Airtel Africa plc

Annual Report and Accounts 2021

Transforming lives

Transforming lives by bridging the digital divide

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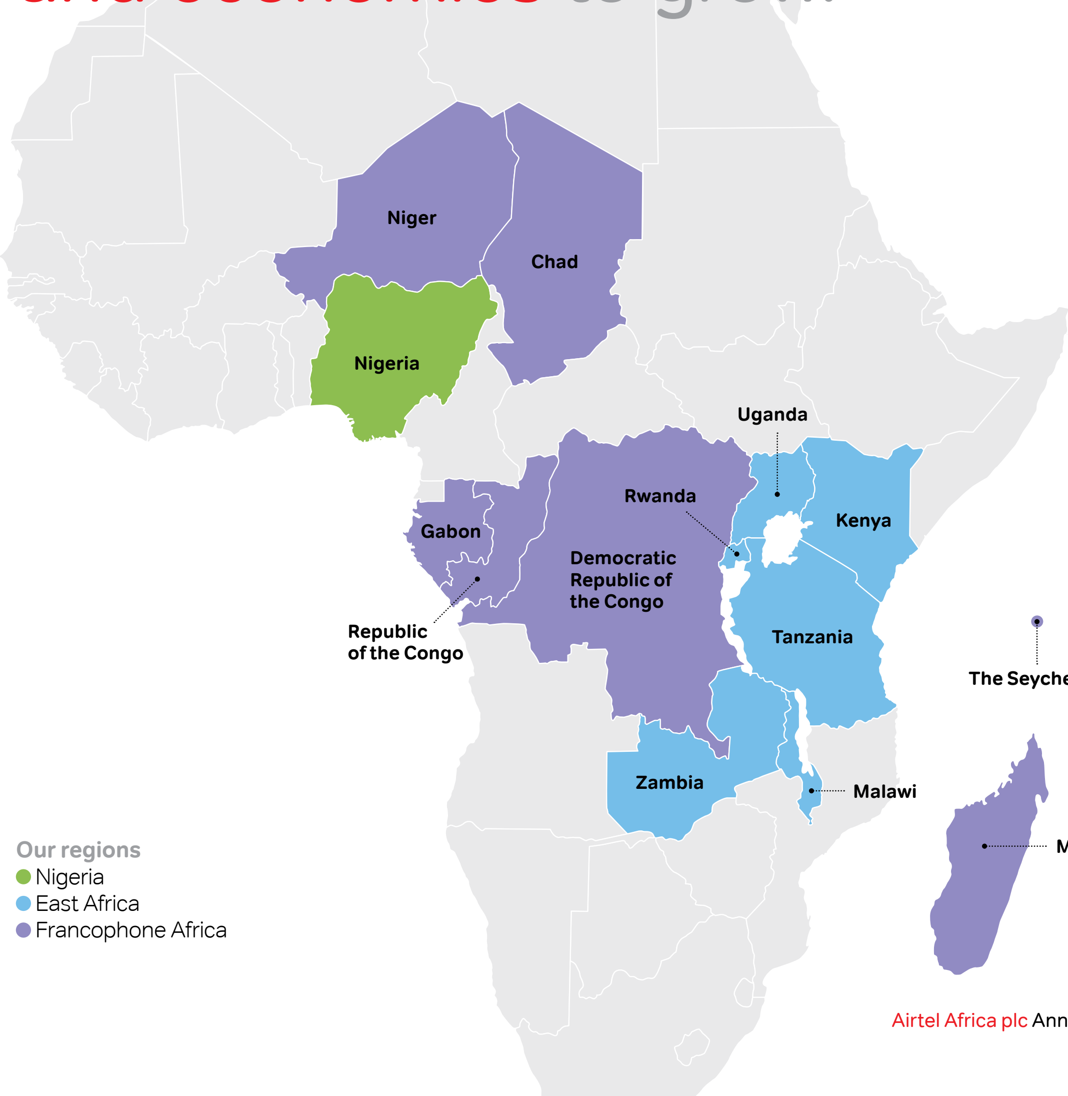
Our business is transforming lives across Africa by bringing telecoms and mobile money services to almost 118.2 million customers in 14 sub-Saharan countries.

We're connecting the unconnected, reaching the financially excluded and bridging the digital divide.

And our essential services are unlocking the potential for people and economies to grow.



Providing essential services, supporting livelihoods

Telecoms and mobile money services are vital in Africa, where too many people and communities are held back by large distances and underdeveloped infrastructure.

As the Covid-19 emergency has shown, a resilient telecoms network is crucial to people's lives and livelihoods.

40.6m
data customers

1.8m+
people financially empowered through direct employment, business partnerships and our distribution network

300
schools in 30 counties in Kenya have been connected

133m
school age children in sub-Saharan Africa had access to remote learning

Serving customers and creating opportunities

By serving our customers, we connect them to each other, and to future opportunities. By expanding our network in both rural and semi-urban areas, we're reaching more customers than ever. And by taking the lead in the rollout of 4G networks in all our markets, we're helping to drive digitalisation.

But while we're among the leaders in all our markets, we know there's more for us to do. Mobile and digital penetration in Africa is still low. Populations are young, and growing fast. Millions of people are still unbanked or financially excluded. Millions have yet to join the digital economy.

Voice

We offer pre- and post-paid wireless voice services, international roaming and fixed-line telephone services

Data

We offer a suite of data communications services, including 2G, 3G and 4G. We provide 4G services in all 14 of our markets

Airtel Money

We offer mobile money services, including payment services, microloans, savings and international money transfers

Building sustainable value, for all our stakeholders

We're continuing to strengthen our networks and expand our distribution channels so we can reach more customers, with more services. Growing our business sustainably means growing our impact: meeting the critical needs of customers, economies, and all our stakeholders.

25,368
2020: 22,909
infrastructure sites

>1.8m
2020: >1.6m
retail touchpoints (agents and distributors) in our network

76.5%
2020: 64.7%
sites providing 4G coverage

54,500+
2020: 43,000+
kilometers of connecting fibre

Empowering customers and communities in difficult times

"It is clear that just as data and telecoms services have been essential to people and economies during the pandemic, they will also play a vital role in the recovery across sub-Saharan Africa. By consistently focusing on serving our customers, we transform lives and communities while delivering sustainable, profitable growth.

Sunil Bharti Mittal
Chair"

Many of our customers and their communities faced difficult and tragic times over the last year.

The Covid-19 pandemic has had a deep impact on people's lives and livelihoods across Africa, as it has everywhere in the world. This crisis is not over, though there are promising signs in terms of treatment and vaccination, and the World Bank and other experts predict a return to GDP growth in Africa in 2021. It is clear that just as data and telecoms services have been essential to people and economies during the pandemic, they will play a vital role in the recovery across sub-Saharan Africa.

I know that everyone at Airtel Africa is rightly proud of the work we have done to maintain our services over the last year, and to keep serving our customers throughout the crisis. For millions of people across the continent, our services have been a vital link – to family and loved ones, to their businesses and livelihoods, and to the wider economy.

It has been a year in which Airtel Africa employees have been true to our core value, 'Respectful': 'We live the same lives as our customers, sharing the same joys and the same pains'. And as we support the recovery and open up opportunities through financial inclusion and digital empowerment, we will continue to serve our purpose of transforming lives.

A resilient business, focused on colleagues and customers

Throughout the year, the Board has been confident that the business has had the right measures in place to protect our colleagues, who have adapted to new ways of working so that we could continue to provide vital services and create value for all our stakeholders. We have also supported the extensive work carried out to help our customers, and the programmes put in place to address urgent needs in our markets, many of which are described on page 16. By supporting vital services in education and healthcare, and by working closely with governments to keep networks operational and make mobile money services more available, we have shown that not only are our own operations resilient, but we contribute to the resilience of those around us.

Serving customers to deliver growth and strengthen our balance sheet

The year has also shown the resilience of our strategy. We have always aimed to create a model for providing affordable telecoms services that is sustainable as well as profitable. That means taking account of the challenges presented by geography and infrastructure, mitigating our risks, including foreign exchange risks, and growing revenue faster than the markets in our footprint through a continuous focus on serving customers' needs. Our revenue growth of 14.2% in reported currency in 2020/21 demonstrates this strategy in action.

At the same time, we have a longstanding focus on strengthening our balance sheet. Our leverage (net debt to underlying EBITDA) improved to 2.0x (2.1x as of 31 March 2020). Our aim is to continue to reduce our leverage ratio, and keep it below 2.0x.

During the year, the Board approved a new progressive dividend policy, which aims to grow the dividend annually by a mid- to high- single-digit percentage from a base of 4 cents per share for financial year 2020/21, until reported leverage falls below 2.0x. We paid an interim dividend of 1.5 cents per ordinary share in December 2020. The Board has recommended a final dividend of 2.5 cents per share.

In March 2021, we took an important step by welcoming both The Rise Fund and Mastercard as investors in our mobile money business. The Rise Fund will invest $200m and Mastercard will invest $100m in Airtel Mobile Commerce BV (AMC BV), a wholly-owned subsidiary of Airtel Africa plc. This is part of our pursuit of asset monetisation opportunities, and we aim to explore the potential listing of the mobile money business within four years. At the same time, we welcome The Rise Fund and Mastercard as partners in our ambition of banking the unbanked across Africa. This investment is described on page 47.

Meeting the Board's priorities

Strong governance remains a core focus of the Board. We were pleased to welcome Kelly Bayer Rosmarin as a non-executive director when Arthur Lang stepped down in October 2020 – both are nominees of Singtel.

We announced on 29 April 2021 that Olusegun (Segun) Ogunsanya, managing director and chief executive officer of Airtel Nigeria, is to succeed Raghunath (Raghu) Mandava as managing director and chief executive officer of Airtel Africa plc following Raghu's informing of the Board of his intention to retire. Segun will join the Board of Airtel Africa plc with effect from 1 October 2021.

On behalf of the Board I would like to thank Raghu for being instrumental in successfully leading and transforming Airtel Africa into a powerhouse telecoms and mobile money company. Throughout that time, Raghu has worked tirelessly, first to repair and then to strengthen Airtel Africa's business, and to champion our stakeholders. As we look forward to Segun assuming his new role in October 2021, we do so from a position of great strength as a result of Raghu's highly effective stewardship. Raghu will retire from the Board with our very best wishes and sincere appreciation for everything he has achieved.

We also announced on the same day that Jaideep Paul, chief financial officer, has been appointed as an Executive director and will join the Board of Airtel Africa plc with effect from 1 June 2021.

The company is committed to ensuring that the Board membership continues to reflect the diversity, breadth of skills and experience required to drive and support the business strategy going forward.

I am pleased with our continuing efforts to build on our effective governance structure, described in more detail on pages 90-99.

Making sure our success is sustainable, for us and others

Our business has always understood that the markets we operate in have powerful and promising underlying macroeconomic and demographic trends, and that meeting the demand in underserved markets goes hand in hand with addressing the challenges faced by the millions of people who still lack access to effective communications infrastructure, data services, and to financial services. As well as investing in our networks and distribution channels to bring us closer to customers, and enabling financial inclusion through our mobile money services, the business has consistently delivered targeted programmes in areas such as education, health and disaster relief that address local needs and benefit the societies we serve.

We are now going further than ever, with the development of a comprehensive sustainability strategy that will extend our reach and impact, and make sure that our work is aligned with the aims of the UN Sustainable Development Goals. We continue to engage with all our stakeholders, and we aim to announce our strategy in full later this year. The Board fully supports this work, which is described on pages 53-55; and I know it will also have the support of Airtel Africa colleagues, who already do so much to create opportunity and serve their communities, and who have shown by their actions this year that they are committed to transforming lives across Africa. I thank them for their extraordinary efforts and dedication.

Sunil Bharti Mittal
Chair

11 May 2021

> Progress across all our strategic pillars this year has meant that despite the challenging times, we have been able to deliver the 'win-win' scenario: where our provision of essential services to customers and communities has fed our profitable growth, which in turn sustains our ability to keep advancing digitalisation and expanding financial inclusion in underserved markets.
>
> **Raghunath Mandava**
> Chief executive officer

Providing essential services, and delivering on our purpose of transforming lives

In this year in which people everywhere have had to find ways to adapt to new circumstances, I'm grateful to everyone at Airtel Africa and to all our stakeholders for helping us ensure that we could continue to provide essential services in all our markets and serve more customers than ever before.

We have all lived and worked under the shadow of the Covid-19 pandemic for more than a year now.

While I am hopeful that there are signs of recovery, the pandemic has had a deep and unprecedented impact on people's lives and livelihoods, on their health, and on whole economies. I am very proud of the work we have done to look after our employees, to help our communities, and to maintain our services at a time when they have never been more critical. I am especially proud of how fast, and how well, our employees adapted, whether working from home or out in the field, to stay safe while staying close to our customers. They knew that at times of lockdown or travel restriction, data and voice services were many people's only means of contact with their families, and their only way to do business. Mobile money services became more important than ever, both as a safe way to do business without cash and contact, and as a lifeline to people separated from loved ones.

Throughout the crisis, we kept our networks and services running, and invested in strengthening them further for the future – putting into action our purpose of transforming lives. At the same time we helped with national and local efforts during the pandemic – for example by enabling free access to educational websites for students learning from home, or providing free airtime for health promotion and Covid-19 messages through our partnership with USAID-funded Breakthrough ACTION Nigeria and the Nigeria Centre for Disease Control (NCDC). Our strong business performance underlines once again that serving and empowering customers and their communities is the only way to success – and our new sustainability ambition, described on pages 50-53, is designed to ensure that we continue to grow responsibly and in ways that create even more social and economic value for our stakeholders.

We talk more about our work during Covid-19 on pages 16-17, describing its impact on our business, and the measures and mitigations we put in place to protect our colleagues, support our communities and keep our customers connected.

Strategic overview

While we have adapted what we do over the last year to make sure we keep serving customers, our underlying business strategy has not changed. If anything, Covid-19 has accelerated the trends that underpin our strategy: a continuous and expanding demand for mobile money and mobile services from growing populations who are underserved by infrastructure, especially those in the remote rural areas of this beautiful continent.

Our aim remains to provide a model which provides affordable telecoms services in a profitable and sustainable manner, thus reducing the digital divide and enhancing financial inclusion in the countries we serve. Our work marches alongside social and economic development – especially when, as this year, we increase our capacity and extend the network and distribution to people living far from the nearest fixed-line infrastructure or financial institutions. And it demands both innovation and disciplined execution by our teams, who have once again strengthened our networks and expanded our distribution channels, allowing us to grow our customer base to 118.2 million.

Like all good business models, ours relies on a continuous monitoring and mitigation of risk – including, for us, currency volatility and/or foreign exchange shortage in some of the economies hit by the pandemic. Our strategy is designed to overcome these risks by delivering faster revenue growth with improved profitability, strengthening our balance sheet by asset monetisation through towerco sales, and bringing fresh investment into our mobile money business. The key risks to our business and the risk mitigation we have planned are further described in pages 72-78.

While we detail our 'Win with' strategy on pages 24-31, I would like to say a few words on its key strategic elements.

Win with network

Our strategy to continuously build on our network in rural areas and improve network quality and capacity in urban areas helped serve customers better, when customers were far more dependent on our networks than ever before. In spite of all the restrictions of movement and the risks of Covid-19, our teams have achieved our highest ever network availability. We have added more than 2,400 sites, taking our total sites to 25,368. Because of the single RAN technology we use, we now have 94% of our sites on 3G and 76.5% of sites on 4G technology. Our continuous expansion of fibre to over 54,500km has helped us significantly expand our data capacities in line with our plan to create huge data capacities at marginal costs.

Win with customers

We have continued to expand our distribution infrastructure through a mix of multi-brand outlets, supported by our own exclusive franchise-run shops and kiosks. Maintaining the momentum of last year, we have almost doubled our exclusive large-format retail footprint across our markets, thereby bringing our services much closer to our customers. Our total exclusive Airtel Money branches and kiosks have grown to over 10,000 and 37,800 respectively. This has enabled greater accessibility for new customers to sign up, better recharge availability and easier access to mobile money during a year when our customers' movement was often restricted. This supported a customer base growth of 6.9% and voice revenue growth of 11.0%. Customer base growth was affected, however, by new customer registration regulations for telecoms operators in Nigeria, introduced in December 2020 and described on page 20 of this report. Airtel Nigeria is working with the Nigerian government to ensure that all our subscribers provide their valid National Identification Numbers (NINs) to update the existing SIM registration records. The deadline for existing base has been extended to 30 June 2021. We resumed new customer acquisition in approved outlets in the second half of April 2021 (see page 21 for further details).

Win with data

This pandemic year has underlined customers' need for mobile data as the pace of digitalisation has quickened. In addition to the mobile data services that we offer, we also increased our focus on our wireless home broadband products to help people working and studying from home through a mix of WiFi routers and pocket WiFi devices. We continued our focus on further expanding our fibre footprint to provide better connectivity to our enterprise customers. All these initiatives serve our vision of bridging the data divide.

Simplified pricing and reduction of 'pay-as-you-go' (PAYG) rates has further helped in data adoption, with data customers growing by 14.5%, which along with data usage per customer growing by 44.2% has led to data revenue growth of 31.2%. Data usage per customer for the quarter ended March 2021 stands at 2.8 GB per month.

Win with mobile money

We continue to drive the growth of digital financial services on the continent, thereby serving the wider purpose of extending financial inclusion to people who have been left untouched by traditional banking. We have a clear strategy to continue to drive sustainable long-term growth in Airtel Money with a focus on assured float availability, distribution reach and increased use cases for our customers. Higher float availability in the farthest corners of our markets is helping more individuals, small traders and businesses to adopt mobile money for their daily business needs.

Our mobile money customer base grew by 18.5%. The increase in contributions from merchant payments, cash transactions, P2P transfers and mobile services recharges through Airtel Money have helped grow our mobile money transaction value even faster at 53.6%, enabling mobile money revenues to grow by 35.5%.

Win with cost

The pandemic placed heavy pressures on the business in terms of costs. There have been greater costs for enhancing the safety of our people, and we incurred costs as movement restrictions were imposed. Further, huge increases in demand for our services increased our costs of running towers, due to increased fuel and loading charges. However, tight monitoring and our efficiency drive, along with redesigning and eliminating some of our operational activities while adapting to new ways of working helped to keep cost increases lower than revenue growth. Greater recharging through mobile money and other digital means have helped reduce our costs further. Our incremental capacities were brought in at marginal costs and this helped keep our EBITDA flow-through on incremental revenue at 59.4%.

Win with people

Our people have been the strongest pillar for us. Our leaders and managers and our HR teams across the business have shown great empathy and understanding in helping people cope as our employees rose to the occasion to serve our customers. My special thanks go to all those in the field, especially the sales and network colleagues who made sure our services were up and available for customers even in remote or inaccessible markets. Even as we went through these difficult times, our learning and development teams have embarked on training all leaders in objective selection and performance management methodologies.

Our empowered OpCo management teams, led by local managing directors and supported by regional directors, have helped the organisation be agile and responsive to the changes on the ground.

Transforming lives

Progress across all our strategic pillars this year has meant that despite the challenging times, we have been able to deliver the 'win-win' scenario: where our provision of essential services to customers and communities has fed our profitable growth, which in turn sustains our ability to keep advancing digitalisation and expanding financial inclusion in underserved markets. It is a virtuous circle that our strategy is designed to maintain and it is a clear expression of our purpose of transforming lives.

This would not be possible without the hard work of our employees and the support of our stakeholders. I would like to thank them for their efforts and their continued dedication to our shared purpose.

In conclusion, I am thankful to Airtel Africa for providing me and my team the opportunity to transform the business and fulfil our responsibility to the countries in which we operate. It has been a privilege to serve in the African continent and I cherish my time here. Airtel Africa is a remarkable business with fantastic people. Having been at Bharti Airtel for 13 years and at Airtel Africa for 5 years as chief executive officer, I feel now is the right time to take a sabbatical.

The last five years have been an exhilarating journey where we have been able to turn around and transform the business into a strong high growth and profitable company. We have been able to build the business with our unique management and problem solving approach to bring in substantial performance improvement. I am very proud of what we have achieved over the past five years in Africa, and I look forward to seeing the Company make even greater progress over the coming years.

Raghunath Mandava
Chief executive officer

11 May 2021

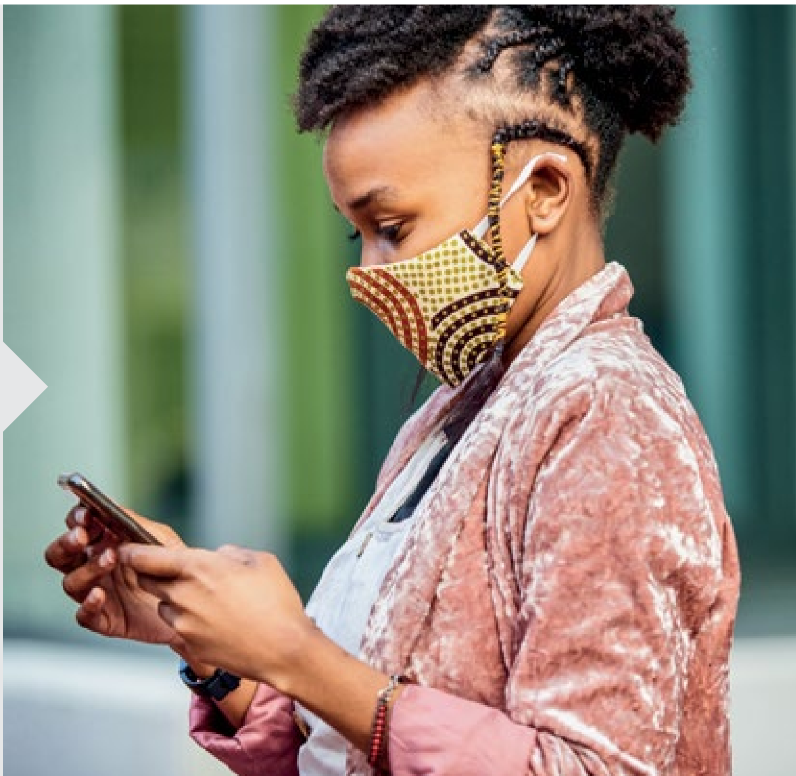
Transforming lives spotlight

Harnessing the power of mobile phones to protect people's health

Covid-19 touched the lives of people and communities across our markets – and one way we've responded is through public-private partnerships that help protect our customers' health.

