

**BHARTI AIRTEL MALAWI HOLDINGS B.V.**

Annual Report and Financial Statements for the year ended 31 March 2021

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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 2020 and ending on 31 March 2021 of the Company (hereinafter referred to as the "**Year 2020/2021**").

We have prepared the annual accounts of the Year 2020/2021 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 2021 and the Income Statement for the Year 2020/2021 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 2021 is showing a total amount of USD 71,582 thousands and the Income Statement for the Year 2020/2021 is showing a post-tax profit of USD 13,087 thousands (2019/2020: USD 30,811).

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: 30 June 2021

**Bharti Airtel Malawi Holdings B.V.****Balance Sheet***(All amounts are in US dollar thousands, unless stated otherwise)*

	Notes	As of	
		31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	(4)	-	-
<b>Financial fixed assets</b>			
Participations in group companies	(5) (a)	7,098	7,098
Receivable from group companies	(b)	59,664	34,314
Other receivables	(6)	523	523
<b>Total non-current assets</b>		<b>67,285</b>	<b>41,935</b>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group companies	(7)	4,296	3,869
Cash and cash equivalents	(8)	1	12,729
<b>Total current assets</b>		<b>4,297</b>	<b>16,598</b>
<b>Total assets</b>		<b>71,582</b>	<b>58,533</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity</b>			
Issued and paid-up share capital	(9)	21	20
Other reserves		58,474	27,665
Unappropriated results		13,087	30,811
		<b>71,582</b>	<b>58,496</b>
<b>Non-current liabilities</b>			
Payable to group company	(10)	-	37
<b>Total equity and liabilities</b>		<b>71,582</b>	<b>58,533</b>

**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 2021	31 March 2020
<b>Income</b>	(12)		
Gain on sale of investment	(a)	-	36,255
Interest and dividend income	(b)	15,986	1,390
Other	(c)	1,114	-
		<u>17,100</u>	<u>37,645</u>
<b>Expense</b>			
Interest expense and similar charges	(13)	11	212
Other expense		14	-
<b>Result from operations</b>		<u>17,075</u>	<u>37,433</u>
Foreign currency exchange differences loss	(14)	2,333	897
<b>Profit before taxation</b>		<u>14,742</u>	<u>36,536</u>
Taxation on result	(15)	1,655	5,725
<b>Profit after taxation</b>		<u><b>13,087</b></u>	<u><b>30,811</b></u>

# **Bharti Airtel Malawi Holdings B.V.**

## **Notes to the Financial Statements**

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

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### **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. with 100% shareholding in the Company. The step up parent companies are:

- Airtel Africa plc, United Kingdom
- Bharti Airtel Limited, India

#### **1.3 List of participating interests**

The Company has the following capital interests which have not been valued at net capital value:

Name, statutory registered office	Share in issued capital	
	31 March 2021	31 March 2020
	%	%
Airtel Malawi plc <sup>1</sup> Lilongwe, Malawi	80.00	80.00
Malawi Towers Limited Lilongwe, Malawi	99.99	99.99

<sup>1</sup>Pursuant 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 has 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.

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

#### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with the general provisions of Title 9, Book 2 of the Dutch Civil Code. As stipulated in article 2:396 paragraph 6 of the Dutch Civil Code, the valuation of the assets and liabilities and the determination of the result will be based on the principles for determination of the taxable profit, as meant in chapter II of the Corporate Income Tax Act 1969. 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 Dollars. 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**

In accordance with article 2:407 part 2A of the Dutch Civil Code no consolidated financial statements have been prepared. The Company also avails itself of the facility of article 2:408 of the Dutch Civil Code. The annual accounts of the Company and its subsidiary are consolidated into the annual accounts of Airtel Africa plc, United Kingdom. A copy of the consolidated accounts of Airtel Africa plc is filed together with these financial statements and is 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)*

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**2.3 Reclassification/regrouping**

Previous year's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

**2.4 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.

**2.5 Translation of foreign currency**

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

Transactions in foreign currencies (other than the functional currency of the Company) are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction.

Subsequent to initial recognition, 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 under finance income and expenses. 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 under Shareholder's equity.

**2.6 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.

**2.7 Financial fixed assets**

Due to the international structure of the group and the use of the consolidation exemption of article 2:408 of the Dutch Civil Code, participating interests in group companies and affiliated 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. They are included in the current assets.

**2.8 Current assets**

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

**2.9 Cash and cash equivalents**

Cash includes cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown under Borrowings in Current liabilities on the Balance Sheet. Cash is stated at face value.

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

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

**2.10 Non-current liabilities**

Borrowings are valued at nominal value. Payables to group companies are included in Non-current liabilities, except for maturities less than 12 months after balance sheet date. They are included in the Current liabilities.

**2.11 Current liabilities**

Liabilities are valued at nominal value, unless determined differently.

**2.12 Other costs**

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

**2.13 Income**

Income comprises of interest and dividend income for the current reporting period. Dividend income from investments in subsidiary 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).

**2.14 Expenses**

Expenses comprises of interest expense on loans for the current reporting period.

**2.15 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. Staff members**

During the Year 2020/2021 the Company had no employees, and hence incurred no salaries or related social security charges (2019/2020: NIL).

