

BHARTI AIRTEL MALAWI HOLDINGS B.V.

Annual Report and Financial Statements for the year ended 31 March 2022

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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 2021 and ending on 31 March 2022 of the Company (hereinafter referred to as the "**Year 2021/2022**").

We have prepared the annual accounts of the Year 2021/2022 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 2022 and the Income Statement for the Year 2021/2022 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 2022 is showing a total amount of USD 99,207 thousands (31 March 2021: USD 71,582 thousands) and the Income Statement for the Year 2021/2022 is showing a post-tax profit of USD 27,624 thousands (2020/2021: USD 13,087 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 – 21 July 2022

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, 2022 | 31 March, 2021 |
| ASSETS | | | |
| Fixed assets | | | |
| Intangible fixed assets | (5) | - | - |
| Financial fixed assets | | | |
| Participations in group companies | (6) (a) | 7,061 | 7,098 |
| Receivables from group companies | (b) | 81,913 | 59,664 |
| Other Financial Assets | (c) | 172 | - |
| Other receivables | (7) | 12,548 | 523 |
| Total Financial fixed assets | | 101,694 | 67,285 |
| Current assets | | | |
| Receivables | | | |
| Receivables from group companies | (8) | 682 | 4,296 |
| Cash | (9) | 1 | 1 |
| Total current assets | | 683 | 4,297 |
| Total assets | | 102,377 | 71,582 |
| EQUITY AND LIABILITIES | | | |
| Shareholder's equity | | | |
| Issued share capital | (10) | 20 | 21 |
| Other reserves | | 71,563 | 58,474 |
| Unappropriated results | | 27,624 | 13,087 |
| | | 99,207 | 71,582 |
| Current liabilities | | | |
| Payable to other companies | (11) | 1,595 | - |
| Other Current Liabilities | (12) | 1,575 | 0 |
| Total liabilities | | 3,170 | 0 |
| Total equity and liabilities | | 102,377 | 71,582 |

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, 2022 | 31 March, 2021 |
| Income | | | |
| Dividend income | (14) | 22,750 | 14,865 |
| Interest income | (15) | 826 | 1,121 |
| Other income | (16) | - | 1,114 |
| Total operating income | | 23,576 | 17,100 |
| Expense | (17) | | |
| Other expenses | (a) | 135 | 14 |
| Interest expense and similar charges | (b) | 1 | 11 |
| Total operating expenses | | 136 | 25 |
| Result from operations | | 23,440 | 17,075 |
| Foreign currency exchange differences loss | (18) | 4,728 | 2,333 |
| Exceptional item Gain | (19) | (13,396) | - |
| Result before taxation | | 32,108 | 14,742 |
| Taxation | (20) | 4,484 | 1,655 |
| Net result for the year | | 27,624 | 13,087 |

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 2022 | 31 March 2021 |
| | % | % |
| Airtel Malawi plc ¹ Lilongwe, Malawi | 80.00 | 80.00 |
| Malawi Towers Limited ² Lilongwe, Malawi | 0.00 | 99.99 |

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 has 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 would mainly comprise of interest and dividend for the reporting periods. 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 different 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 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 2021/2022 the Company had no employees, and hence incurred no salaries or related social security charges (2020/2021: NIL).

5. Intangible assets

| | For the year ended | |
|---------------------------------------|---------------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| Book value as of 1 April | | |
| Purchase price | 3,080 | - |
| Accumulated amortisation | (3,080) | - |
| | <u>-</u> | <u>-</u> |
| Movements | | |
| Adjustment - Purchase price | - | 3,080 |
| Adjustment - Accumulated amortisation | - | (3,080) |
| | <u>-</u> | <u>(3,080)</u> |
| Book value as of 31 March | | |
| Purchase price | - | 3,080 |
| Accumulated amortisation | - | (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 2022 | 31 March 2021 |
| (a) Participations in group companies | 7,061 | 7,098 |
| (b) Receivables from group companies | 81,913 | 59,664 |
| | <u>88,974</u> | <u>66,762</u> |

| | As of | |
|--|----------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| (a) Participations in group companies | | |
| Airtel Malawi plc | 7,061 | 7,061 |
| Malawi Towers Limited ¹ | - | 37 |
| | <u>7,061</u> | <u>7,098</u> |

¹In November 2021, USD 9 Mn loan given to subsidiary Malawi Towers Ltd was converted into equity, thereby increasing the total equity of the subsidiary to USD 9.04 Mn. Subsequent to this, in March 2022 the Company sold its entire holding in Malawi Towers Ltd to Helios Towers for a consideration of USD 23.8 Mn against which an exceptional gain of USD 13.39 Mn was recorded (USD 14.76 Mn less USD 1.37 Mn on account of provision for site audit and strength correction costs).

| | As of | |
|---|----------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| (b) Receivables from group companies | | |
| Loan receivable from Airtel Malawi plc ¹ | 0 | 52 |
| Loan receivable from Malawi Towers Limited ² | - | 18,193 |
| Other receivable from Bharti Airtel Africa B.V. | 81,913 | 41,419 |
| | <u>81,913</u> | <u>59,664</u> |