In Nigeria, for example, we gave people the opportunity to access key Covid-19 messages in five languages on their phones through our partnership with USAID-funded Breakthrough ACTION Nigeria and the Nigeria Centre for Disease Control (NCDC).

We provided free infrastructure and airtime so people could get critical and reliable information on Covid-19, placing calls to 15 million subscribers and sending out 32 million text messages. Nearly 190,000 people called the 3–2–1 service to receive information about Covid-19.



Our investment proposition

We operate largely in sub-Saharan African markets which offer **substantial market potential** across voice, data and mobile money services.

Our countries of operation boast some of the highest projected population growth rates in the world, and the region currently has low penetration levels of unique mobile customers, low minutes of usage, low data consumption and limited traditional banking services.

See our market environment on **page 18**

Our **leadership across our markets** provides us with the diversity and scale required to deliver value-for-money telecom and mobile money services to our customers. Our well-invested asset base, strong brand values and recognition, and effective distribution channels (both direct and indirect) give us sustainable differentiation in the market.

We continue to extend our **track record of delivering strong growth and improved operational performance**. We have a lean and simplified operating model which, combined with an effective management team, delivers double-digit revenue growth and strong profitability and cash flow. Strong country-level management teams with deep knowledge of their markets are supported by subject matter experts at Group level. We also leverage the support of our globally recognised shareholder Bharti Airtel, one of the world's largest telecoms operators.

See our financial review on **pages 60-66**

We are driven by our purpose of **Transforming lives**, with a customer-centric vision of enriching the lives of our customers. We deliver **sustainable profitable growth** through our **six pillar strategy**, which is helping us grow ahead of the industry: 'Win with…' network, customers, data, mobile money, cost and people. And we are reducing the digital divide and enhancing financial inclusion, including through partnerships with governments in the countries where we operate, while our new sustainability strategy, which we plan to publish in Q3 2022, will further embed environmental, social and corporate governance (ESG) considerations into everything we do.

Our strategy for growth is described on **pages 24-31**

See our sustainability ambition on **pages 50-53**

Our strong balance sheet and conservative capital structure allow us to deliver the full execution of our growth strategy, and **create value for all our stakeholders**: customers, communities, regulators and governments, partners and suppliers, our people, and shareholders.

Our key performance indicators

Our KPIs give our **Board and management** a **clear sense** of where we're **making progress,** and where we need to improve.

Measuring the success of our strategy

We monitor the success of our strategy through financial and operational key performance indicators (KPIs). Our operational KPIs reflect the measurement of our key strategic pillars: growing our customer base, strengthening our network, growing voice, data, and mobile money revenue streams, and improving cost efficiency. Our financial KPIs monitor our progress in terms of our profitability ambitions.

As well as helping measure and monitor our progress, our KPIs help us communicate the Group's strategy across all levels of the organisation, and form part of our governance and performance management process.

Ensuring our KPIs are meaningful and responsive

To reflect our strategic pillars, our primary operational KPIs include sites, data capacity, customer base, net additions, churn, average revenue per user (ARPU), usage per customer, Airtel Money transactions, and transaction value per customer.

Our key financial KPIs are revenue, underlying EBITDA, operating profit, profit after tax, operating free cash flow, free cash flow, net debt, leverage, earnings per share, and return on capital employed. We also focus on aspects of our business not currently covered by a KPI, including our environmental and social performance, and on our workplaces. They will form part of our sustainability strategy, for which we will announce targets and commitments in Q3 2022 (see pages 50-53 for more details about our sustainability ambition).

We review our operational and financial KPIs regularly to ensure that they are aligned with our strategy and organisational goals.

» See definition and reconciliation of our alternative performance measures on **pages 67-71**

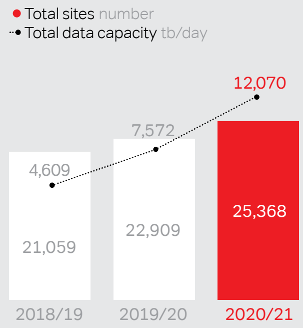
Linkage with remuneration

Our remuneration targets are linked with our financial KPIs (revenue, underlying EBITDA and operational free cash flow). As part of our long-term incentive scheme, we also benchmark our total shareholder return performance with a peer group of companies. We review our remuneration-linked KPIs every year to ensure these are relevant to our business strategy.

» See remuneration committee report on **pages 124-138**

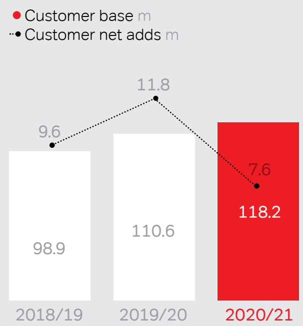
Operational KPIs

Total sites and data capacity



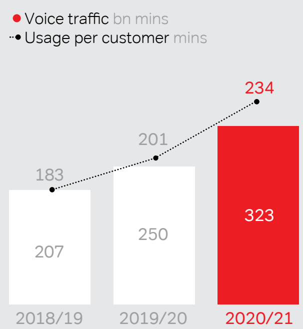
Performance In 2020/21, we deployed more than 2,400 additional sites, reaching 25,368 sites in total as of 31 March 2021. During the year, we added more than 3,400 sites to 3G (94% of sites are on 3G), more than 4,500 sites to 4G (76.5% of sites are on 4G) and added 11,500km of fibre (54,500+ km of fibre as on 31 March 2021). Data capacity increased by 59.4% to 12,070 terabytes (TB) per day, with peak hour data utilisation at 45%.

Customer base and customer net additions



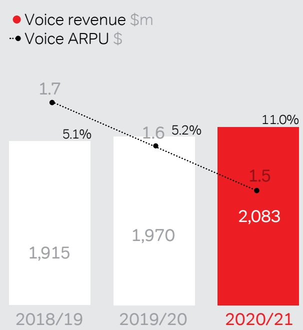
Performance Our overall customer base grew by 6.9% to 118.2 million as of 31 March 2021 – despite no new customer onboarding in Nigeria since December 2020 (growth was 10.7% excluding Nigeria). This reflects our continuous focus on investment in sales and distribution infrastructure in urban and rural markets, including our exclusive distribution channel of kiosks and Airtel Money branches. Our enhanced distribution channel ensures availability of SIM cards, recharge cards and money float. Our customer base grew across all three regions: in Nigeria by 0.5%, in East Africa by 9.2%, and in Francophone Africa by 14.5%.

Voice traffic and usage per customer



Performance Our voice traffic grew by 29.1% to 322.9 billion minutes in 2020/21. Increase in voice traffic was driven by our customer base growth of 6.9%, and an increase of usage per customer of 16.4% to 234 minutes per customer per month. Our voice usage growth was mainly driven by our expansion of rural network coverage, our investment in rural sales and distribution infrastructure, and by customer adoption of our 'more-for-more' voice bundles.

Voice revenue and voice ARPU

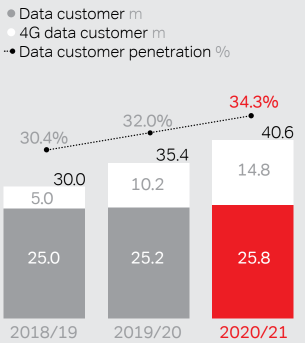


Performance In 2020/21, voice revenue at $2,083m, grew by 11.0% in constant currency. The voice revenue growth was driven by an increase in our customer base of 6.9%, voice usage per customer growth of 16.4%, partially offset by rate drop of 14%, largely due to a decrease in roaming revenue during Covid-19 and interconnect usage charges in a few of the East Africa and Francophone Africa markets.

Constant currency growth for the year ended 2018/19 and 2019/20 is presented in 31 March 2019 constant currency

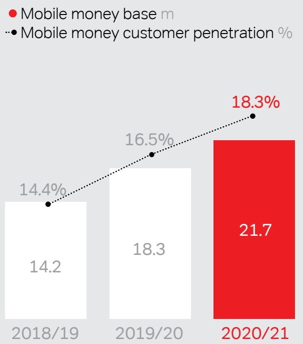
Constant currency growth for the year ended 2020/21 is presented in 31 March 2020 constant currency

Data customers, 4G data customers and penetration



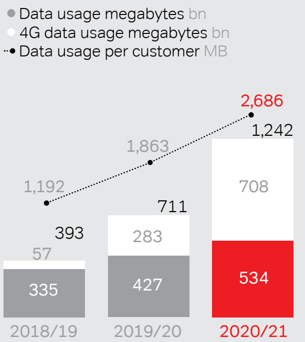
Performance Our data customer base increased by 14.5% to 40.6 million as of 31 March 2021, which now contributes to 34.3% of our total customer base. Our data customer base growth was driven by expansion of our data network, increase in data capacity and 3G and 4G enabled smartphones. Smartphone penetration increased to 33%, of which 51% are 4G enabled smartphones. Our 4G customer base stands at 14.8 million which is 36.4% of our total data customer base.

Airtel Money customer base and penetration



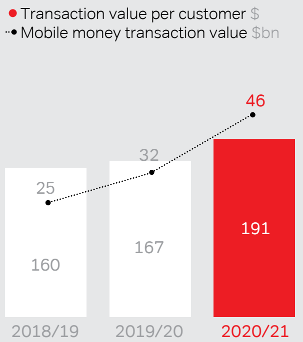
Performance Our Airtel Money customer base grew by 18.5% to 21.7 million as of 31 March 2021, representing 18.3% of our total customer base. This growth was largely driven by our expansion of our agents and merchant ecosystems, the increase in Airtel Money's product portfolio through strategic partnerships, and continued investment in our exclusive franchise channel of kiosks and branches.

Data usage, 4G data usage and data usage per customer



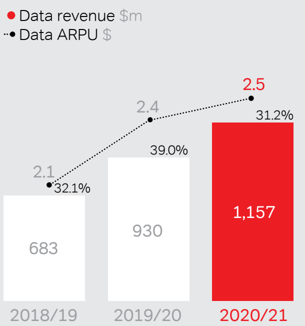
Performance Our total data usage increased by 74.8% in 2020/21 to 1,242 billion MB. Data usage per customer per month was at 2.6 GB, an increase of 44.2%, led by an increase in smartphone penetration, densification of 4G network, rationalisation of 'Pay-as-you-go' (PAYG) rate and higher adoption of 'more-for-more' data bundles. Additionally, 4G data usage per customer was at 5 GB while overall data usage per customer was at 2.6 GB, thereby supporting the usage growth. 4G data usage more than doubled and now contributes to 62.2% of total data usage in Q4.

Airtel Money transaction value and transaction value per customer



Performance Our transaction value grew by 53.6% in 2020/21 in constant currency, to $46.0bn. Transaction value per customer per month was $191, an increase of 20.9% in constant currency. This growth in transaction value was driven by our customer base growth and increased adoption of Airtel Money services. Increase in transaction value per customer was mainly contributed by person-to-person (P2P), cash-in and cash-out transactions. Our Q4 annualised transaction value was $51bn in constant currency.

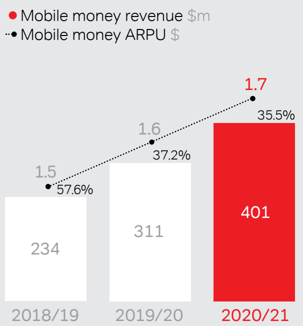
Data revenue and data ARPU



Performance Data ARPU grew by 8.2%, and data revenue by 31.2% in constant currency. Data ARPU growth was supported by an increase in the number of 4G customers, who have higher usage and ARPU than 3G data customers.

The marginal decline in the rate of data revenue growth compared to last year was in part due to reduced imports of handsets across our footprint during the Covid-19 pandemic.

Airtel Money revenue and ARPU



Performance Our Airtel Money revenue was $401m, a 35.5% increase year on year, and Airtel Money ARPU was $1.7, up by 6.6% in constant currency. Revenue growth was driven by our customer base growth of 18.5% and transaction value growth of 53.6%. Airtel Money ARPU growth was supported by an increase in transaction value per customer of 20.9%.

Financial KPIs

Underlying revenue*

$3,888m

Reported currency +13.6%
Constant currency +19.4%

2019/20: $3,422m +13.8%

Underlying EBITDA and margin

$1,792m

(margin 46.1%)
Reported currency +18.3%
Constant currency +25.2%

2019/20: $1,515m +16.3% (margin 44.3%)

Operating profit

$1,119m

Reported currency +24.2%
Constant currency +32.8%

2019/20: $901m +25.4%

Profit after tax**

$415m

+1.8%

2019/20: $408m (4.4%)

Operating free cash flow**

$1,178m

+34.9%

2019/20: $873m +24.4%

Free cash flow**

$647m

+42.8%

2019/20: $453m

Leverage

2.0x

2019/20: 2.1x

Basic earnings per share

9.0 cents

(12.6%)

2019/20: 10.3 cents

Return on capital employed

16.5%

2019/20: 14.0%

* Underlying revenue excludes one-time exceptional revenue of $20m relating to a settlement in Niger in the year ended 31 March 2021

** Growth % is in reported currency

Note: Growth percentages in KPIs are in constant currency unless specified

Serving our customers, safeguarding our people, minimising risk

The Covid-19 pandemic has contributed to a rapid acceleration of already existing macro trends across the countries where we operate, with people, businesses and governments seeking access to more and better connectivity and improved financial inclusion.

These challenging times have shown that the telecoms industry is a key and essential service for these economies, allowing customers to work remotely, reduce their travel, stay connected and have access to affordable entertainment and financial services.

Covid-19 presented significant challenges to the business, particularly during the initial phase of the pandemic when mobile money and services growth slowed. However, the actions taken by the Board in the first quarter ensured the continued execution of our strategy, including meeting increased customer demand for data, mobile money and mobile services. We say a huge thank you to all our people, who even during lockdowns and in times of national crisis managed to keep our distribution channels available and our networks fully operational despite increased demand. We also pay tribute to our business partners, who continued to deliver their services despite numerous logistical challenges, and to the governments and regulators who continued to support the industry and helped facilitate our continued support to the economies of these countries and the communities we serve.

Monitoring the Covid-19 context in our markets

At the beginning of the pandemic, which coincided with the start of our financial year, most governments in the countries where we operate acted swiftly to implement and enforce restrictions on the movement of people to prevent contagion. These swift actions, along with low population density, less frequent travel, and local experience in dealing with contagious diseases, resulted in low infection rates in sub-Saharan Africa relative to some other regions. In the months that followed, some restrictions have generally been eased and local economies have improved, although many consumers still feel cautious about social and working habits. The pandemic continues to pose a threat to communities, however, and towards the end of our financial year we saw further waves in some regions. While this has had no adverse impact on our business, we will continue to monitor the situation closely.

Around the world the vaccination effort has started, with many governments hinting at a possible significant easing of social distancing rules and travel restrictions this year, though it looks like Africa may lag behind other economies in attaining full vaccination cover. Despite the resilience demonstrated by our business during the year, we are constantly monitoring how the situation is evolving to identify key risks and put in place adequate mitigation plans to minimise any potential disruptions.

Ensuring our employees are safe, our networks are serving customers, and our finances are sustainable

The Group will continue to focus on ensuring the safety of our employees, our outsourced partners and our customers; ensuring that our network and distribution channels remain fully operational and available; ensuring that our customers continue to have access to financial services; and ensuring that at Group level we have the right financial position to meet our financial obligations at all times.

Safety for our employees

The Covid-19 crisis has led to profound changes in operating environments across our markets, and throughout the last year we continued to reinforce health and safety measures for all our employees, for outsourced partners and for our customers as a key priority.

All our offices continue to offer the option of remote working, or working in shifts and with social distancing practices, depending upon the critical needs of individual functions. Our OpCos still have a large percentage of employees working from home with increased digital access to enable a seamless workflow. All employees continue to be on full pay and, along with their family members, continue to receive full medical insurance cover, which includes any diagnostic testing, associated physician visits related to Covid-19 and vaccination costs. We have also granted immediate paid medical leave for any employees diagnosed with Covid-19. More recently we launched an employee assistance programme, which allows our employees access to free consultations with mental healthcare professionals. The aim of this programme is to help employees achieve mental wellbeing by ensuring harmony between work and personal life and by providing access to support when employees need to speak to someone.

Safety for our outsourced teams

The outsourced staff in our call centres have all been given the option and equipment to either work from home with strict data security protocols, or, if necessary, from the office following strict social distancing practices and regulatory guidelines. Protective equipment and hand sanitisers have also been made available within our shops to keep both our staff and customers safe.

Safety for our customers

We have delivered a range of educational digital campaigns explaining best practices during the Covid-19 outbreak, and the importance of being safe. We have significantly enhanced our self-care mobile app by adding features to enable customers to self-service, removing the need for a visit to a shop or an agent. We have partnered with other ogranisations and made a number of online educational platforms accessible free of charge to give students continuous access to quality education. Our staff across all our OpCos have also generously contributed and sacrificed from their salaries a total of $362,000, which we have matched like-for-like as a company and donated to the respective governments to support the communities where we operate.

Resilience for our network

For many of our customers our network remains the main source for their social interactions, their work and entertainment.

The key business continuity plans we implemented at the start of the pandemic ensured that both active and passive maintenance services could be safely carried out even when the movement of people was restricted. During an increase in data traffic of more than 74%, and voice traffic of more than 29%, our network did not experience any significant disruption.

Strengthening distribution

Ensuring customers retain access to our services remains a key priority for us.

When lockdown restrictions were implemented, we increased stock levels of SIM cards and recharge vouchers to ensure continued availability in our shops and enable customers to buy recharges whenever convenient. We have also encouraged customers to use digital methods of recharge, including through Unstructured Supplementary Service Data (USSD), bank portals or our app.

In April 2020 we launched the new MyAirtel self-care app in all 14 countries. Using the app, a customer can check airtime or bundles and purchase them using Airtel Money or any credit or debit cards. It also has various Airtel Money features so that customers can send money to Airtel and other operators, pay bills, pay merchants, scan and pay using Airtel's or Mastercard's QR codes and virtual cards, and use Airtel Money and e-recharge to minimise the impact of any possible disruption to our distribution network. We have pushed the e-recharge scheme even further by allowing customers to e-recharge both friends' and loved ones' accounts, for which they also receive benefits in return. As lockdown restrictions have eased we have been able to expand our distribution, in line with our strategy, and we continued to carry higher stock levels to mitigate the risks that possible future restrictions on the movement of people could have on our stock levels and the ability of customers to access our recharge vouchers.

Maintaining mobile money growth

During the initial phase of the pandemic, mobile money revenue growth slowed to 26.3% as the business was impacted by social distancing measures and non-essential service closures, reducing customers' ability to deposit and withdraw cash.

Additionally, several governments asked mobile money operators to waive fees on certain transactions, including person-to-person and merchant payments. Afterwards, as lockdown restrictions were generally eased and most fees on transactions reinstated, revenue growth for the full year rebounded to 35.5%, reaching 38.7% in Q4, with mobile money contributing over 10.6% of the Group revenue in the quarter.

Improving our financial position

Our financial position continued to improve during the year.

Free cash flow increased 42.8% during the financial year and underlying EBITDA margin continued to improve by 210 bps to 46.1%. Our net debt to underlying EBITDA ratio improved to 2.0x, despite investing $247m of intangible capex to renew licences in two of our biggest markets, Nigeria and Uganda, and acquiring additional spectrum across several markets. Our cash balances, in conjunction with more than $1.1bn of committed undrawn facilities, ensure we can continue to meet our financial obligations. We have $2.4bn in long-term bonds with the first repayment of $879m (€750m) due in May 2021 which will be paid through a mix of cash held as well as from the proceeds of a $500m inaugural multi-bank long-term facility (part of the $1.1bn undrawn facilities mentioned above) entered into by Airtel Africa plc in April 2021. Post this repayment, only $1.5bn of long-term bonds will remain outstanding for the Group, with the next major bond repayment of $505m not due until March 2023. In recent months we have announced several transactions to strengthen our balance sheet, including asset monetisation through towerco sales, and bringing fresh investment into our mobile money business amounting in aggregate to c.$400m, with proceeds expected to be received in the next 12-18 months, which will further improve our financial position and continue our deleveraging. Additionally, we have agreed longer payment terms of up to around 12 months with strategic vendors in certain markets to facilitate continued investment in modernising the network, while also increasing liquidity.

We have continued to invest in our network with tangible capex spend for the year of $614m. This was slightly below our committed spend of between $650m to $700m, due largely to the delays of import logistics and on-field deployment challenges during the pandemic. Our capex guidance for the next financial year remains in the range of $650m to $700m as we continue to invest in our network and distribution.

We have identified several ways to retain cash, reduce costs and mitigate risks from Covid-19. In addition, we have continued to invest in revenue-driving expenditures, while reducing discretionary spend.

See **page 154** for our going concern assessment

Monitoring foreign exchange risk

The global economic slowdown, combined with lower oil and commodity prices, has resulted in currencies devaluing across our markets, including the Nigerian naira, Kenyan shilling and Zambian kwacha.

By far our largest exposure is in Nigeria, which represents 40% of our revenue and 47% of underlying EBITDA. On a 12-month basis, we estimate that a 1% Nigerian naira devaluation will have a negative $14m impact on revenue, $8m on underlying EBITDA and $6m on finance costs.

See **page 79** for our long-term viability statement

Transforming lives spotlight

Reaching out to send relief payments through mobile money

The potential for mobile money as a way to transmit payments safely and transparently has been harnessed by a wide range of organisations, including governments, UN agencies and NGOs. This has been particularly true during Covid-19, when Airtel Money has helped partners such as governments, ministries, Plan international, Childfund, and UNICEF deliver Covid-19 relief payment packages to beneficiaries who can then access them securely and conveniently through their phones. Our current partnerships will reach more than 200,000 beneficiaries in total.

For our sustainability ambition, see **pages 50-53**

Our market environment

While the Covid-19 pandemic has touched the lives of everyone in the communities we serve, the fundamental dynamics of our markets have not changed.