**4. Intangible assets**

	<b>For the year ended</b>	
	<b>31 March 2021</b>	<b>31 March 2020</b>
Book value as of 1 April		
Purchase price	-	-
Accumulated amortisation	-	-
	<hr/>	<hr/>
Movements		
Adjustment - Purchase price <sup>1</sup>	3,080	
Adjustment - Accumulated amortisation <sup>1</sup>	(3,080)	-
	<hr/>	<hr/>
	(3,080)	-
	<hr/>	<hr/>
Book value as of 31 March		
Purchase price	3,080	-
Accumulated amortisation	(3,080)	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>



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

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

**5. Financial fixed assets**

	As of	
	31 March 2021	31 March 2020
(a) Participations in group companies	7,098	7,098
(b) Receivables from group companies	59,664	34,314
	66,762	41,412

	As of	
	31 March 2021	31 March 2020
<b>(a) Participations in group companies</b>		
Airtel Malawi plc	7,061	7,061
Malawi Towers Limited	37	37
	7,098	7,098

	As of	
	31 March 2021	31 March 2020
<b>(b) Receivables from group companies</b>		
Loan receivable from Airtel Malawi plc <sup>1</sup>	52	1,295
Loan receivable from Malawi Towers Limited <sup>2</sup>	18,193	17,290
Other receivable from Bharti Airtel Africa B.V.	41,419	15,729
	59,664	34,314

<sup>1</sup> The calculated interest rate as at year end is based on 3 months libor+ 450 bps. Any outstanding principal loan amounts and accrued interest thereon will be paid in full by 31 December 2021, unless agreed otherwise between borrower and lender in writing.

<sup>2</sup>The calculated interest rate as at year end is based on 3 months libor+ 450 bps. Any outstanding principal loan amounts and accrued interest thereon will be paid in full by 31 December 2035, unless agreed otherwise between borrower and lender in writing.

**6. Other receivables**

	As of	
	31 March 2021	31 March 2020
Withholding tax	523	523
	523	523

**Current assets**

**7. Receivables**

	As of	
	31 March 2021	31 March 2020
<b>(a) Receivables from group company</b>		
Amounts owed by Airtel Malawi plc	3,182	3,869
Amounts owed by Malawi Towers Limited	1,114	-
	4,296	3,869

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

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

**8. Cash and cash equivalents**

	As of	
	31 March 2021	31 March 2020
Cash at bank	1	12,729
	1	12,729

Cash balances are free for disposal by the Company.

**9. Shareholder's Equity**

	As of	
	31 March 2021	31 March 2020
<b>Issued and paid-up share capital</b>		
18,152 Ordinary shares of Euro 1.00	21	20
	21	20

The authorized share capital amounts to Euro 90,760. The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.173 as at 31 March 2021 (31 March 2020: Euro 1.104).

Translation differences are recorded in Other Reserves.

	For the year ended	
	31 March 2021	31 March 2020
<b>Other reserves</b>		
Balance as of 1 April	27,666	7,702
Allocation of previous financial year net result	30,811	19,964
	58,477	27,666
Foreign currency changes on share capital	(3)	(1)
Balance as of 31 March	58,474	27,665

**Unappropriated results**

	For the year ended	
	31 March 2021	31 March 2020
Balance as of 1 April	30,811	19,964
Unappropriated results	13,087	30,811
	43,898	50,775
Appropriation of result previous year	(30,811)	(19,964)
Balance as of 31 March	13,087	30,811

**10. Payable to group company**

	As of	
	31 March 2021	31 March 2020
Amounts owed to Malawi Towers Limited	-	37
	-	37

**11. 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.

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

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

**12. Income**

**(a) Gain on sale of investment**

	For the year ended	
	31 March 2021	31 March 2020
Sale of investment in Airtel Malawi plc <sup>1</sup>	-	36,255
	-	36,255

<sup>1</sup>Pursuant 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 has 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 and recorded a gain of US dollars 36,255 thousands.

**(b) Interest and dividend income**

	For the year ended	
	31 March 2021	31 March 2020
Interest income on loan to Airtel Malawi plc	1,121	1,390
Dividend income from Airtel Malawi plc	14,865	-
	15,986	1,390

**(c) Other**

	For the year ended	
	31 March 2021	31 March 2020
Other income <sup>1</sup>	1,114	-
	1,114	-

<sup>1</sup>Other income represents receivables novated from Africa Towers N.V.

**13. Expense**

**Interest expense and similar charges**

	For the year ended	
	31 March 2021	31 March 2020
Interest expenses on loan from Bharti Airtel Africa B.V.	-	211
Bank charges	11	1
	11	212

**14. Foreign currency exchange differences loss**

	For the year ended	
	31 March 2021	31 March 2020
Realised foreign currency exchange differences loss	2,333	897
	2,333	897

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

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

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**15. Taxation on result**

	<b>For the year ended</b>	
	<b>31 March 2021</b>	<b>31 March 2020</b>
Capital gain on sale of investment	-	5,633
Withholding tax on dividend income	1,487	-
Withholding tax on interest income	168	92
	<u>1,655</u>	<u>5,725</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:** 30 June 2021

## **Bharti Airtel Malawi Holdings B.V.**

### **Other Information**

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

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#### **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 2019/2020**

The annual accounts for the year 2019/2020 were adopted by the General Meeting held on July 14, 2020. The General Meeting has determined the appropriation of the result as it was proposed.

#### **4. Proposed appropriation of the result for the Year 2020/2021**

The management board proposes to transfer the profit for the Year 2020/2021 to the Other Reserves for an amount of USD 13,087 thousands. The financial statements do not yet reflect this proposal.

#### **5. Post Balance Sheet events**

There is no post Balance Sheet event to report.