cash and cash equivalents

	As of	
	31 March 2023	31 March 2022
Cash at bank	5,008	1
	5,008	1

10. Shareholder's Equity

	As of	
	31 March 2023	31 March 2022
Issued and paid-up share capital		
18,152 Ordinary shares of Euro 1.00	20	20
	20	20

The authorized share capital amounts to Euro 90,760 (31 March 2022: Euro 90,760). The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.090 as at 31 March 2023 (31 March 2022: Euro 1.116). Translation differences are recorded in Other Reserves.

	For the year ended	
	31 March 2023	31 March 2022
Other reserves		
Balance as of 1 April	71,564	58,477
Allocation of previous financial year net result	27,624	13,087
	99,188	71,564
Foreign currency changes on share capital	(0)	(1)
Dividend paid during the year	(95,824)	-
Balance as of 31 March	3,364	71,563

	For the year ended	
	31 March 2023	31 March 2022
Unappropriated results		
Balance as of 1 April	27,624	13,087
Unappropriated results	22,510	27,624
	50,134	40,711
Appropriation of result previous year	(27,624)	(13,087)
Balance as of 31 March	22,510	27,624

11. Payable to other companies

	For the year ended	
	31 March 2023	31 March 2022
Amounts owed to Bharti Airtel Africa B.V.	490	-
Amounts owed to Malawi Towers Limited	1,266	1,595
	1,756	1,595

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

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

12. Other Current Liabilities

	For the year ended	
	31 March 2023	31 March 2022
Provision for Expense	1,364	1,364
Provision for Tax	211	211
	<u>1,575</u>	<u>1,575</u>

13. Assets and Commitments not shown in the Balance sheet

Contingent liabilities

Tax-group liability

The Company forms a fiscal unity for VAT and Corporate Income Tax purposes with Bharti Airtel International (Netherlands) B.V. The Company is jointly and severally liable for the tax payable by the fiscal unity.

14. Dividend income

	For the year ended	
	31 March 2023	31 March 2022
Dividend income from Airtel Malawi plc	25,464	22,750
	<u>25,464</u>	<u>22,750</u>

15. Interest income

	For the year ended	
	31 March 2023	31 March 2022
Interest income on loan to Airtel Malawi plc	-	826
Others	9	-
	<u>9</u>	<u>826</u>

16. Expense

(a) Other expenses

	For the year ended	
	31 March 2023	31 March 2022
Professional and Legal fees	5	135
	<u>5</u>	<u>135</u>

(b) Interest expense and similar charges

	For the year ended	
	31 March 2023	31 March 2022
Bank charges	1	1
	<u>1</u>	<u>1</u>

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

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

17. Foreign currency exchange differences (gain)/ loss

	For the year ended	
	31 March 2023	31 March 2022
Realised foreign currency exchange differences (gain)/ loss	(9)	4,728
	<u>(9)</u>	<u>4,728</u>

18. Exceptional gain

	For the year ended	
	31 March 2023	31 March 2022
Exceptional item gain	-	13,396
	<u>-</u>	<u>13,396</u>

19. Taxation

	For the year ended	
	31 March 2023	31 March 2022
Capital gain on sale of investment	420	71
Tax on Exceptional Gain	-	2,014
Withholding tax on dividend income	2,546	2,275
Withholding tax on interest income	-	124
	<u>2,966</u>	<u>4,484</u>

On behalf of the management board of the Company

sd-/
J.C. Uneken - van de Vreede
Managing Director

sd-/
D. van Kootwijk
Managing Director

sd-/
J.K. Paul
Managing Director

Date: 04 July 2023

Bharti Airtel Malawi Holdings B.V.

Other Information

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

1. Notification regarding the absence of an audit report

The Company is exempt from audit as it is within the limits set in article 2:396 paragraph 1 of the Dutch Civil Code. Therefore, these annual accounts do not include an audit report.

2. Statutory appropriation of profit

According to the Company's Articles of Association, article 22, the General Meeting of shareholders determines the appropriation of the Company's net result for the year.

3. Appropriation of the result for the Year 2021/2022

The annual accounts for the year 2021/2022 were adopted by the General Meeting held on July 21, 2022. The General Meeting has determined the appropriation of the result as it was proposed.

4. Proposed appropriation of the result for the Year 2022/2023

The management board proposes to transfer the profit for the Year 2022/2023 to the Other Reserves for an amount of USD 22,510 thousands. The financial statements do not yet reflect this proposal.

5. Post Balance Sheet events

Between April 2023 and May 2023, the Company declared interim dividend amounting to USD 16 Mn to its shareholders.