A young and growing population, an expanding urban middle class, limited infrastructure, and people's need to connect with each other and with local and global economies: these factors are all driving ever-increasing demand for data, mobile voice, and mobile money services across sub-Saharan Africa.

The result is a continuing opportunity to foster financial inclusion, bridge the digital divide, and serve more customers in some of the least penetrated telecoms markets in the world, with just 46% of the population owning one or more SIM.

The fundamentals for future growth

Africa is one of the world's fastest growing regions in terms of population and urbanisation. While each of our markets is unique, the dynamics in our overall footprint reflect those of Africa as a whole: 33% of the population in our markets is between the ages of 10 and 24, and the population in our footprint is forecast to grow at a CAGR (compound annual growth rate) of 2.7% between 2020 and 2025.*

The Covid-19 pandemic meant that the region faced severe economic hardship in 2020, but the International Monetary Fund's Regional Economic Outlook forecasts a return to GDP growth in 2021. One of the factors the IMF identifies as key to that growth is digitalisation. We aim to be part of the digital transformation of sub-Saharan Africa, and to offer a mix of products, content and pricing structures that reach and keep an emerging customer base while providing essential services that will help underpin the region's economic recovery.

Key to our strategic pillars

- Win with network
- Win with customers
- Win with data
- Win with mobile money
- Win with cost
- Win with people

» See our strategy on **pages 24-31**

Growing connectivity and reliance on mobile

Mobile networks are the primary source of voice and data services in much of our region, where landline and fixed broadband infrastructures are limited or, in many places, non-existent. That means mobile telecoms are a critical resource, essential to people's daily lives, to businesses, and to community and state service providers.

Mobile connectivity remains low relative to other markets, but in our footprint unique users are forecast** to increase by 5.4% each year between 2020 and 2025, reaching 346 million unique users by 2025, compared to 267 million in 2020. By expanding and improving our networks, we help drive this trend – strengthening local infrastructures, and winning and retaining customers.

Link to strategy

The data opportunity

Digitalisation will be at the heart of Africa's future growth, and our region is already seeing a rapid expansion of data usage, despite relatively low smartphone penetration: around 44% of subscribers currently have a smartphone.*** Smartphone penetration continues to grow, and though it slowed in 2020 during the pandemic, the end of the year saw a return to accelerated uptake.

The availability of 4G is a key factor in the growth of data – one of the reasons we have led the way in expanding 4G coverage in our networks – and data adoption has also been spurred on by the growth of online education and homeworking, trends which continued after the lifting of Covid-19 restrictions in many markets. Secure, reliable, competitively-priced data is essential to a wide range of service providers, and to businesses both large and small – many of which we serve through our Airtel Business function. Customers are also eager for simple, well-priced ways to access new content, demand that we meet through our range of apps including Airtel TV, our digital content platform, which is now live in nine countries.

Link to strategy

The mobile money opportunity

Limited banking infrastructure means that customers in many of our markets do not have easy access to traditional financial institutions. Less than half of the population has a bank account, the lowest proportion of any emerging market region. At the same time, e-commerce and the digital economy are taking off, and millions of potential customers are seeking new ways to transfer, save and spend money.

* Source: United Nations (UN) www.un.org
** Data source: omdia.tech.informa.com
*** Source: GSMA SSA Report 2020
**** Source: GSMA Mobile Money Report 2021

There is a clear need for mobile money services, both for individual customers, and for economies seeking to increase financial inclusion and fuel growth. The regulatory frameworks for mobile money differ across the region, but overall, active mobile money accounts in sub-Saharan Africa grew 18% in 2020 to 159 million.**** Airtel Money is already well-placed to be part of this opportunity. We continue to build the mobile money ecosystems that help customers join the digital economy, and to win new customers through services including inter-operability, payments, microloans and international money transfers.

Link to strategy

A growing market where serving the customer is key

The mobile telecoms landscape in our region is dominated by a few large competitors, with some smaller regional companies in some markets. As well as Airtel Africa, the key players include MTN, Vodacom, Orange and Tigo.

We compete for customers through our range of services, our advertising and brand image, the quality and reliability of our service, our wide coverage, strong data networks, accessibility and availability. Price and transparency are vital elements of our offer: simple, understandable pricing plans based on the principle of 'more for more', in a strategy that is tailored to each market.

Link to strategy

Managing risk

Fluctuating currencies, economic volatility and high rates of inflation can affect some of the economies in sub-Saharan Africa, and may be a feature of the road to recovery following Covid-19. We manage foreign exchange and financial risk within our principal risks, described in detail on page 77.

Link to strategy

Working alongside governments and complying with regulations

The telecoms sector is highly regulated and, like all operators, we must work within the frameworks created by governments and regulatory authorities, covering telecoms regulations, banking regulations, licences and requirements such as Know Your Customer regulations.

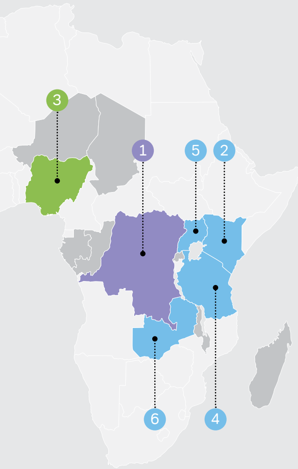
As a telecoms provider, we also have a vital role to play in providing a critical service, and in helping the countries of sub-Saharan Africa achieve their goals of digitalisation, financial inclusion and sustainable development. So alongside strict compliance with regulations, we aim to work collaboratively with governments to make sure we integrate our services into their key initiatives, and play our part in strengthening economies and transforming lives.

Link to strategy

» Our statement on the impact of Covid-19 is on **page 16**

» More information on legislation and regulation can be found on **page 20**

Key market profiles



Top six markets

Our other eight markets

Data sources:
Population and GDP from IMF

Mobile customers and mobile money customers from respective telecoms regulatory authorities' published data

Unique mobile penetration report from Omdia market analysts

Our top six markets in alphabetical order

1 DRC

	2020	2019
Population	**90m**	87m
GDP	**$49bn**	$50bn
Mobile customers	**41m**	37m
Unique mobile penetration	**41%**	39%
Mobile money users	**9m**	7m

2 Kenya

	2020	2019
Population	**54m**	53m
GDP	**$99bn**	$95bn
Mobile customers	**61m**	55m
Unique mobile penetration	**61%**	60%
Mobile money users	**32m**	29m

3 Nigeria

	2020	2019
Population	**206m**	201m
GDP	**$429bn**	$448bn
Mobile customers	**204m**	184m
Unique mobile penetration	**46%**	45%

4 Tanzania

	2020	2019
Population	**60m**	58m
GDP	**$63bn**	$61bn
Mobile customers	**51m**	48m
Unique mobile penetration	**53%**	51%
Mobile money users	**32m**	26m

5 Uganda

	2020	2019
Population	**46m**	44m
GDP	**$38bn**	$38bn
Mobile customers	**28m**	27m
Unique mobile penetration	**43%**	43%
Mobile money users	**23m**	17m

6 Zambia

	2020	2019
Population	**18m**	18m
GDP	**$19bn**	$23bn
Mobile customers	**19m**	17m
Unique mobile penetration	**57%**	56%

Legislation and regulation

We work with governments and regulators to create a fair and stable business environment which adapts to rapid technological change. We aim to abide by all laws and regulatory frameworks, and we support governments and regulatory agencies to drive digital and financial inclusion.

While legal and regulatory frameworks are unique to each country, they can be broadly classified in three categories: telecoms services, mobile financial services and broadcasting services. National competition law and laws developed by economic blocks also apply in some of our markets.

Our regulatory environment constantly evolves, and we keep it under continuous review. We publish significant developments on our corporate website, under 'Regulatory news'.

This year, significant developments in our largest markets included:

Licence renewal in Nigeria

In January 2021, Airtel Networks Limited (Airtel Nigeria), announced that its application for renewal of the spectrum licences in the 900MHz and 1800MHz bands had been approved by the Nigerian Communications Commission (NCC). Pursuant to Section 43 of the Nigerian Communications Act, 2003 and Condition 20 of the Unified Access Service Licence (UASL), Airtel Nigeria applied to renew the UASL (operations licence) and spectrum licences in the 900MHz and 1800MHz bands which would otherwise expire on 30 November 2021.

Following the application, the NCC offered Airtel Nigeria the opportunity to renew its spectrum licences in the 900MHz and 1800MHz bands for a period of ten years, with effect from 1 December 2021 until 30 November 2031, which Airtel Nigeria accepted. Under the terms of the spectrum licences Airtel Nigeria paid N71.611bn ($182m) in respect of the licence renewal fees.

The UASL is still under consideration by the NCC and formal confirmation of renewal is expected before the expiry date of 30 November 2021.

New licence in Uganda

In December 2020, Airtel Uganda Limited (Airtel Uganda) was issued with a National Telecom Operator (NTO) Licence following a period of negotiation and transition to a new licensing regime.

The new licence is with effect from 1 July 2020 and is for a period of 20 years, until 30 June 2040. Airtel Uganda will retain all its current spectrum, subject to the law and terms of assignment. The scope of services is the provision of basic telecommunication services, infrastructure services, and value-added telecommunication services. In addition, Airtel Uganda commits to achieving coverage of 90% of the geographical boundary of Uganda within five years of the effective date of the licence, with a minimum obligation of providing voice and data services.

Under the terms of the licence, Airtel Uganda has paid $74.6m for the first ten years of the licence, which includes VAT of $11.4m. After the first 10 years, Airtel will be invoiced for the licence fee for the remaining 10 years.

Under Article 16 of the NTO, Airtel Uganda is obliged to comply with the sector policy, regulations and guidelines requiring the listing of part of its shares on the Uganda Stock Exchange. The current Uganda Communications (Fees and Fines) (Amendment) Regulations 2020 create a public listing obligation for all NTO licensees and specifies that 20% be listed within two years of the effective date of the licence.

New shareholding requirements in Kenya

On 9 April 2021, the Ministry for Information, Communications and Technology (ICT) published an amendment to the National ICT Policy Guidelines, 2020 (ICT Policy). The amendment will have an impact on Airtel's business in Kenya in the following ways:

- Airtel Networks Kenya Limited, which currently holds an indefinite exemption from the Ministry for ICT, dated 20 March 2013, has three years, with effect from 9 April 2021, to comply with the requirement to have 30% local shareholding
- Airtel Money Kenya Limited, which holds a Content Service Provider Licence from the Communications Authority of Kenya, with effect from November 2020, has three years from the date of the licence to comply with the requirement to have 30% local shareholding.

Under the amended ICT policy, a licensee may apply to the Ministry for ICT for an extension to comply with the requirement, or obtain an exemption.

KYC requirements in Nigeria

Following a directive issued by the Nigerian Communications Commission (NCC) on 15 December 2020 to all Nigerian telecom operators, Airtel Nigeria has been working with the government to ensure that all our subscribers provide their valid National Identification Numbers (NINs) to update SIM registration records.

Initially, new customer acquisitions were barred until significant progress had been made on linking the active customer base with verified NINs. Natural churn in the customer base led to a loss of 2.5 million active mobile customers in the final quarter of the year. The financial impact has been minimal, however, with continued revenue growth in Nigeria, due largely to the significantly lower ARPU of the churned base and increased usage by the active customer base. In April 2021, the NCC announced that it would allow new customer enrolment from certified outlets. Airtel Nigeria has so far received interim approvals for around 800 outlets, and new customer registrations have begun in those outlets.

The directive set an initial deadline for customers to register their NIN with their SIM of 30 December 2020. This was subsequently moved several times with the latest deadline set for 30 June 2021.

We have made significant progress on capturing existing NINs and building the database in collaboration with the National Identity Management Commission (NIMC). To date, out of Airtel Nigeria's 42.0 million active customers, we have collated NIN information for 23.2 million active mobile customers. To complete the registration process, we must also verify the NIN information we have received from our subscribers with the NIMC.

For the still significant proportion of the population, and of our customers, that do not have a NIN, we have opened enrolment centres in collaboration with the NIMC. We are in the process of rolling out thousands of devices to further NIN enrolment. We continue to work closely with the government to ensure full compliance.

Our dynamic business model delivers value to stakeholders while transforming lives through digitalisation and financial inclusion.

Vision

Our vision is to enrich the lives of our customers.

Our obsession is to win customers for life through an exceptional experience.

Values

Alive	We act with passion and a can-do attitude. Innovation and an entrepreneurial spirit drive us.
Inclusive	We champion diversity. We anticipate, adapt and deliver solutions that enrich the lives of the communities we serve.
Respectful	We share the joy and pain of our customers. We act with humility and are always open and honest.

How we create value

An efficient network and business structure in 14 markets across sub-Saharan Africa

- **Spectrum assets** in every country, with multiple layers of data capacity
- **A modernised network** offering 2G, 3G and 4G, largely on efficient single RAN technology
- **25,368** network towers and data capacity of **12,000+** terabytes per day
- **54,500+** km of fibre across our markets
- **3,500+** employees

Other key inputs and enablers:

- Compliance with regulatory framework in all markets
- A sound capital allocation strategy and financial management that targets revenue growth ahead of the market and underlying EBITDA margin improvement
- Mobile network partnerships that outsource the management and operation of our network infrastructure
- A strong management structure with operating companies in each market that can leverage Group expertise
- Our sustainability ambition has been aligned with the UN SDGs and will be supported by goals and active policies to respect human rights, drive positive social impacts, protect the natural environment and conserve resources
- Sound and transparent governance
- A network of around 2,800 partners, including mobile brands, IT companies and telecoms infrastructure providers

Delivering outstanding services and products

Voice

Data

Airtel Money

- **Other services**, including fixed-line telephony, home broadband and data centres

Through a unique distribution network that is close to our customers

- More than **48,000** exclusive retail touchpoints (including minishops, kiosks and Airtel Money branches)
- More than **200,000** activating outlets
- A wide network of more than **1.8 million** retail touchpoints
- **Strategic collaborations** with regional and international partners to offer financial and money transfer services

Other key inputs and enablers:

- Efficient Know Your Customer (KYC) processes
- Easier onboarding processes, self-service through our self-care MyAirtel app, currently available in all markets

99.2% of our customers use pre-paid services

1.8+ million people financially empowered through direct employment, business partnerships and our distribution network

99% of customer requests processed digitally

Our purpose of transforming lives is supported by our sustainability ambition, described on **pages 50-53**

Our strategy is supported by a robust framework for monitoring and managing risk, described on **pages 72-78**

What makes us different?

There are many aspects of our strategy and business model that are unique to us. If we had to choose three important ways in which we stand apart from the competition, they would be:

Our vision for data in Africa

We could see that African customers wanted and needed data to connect, work and thrive. We invested in 4G to meet this demand ahead of the competition, using single RAN technology to offer more capacity to customers at a low incremental cost to ourselves. We have an extensive, resilient and reliable 4G network in most of our markets.

Simple, trusted pricing and service

Our straightforward pricing models, simple 'more for more' offers and intuitive customer journeys are helping us to win and keep customers all over Africa.

A unique distribution network

By building exclusive channels and developing effective onboarding processes, we've been able to grow our customer base faster than the market.

Offering simple customer journeys and competitive pricing

- **Simple**, convenient and intuitive customer journeys
- **Straightforward** pricing plans based on the principle of 'more for more'
- **A tailored** pricing strategy that varies depending on market position

Other key inputs and enablers:

- Marketing and brand-building to increase consumer awareness and build customer loyalty

To reach:

118.2m customers

including

40.6m data customers

and

21.7m Airtel Money customers

See our glossary for definitions on **page 215**

Creating value for:

Our customers

- **Convenient and competitive** services that enable people to connect, live and work
- **Financial inclusion** and opportunity through connections to local and global economies

Our economies

- **Accelerated sustainable development** through financial inclusion and 'banking the unbanked'
- **Direct and indirect contributions** of $1.4bn in 2020/21 (vs $1.0bn in 2019/20)
- **1.8 million people earning through working with Airtel** as entrepreneurs and in our distribution networks

Our people

- **Direct employment** in a growing business offering competitive pay and training

Our communities

- **Programmes to support** health, education, and disaster relief

Our shareholders

- Constant currency underlying revenue growth of **19.4%** in 2020/21
- Underlying EBITDA margin of **46.1%**
- Total dividend of **4 cents** (interim and final declared)

Our 'Win with' strategy aims to drive the sustainable, profitable growth we need to continue creating value for all our stakeholders.

Our products and services are helping transform lives across sub-Saharan Africa by fostering **financial inclusion**, driving **digitalisation** and **empowering** our 118.2 million customers. To continue to serve **our vision of enriching the lives** of our customers, we have a clear business objective: to grow market share profitably and create superior enterprise value.

Our 'Win with' strategy describes the six strategic pillars in which we focus our work to achieve our business objectives. Cutting across all these pillars is our commitment to transforming lives, driving sustainable development and acting as a responsible business – work that is helping us develop our new sustainability ambition, described on pages 50-53.

Working to enhance digitalisation and financial inclusion with the governments and institutions of the countries in which we operate is a central element of our strategy. We aim to help them realise their goals for sustainable development by working to integrate mobile services and mobile money usage into their economies. At the same time, we know that strict and continued compliance with local laws and regulations and listing requirements are a vital element in our current and future success.

We aim to act as a responsible business at all times. That means doing business transparently and with a sound governance structure. It also means being a good partner and an active contributor to society, by creating jobs, paying taxes and respecting the environment. We also support our communities by working with local stakeholders in our core sustainability programmes: improving digital education, improving health and supporting communities through disaster relief.

Win with **network**

Our strategic intent

We aim to create a leading, modernised network that can provide the data capacity to meet rapidly growing demand and enhance connectivity and digitalisation in our markets.

That means improving basic network uptime and quality as well as expanding our network footprint and our 3G and 4G capabilities.

- Focusing on **rural coverage expansion** through new site rollouts, recognising that access to a reliable service is the critical first step for providing previously underserved communities with the opportunity for digital and financial inclusion
- Focusing on our **network resilience and service continuity**
- **Building and modernising our network** through optimal end-to-end design, including spectrum additions, carrier aggregation, the use of single RAN technology and fibre rollout
- Expanding **4G coverage** and building capacity
- **Delivering voice quality** index while improving network uptime

Our progress in 2020/21

We continue to see delivering the best 4G network in our markets as a key focus, and our goal is to be the market leader everywhere we operate. This year we had an additional focus on resilience and continuity of service – because we realised how much our customers and their businesses depended on us as Covid-19 restrictions curtailed movement and trade. Increases in sites, coverage, and data capacity all reflect this priority, and came despite the complexities imposed by the pandemic.

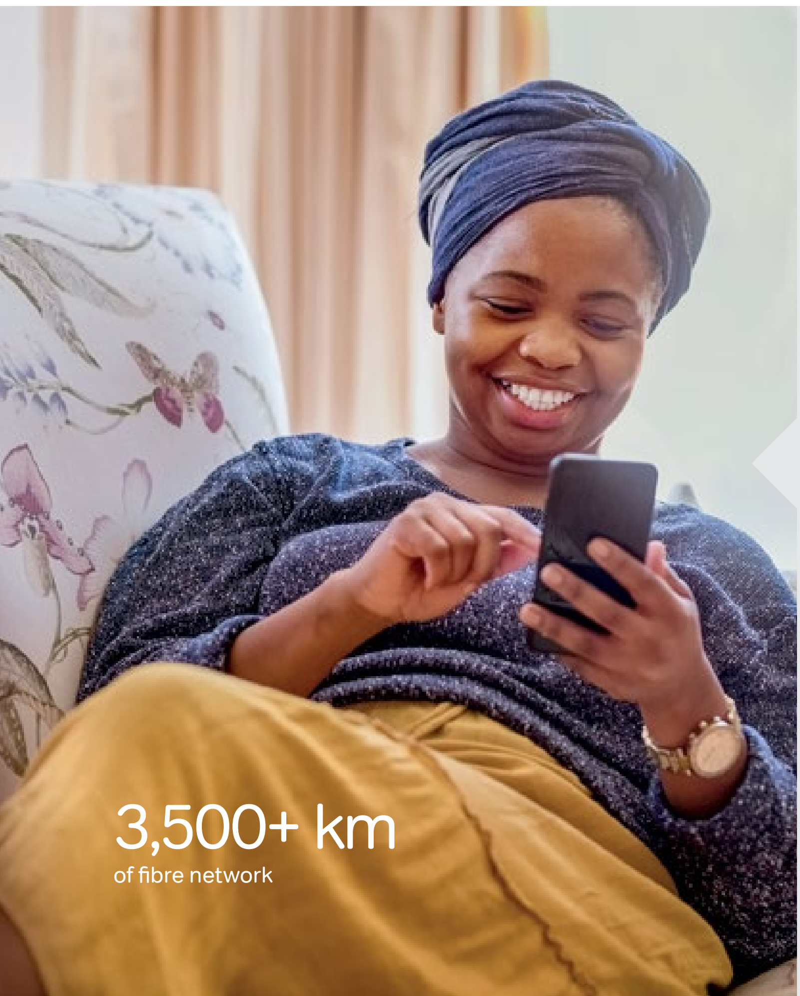
Our increase in data capacity was driven in part by the addition of further fibre connections to our network. This has meant customers can achieve greater international connectivity, as well as benefiting from fibre connections within and between many cities and urban areas. Similarly, our investment in new and existing sites has enabled us to increase data speeds as well as coverage.

How we measure progress

We measure network through a number of KPIs, described on page 14, including:

Total sites and data capacity: we deployed more than 2,400 additional sites, reaching 25,368 sites in total as of 31 March 2021. During the year, we added 3,400 more sites to 3G (94% of sites on 3G), 4,500 more sites to 4G (76.5% of sites now on 4G) and added an incremental 11,500km of fibre (54,500+ km of fibre as of 31 March 2021). Data capacity increased by 59.4% to 12,000 terabytes (TB) per day, with peak hour data utilisation at 45%.