¹ The calculated interest rate for the loan was based on 3 months libor+ 450 bps. The loan has been repaid in full by Airtel Malawi plc during 2021-22

²In November 2021, USD 9 Mn loan given to subsidiary Malawi Towers Ltd was converted into equity (refer note 6) and the balance amount has been repaid in full by Malawi Towers Limited.

| | As of | |
|-----------------------------------|----------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| (c) Other Financial Assets | | |
| Financial assets | 172 | - |
| | <u>172</u> | <u>-</u> |

7. Other receivables

| | As of | |
|---------------------------------|----------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| Withholding tax | 523 | 523 |
| Claim Receivable (refer note 6) | 12,025 | - |
| | <u>12,548</u> | <u>523</u> |

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

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

Current assets

8. Receivables

| | As of | |
|---|---------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| (a) Receivables from group company | | |
| Amounts owed by Airtel Malawi plc | 682 | 3,182 |
| Amounts owed by Malawi Towers Limited | 0 | 1,114 |
| | 682 | 4,296 |

9. Cash and cash equivalents

| | As of | |
|--------------|---------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Cash at bank | 1 | 1 |
| | 1 | 1 |

10. Shareholder's Equity

| | As of | |
|---|---------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Issued and paid-up share capital | | |
| 18,152 Ordinary shares of Euro 1.00 | 20 | 21 |
| | 20 | 21 |

The authorized share capital amounts to Euro 90,760 (31 March 2021: Euro 90,760). The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.116 as at 31 March 2022 (31 March 2021: Euro 1.173). Translation differences are recorded in Other Reserves.

| | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Other reserves | | |
| Balance as of 1 April | 58,477 | 27,666 |
| Allocation of previous financial year net result | 13,087 | 30,811 |
| | 71,564 | 58,477 |
| Foreign currency changes on share capital | (1) | (3) |
| Balance as of 31 March | 71,563 | 58,474 |

| | For the year ended | |
|---------------------------------------|--------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Unappropriated results | | |
| Balance as of 1 April | 13,087 | 30,811 |
| Unappropriated results | 27,624 | 13,087 |
| | 40,711 | 43,898 |
| Appropriation of result previous year | (13,087) | (30,811) |
| Balance as of 31 March | 27,624 | 13,087 |

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

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

11. Payable to other companies

| | As of | |
|---------------------------------------|---------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Amounts owed to Malawi Towers Limited | 1,595 | - |
| | 1,595 | - |

12. Other Current Liabilities

| | As of | |
|-----------------------|---------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Provision for Expense | 1,364 | - |
| Provision for Tax | 211 | 0 |
| | 1,575 | 0 |

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 2022 | 31 March 2021 |
| Dividend income from Airtel Malawi plc | 22,750 | 14,865 |
| | 22,750 | 14,865 |

15. Interest income

| | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Interest income on loan to Airtel Malawi plc | 826 | 1,121 |
| | 826 | 1,121 |

16. Other income

| | For the year ended | |
|-----------------------------------|--------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Miscellaneous income ¹ | - | 1,114 |
| | - | 1,114 |

¹Represents receivables novated from Africa Towers N.V.

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

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

17. Expense

(a) Other expenses

| | For the year ended | |
|-----------------------------|---------------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| Professional and Legal fees | 135 | 14 |
| | 135 | 14 |

(b) Interest expense and similar charges

| | For the year ended | |
|--------------|---------------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| Bank charges | 1 | 11 |
| | 1 | 11 |

18. Foreign currency exchange differences loss

| | For the year ended | |
|---|---------------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| Realised foreign currency exchange differences loss | 4,728 | 2,333 |
| | 4,728 | 2,333 |

19. Exceptional gain

| | For the year ended | |
|------------------------------------|---------------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| Exceptional item gain ¹ | 13,396 | - |
| | 13,396 | - |

¹ Refer Note 6(a)

20. Taxation

| | For the year ended | |
|------------------------------------|---------------------------|----------------------|
| | 31 March 2022 | 31 March 2021 |
| Capital gain on sale of investment | 71 | - |
| Tax on Exceptional Gain | 2,014 | - |
| Withholding tax on dividend income | 2,275 | 1,487 |
| Withholding tax on interest income | 124 | 168 |
| | 4,484 | 1,655 |

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: 21 July 2022

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 2020/2021

The annual accounts for the year 2020/2021 were adopted by the General Meeting held on June 30, 2021. The General Meeting has determined the appropriation of the result as it was proposed.

4. Proposed appropriation of the result for the Year 2021/2022

The management board proposes to transfer the profit for the Year 2021/2022 to the Other Reserves for an amount of USD 27,624 thousands. The financial statements do not yet reflect this proposal.

5. Post Balance Sheet events

During Q1 2022-23, the Company recognised dividend income amounting to USD 25,463.96 thousands from Airtel Malawi plc.