» See our principal risks on **pages 74-77**
» See our business model on **page 22**
» See our sustainability ambition on **pages 50-53**



Our **network** strategy in action

Investing in transformation: Democratic Republic of Congo (DRC)

Our investment in our networks provides the infrastructure that supports sustainable development in many of our markets – and provides the foundations for all our growth.

In the DRC, for example, our consistent investment in our tower and fibre network has made us the leading 4G provider in the country, with 4G coverage for 38% of the population. With 3,500+ km of fibre network and 76.8% of our sites on 4G, we are able to connect millions of people across the DRC to each other, to communities across Africa, and to the global economy.

We are market leaders in data, and supply internet bandwidth to a number of other critical service providers, including government agencies, public health bodies, multinationals, and UN agencies. And this year alone we deployed nine Packet Core sites (data switching centres) in addition to the existing three sites for disaster recovery and redundancy, making our network even more resilient.

» For our Francophone Africa business, see **page 42**

Win with customers

Our strategic intent

We aim to build on our distribution network to increase our customer base by increasing mobile penetration through:

- **Strengthening our distribution infrastructure** to win more customers by increasing our depth and width, with more focus in rural areas
- **Enhancing the customers' experience** through simplified digital customer onboarding processes, including the Know Your Customer (KYC) process
- Focusing on higher adoption of '**more for more**' bundles to enhance usage and ARPU, along with reduced pay-as-you-go rates, making services more affordable

Our progress in 2020/21

We've continued to expand our distribution network to get closer to customers, with a particular focus on our exclusive franchises, a unique strength for our business. This helps us to onboard more customers – and it also helps us serve them better and in more ways, enabling recharges and access to mobile money services.

We've also continued to focus on fast, effective digital onboarding, bringing new customers to our service in ways that are compliant with local Know Your Customer (KYC) requirements while being as efficient as possible – and which this year also met local requirements for Covid-19 safety when many retail outlets were closed. In Rwanda, Malawi, Gabon and Zambia, we worked with regulators to achieve temporary permissions to carry out the biometric elements of KYC digitally. In Nigeria, we are working as partners with the government to deliver its national identity number (NIN) programme, which makes collecting NINs a requirement for new and existing customers, including by operating NIN enrolment centres. Across every market, we have now developed an app for digital registration, and most onboarding processes are achieved in five minutes or less.

How we measure progress

We measure customers through a number of KPIs, described on page 14, including:

Customer base and net adds: Our overall customer base grew 6.9% to 118.2 million as of 31 March 2021, a rate of growth that was subdued by the sector-wide regulations barring new customer acquisitions in Nigeria from mid December 2020 – and excluding Nigeria, our customer base growth was 10.7% (see our KPI on page 15). The overall growth reflects our continuous focus on investment in sales and distribution infrastructure in urban and rural markets, including our exclusive Airtel Money distribution channel of kiosks and branches. Our enhanced distribution channel ensures availability of SIM cards, recharge cards and mobile money float. Our voice revenue grew by 11.0%.

» See our principal risks on **pages 74-77**
» See our business model on **page 22**
» See our sustainability ambition on **pages 50-53**

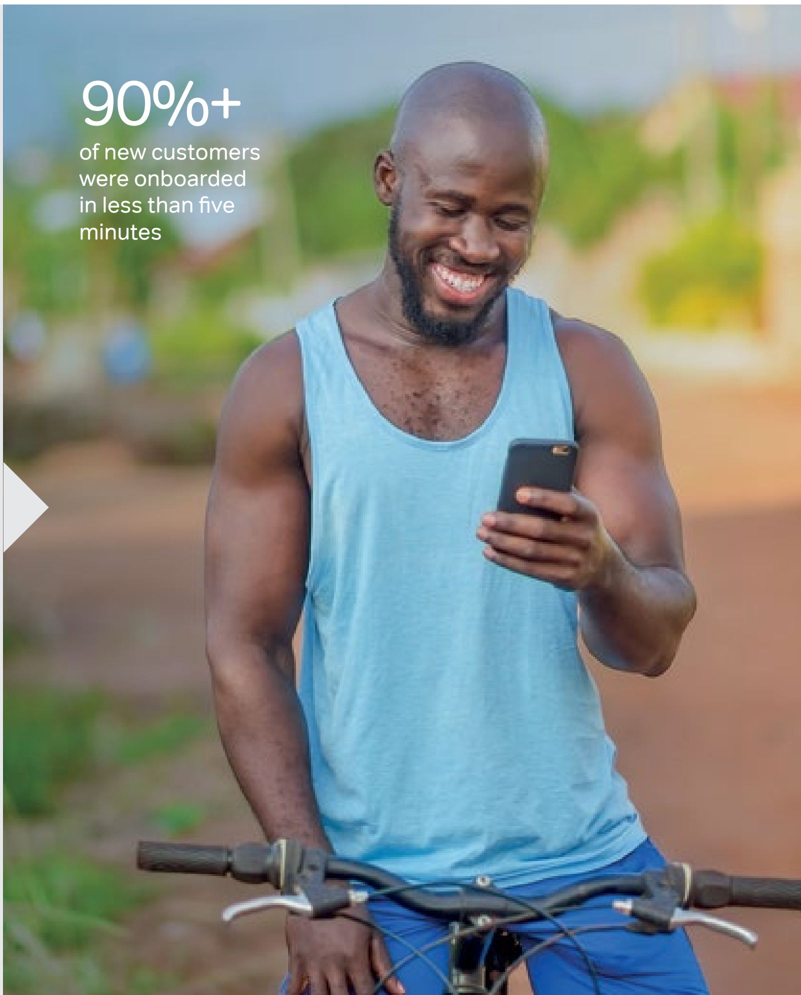
Our **customers** strategy in action

Getting closer to more customers in Malawi

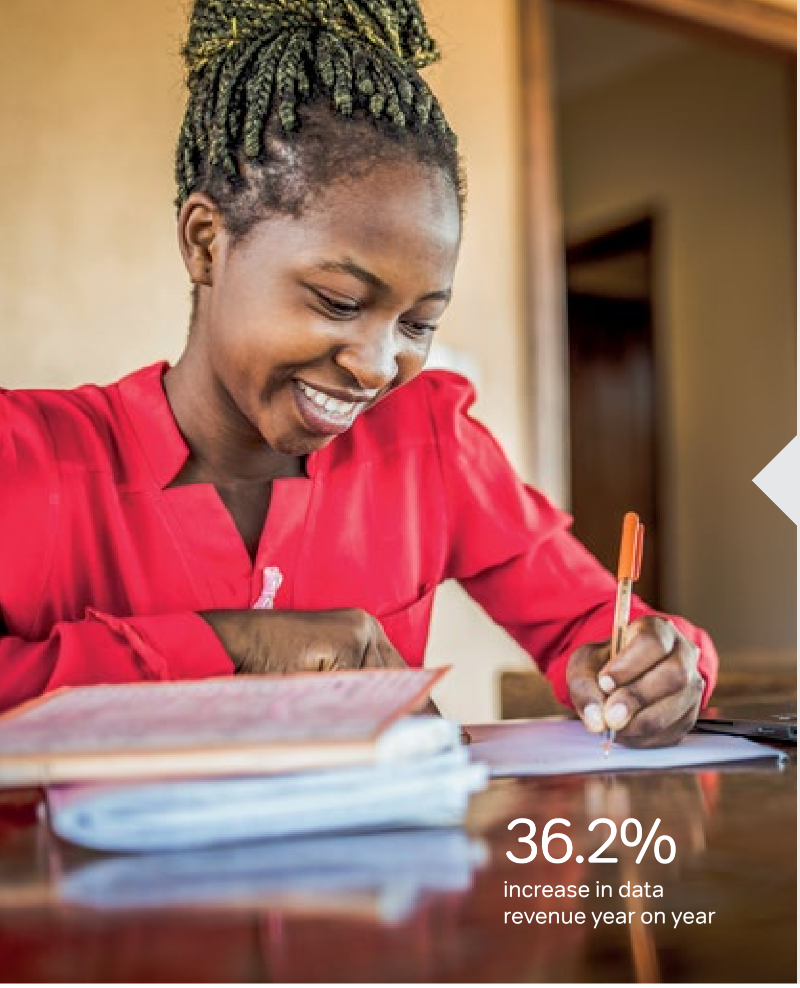
Expanding our distribution network so we can get closer to more customers is central to our strategy, giving us the platform to include millions more people in the digital economy, and driving our own sustainable growth.

In Malawi this year, we grew our customer base by 31.3% through a rapid expansion of our distribution network and a clear focus on customer needs, including fast onboarding processes and a simple and competitive product offering. At the heart of our expansion were our Airtel Money branches, kiosks, outlets and agents: we increased our Airtel Money branches in the country by 84% in a single year, and more than doubled the number of outlets where customers could register and complete local Know Your Customer requirements. Our focus on speed meant that more than 90% of new customers were onboarded in less than five minutes. Across Malawi, our expansion meant that more people than ever could access financial services through Airtel Money, which grew its customer base by 63%.

» For our East Africa business review, see **page 40**



90%+
of new customers were onboarded in less than five minutes



36.2%
increase in data revenue year on year

Our **data** strategy in action

Meeting customers' demand for data in Nigeria

There is demand for data everywhere in our markets, from remote rural areas to towns and cities across the continent. Our strategy revolves around reaching more people with data services by expanding our 4G network, and increasing the speed and capacity we can provide in areas we already cover, including through home broadband offers.

Nigeria shows this strategy in action. This year we built L2600 technology into 2,900 additional sites, introduced home broadband packages in more than 150 towns just when customers who were working or studying at home needed it most, and used sales teams and retail outlets to promote WiFi technology. We focused on price bundles that met customers' needs, and leveraged a network that now covers more than 78.8% of the population, with 84% of our sites now offering 4G.

The result was that more Nigerians than ever before had access to the opportunities provided by our data services, while the overall data traffic we enabled grew by 74.2% year on year.

» For our Nigeria business review, see **page 38**

Win with **data**

Our strategic intent

We aim to maximise the value of data-based services and increase data penetration in all our markets. That means encouraging smartphone ownership and increasing data usage at scale, while increasing access to the digital economy for customers in our markets.

Our approach includes:

- Leveraging our **4G network** for data ARPU and revenue growth
- **Smartphone offerings** through partnerships with device OEMs ('Original Equipment Manufacturers') and device selling outlets
- Building our **wireless home broadband business**
- Developing innovative products and data solutions for corporate and SME customers through Airtel Business

As part of our expansion of data services, we have an important responsibility to keep customers' data secure. Building and reinforcing our data security systems will be a key focus of our **sustainability strategy**.

Our progress in 2020/21

All our strategic pillars are closely interconnected, and our success in achieving our ambitions for data are closely linked to our ability to extend and maintain fast, reliable networks, and to being close to our customers. Being the leading 4G provider gives us a competitive advantage when it comes to new customer acquisitions, while our ability to provide capacity helps drive usage. The strong presence of our outlets and our marketing investment support this network advantage. As our KPIs show, our customer base and data usage both grew in 2020/21. We also monitor 4G net additions, which track the number of new devices coming into our 4G network – 36.4% of our data customer base has 4G devices.

Another focus for 2020/21 was our launch of new broadband and wireless home network solutions, which helped people required to work from home as well as leisure users.

How we measure progress

We measure data through a number of KPIs, described on page 14, including:

Data customers, 4G data customers and penetration: Our data customer base increased by 14.5% to 40.6 million as of 31 March 2021, and now constitutes 34.3% of our total customer base. Our total data usage increased by 74.8% in 2020/21 to 1,242 billion MB. Data usage per customer per month reached 2.6 GB, an increase of 44.2%. Data usage rises with the mobile technology used, with 4G data usage delivering the highest data usage levels, at 5 GB. 4G data usage more than doubled and contributed 62.2% to total data usage as of Q4.

» See our principal risks on **pages 74-77**

» See our business model on **page 22**

» See our sustainability ambition on **pages 50-53**

Win with mobile money

Our strategic intent

We aim to accelerate the digital ecosystem by rapidly enabling Airtel Money services in all our markets, harnessing the potential of a profitable mobile money business to enhance financial inclusion in some of the most 'unbanked' populations in the world.

We will achieve this by:

- Efficiently operating the largest branch network comprising kiosks, mini shops and dedicated Airtel Money branches, so customers can access assured float and cash
- Making Airtel Money the currency of choice by building on strategic partnerships to expand local and global acceptance and deepening in-store and e-commerce usage
- Expanding our mobile money ecosystem through international money transfer services, merchant and commercial payments, benefit transfers, loans, savings and insurance
- Pro-actively cross-selling Airtel Money to our mobile services base
- Focusing on technology as an enabler and competitive advantage

Our progress in 2020/21

We maintained a consistent focus on the execution of our mobile money strategy, continuing the key trends from previous years by focusing on our distribution network, our cash float availability, and our drive to increase Airtel Money's acceptance as the currency of choice across the financial ecosystem. As the KPIs show, these measures have widened our customer base and driven increased revenues.

Our reach has also been increased by our use of technology as a key enabler for competitive advantage. We know that this aspect of mobile money never stops evolving, and we have invested in our application programming interfaces (APIs), which enable us to form partnerships that create new ways to use Airtel Money, for example by expanding our virtual card partnership with Mastercard to Tanzania and Uganda. In December 2020, Airtel Uganda, together with our long-term technology partner Comviva, won three awards at the Emerging Payments Awards for our payments and merchant solutions, supplementing previous awards for our Airtel Wallet collaboration.

How we measure progress

We measure mobile money progress through a number of KPIs, described on page 14, including:

Airtel Money customer base and penetration: our Airtel Money customer base grew by 18.5% to 21.7 million in 2020/21.

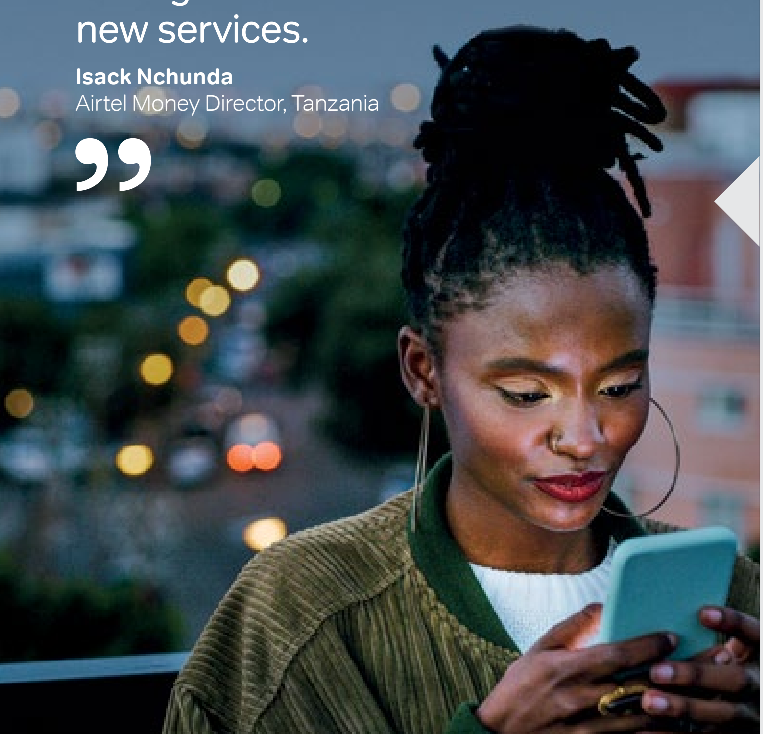
Airtel Money transaction value and transaction value per customer: our transaction value grew by 53.6% to $46bn in 2020/21. Transaction value per customer grew by 20.9% in constant currency.

Airtel Money revenue and ARPU: Airtel Money revenue grew by 35.5% in 2020/21. Airtel Money ARPU was $1.7, up by 6.6% in constant currency.

» See our principal risks on **pages 74-77**
» See our business model on **page 22**
» See our sustainability ambition on **pages 50-53**

"There's great potential in Tanzania for us to grow the business and transform more customer lives through better distribution and new services."

Isack Nchunda
Airtel Money Director, Tanzania



Our **mobile money** strategy in action

Extending our reach and changing the game in Tanzania

Accessibility is at the heart of our mobile money strategy – we need to be close to customers, and we need to assure them that when they come to our outlets, we'll have the cash float to meet their needs.

We've had a relentless focus on this aspect of our execution this year – and our performance in Tanzania is a great example of the result.

Until recently, we were not a significant player in Tanzania's mobile money sector – but this year, our mobile money revenues grew by 54.7%, and our customer base grew by 19% to more than 4.5 million.

The turnaround was driven in large part by better distribution – we rolled out more than 550 Airtel Money branches and more than 39,000 Airtel agents in the year – supported by effective pricing and the new products and partnerships that are helping us grow the Airtel Money ecosystem everywhere. And we focused on making sure that when customers came to us, we could meet their needs – driving significant increases in our agents' float balances. The result is a huge improvement in our performance, as well as the creation of around 120,000 income opportunities, and more financial inclusion in a country where only 21% of the population over 14 years of age has a bank account*.

» For our East Africa business review, see **page 40**

* Source: https://www.theglobaleconomy.com

Transforming lives spotlight

Going the last mile in Zambia

Airtel Zambia formed a partnership in February 2021 with the United Nations Capital Development Fund (UNCDF) to roll out a 'Last Mile Distribution' project designed to extend Airtel Money services to rural areas. The partnership aims to build a cashless economy and support the government's efforts to control Covid-19 while strengthening the digital financial services sector.

"This project capitalises on the investment we have made in the country over the years by building necessary infrastructure, expanding digital finance and providing the necessary support to achieving financial inclusion".

James Chona, Airtel Money Director, Zambia

Transforming lives spotlight

Digitalising essential services in Rwanda

Our Airtel Money platforms are helping to create whole new ecosystems that support the delivery of government services as well as commerce.

In Rwanda, for example, Airtel Africa is playing a key role in supporting the government's e-services as part of the country's digital-first approach. Airtel Money is plugged into the e-government facility, and Rwandans can use Airtel Money to pay for a wide range of services including marriage certificates, birth certificates and health insurance, which are then delivered by SMS. Total transaction value was more than RWF 418m (equivalent of $420,000) in 2020/21.

Transforming lives spotlight

Mobile technology and remote working in Uganda

In Uganda, we partnered with Avaya Holdings Corp to enable organisations to implement remote working and learning initiatives after the Ugandan government's implementation of lockdown restrictions and limited access to offices, schools and universities to curb the spread of Covid-19.

As a result of our partnership, organisations in Uganda had full-feature access to Avaya Spaces, a cloud meeting and team collaboration solution that means colleagues can chat, voice, video, have online meetings and share content, enabling them to continue working effectively.

» See our sustainability ambition on **pages 50-53**

Win with **cost**

Our strategic intent

We aim to achieve an efficient operational model, leading to an effective cost structure and improved margins. This enables us to build large incremental capacity at low marginal cost.

We will achieve this through:

- Our **cost efficiency** initiatives, which seek to optimise site operational and maintenance expenses, and bandwidth cost
- **A detailed analysis of expenses** with the aim of improving operating margins in individual markets
- **Optimal design** for vendor service delivery
- Increasing availability of digital recharges and self-care services

Our progress in 2020/21

While operating during the Covid-19 pandemic created some new costs, including our expenditure on employee safety, the sharp rise in demand in 2020/21 demonstrated the resilience of our cost model, which is focused on ensuring that we can provide substantial additional capacity at marginal additional cost, as the KPI indicates.

This model applies to our fibre networks, which have significant surplus capacity which can be utilised at nominal cost, as well as to our sites, where much of our continuing work is focused on designing optimal networks, including through the use of improved technology such as optimised antenna sizes. This year, for example, we began working with antenna designers to increase our use of single multi-port antennae in sites where previously several antennae would be needed, increasing our capacity while limiting costs and staying within mandatory tower load requirements. We also continue to invest in energy-efficient radio equipment.

How we measure progress

We measure cost optimisation through a KPI, described on page 14:

Underlying EBITDA for 2020/21 was $1,792m, up by 25.2% versus 2019/20 in constant currency. Underlying EBITDA flowthrough of 59.4%, as a result of better controls on operating cost. Underlying EBITDA margin improved to 46.1%, an improvement of 210 basis points in constant currency.

» See our principal risks on **pages 74-77**
» See our business model on **page 22**

Our **cost** strategy in action

Joined up thinking: more capacity, at lower marginal cost

One of our strategic aims is to leverage the benefits we enjoy through two related advantages: the strength of our fibre network, and the fact that many our markets are contiguous, forming a continuous land corridor across sub-Saharan Africa.

It means we can increase capacity at marginal cost – which is at the heart of our strategic intent for cost.

In the Democratic Republic of Congo (DRC), for example, our substantial investment in 3,500+ km of optical fibre, described above, demonstrated its value in 2020/21. Because it connects with our networks in adjacent markets, we are able to transmit up to 20 GBPS to Kenya from the DRC via Rwanda and Uganda. That means we can keep the people and economies of the continent connected, while avoiding the costs of paying a third party for transfers. And because we have ensured our fibre networks have ample capacity, we'll be able to meet future demand with only a small incremental increase in operating expenses.

710 leaders from 16 countries completed the course certification

Our **people** strategy in action

'Licence to hire': looking to the future, recruiting today

Attracting and retaining the best talent is core to our strategy and that means ensuring that our hiring managers are equipped with the right skills and competencies to select talent.

Our mandatory, two-day 'Licence to hire' coaching programme was delivered through e-module learning and in-class facilitation to refresh leaders' knowledge of our DNA and talent acquisition processes using the STAR methodology. The coaching sessions also delved into potential unconscious bias. The programme was launched across Africa, in the UK, and in India to all our employees.

Over a period of four months, 710 leaders from 16 countries took the training.

Win with **people**

Our strategic intent

We aim to be an employer of choice with a diverse and inclusive work environment that continues to foster a culture of high performance, our colleagues' wellbeing, skills enhancement and coaching.

We will achieve this by:

- Accelerating a diverse pipeline of talent to meet current and future business needs
- Building a dedicated people structure for Airtel Money, with appropriate systems and processes
- Improving coaching and functional skills through our digital learning platform, functional programmes and cognitive assessments
- Digitalising our people processes to improve overall employee experience.
- Refreshing our policies and workplace facilities to enable a more diverse and inclusive workplace

Our progress in 2020/21

Our focus over the year continued to be on three key areas: talent, capability and technology.

- We onboarded top talent and reduced our time-to-hire for key roles, made significant progress on the Airtel Money people structures and scaled up the Group's digital capability through Airtel Africa Digital Labs.
- As a result of our internal development programmes, 31% of promotions into senior management/ExCo roles are internal.
- Through a combination of our digital learning platforms and in-person training, we enriched our functional expertise and on-the-ground coaching. This further enhanced productivity and performance.
- Keeping our people connected and engaged remains a priority for us. We did this by conducting quarterly Group town halls, including an upward feedback session through Q&A, and through our annual strategic and award conclave in which our people had an opportunity to interact with the chair, Group CEO and Group CFO.
- Our employee engagement survey continues to provide us with regular insight and feedback from our people. Details of our engagement and programmes, including our employee assistance programme, can be found on page 32 in the stakeholders section.

How we measure progress

We measure our progress on people through a number of KPIs, including:

Diversity: by gender (26% women in our workforce, 23% women in ExCo at the OpCo level) and nationality (employees from 34 nationalities).

Skills development: delivered key functional and leadership training through accelerated on-demand learning programmes, which in return improved productivity and overall performance.

Employee engagement: our new annual employee engagement survey achieved an 87% response rate, with an overall engagement score of 79%.

Voluntary attrition: voluntarily attrition rate dropped from 9.5% to 6.6%.

» See our principal risks on **pages 74-77**
» See our business model on **page 22**
» See our corporate responsibility on **pages 54-59**
» See our sustainability ambition on **pages 50-53**

Staying engaged, strengthening relationships, building trust

Turbulent times make trusted relationships more important than ever. So despite the challenges presented by Covid-19, we made sure we adapted how we engage with our stakeholders, so we could continue to build understanding and create mutual, long-lasting value. It has made our relationships stronger, and added new momentum to our drive to grow our business and transform more lives.

Engagement with stakeholders happens at all levels of our business.

Engaging with our stakeholders and our section 172 statement

This section describes how the directors have acted in relation to their duties under section 172 (a) to (f) Companies Act 2006 to promote the success of the company with regard to the needs of wider society and stakeholders, including customers, consistent with our core business objectives.

In November 2020, our directors received training from our corporate legal advisers Herbert Smith Freehills (HSF) to remind them of their duties to apply section 172 to their considerations and decisions. By considering and applying our purpose, vision and core values (particularly 'respectful') consistently when delivering our strategy and in our decision-making, we aim to meaningfully engage with all our stakeholders regardless of the outcome of any particular decision.

The information in this section explains how the Board oversaw stakeholder interests and concerns and considered stakeholders when making decisions in 2020/21.

How we work to understand our stakeholders

Our Board seeks to understand the interests of each stakeholder group and to consider them in their decisions. Directors receive information about our stakeholders through various channels. This includes direct interaction and engagement – something we place much importance on at Airtel Africa. They also receive reports and updates in Board and committee meetings from our senior leadership team who engage with our stakeholders – for example, when concerns and initiatives related to stakeholders are presented to directors by our Investor relations team or chief human resources officer. We're working to make sure Board papers include coverage of relevant stakeholder interests related to proposed courses of action – and are revising our Board paper templates and introducing training for people who write Board and committee papers.

This year our Board hasn't spent as much time as usual in our markets and meeting with stakeholders in person due to Covid-19 restrictions, but we will restart these meetings as soon as it's safe to do so. Once travel restrictions have been lifted, Board meetings will take place at regional locations with representatives from the business present. We will also arrange regular director visits to local operations.

How we consider stakeholder interests

Our directors foreground stakeholder interests when making key decisions for Airtel Africa. Sometimes this means considering the results of a direct consultation, such as the one between our Remuneration Committee and our shareholders. At other times, it involves distilling data and other metrics to inform decisions.

Our Board has also established clear business standards to which stakeholder interests are integral. Our Code of Conduct encompasses everything from respect for human rights to data privacy to acting lawfully. This sets out our high expectations for how all of us at Airtel Africa should act in ways that create value for – and build trust in – our many stakeholders.

Our customers

More than 118 million customers across Africa use our data, voice and mobile money services to connect, live and work.

How we engaged during the year

Our customers relied on us more than ever this year – and we developed new channels and ways of working so we could stay in touch and engaged with their interests and needs.

We collect customer feedback at various points of customers' Airtel Africa experience – using these insights to improve our services and inform our decision-making. In September 2020, we began using SMS to survey our customers and assess how well we've met their expectations.

Our Board was kept informed of significant customer concerns and priorities through the CEO's regular update and continues to champion the cause for customer-centricity.

Interests and concerns

This year especially, customers wanted to be sure that they could stay connected to friends, family, work and vital services. That meant business and network continuity was a particular focus for us. More widely, our customers want to engage with our products and services in ways that enhance their quality of life, support their work, and optimise their leisure – so they can have a seamless customer experience and be self-sufficient.

Engaging with our **stakeholders**

Keeping customers safe

The impact of Covid-19 on our customers was shared at Board meetings by our CEO.

Subsequent Board discussions led to various safeguarding measures, including:

Self-care app enhancements: more features to enable customers to serve themselves without needing to go to a shop or agent

Call centre: a new self-serve channel so that customers could do more over the phone instead of going into shops for things like resetting their PINs and getting PUK codes

E-recharge: we rolled out an online prepaid mobile facility so that customers could access prepaid plans without leaving their homes

We also created a Covid-19 information hub on all 14 operating company websites to inform customers about health tips, Covid-19 hotlines, free educational portals and more

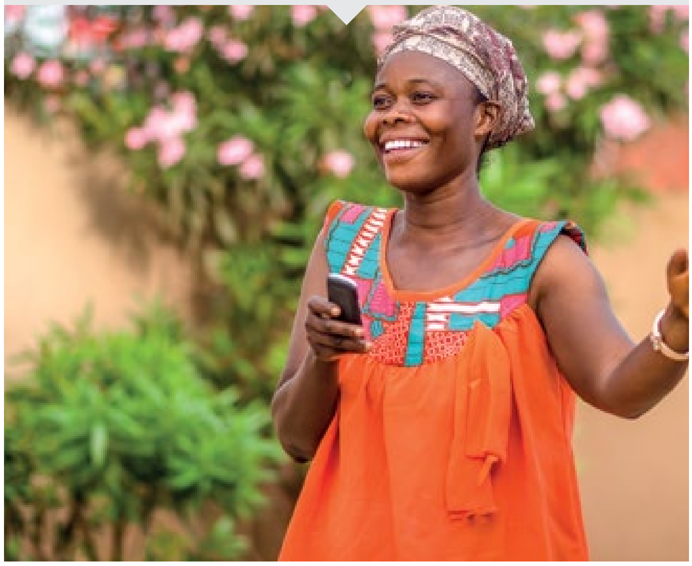
Engaging with our **stakeholders**

Empowering our customers

We know our customers want more ways of independently accessing our products and services – particularly online.

So in August 2019, we began to roll out the MyAirtel app and by April 2020 it was live across our 14 markets. As of March 2021, the app has been downloaded almost 7.5 million times and is used by many customers to check their airtime minutes and buy bundles using Airtel Money or any credit or debit card. The app also gives customers access to mobile money services anytime, anywhere.

Also in April, we launched transactional video on demand (TVOD) services in Nigeria, which allows our customers to enjoy the latest Nollywood blockbusters through the Airtel TV app. Airtel TV is now live in nine countries, with almost 2 million registered users across Chad, the DRC, Kenya, Madagascar, Niger, Nigeria, Tanzania, Uganda and Zambia.



Outcome and actions

Where restrictions allowed, we observed all locally mandated health protocols in our Airtel shops so that we could have face-to-face interactions that were safe for customers and staff. Our in-country call centres, adapted where necessary so people could work from home, ran 24 hours a day, seven days a week. We also worked hard to find 'self-service' solutions for customers, so they could solve issues or access services using their phones. In particular, we reached out through social media to let customers know about our new self-care channels and processes, including the MyAirtel app.

This year, in response to customer requests, we made a number of sites across our businesses accessible free of charge to give students continuous access to quality education.

Our people

Our more than 3,500 full-time permanent employees in 17 countries represent 34 nationalities and are at the heart of our success.

How we engaged

Our Board works in various ways to interact with and understand our employees. Sunil Bharti Mittal is our designated Board director for employee engagement, given his regular travel to our operating companies. He reports to the Board on what he learns from his engagement with our employees. Despite pandemic-related restrictions, our chair met with senior executives across our operating companies and headquarters to discuss both personal and professional matters. This included managing Covid-19, team capabilities, engagement and continuing to build a high-performance culture.

We've always had an open-door policy, where any employee can connect directly with the Group CEO or any Executive Committee member. To this end, we make our ExCo members' contact details available in our employee directory. The CEO also covers employee engagement matters in his report to the Board – and this year, he shared personal stories of the impact of Covid-19.

The Board also stays on top of employee-related issues through:

- Quarterly CEO-led town halls in English and French where our senior leaders update employees on our business performance, organisational changes and take questions from employees
- Chief human resources officer presentations to directors every year and one-to-one meetings as necessary
- Full quarterly reports to the Remuneration Committee from the HR Forum and Remuneration Forum chair on people, culture, wellbeing and the impact of Covid-19. These were shared at Board meetings by the Remuneration Committee chair
- An employee engagement survey, launched online and carried out by consultants Willis Towers Watson: 87% of the 3,411 employees we invited to participate across all markets responded to the survey. See page 31 for a summary of the findings.

Interests and concerns

Health, safety and wellbeing is a paramount concern for both our company and employees, and this year that meant taking new steps to keep employees safe. During the pandemic we made sure employees stayed on full pay and received full medical insurance, and launched an employee assistance programme with remote access to mental healthcare professionals.

» See our responsible business section on **page 56**

Our employees have other interests and concerns beyond health and safety, of course – including a focus on career development. This year, we made significant steps in evolving our capability-building programmes, including through a revamp of our online learning platforms, and ensuring all employees receive training on our Code of Conduct and mandatory policies.

The results of our engagement survey showed an engagement score of 79%, which was benchmarked as in line with local norms. We're continuing to build our engagement with employees so we can attract, motivate and retain the best skilled talent.

Engaging with our **stakeholders**

Support for our people during the pandemic

We took range of steps during the year to ensure everyone's safety:

- A Covid-19 war room to monitor people's needs and provide support
- A cross-functional business continuity planning (BCP) team which continues to assess potential risks and refine contingency plans for each OpCo
- Agreed policies for remote working, working in shifts and social distancing, depending on the needs of teams
- Full pay and medical insurance for all employees, including diagnostic testing and physician visits related to Covid-19
- A new fund to help temporary staff with Covid-19 medical bills
- Paid medical leave for employees with Covid-19 or who needed to care for family members with Covid-19
- Psychological counselling, personal legal advice and access to crisis centres through our employee assistance programme
- Personal protective equipment and hand sanitiser for staff in offices and shops

Outcome and actions

Our CEO held one-to-one meetings with our operating company managing directors and other leaders to discuss issues of employee and personal wellbeing, team updates and career aspirations. We also put several retention plans in place for our leadership team.

We put several retention plans for the leadership team into place as a result of one-to-one meetings between the CEO and our operating company managing directors and other leaders to discuss issues of employee and personal wellbeing, team updates and career aspirations.

We're continuing to consult with employees on how Board members can better engage with employees and will report on the outcomes next year. We are planning for non-executive directors to attend more employee meetings, so that they can engage with colleagues in both formal and more relaxed settings.

Communities

We stand with our communities in hard times as well as good times, and we listen to their concerns to make sure we remain a force for positive change.

How we engaged

Our CEO reported on the impact of Covid-19 on our communities at Board meetings during the year. The Board also regularly reviews our formal programme of community initiatives.

Interests and concerns

Like much of the world, our communities faced a health and economic emergency in 2020. As well as relying on mobile telecoms to stay connected and enable essential services, communities looked to business to help in their time of need.

This year, we will be developing our new sustainability strategy in consultation with our key stakeholders. This will reflect their interests in digital transformation and financial inclusion as well as our core corporate social responsibility activities in projects and activities that make a real difference to the lives of some of the most vulnerable people on the continent.

We describe this work in our sustainability ambition on **pages 50-53**

Outcome and actions

We support the communities in which we operate in many ways, with a particular focus on creating educational opportunities, improving health and using our technology for good in disaster situations.

From 2021, we intend to increase our community programmes through technology and partnerships to meet people's needs against the backdrop of the pandemic and other important issues.

The pandemic has had a major impact on health and development across Africa, and we did not hesitate to lend support through our products and services, and in cash and in kind. With Group support, each OpCo took into account the needs of local stakeholders and supported a range of activities, including:

- Acting on government requests for assistance through our Airtel Money and digital platforms, removing transaction fees so that communities could send and receive money for free through our platform
- Contributing funding to various government institutions directly dealing with the pandemic across Africa
- Revising the limits for mobile money transactions to support medium and small businesses

In addition, our employees made voluntary donations to communities that were matched by the company. This is in addition to the $2.6m donated by Airtel Africa towards protective equipment for frontline health workers across Africa.

We provide more details about our community support in corporate responsibility on **pages 54-55**

Partners and suppliers

Across Africa, we work with more than 2,800 suppliers, including mobile brands, IT companies and telecoms infrastructure providers – with the top 100 suppliers accounting for just over 83% of our procurements.

How we engaged

During the year, we engaged proactively at both Group and operational company level with all of our top vendors. Relevant information from these engagements is communicated to the Board via the CEO's report; and the Board's response is fed back to the business and the relevant executive by the CEO at his regular ExCo and business review meetings.

We continued engaging with our vendors while observing social distancing restrictions. While major conventions such as MWC Barcelona and AfricaCom were cancelled this year, and direct meetings with vendors were not possible, we continued meeting major vendors online at least once each quarter.

These meetings included governance meetings, commercial meetings and, where necessary, grievance meetings. Our OpCo teams continued to discuss operational matters with vendors at country level, and our partners tell us that they continue to value the proactive approach we take in resolving issues.

Many of our partners were, like us, part of providing essential services to communities – and we are grateful to partners on the ground such as fuel vendors and maintenance workers for helping us keep our networks running and serving customers.

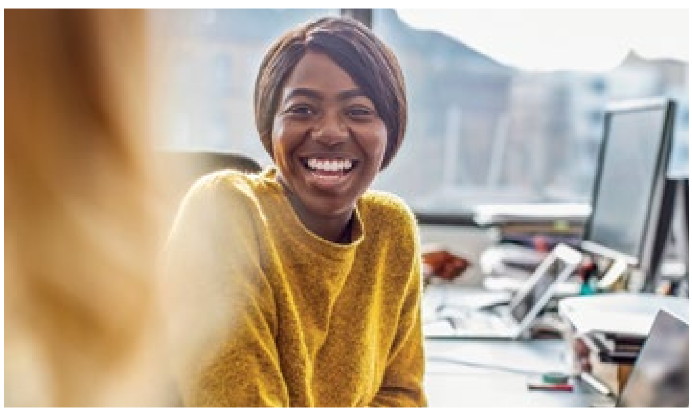
Interests and concerns

We have a strong track record of partnership and many partners seek us out to discuss win-win solutions. Partners and suppliers also provide information on the latest developments and support us with the adoption of new technologies, and we discuss sales and project plans, bids and proposals, and payments.

Outcomes and actions

In July 2020, we scaled up our partnership with WorldRemit, the global digital money transfer service operating from over 50 sending countries to over 150 receiving countries. This partnership will enable more customers in more places to send and receive money through Airtel Money.

In the same month, we began working with Mukuru, one of Africa's largest remittance organisations with a strong presence in southern Africa. This partnership will enable Mukuru customers to instantly send cross-border transfers directly to Airtel Money customer wallets in 12 African countries.



Regulators and governments

Mobile telecoms has been shown to be an essential service throughout the pandemic, and we have continued to work closely with governments and regulators to help in the emergency and build the digital and financial inclusion that will fuel recovery.

How we engaged

With operations in 14 countries, we work hard to stay ahead of regulatory changes in different regions. Our Board maintains a productive and open dialogue with regulatory bodies and policymakers and sets high standards of governance across our business.

Over the 2020/21 financial year, we continued to engage with governments to understand key policy considerations and the direction in which governments are driving their countries. We take a multi-layered approach to engaging with regulatory stakeholders around potential changes to licencing frameworks, market and competition structures, new government policy initiatives and new laws affecting our business. In other words, we communicate with governments and regulators on various levels, depending on the complexity of the issue and the level of the stakeholder. Some issues might be dealt with by our regulatory affairs directors, some might involve the Group chief regulatory officer working alongside the local team, and others will need the support of our Group CEO or chair.

The Board has empowered the CEOs and chief regulatory officers of our operating companies to represent them at country-level engagements with governments and regulators. Management informs the Board about regulatory developments in the markets on a monthly and quarterly basis. From time to time, we also commission audits to verify levels of regulatory compliance.

Interests and concerns

While different governments tailored their approach to the pandemic to local conditions, a number of concerns arose in several markets. One was making sure networks were robust enough to accommodate changes in traffic patterns as people worked from home, which meant we were temporarily assigned additional spectrum to support network reconfigurations.

Some governments also took steps to promote the use of mobile financial services as a safe way of making payments without cash, and in some markets governments requested that all telecom companies temporarily waive transactions fees, a request Airtel agreed to.

At the same time, regulators continued to promote national security, and in a number of markets added Know Your Customer requirements – these are described in market environment on page 18.

Outcomes and actions

This has been a year of close cooperation during a health and economic emergency. Governments across our markets recognised telecom operators as essential workers, which was a critical step in keeping our networks open so people and service providers stayed connected. It meant our employees could continue to maintain facilities, distribute SIM cards and recharges, and serve customers. At the same time, we worked with governments and regulators to ensure that, as people's behaviour changed through lockdowns and travel restrictions, our services could adapt.

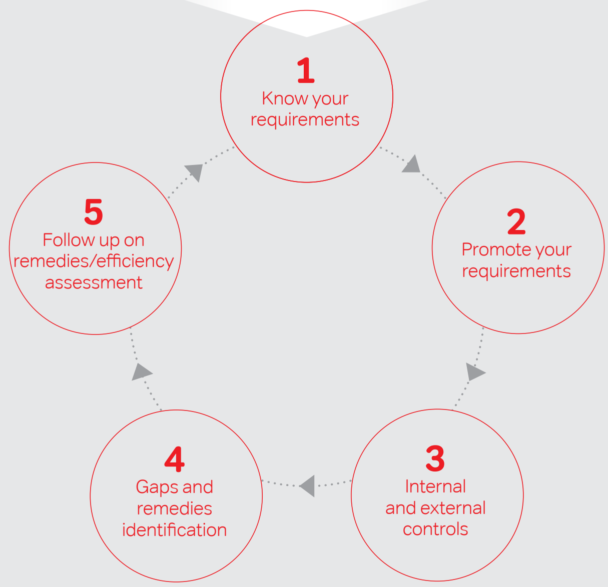
Engaging with our **stakeholders**

Our compliance management system

Over the last reporting year, we rolled out a new way of managing compliance to our 14 operating markets. This involves five steps:

1. Understanding and mapping the regulatory requirements in the specific country
2. Cascading relevant regulatory requirements to business units so they know what is expected of them from a compliance perspective
3. Auditing the level of adherence to compliance requirements – this is done by the regulatory function, internal audit and sometimes external auditors
4. Identifying gaps in meeting compliance requirements, analysing the cause and proposing remedial action
5. Implementing remedial measures and repeating the cycle

This process has helped our operating companies become more aware of the compliance requirements in their markets, leading to improved compliance overall.



Shareholders

Our shareholders provide the funding flexibility we need to execute our strategy, allowing us to deliver sustainable long-term value to them and all our stakeholders, and to society.

How we engaged

The Board is updated on investor and shareholder feedback as part of the CEO's monthly report to the Board.

We aim to encourage shareholder participation through clear messaging and reporting and careful review of shareholder feedback. To this end, in 2020/21 we:

- Held interactive conference calls with analysts and shareholders on the day of our quarterly results announcements
- Held virtual investor roadshows after publishing our full year and half year results in May and October, as well as ad hoc meetings and calls with both existing and prospective shareholders
- Attended online investor and industry conferences throughout the year to offer existing and prospective shareholders more opportunities for dialogue with executive management
- Proactively engaged with the sell-side equity research community
- Encouraged shareholder attendance at our virtual first AGM in June 2020, including voting on resolutions proposed through briefings to analysts and the press
- Collected and reviewed feedback from shareholders on our engagements with them throughout the year

As set out in the remuneration report, our Remuneration Committee consults with shareholders each year on remuneration policy and, as part of this, the committee chair engages directly with shareholders and their representative bodies.

» See **pages 124-138** for more details about our Remuneration Committee

Interests and concerns

In addition to investor interest around solid financials, such as delivering sustainable profitable growth, free cash flow and dividends, our shareholders also expect to see sustained high standards of governance at Airtel Africa.

We know that many shareholders are interested in our outlook on trading and market demand, our guidance for 2021 and beyond, our progress in improving our natural currency hedging by localising debt in our operating companies, and our other financial targets and dividend policy. In light of the increased interest in our approach to environmental, social and governance-related policies and matters, we will work closely with our shareholders in developing our sustainability strategy in 2021.

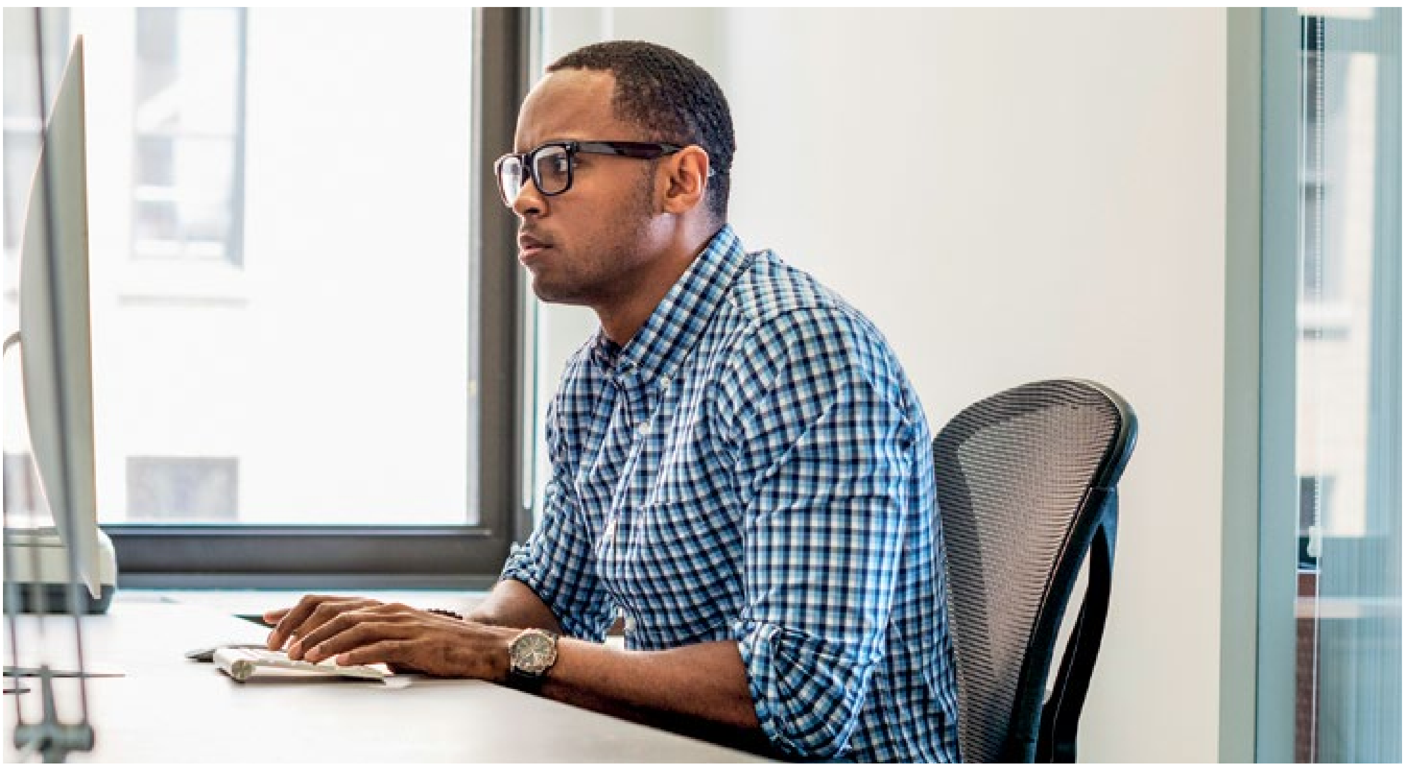
» We describe the relationship with our majority shareholders on **page 120**

Outcomes and actions

All directors have formal briefings during the year about our investor relations programme and receive detailed shareholder and institutional feedback. This enables directors to act on major strategic and operational decisions with a good awareness of the views of our shareholders.

In response to increasing demand from investors, and other stakeholders, we recently embarked on a process to more formally articulate how our strategy and business model align with environmental, social and governance best practices. As part of this process, we have now defined our sustainability framework, our ESG materiality matrix and the six UN SDGs where we believe we can make the biggest difference.

» Full details of our sustainability ambition can be found on **pages 50-53**



Meeting the needs of customers and communities, driving digital transformation

> This was a year in which we were focused on our communities, customers and employees as much as our business – and we learnt once again that serving our stakeholders is at the heart of business success. The opportunities ahead are exciting: there is a clear recognition that the services we provide are key to progressing Nigeria on a new, digital trajectory of growth.

Olusegun Ogunsanya
MD & CEO, Airtel Nigeria

Revenue	Underlying EBITDA	Operating profit	ARPU
$1,552m	$839m	$602m	$3.0
Reported currency 13.1%	Reported currency 12.8%	Reported currency 6.5%	Reported currency 2.2%
Constant currency 21.9%	Constant currency 21.6%	Constant currency 14.9%	Constant currency 10.2%

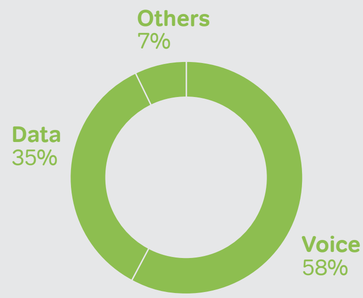
Revenue ($m)

Growth % are in constant currency

Underlying EBITDA ($m)

* Underlying EBITDA margin

Revenue split



Summarised statement of operations

Description	Unit of measurement	March 2021	March 2020	Reported currency change %	Constant currency change %
Revenue	$m	**1,552**	1,373	13.1%	21.9%
Voice revenue[1]	$m	**897**	850	5.6%	13.9%
Data revenue	$m	**549**	435	26.3%	36.2%
Other revenue[1]	$m	**106**	88	20.2%	29.7%
Underlying EBITDA	$m	**839**	744	12.8%	21.6%
Underlying EBITDA margin	%	**54.1%**	54.2%	(15) bps	(14) bps
Depreciation and amortisation	$m	**(236)**	(183)	28.9%	38.9%
Exceptional item	$m	**–**	5	(100.0%)	(100.0%)
Operating profit[2]	$m	**602**	565	6.5%	14.9%
Capex	$m	**275**	325	(15.3%)	(15.3%)
Operating free cash flow	$m	**564**	419	34.6%	53.6%
Operating KPIs					
ARPU	$	**3.0**	2.9	2.2%	10.2%
Total customer base	million	**42.0**	41.8	0.5%	
Data customer base	million	**17.7**	16.7	5.6%	

1 Voice revenue and other revenue includes inter-segment revenue of $1m and $2m respectively in the year ended 31 March 2021. Excluding inter-segment, voice revenue was $896m and other revenue was $104m in the year ended 31 March 2021

2 The operating profit in above table includes a CSR (corporate social responsibility) expense of $0.7m in the year ended 31 March 2021 and $1m in the year ended 31 March 2020

Our market

Nigeria is Airtel Africa's largest single country market – and as an enabler of Nigeria's rapidly expanding digital economy, we see great potential for continued growth as we create opportunities and value for our customers and shareholders.

Nigeria has a growing population of more than 200 million people, more than half of whom are under 30 years old – and the Nigerian government, as well as external experts such as the World Bank, see digital entrepreneurship as an engine of economic transformation for the country.

We are well-placed to continue serving this need, investing this year in network upgrades to boost capacity and reinforce resilience, and making further progress on expanding our distribution network, while developing our offer to customers. New National Identity Number (NIN) regulations introduced in December 2020, which require every phone user to have a registered NIN, have temporarily slowed customer onboarding across the telecoms sector, as we describe on page 21. Despite this, we have widened our customer base during the year overall, and seen a rapid rise in data consumption contributing to double-digit revenue growth. In January 2021, we renewed our spectrum licences in the 900MHz and 1800MHz band, valid for ten years from 1 December 2021 – an important development we describe on page 21. We continue to progress our application for a licence to offer payment services independently, as we see a major opportunity to complement our existing financial services partnership with a local bank, which uses our platform for financial transactions. We also closely monitor Nigeria's foreign exchange situation: our analysis of foreign exchange risk is described on page 17 in our Covid-19 statement.

Our focus on customers, communities and employees has been more important than ever this year. As everyone in Nigeria tackled the urgent demands of Covid-19, our teams pulled together to provide vital support, whether through testing centres, free SMS and data services, or resilient services that were essential to people's everyday lives and the national response. It was an effort that we can recall with pride as we help our communities build back stronger in 2021.

» For more information on our response to Covid-19, see **page 16**

Other market participants

- MTN
- Globacom
- 9 Mobile

Our performance

Revenue grew by 13.1% in reported currency, with constant currency growth of 21.9% offset by Nigerian naira devaluation of 10% (YoY). Reported currency revenue grew by 12.0% in Q4'21, and 22.9% in constant currency.

Voice revenue grew by 13.9% in the year. This was driven by customer base growth of 0.5%, and voice ARPU growth of 2.9%, supported by an increase in voice usage per customer, up 12.4%. The customer base growth was supported by continued expansion of our distribution network and network infrastructure, with a slowdown in customer base growth in the second half of the year attributable to new Know Your Customer (KYC) requirements in Nigeria. In Q4'21, voice revenue grew by 12.9% in constant currency, mainly driven by voice ARPU growth of 7.5%, largely due to increased voice usage per customer.

Data revenue continues to be the key driver of Nigeria revenue growth, with constant currency revenue growth of 36.2%. This was driven by 5.6% growth in the number of data customers, and 15.3% growth in data ARPU. The data customer base growth was supported by expansion of our 4G network, with 84% of total sites now on 4G. Data customer penetration increased to 42.1%, up 2 percentage points from the prior year. Data ARPU increased 15.3% from increased data usage per customer, which was up 47.4% in the year from 1.9 GB per month to 2.8 GB per month. Q4'21 data usage was 3.2 GB per customer. Data revenue accounted for 35.4% of total revenue in the year, up 3.7 percentage points from 31.7% in the prior year.

Other revenue grew by 29.7%, with the main contribution coming from growth in VAS revenue, led by airtime credit services.

Underlying EBITDA grew by 12.8% to $839m in reported currency, with a constant currency growth of 21.6%. At 54.1%, the underlying EBITDA margin was broadly in line with the prior year. The slight decline year on year in the Q4 underlying EBITDA margin to 54.8% (from 55.5%) was due to increased operating expenses, largely from the rollout of new sites (over 1,400 added in the year).

Capital expenditure was $275m, marginally lower than the prior year, largely due to logistical challenges faced during the pandemic. Operating free cash flow was $564m, up 53.6%, from the combination of underlying EBITDA growth and capex reduction.

Transforming lives spotlight

Putting our business at the service of customers and communities

While we never lost sight of how crucial it was to keep our mobile and data services running in Nigeria during the Covid-19 pandemic, we also looked for innovative ways we could help our communities through the worst of the crisis.

We used our platforms to make sure people got the information they needed – both about Covid-19 (see page 12 for a description of our communications work on behalf of the National Center for Disease Control (NCDC)), and for their education, through partnerships that meant vulnerable children continued to get access to online learning resources.

At the same time we supported the government's efforts to combat Covid-19, including through a N200m (equivalent of $525,000) donation to refurbish and equip a specialist unit at the Lagos University Teaching Hospital, and donations to the Ogun State government to support Covid-19 testing through a molecular laboratory. We also supported the Nigerian Port Health Authority, provided toll-free lines to the 36 State Government offices, and donated N50m (equivalent of approx. $132,000) to Lagos State Government to procure personal protective equipment (PPE) for Lagos State health workers, among other initiatives. Our employees led the way: through our Employee Volunteer Scheme (EVS), they donated N20m (equivalent of approx. $52,500) from their salaries to the Lagos State government to provide relief materials and palliative packs to vulnerable families and individuals.

Opening up access to essential services, helping millions stay connected

> Our services helped governments, health workers and communities through the Covid-19 pandemic by disseminating safety information, enabling commercial transactions and keeping communities connected through our voice and data platforms. We will continue to work with all our stakeholders to ensure that our services remain accessible and affordable as a key element of our strategy for continued growth.

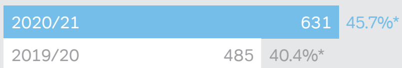
Ian Ferrao
Regional director, East Africa

Revenue	Underlying EBITDA	Operating profit	ARPU
$1,381m	$631m	$408m	$2.3
Reported currency 15.0%	Reported currency 30.0%	Reported currency 53.7%	Reported currency 2.5%
Constant currency 23.5%	Constant currency 40.2%	Constant currency 67.8%	Constant currency 10.0%

Revenue ($m)

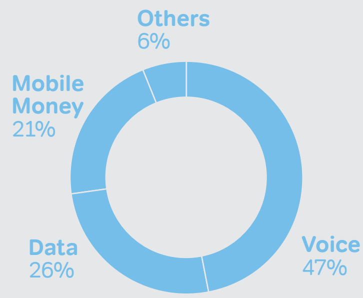
Growth % are in constant currency

Underlying EBITDA ($m)



* Underlying EBITDA margin

Revenue split



Revenue contribution of others includes eliminations

Summarised statement of operations

Description	Unit of measurement	March 2021	March 2020	Reported currency change %	Constant currency change %
Revenue[2]	$m	**1,381**	1,201	15.0%	23.5%
Voice revenue[3]	$m	**650**	606	7.4%	15.4%
Data revenue	$m	**354**	307	15.4%	23.9%
Mobile money revenue[4]	$m	**291**	213	36.1%	47.2%
Other revenue[3]	$m	**150**	131	14.2%	20.8%
Underlying EBITDA	$m	**631**	485	30.0%	40.2%
Underlying EBITDA margin	%	**45.7%**	40.4%	529 bps	541 bps
Depreciation and amortisation	$m	**(221)**	(229)	(3.7%)	2.5%
Exceptional item	$m	**–**	10	(100.0%)	(100.0%)
Operating profit[5]	$m	**408**	266	53.7%	67.8%
Capex	$m	**249**	181	37.5%	37.5%
Operating free cash flow	$m	**382**	304	25.6%	42.0%
Operating KPIs					
ARPU	$	**2.3**	2.2	2.5%	10.0%
Total customer base	million	**53.1**	48.6	9.2%	
Data customer base	million	**16.2**	13.3	21.5%	
Mobile Money customer base	million	**18.0**	15.5	16.4%	

1 The East Africa business region includes Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia
2 Revenue includes intra-segment eliminations of $64m for the year ended 31 March 2021 and $56m for the year ended 31 March 2020
3 Voice revenue and other revenue includes inter-segment revenue of $1m and $3m respectively in the year ended 31 March 2021. Excluding inter-segment, voice revenue was $649m and other revenue was $147m in the year ended 31 March 2021
4 Mobile money revenue post intra-segment eliminations with mobile services was $227m for the year ended 31 March 2021 and $157m for the prior year
5 Operating profit includes a CSR (corporate social responsibility) expense of $1.7m in the year ended 31 March 2021

Transforming lives spotlight

'Let's Read': working in partnership to help improve education for 1.4 million children

We have a long track record of supporting education projects by harnessing our data and network capabilities, which will continue to be a focus of our new sustainability strategy.

Our partnership work in Zambia is a great example: this year we partnered with the 'Let's Read' project being rolled out to five provinces in Zambia as part of a USAID funded five-year programme led by the Education Development Center, Inc. (EDC).

Airtel Zambia provided more than 2,000 data SIM cards for the programme, to support the development of primary school teachers with the aim of improving the reading outcomes for approximately 1.4 million children attending pre-primary (kindergarten) through Grade 3.

See our sustainability ambition on **pages 50-53**

Our market

Our six markets in East Africa have some of the youngest and fastest-growing populations in the world – and mobile, digital and financial services are essential to their future opportunities.

To continue serving our customers, we're focused on making our services accessible. That has meant continuing to invest in network upgrades: our Kenya and Tanzania 4G networks are now best-in-class, and we continue to maintain 4G leadership in Malawi, Uganda and Zambia. We have significantly improved our customer experience by using the Airtel app to enhance digital support, and by simplifying customer journeys on our platforms. We also continue to deploy our distribution network closer to our customers by rolling out more service centres across urban and rural areas. Perhaps the strongest example this year has been the expansion of our Airtel Money branch and kiosk footprint by 73.4% and 11.5% respectively, which has brought financial inclusion and connectivity to more customers while driving significant growth for our business.

The Covid-19 pandemic, which continues to have an impact on people's lives across our markets, has again shed light on how crucial telecoms services are to our communities and economies. Over the course of the year, we helped millions of families and businesses stay connected. The pandemic has also accelerated the adoption of new ways of working that bridge barriers between homes, offices and business places, and we have pushed forward with the expansion of our FTTH (Fibre To The Home) and FTTB (Fibre To The Business) portfolios, which both rely on our 54,500+ kilometres of fibre across Africa. Above all, the year has shown that we are all at our strongest when we work together with all stakeholders, including governments, the health sector, communities, businesses and our customers.

For more information on our response to Covid-19, see **page 16**

Other market participants

- Kenya – Safaricom and Telkom
- Malawi – TNM
- Rwanda – MTN
- Tanzania – Vodacom, Tigo, Halotel and TTCL
- Uganda – MTN, UTL and Africell
- Zambia – MTN and Zamtel

Our performance

East Africa delivered a strong business performance with revenue growth of 15.0% in reported currency and 23.5% in constant currency. The growth in revenue was evident across all key business segments; with voice up 15.4%, data up 23.9% and mobile money growing 47.2% in constant currency. Constant currency revenue growth of 23.5% was partially offset by currency devaluation, mainly in Zambia and Kenya. Reported currency revenue grew by 15.4% in Q4'21, and 23.9% in constant currency.

Voice revenue grew by 15.4% for the year, driven by customer base growth of 9.2% and voice ARPU growth of 2.9%. Customer base growth was driven largely by the expansion of our distribution network, with the number of activating outlets up 15.5%. Voice ARPU growth was driven largely by the increase in voice usage per customer of 18.3%, to 330 minutes per customer per month. In Q4'21, voice revenue grew by 15.5% in constant currency, mainly driven by the customer base growth of 9.2% and ARPU growth of 5.3%.

Data revenue grew by 23.9%, driven by data customer base growth of 21.5% and data ARPU growth of 1.1%. Growth was recorded across all OpCos in the region, driven by expansion of our 4G network infrastructure, with 76% of sites now on 4G in East Africa, compared with 66% during the prior year. Total data usage on the network grew by 70.7%, led by the 39.3% increase in data usage per customer per month to 2.7 GB per customer from 1.9 GB in the prior year, and from the data customer base growth.

During the period 'pay-as-you-go' (PAYG) tariffs in certain markets were revised and this resulted in change of revenue allocation of bundled products between voice and data in these tariffs. On a like-for-like basis, voice and data revenue growth was 11% and 32.6% respectively.

Mobile money revenue grew by 47.2%, largely driven by growth in Tanzania, Zambia, Uganda and Malawi. Revenue growth was driven by 16.4% growth in the customer base and 28.6% growth in the transaction value per customer, thanks largely to the expansion of our distribution network. The increase in transaction value per customer was the main contributor to mobile money ARPU growth of 16.0%. Consistent with the year, Q4 posted mobile money revenue growth of 47.8% in constant currency.

Underlying EBITDA margin was 45.7%, an improvement of 529 basis points in reported currency and 541 basis points in constant currency, led by both accelerated growth in revenue and efficiency improvement in operating expenses.

Capital expenditure was $249m, up 37.5% due to planned network expansion. Operating free cash flow was $382m, up 42%, largely due to the growth in underlying EBITDA.

Return to sustainable growth founded on strong networks and getting closer to customers

"This was a year which showed once again how our products and services are supporting customers and economies in markets which were previously underserved by financial and communications infrastructure. And it showed that the delivery of our strategy, with a focus on distribution, network and pricing, can meet these customer needs while fuelling our growth."

Michael Foley
Regional director, Francophone Africa

Underlying revenue	Underlying EBITDA	Operating profit	ARPU
$964m	$364m	$170m	$3.8
Reported currency 12.3% Constant currency 10.0%	Reported currency 24.6% Constant currency 21.7%	Reported currency 86.7% Constant currency 80.5%	Reported currency 3.6% Constant currency 1.5%

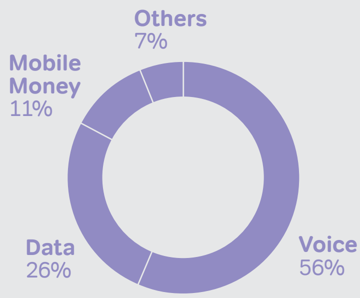
Underlying revenue ($m)

Growth % are in constant currency

Underlying EBITDA ($m)

* Underlying EBITDA margin

Revenue split



Revenue contribution of others includes eliminations

Summarised statement of operations

Description	Unit of measurement	March 2021	March 2020	Reported currency change %	Constant currency change %
Underlying revenue[2]	$m	**964**	859	12.3%	10.0%
Voice revenue[3]	$m	**541**	525	2.9%	0.5%
Data revenue	$m	**254**	189	34.4%	31.9%
Mobile money revenue[4]	$m	**110**	93	18.1%	15.0%
Other revenue	$m	**96**	86	11.5%	11.0%
Underlying EBITDA	$m	**364**	292	24.6%	21.7%
Underlying EBITDA margin	%	**37.7%**	34.0%	372 bps	363 bps
Depreciation and amortisation	$m	**(207)**	(189)	9.7%	7.7%
Exceptional item[5]	$m	**14**	(12)	(217.8%)	(209.6%)
Operating profit[6]	$m	**170**	91	86.7%	80.5%
Capex	$m	**88**	133	(33.9%)	(33.9%)
Operating free cash flow	$m	**276**	159	73.2%	68.2%
Operating KPIs					
ARPU	$	**3.8**	3.7	3.6%	1.5%
Total customer base	million	**23.1**	20.2	14.5%	
Data customer base	million	**6.7**	5.4	24.6%	
Mobile Money customer base	million	**3.6**	2.8	30.6%	

1 The Francophone Africa business region includes Chad, Democratic Republic of the Congo, Gabon, Madagascar, Niger, Republic of the Congo, and the Seychelles
2 Underlying revenue includes intra-segment eliminations of $36m for the year ended 31 March 2021 and $34m for the year ended 31 March 2020. It also excludes a one-time exceptional revenue of $20m relating to a settlement in Niger in the year ended 31 March 2021
3 Voice revenue includes inter-segment revenue of $3m, excluding inter-segment the voice revenue was $538m in the year ended 31 March 2021. Voice revenue represents underlying revenue excluding the impact of a settlement in Niger ($20m)
4 Mobile money revenue post intra-segment eliminations with mobile services was $74m in the year ended 31 March 2021 and $59m in the year ended 31 March 2020
5 Operating exceptional items in the year ended 31 March 2021 includes exceptional revenue from a one-time settlement in Niger amounting to $20m
6 Operating profit includes a CSR (corporate social responsibility) expense of $1.1m in the year ended 31 March 2021

Our market

Demand for voice, data and mobile money products continued to grow in a year which showed more than ever how essential our services are to human connection and economic resilience.

More than 165 million people live in our Francophone Africa segment, which is made up of Chad, Democratic Republic of the Congo, Gabon, Madagascar, Niger, Republic of the Congo, and the Seychelles. This year, we got closer to many more new and existing customers through the rapid expansion of our distribution network, increasing our retail outlets by 43.7% to over 65,000. This expansion was made possible by our continuing investment in our network's capacity and resilience. Major projects this year in Niger and Chad serve as an example of our work in building infrastructure that is bringing communities into the mobile and digital ecosystem. Across the segment around 60% of our sites are now on 4G.

This growth in capacity came at the right time for customers facing new challenges brought about by the Covid-19 pandemic. Our field teams were able to keep working as essential service providers, increasing both the quality and availability of our network as people turned to mobile voice and data to stay connected and keep businesses running. We also helped meet the need for mobile money services within economies and households, by expanding the availability of Airtel Money services at the height of the pandemic. Our expanded network of Airtel Money branches and kiosks supported a substantial increase in our mobile money customer base and transaction volumes across the region.

With a strong foundation provided by our networks and expanded distribution footprint, combined with the region's young and growing populations, we see huge opportunities to continue serving customers and driving sustainable growth for us, and the communities we support.

» For more information on our response to Covid-19, see **page 16**

Other market participants

- Chad: Maroc, Sotel
- DRC – Vodacom, Orange and Africell
- Gabon – Moov (Maroc Telecom)
- Madagascar – Orange and Telma
- Niger – Zamani, Moov (Maroc Telecom), Niger Telecom
- Republic of the Congo – MTN
- Seychelles – Cable & Wireless and Intelvision

Our performance

Our performance in Francophone Africa improved through the year, with reported underlying revenue growth of 12.3% and constant currency growth of 10%. The growth in reported currency is higher than in constant currency due to appreciation of the Central African franc. Performance across the region was mixed, with revenue growth in Chad, Democratic Republic of the Congo (DRC), Gabon and Niger, partially offset by marginal decline in other countries in the region. In Q4, revenue growth was significantly higher, at 20.9% in reported currency and 15.9% in constant currency.

Voice revenue growth was broadly flat at 0.5%. This marginal underlying growth reflects 14.5% growth in the customer base (largely coming later in the year) balanced with a decline in voice ARPU due to a reduction in roaming revenue and interconnect rates. Q4'21 reflected an improvement in voice revenues of 7.3%, driven by customer base growth of 14.5% offset by a slight decline in voice ARPU of 3.6%, mainly due to reductions in roaming revenue and interconnect rates in Chad and Gabon. Q4'21 total voice minutes on the network grew by 27.0% due to increased voice usage per customer (up 14.1%) and customer base growth.

Data revenue grew by 31.9% driven by customer growth of 24.6% and data ARPU growth of 2.8%. Data usage per customer increased 51.7% to 1.9 GB per month, from 1.3 GB per customer per month in the prior year. The data customer base growth was driven largely by the expansion of our 4G network, with 60% of total sites now on 4G, and the success of our 'more for more' bundle offerings, driving data uptake by customers.

Mobile money revenue grew by 15.0% largely driven by a 30.6% increase in the mobile money customer base, supported by the expansion of our distribution network through more agents (up 29.6%) and Airtel Money branches (up 91.5%).

Underlying EBITDA margin was 37.7% during the period, an improvement of 363 basis points in constant currency. The Q4'21 underlying EBITDA margin of 42.1%, reflects an improvement of 9.4 percentage points in constant currency, driven by revenue growth and increased efficiency in operating expenses.

Capital expenditure was $88m, lower for the year, mainly due to a significant network modernisation project last year. Operating free cash flow was $276m, up 68.2% year on year, due to the improvement in underlying EBITDA and lower capital expenditure.

Our **data** strategy in action

Digitalisation through 4G connectivity: Niger

The success of our data business in Niger provides a clear example of how focusing on the reach and quality of our network can drive growth by bringing more customers across the digital divide.

We're the network leaders in the country, the first business to bring 4G coverage to Niger's cities, and the operator with the largest combined 3G and 4G network. And we've expanded our network to cover an increasing number of rural areas, bringing internet access to many places for the very first time.

We put that network strength and speed to good use by focusing on connecting new smartphone customers to 4G, and converting existing customers, while also driving adoption of home broadband, including through pocket Wi-Fi technology that allows 3G smartphone users to connect to the 4G network.

And we've made sure we're making the right offer to our customers, reviewing all our data packages and building trust with our customers through transparent bundle deals.

The result is that more people than ever before in Niger now have access to data and the digital economy. We've seen a rise in data usage, a rise in data customers, and an increase in data revenue of nearly 46% this year.

Our network has the potential to transform Niger, provide a solid platform for building the country's digital economy, and empower its people.

Strong performance in all 14 markets driven by transparency, access and leadership in 4G

"Availability, relevant and affordable products, and a quality network – these core pillars have been our focus. Our strong performance is proof of customer confidence and trust in the brand, and this is the equity we continue to build on."

Ashish Malhotra
Chief sales and marketing officer

Underlying revenue	Underlying EBITDA	Voice ARPU	Data ARPU
$3,592m	$1,639m	$1.5	$2.5
Reported currency 11.9%	Reported currency 19.5%	Reported currency (4.6%)	Reported currency 2.5%
Constant currency 17.6%	Constant currency 26.5%	Constant currency 0.1%	Constant currency 8.2%

Voice revenue ($m)

Growth % are in constant currency

Data revenue ($m)

Growth % are in constant currency

Summarised statement of operations

Description	Unit of measurement	March 2021	March 2020	Reported currency change %	Constant currency change %
Underlying revenue[1]	$m	**3,592**	3,210	11.9%	17.6%
Underlying EBITDA	$m	**1,639**	1,372	19.5%	26.5%
Underlying EBITDA margin	%	**45.6%**	42.7%	289 bps	323 bps
Depreciation and amortisation	$m	**(654)**	(595)	10.0%	14.6%
Operating exceptional items	$m	**14**	3	307%	508.4%
Operating profit[2]	$m	**995**	780	27.6%	37.0%
Capex	$m	**580**	626	(7.4%)	(7.4%)
Operating free cash flow	$m	**1,059**	746	42.0%	57.9%
Operating KPIs					
Mobile voice					
Voice revenue[3]	$m	**2,083**	1,970	5.8%	11.0%
Customer base	million	**118.2**	110.6	6.9%	
Voice ARPU	$	**1.5**	1.6	(4.6%)	0.1%
Mobile data					
Data revenue	$m	**1,157**	930	24.3%	31.2%
Data customer base	million	**40.6**	35.4	14.5%	
Data ARPU	$	**2.5**	2.4	2.5%	8.2%

1 Mobile service underlying revenue after intersegment eliminations amounted to $3,587m in the year ended 31 March 2021 and $3,207m in the year ended 31 March 2020. It also excludes a one-time exceptional revenue of $20m relating to a settlement in Niger in the year ended 31 March 2021

2 Operating profit includes a CSR (corporate social responsibility) expense of $3.5m in the year ended 31 March 2021 and $1m in the year ended 31 March 2020

3 Voice revenue represents underlying revenue excluding the impact of a settlement in Niger ($20m)

Our market

We've continued to grow in 2020/21 by offering transparent voice and data products that meet customers' needs – and by making sure that customers can access them through a distribution network that reaches them effectively and efficiently.

Demand in sub-Saharan Africa remains strong, as growing populations of aspirational, price-conscious consumers look for ways to connect with each other, with business, and with the opportunities of the global economy. We've continued to add new customers for both voice and data services, thereby growing our overall customer base by 6.9%, to 118.2 million subscribers across our markets.

Demand for voice services continues to grow as mobile penetration within the region increases. While we've seen changes in usage patterns during the Covid-19 pandemic, with an impact on traffic and revenues during hours when curfews were in place, this was mitigated by our increased distribution: our overall ARPU grew by 7.7% compared to 2019/20. Our mobile voice business line – which includes pre- and post-paid wireless voice services, international roaming, fixed-line phone services and interconnect revenue – contributed 53.6% to our consolidated revenue in 2020/21.

Data has been another area of strong performance. Our focus is on simple and affordable data products that are transparent to customers, including 'more for more' data bundles, to encourage data use. While smartphone penetration across the continent increased less than expected, partly because of smartphone supply issues caused by Covid-19, it nonetheless increased by 1.0 percentage points in 2020/21 to 33%. We see the trend towards smartphone adoption only going in one direction, and we're continuing to invest in our 4G network, reinforcing our position as leaders in 4G in most markets. Altogether, we've seen strong growth in data customer numbers, rapid expansion of data usage, and increased revenue.

Both voice and data performance improvements are only possible because of our foundation in two key areas: network and distribution. Upgrading and expanding our network builds our capacity and resilience, so we can keep customers connected. We continue to focus on making sure our Airtel shops, Airtel kiosks, and agents are as close as possible to customers, increasing our exclusive retail footprint by 73% this year.

» For more information on our response to Covid-19, see **page 16**

Our performance

Underlying revenue for mobile services grew by 11.9% in reported currency and by 17.6% in constant currency, with both voice and data revenue contributing to the growth.

Voice revenue increased 11.0% in constant currency, driven by customer base growth of 6.9% driven by expansion of the distribution network and network infrastructure. The slight slowdown in customer base growth was due to new KYC regulations in Nigeria, excluding Nigeria the customer base grew by 10.7%. Voice usage per customer increased 16.4% to 234 minutes per customer, resulting in overall minutes growth of 29.1%. Voice revenue in Q4'21 grew by 12.8% with an improved performance across all regions.

Data revenue grew by 31.2% in constant currency, largely driven by an increase in the data customer base and data usage growth. The data customer base grew by 14.5%, driven by expansion of our 4G network infrastructure, with 76.5% of sites now operating on 4G, compared with 64.7% in the prior year, and increased smartphone penetration up 1 percentage points. The data customer base as a proportion of total customers reached 34.3%, an increase of 2.3 percentage points. Total data usage on our network grew by 74.8%, led by an increase in data usage per customer and the growth of the data customer base. Data usage per customer per month was 2.6 GB, up 44.2% year on year, largely driven by our 4G network expansion and increasingly popular data bundle offerings. Growing penetration on our 4G network helped drive up data ARPU growth to 8.2%, with 4G data usage more than doubling and contributing 62.2% to total data usage on the network in Q4'21.

Data revenue contribution reached 29.8% of total Group revenue, up from 27.2% in the prior year.

Transforming lives spotlight

Keeping students connected as they learned from home in Gabon

Distance learning became the new normal for students in many of our markets in the Covid-19 pandemic – and we worked with a range of partners to help schools keep children's education on track.

In Gabon, we supported the Ministry of National Education by enabling free access to education websites in the government's 'Learn from Home' programme. And Airtel employees lent a hand through our '1 employee, 1 school kit' initiative, collecting school supplies to support children at the El-Jireh orphanage in Essassa.

» See our sustainability ambition on **pages 50-53**

Unlocking potential through financial inclusion

"Our model for spearheading financial inclusion is predicated on customer-centricity and solving the challenges faced by millions on the continent. From livelihood creation to processing payments to facilitating credit and savings, our purpose is to ensure that the digital revolution does not leave anyone behind."

Vimal Kumar Ambat
CEO, Airtel Money

Revenue	Underlying EBITDA	Operating profit	ARPU
$401m	$195m	$185m	$1.7
Reported currency 29.1% Constant currency 35.5%	Reported currency 30.5% Constant currency 36.2%	Reported currency 29.6% Constant currency 35.3%	Reported currency 1.6% Constant currency 6.6%

Revenue ($m)

Growth % are in constant currency

Underlying EBITDA ($m)

* Underlying EBITDA margin

Summarised statement of operations

Description	Unit of measurement	March 2021	March 2020	Reported currency change %	Constant currency change %
Revenue[1]	$m	**401**	311	29.1%	35.5%
Underlying EBITDA	$m	**195**	150	30.5%	36.2%
Underlying EBITDA margin	%	**48.7%**	48.2%	52 bps	27 bps
Depreciation and amortisation	$m	**(10)**	(7)	48.2%	54.0%
Operating profit	$m	**185**	143	29.6%	35.3%
Capex	$m	**32**	12	165.8%	165.8%
Operating free cash flow	$m	**163**	138	18.7%	24.9%
Operating KPIs					
Mobile money key KPIs					
Transaction value	$m	**46,009**	31,598	45.6%	53.6%
Active customers	million	**21.7**	18.3	18.5%	
Mobile money ARPU	$	**1.7**	1.6	1.6%	6.6%

1 Mobile money service revenue post inter-segment eliminations with mobile services was $301m in the year ended 31 March 2021 and $220m in the year ended 31 March 2020

Our market

Digital financial services are transforming sub-Saharan Africa, where millions of people lack access to traditional banking services but are unlocking the potential of digital commerce through mobile phones.

Airtel Money is part of this transformation, which is driving financial inclusion at scale as well as creating huge opportunities for business growth as customers adopt new and wider ways to store, send, and spend their money.

Our digital mobile financial services platform caters to a large addressable market characterised by limited access to formal financial institutions and a lack of banking infrastructure. It includes mobile wallet deposit and withdrawals, merchant and commercial payments, benefits transfers, loans and savings, virtual credit cards and international money transfers. Our partnerships with Ecobank, Standard Chartered Bank, Mastercard, Western Union, MoneyGram, WorldRemit, and Mukuru, and remittance aggregators like Homesend, MFS Africa, Terrapay and Thunes, are broadening our offer, and helping us onboard more customers.

We offer mobile money services directly to customers in 13 of our 14 markets. In Nigeria, Airtel Money services are offered by a licensed bank using Airtel Nigeria network. We have applied for our own mobile banking licence (see our Nigeria Business review on page 38).

Our customers benefit from Airtel Africa's strong network presence and our extensive distribution platform of kiosks, mini shops, and dedicated Airtel Money branches, as well as our extensive agent network. To drive sustainable long-term growth, we're focused on assured float availability, distribution expansion and increased use cases for our customers.

In 2020/21, our network grew to 37,000+ kiosks, 10,000+ Airtel Money branches and shops and more than 440,000+ Airtel Money agents, creating valuable employment opportunities while building greater convenience and accessibility for customers. These have been important drivers of the 18.5% growth in our customer base.

We also aim to increase the penetration of our services by developing the mobile money ecosystem and making Airtel Money easier to use. We made our user interface simpler through our self-care app, we continue to partner with other financial institutions to drive mobile banking services, and we're developing products to help drive the growth and uptake of merchant payments, business to customer (bulk payments) and customer to business payments. We're also building Application Programming Interfaces (APIs) to allow further integration with other partners and technologies.

In 2020/21, we saw a significant shift in customer behaviour, including a 53.6% increase in transaction volume, with notable increases in the use of bank to wallet transfers, international money transfers, and merchant or bill payments. This reflects a worldwide movement towards the adoption of digital payments, and while this may have been accelerated by the Covid-19 pandemic, we see it as indicative of the long-term trend. We believe this behaviour change creates a significant opportunity, which informs our approach to the strategic monetisation of our mobile services, described below. At the same time, in recognition of the hardships faced by many customers and communities in dealing with the pandemic this year, we made a range of Airtel Money services complimentary.

» For more information on our response to Covid-19, see **page 16**

Widening financial inclusion

We're addressing the lack of banking services in our markets through services that include:

- Mobile banking
- Merchant payments
- Loans
- Savings
- International money transfers
- Insurance
- Virtual cards

Our performance

Mobile money revenue grew by 35.5% to $401m driven by 18.5% growth of the customer base and transaction value growth of 53.6%. Customer base growth was largely driven by expansion of our distribution network, as we continued to invest in exclusive kiosks and mobile money branches. Throughout the year, the expansion of our mobile money product portfolio, through partnerships with leading financial institutions, and the expansion of our merchant ecosystem further strengthened our mobile money propositions.

Underlying EBITDA for mobile money grew by 30.5% to $195m in reported currency. In constant currency, underlying EBITDA grew by 36.2%. Underlying EBITDA margin was 48.7%, an improvement of 27 basis points. The growth in total transaction value in constant currency, of 53.6%, was driven by customer base growth of 18.5% and growth in the transaction value per customer per month of 20.9%. The Q4'21 annualised transaction value reached $51bn in constant currency, with mobile money revenue accounting for 10.6% of total revenue in the quarter.

The mobile money customer base reached 21.7 million, up 18.5% from the prior year, with Airtel Money customers now representing 18.3% of our total customer base, an increase of 1.8 percentage points. Mobile money ARPU increased 6.6%, driven by the increase in transaction values and a higher contribution from merchant payments, cash transactions, P2P transfers and mobile services recharges through Airtel Money.

Our **mobile money** strategy in action

Realising Airtel Money's potential through strategic investment

Two recent announcements in March and April 2021 demonstrate how we're unlocking value by bringing in strategic investors in our mobile money business.

The Rise Fund, the global impact investing platform of leading alternative investment firm TPG, will invest $200m in Airtel Mobile Commerce BV (AMC BV), a wholly-owned subsidiary of Airtel Africa plc. Mastercard will invest $100m. We are in discussions with other potential investors in relation to possible further minority investments into Airtel Money, up to a total of 25% of the issued share capital of AMC BV.

AMC BV is currently the holding company for several of Airtel Africa's mobile money operations; and is now intended to own and operate the mobile money businesses across all of Airtel Africa's 14 operating countries.

Airtel Africa and Mastercard have also signed a new commercial framework which will deepen our partnerships in areas including card issuance, payment gateway, payment processing, merchant acceptance and remittance solutions, amongst others.

Both transactions valued our mobile money business at $2.65bn on a cash and debt-free basis. Airtel Africa continues to hold the remaining majority stake.

The proceeds will be used to reduce our Group debt, and invest in network and sales infrastructure in our markets.

Dynamic, reliable communications for the organisations driving Africa's growth

"The organisations we serve are the growth engine of our markets – and we are perfectly positioned to draw on the infrastructure and network leadership of Airtel Africa to provide a complete suite of services to our customers."

Luc Serviant
Group enterprise director

Airtel Business acts as the digital partner to companies and organisations new and old, large or small – supporting the enterprises that are helping to drive economic growth and opportunity across Africa.

Airtel Business offers a comprehensive suite of business ICT (Information and Communication Technologies) and digital services for organisations at any stage of their growth, providing mobile and fixed data services to major corporate offices, non-governmental organisations, government departments, diplomatic missions, start-ups and small- and medium-sized businesses.

We serve customers who value speed, security and coverage – and we understand that reliability is key for any organisation where disruptions can lead to lost turnover, inefficiencies, and even safety incidents.

We also offer conferencing and collaboration services, a complete end-to-end cloud and data centre, and mobile money services from Airtel Money.

Ours is a growing market, as more and more businesses across sub-Saharan Africa digitise and look for communication solutions.

In addition to mobile banking and e-commerce, e-health, e-education, e-energy or e-agriculture are creating endless opportunities for African entrepreneurs. By supporting their success, we believe we're helping them create value and unlock the possibilities of digitalisation in the wider economy. It is also fuelling our growth: this year, we've seen a significant growth in terms of enterprise customer connections, fixed or mobile, from March 2020 to March 2021.

+24.3%	+34.5%
fixed data connections	enterprise mobile subscribers

Shaping the digital future through technological innovation and delivery

“We know that digitalisation will be at the heart of a successful future for our customers and communities. Digital Labs is the creative engine that propels Airtel Africa’s contribution to that digital future, solving complex problems and innovating bold technologies that meet customers’ digital needs.”

Neelesh Singh
Chief information officer

Digital Labs is our in-house digital hub for developing and delivering technology platforms and digital products. We work with country teams across our 14 markets and we draw on Airtel Africa’s scale and market leadership to innovate technologies that enhance customers’ experience, drive financial inclusion, and harness the power of digitalisation.

Innovation is vital when it comes to addressing customers’ digital needs in sub-Saharan Africa. The challenges and opportunities are unlike anywhere else in the world, and call for an agile, problem-solving mindset supported by cutting-edge technological expertise.

Through Digital Labs, we can develop the right solutions for our customers at speed, and shape the whole innovation process, from concept to delivery to customer use. And our product development focus is wide-ranging: we work on analytics, platforms, digital consumer products, enterprise product engineering, and more. This year alone we have worked on challenges as diverse as a mobile device management solution and mobile app for retailers – that is effectively a one-stop shop for managing their data and mobile money needs – to developing contact tracing apps for governments as part of their national effort to combat Covid-19.

The opportunities ahead of us, as our innovations help shape customers’ digital future, are exciting.

Our sustainability ambition: guiding our business and transforming lives

We're doing more than plan a sustainability strategy. We're planning a more sustainable future – for our business and for people across sub-Saharan Africa.

"I am pleased that we are establishing this strategy to support communities across Africa and to demonstrate our environmental responsibility."

Raghunath Mandava
Chief executive officer

Letter from the CEO

Transforming lives means creating sustainable futures for individuals, families, communities and businesses across Africa. Sustainable futures that are built on increasing equality through digital and financial inclusion, through ensuring children have access to vital education and through the provision of rewarding employment for people across the continent.

The development of our sustainability strategy is a significant and vital step for Airtel Africa. It underpins our absolute commitment to expanding the infrastructure and services that will tackle inequality and drive economic growth. It establishes the role we can play in helping the world address the climate crisis. And it demonstrates our ongoing focus on introducing and upholding the highest governance standards. I am determined that our sustainability strategy will be both ambitious and credible to build the confidence and trust of all our stakeholders.

The detailed sustainability plans we will be launching later in 2021 build on a strong foundation of work we already have underway. In 2020 we established a partnership with UNICEF to support school children with access to mobile technology throughout the Covid-19 pandemic, ensuring they could continue their learning and stay in touch with family and friends. And across every one of our 14 markets, local initiatives are already transforming the lives of communities. While our sustainability strategy will be defined at a Group level, national and local programmes across Africa will continue to make an important contribution.

I am pleased that we are establishing this strategy to support communities across Africa and to demonstrate our environmental and social responsibility. As the world starts to emerge from the pandemic and economies struggle to recover, this has never been more important to me or to the business. The goals we set and the programmes we initiate will determine Airtel Africa's future corporate decisions – the investments we make, the partnerships we establish and, critically, the culture of the company. In short, it is our future.

Raghunath Mandava
Chief executive officer

11 May 2021

Addressing the expectations of stakeholders, fulfilling our purpose

Developing a transparent, ambitious sustainability strategy is a vital next step for Airtel Africa, strengthening our business and helping us live our purpose of transforming lives.

Our strategy will demonstrate to our stakeholders that Airtel Africa is a responsible corporate citizen, ready to respond to any future regulatory or legislative requirements around sustainability. It will help to improve our ESG rating, and will ensure we remain competitive amongst global and African peers. And above all, it will bring to life our corporate purpose through clear programmes to increase digital and financial inclusion, address gender equality, build the company into one of the best employers in Africa, support communities and minimise our environmental impact.

In this section, we provide an update on our progress to date. We give an outline of the outcome of our materiality assessment, and the sustainability framework we have developed to clarify our reporting and ensure the business remains focused on key areas. We also set out the six United Nations Sustainable Development Goals (SDGs) to which we believe we can make the most significant contribution, and how we will play our part.

While this will be our first sustainability strategy, we have long worked to improve the lives of Africans across all our 14 markets, with corporate social responsibility (CSR) projects and through partnerships with NGOs. On pages 54-59, you will find details of some of our key activities in 2020/21.

Timeline for transformation

In 2020, we stated our intention to establish a sustainability strategy by the end of 2021, setting out long-term programmes and investment to improve the lives of millions of people in our markets. We are on track to make a full announcement of our goals, commitments and programmes in Q3 2022, and we are committed to reporting annually on our progress. In 2022, we will publish our first sustainability report, which will comply with the Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures frameworks (TCFD).

Setting out our sustainability strategy – progress to date

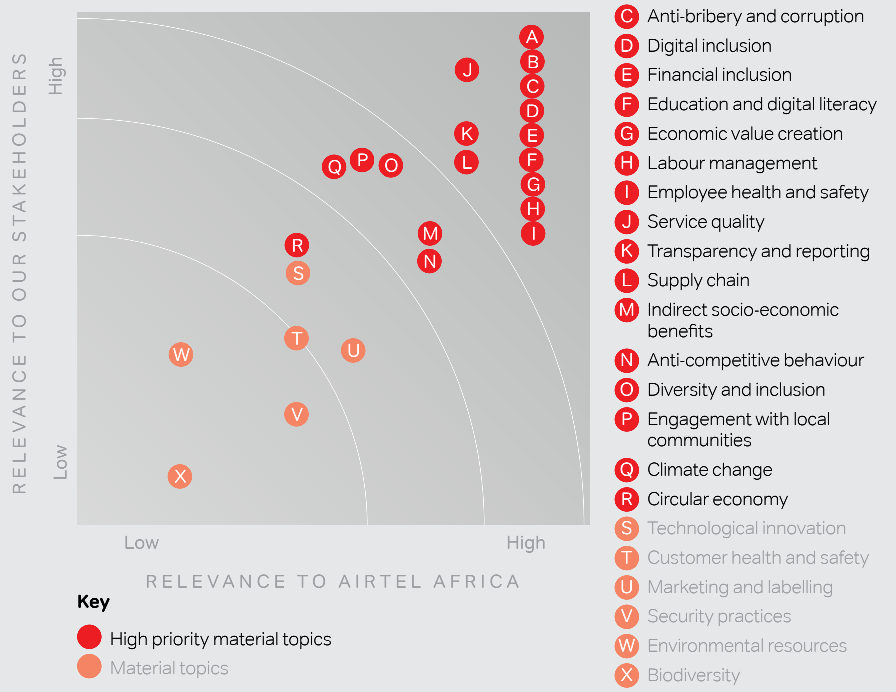
Our material topics

To determine the priority material topics that our sustainability strategy must address, we completed a detailed materiality assessment. This included in-depth analysis of industry benchmarks, best practice across the global telecoms sector and the recommendations of Global System for Mobile Communications Association (GSMA).

We also reviewed the focus areas of ESG ratings agencies and reporting frameworks.

This research and analysis identified 24 material sustainability topics – indicated on the graph below as A-X. To determine their relative importance, each of these topics was scored twice: first, for its relevance or potential risk to Airtel Africa, and then for its relevance to our broad range of stakeholders. This scoring allowed us to rank the topics and inform the priority focus areas for our sustainability strategy. Of the topics, 18 were ranked as being of extremely high relevance (top right quartile, or A to R) – and, therefore, priority topics to both our business and our stakeholders. We are now working to establish long-term goals and build programmes to address these priority material topics as part of our sustainability strategy.

Materiality matrix



Our sustainability strategy framework

We have now developed a framework for our sustainability strategy. With 24 material topics – 18 of which are priorities for our sustainability strategy – this framework will ensure clarity in our reporting and ongoing focus within the business. The framework has four pillars – **Our business**, **Our people**, **Our communities** and **Our environment** – reflecting the broad range of material topics. We are now focused on the development of long-term sustainability programmes and commitments for each of these four pillars. The diagram below explains why these pillars are important to our sustainability and the topics we will be addressing under each of them.

Our business	Our people	Our community	Our environment
Our role			
The expansion of our network and the reliability of our service is critical to increasing digital and financial inclusion across Africa. Through investment in our operations and services we can contribute to the economic growth of families, businesses and nations.	Tackling inequalities starts within our own business. Providing rewarding employment opportunities to people across all our markets and demonstrating our genuine commitment to achieving full diversity and inclusion among our workforce is central to our culture and a key focus for our future.	We have an important role to play in improving financial inclusion and access to education and healthcare for people and communities across Africa. Our network and services are key, but so are the partnerships and more direct forms of investment and support we can provide.	Recognising the potential impact of the climate crisis on Africa, we acknowledge the responsibility Airtel Africa has to limit its environmental impact. We are committed to addressing all the environmental risks that arise from our operations and the delivery of our services.
SDGs to which we will be contributing			
8, 9	5, 8	4, 5, 10	12
Our priority material topics			
• Data security • Ethical business practices • Anti-bribery and corruption • Financial inclusion • Economic value creation • Service quality • Transparency and reporting • Supply chain • Anti-competitive behaviour	• Labour management • Employee health and safety • Diversity and inclusion	• Digital inclusion • Education and digital literacy • Indirect socio-economic benefits • Engagement with local communities	• Climate change • Circular economy

Supporting the United Nations Sustainable Development Goals (UN SDGs)

In 2015, the United Nations launched the Sustainable Development Goals (SDGs), uniting governments, businesses and civil society across the world in the development of solutions to the most intractable problems facing the planet and its people. The 17 SDGs are broad in their nature and ambitious in their scope. Each is defined by several specific targets that indicate how the SDGs can be measured and achieved.

As a business, we are fully supportive of all 17 SDGs and look to make a contribution to all of them whenever possible. However, we have identified six SDGs where we believe our sustainability strategy programmes will make the most meaningful and measurable contribution. When we launch our full sustainability strategy in Q3 2022, we will identify the specific targets we will work towards within each of these SDGs.

Developing our strategic goals and roadmaps

Our work to date has identified our material topics, established a strategic framework to deliver our ambitious sustainability objectives and defined the contribution we can make to the achievement of the SDGs. We are now focused on setting the goals that will ensure we deliver measurable improvements, and we will publish them in Q3 2022.

We know that our stakeholders and customers will follow our progress and hold us to account on the promises we make. We know that we need to define the programmes required over the short, medium and long term to achieve our objectives. Work is underway across the entire business to plan the investment, to identify new technologies and services, and to establish the policies and processes that will ensure our strategy is achievable by the business and credible to our stakeholders. We recognise that collaboration will be essential, and we are identifying the partnerships we can create with industry peers, NGOs, academics and civil society organisations to deliver our goals and advocate on behalf of the people in our markets.

We look forward to making our measurable goals public and providing details of the roadmaps and milestones we have set ourselves to deliver those goals.

Overseeing our progress

During the year we established an internal reporting structure to support our sustainability strategy development. The Board of directors has overall responsibility for our sustainability strategy and its implementation across the Group. Our Board Sustainability champion is Annika Poutiainen. The executive sponsor is our CEO, Raghunath Mandava. We established a sustainability monitoring group to oversee and report to the Board on progress of our sustainability strategy development, including environmental initiatives.

SDG	How we make an impact
	SDG4: Quality education Through the provision of free internet services to schools and libraries across all our markets, we will ensure teachers and children have access to the resources they need to improve literacy standards and educational attainment. And by direct financial support for a number of schools in each of our 14 markets, we are able to ensure education is established and remains available to some of the most vulnerable children.
	SDG5: Gender equality We are committed to improving gender equality across Africa. Through our work to expand our network, more women will have access to services needed to drive financial inclusion, providing them with greater independence, security for their families and the opportunity to develop businesses. And within Airtel Africa, our commitment to achieving full diversity and inclusion at every level of the business will ensure that all employees, regardless of gender, have the chance to develop their skills and progress their careers.
	SDG8: Decent work and economic growth We will help ensure people across all our markets have access to the financial and data services they need to establish independent businesses, driving the entrepreneurship, creativity and innovation that is essential for economic growth. And through our own recruitment, we will continue to develop opportunities for local people to enjoy safe and rewarding employment and development opportunities.
	SDG9: Industry, innovation & infrastructure Through the ongoing expansion of our network and continuous development of our data security and service reliability, we will establish essential infrastructure to increase financial inclusion for individuals, provide vital education and healthcare services and support the economic resilience and growth of communities.
	SDG10: Reduced inequalities Our commitment to the ongoing development of our services and network will provide millions of people with new opportunities regardless of their age, gender, disability, ethnicity, religion or any other status. This will be reflected in our own business through our recruitment policies and our focus on achieving full diversity and inclusion.
	SDG12: Responsible consumption & production Our sustainability strategy will ensure that we minimise every environmental impact arising from our operations. It will drive the development of new technologies to reduce our energy use and limit our direct and indirect greenhouse gas emissions, and it will lead to innovative processes that effectively minimise our waste.

> The telecoms sector has a unique opportunity to help build a better future and support the vision of the UN SDGs. We must harness our expertise in digitalisation and financial inclusion to the work of creating a world where 'no-one is left behind'.

Annika Poutiainen
Board director and Airtel's sustainability champion

Our work with communities

Supporting the communities in which we work is part of what makes us who we are as a business, and as Airtel Africa employees.

Right across Africa, we have always been engaged in corporate social responsibility (CSR) projects and activities that make a real difference to the lives of some of the most vulnerable and underserved people on the continent. Many of these projects have been running for years and their themes will underpin some of the pillars of our new sustainability ambition (see pages 50-53).

This year, the impact of the pandemic meant that our community projects were more vital than ever, helping to provide people with essential items and services. Our Group-wide approach to key community activities focuses on three main areas: **education**, **health and wellbeing**, and **disaster relief**.

Across our markets, employees volunteer and offer support in a wide range of community programmes, from supporting girls in Niger through professional training in hairdressing and aesthetics, donating food and essential materials to families in Chad, to the significant and ongoing donation of medical equipment across all our markets to protect frontline workers in the fight against Covid-19.

» For more information on our values, see page 22

Bridging the health information gap

Mobile and data technology is playing an important role in helping people get trustworthy information about their health. One example is our support for the Uganda Blood Transfusion Service, which struggled to reach its donors due to the Covid-19 pandemic. We supplied them with two hotline numbers free of charge, and a large number of minutes and data for them to reach potential blood donors. This enabled many people to continue donating blood at donation centres across Uganda.

In Nigeria, in a partnership with the Nigeria Centre for Disease, the 36 State Government and Federal Capital Territory, we donated mobile phones, toll-free minutes, internet and data to provide a Covid-19 helpline to customers in need of medical attention.

» For more information on our response to Covid-19, see page 16

“Supporting, improving and creating opportunities in the lives of the communities we serve through harnessing the power of mobile technology is at the core of our objectives and values.”

Michael Okwiri
Head of communications and CSR

Engaging with our stakeholders

Understanding the needs and expectations of all our stakeholders helps us boost our positive impact – and makes us a better business.

We describe how we engage with our stakeholders on page 32.

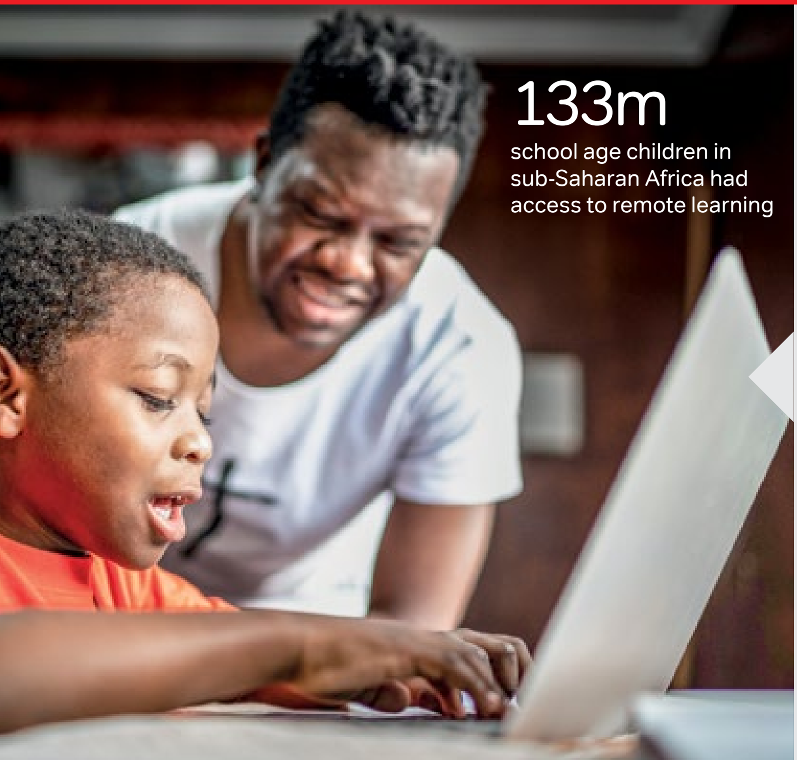
A simple set of principles guides all of our corporate social responsibility (CSR) programmes. We work with initiatives that:

Do:

- Draw on our own technology
- Align with local development plans or goals
- Address a pressing social need
- Offer opportunities to create partnerships with customers, employees, and public and private sector actors

Do not:

- Harm the environment
- Discriminate because of race or gender
- Support a political party, candidate or movement
- Support a particular religious doctrine



133m
school age children in sub-Saharan Africa had access to remote learning

Our **community** in action

Supporting education for 133 million students across Africa

Africa will experience significant growth in its child and youth populations over the coming decades. We are determined to support them to give them the best possible start.

In May 2020, we formalised a partnership with UNICEF to provide an estimated 133 million school age children in sub-Saharan Africa with access to remote learning through the provision of mobile technology. The partnership also supported UNICEF, facilitating vital cash assistance to alleviate financial barriers for some of the most vulnerable families across the region, including many affected by economic hardship during Covid-19.

The partnership led to us zero-rating 20+ websites hosting educational content across 11 of our markets, which provided children with remote access at no cost.

Our **community** in action

Making connections, listening to communities in Nigeria

Our services are making a difference to the lives of millions of Nigerians – but we know that every community is different and has different needs. So alongside our expansion of data and voice services into regions where there is huge unmet demand from individuals and businesses, we also listen to our community stakeholders.

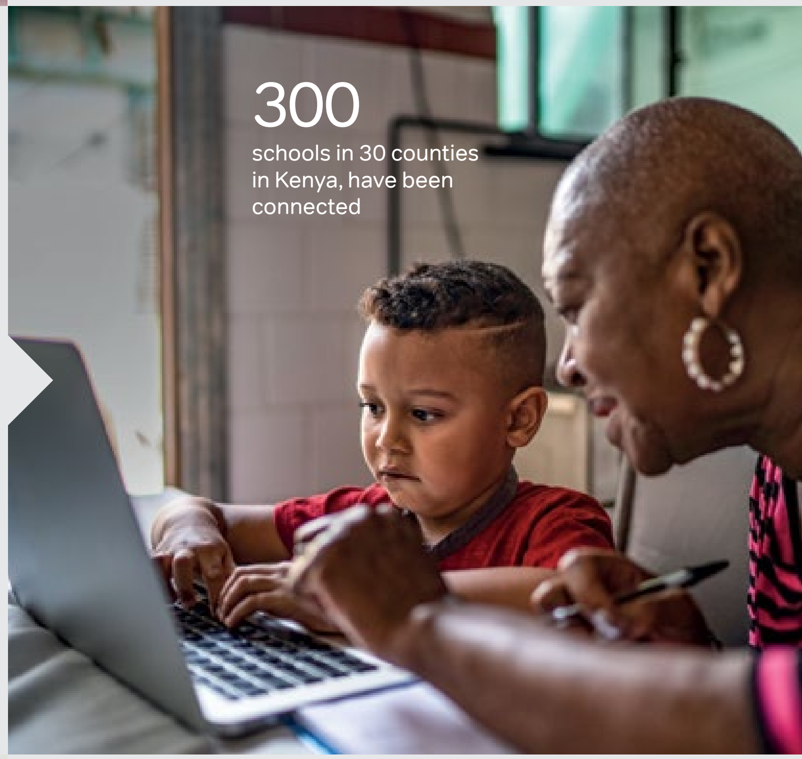
To take one example, this year our Touching Lives community initiative was contacted by representatives from the Isokan community in Ogun State, which had been left without electricity for more than a decade. Through a N7,000,000 (equivalent to $18,500) donation by Touching Lives, Airtel Nigeria helped construct a pole and cable network to link them to the public power grid.

Our **community** in action

Harnessing mobile technology to support education in Kenya

Harnessing the strength of our technology to drive change in the community is central to our 'Transforming lives' commitment. In line with this, in 2020 we accelerated the flagship community programme we operate in Kenya to provide free internet connectivity for students in the country. For even more schools, we are now responsible for students having access to free data through the provision of free data devices.

The internet opens educational opportunities for children providing them with access to the wide range of online and e-learning facilities available, helping to ensure they are well-prepared for further education and future employment. So far, we have connected over 300 schools in 30 counties in Kenya, positively impacting the lives and opportunities of more than 300,000 students in the process.



300

schools in 30 counties in Kenya, have been connected

Our **community** in action

#SoyonsPrudents ('#LetsBeCareful'): raising cancer awareness in Gabon

Awareness campaigns are a crucial tool in combating breast and cervical cancer – and in Gabon, our employees have joined the movement to encourage women to get tested early.

As well as taking part in the Gabon Ministry of Health's (Ministère de la Santé) mobilisation campaign in October through the #SoyonsPrudents social media campaign, our employees were invited to take part in a free screening session in our offices by the Education Unit of the Sylvia Bongo Ondimba Foundation.

Responsible business

Integrity, transparency and respect for human rights underpin everything we do. Our Code of Conduct sets out how we do business, and what we expect from both ourselves and the people we work with.

Not only are we committed to respecting and upholding human rights in our operations, but also to making sure our employees and business partners respect the rights of the people we interact and work with.

We always consider whether a prospective partner's values align with our own when making contracting and supplier decisions. For more information on our governance processes, including our zero tolerance of bribery and corruption, see page 121 of the governance report.

From our Code of Conduct

We will conduct our business in a way which respects human rights. We are committed to combatting any form of slavery, trafficking, child labour, forced labour, inhuman treatment or working conditions that are a threat to life or hinder the physical, emotional and/or mental wellbeing of a person.

$362,000
donated by our employees to support communities and matched by the company like-for-like, all in support of various government Covid-19 response efforts

$6.1m
total CSR expense in 2020/21

Our **community** in action

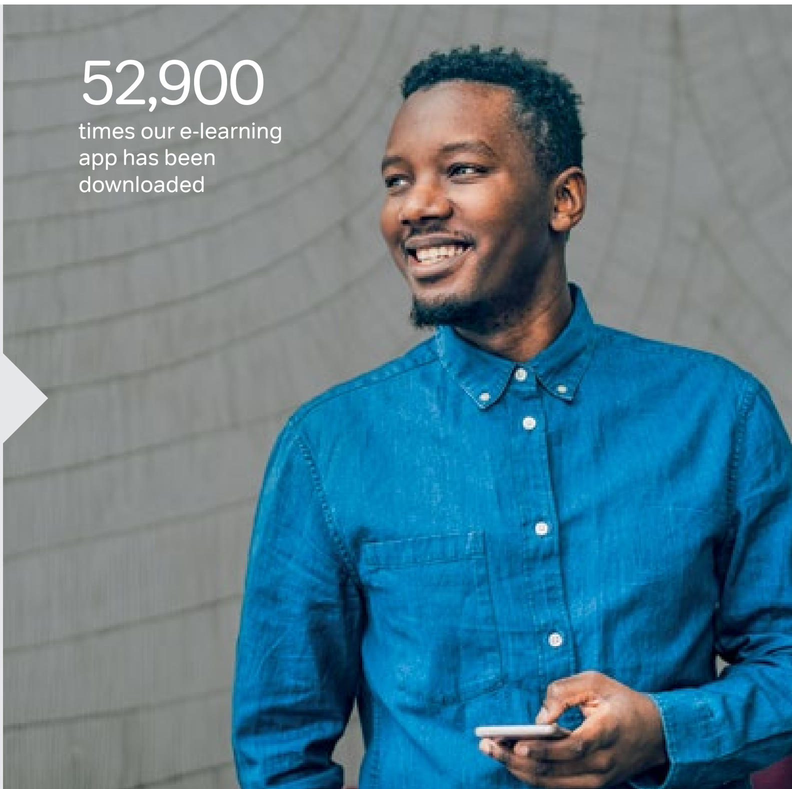
Promoting vocational skills in Tanzania

The Vocational Education and Training Authority (VETA) in Tanzania has a vision to provide systems that will support national socio-economic development for its people.

We have worked with VETA for many years with a key focus on providing young adults with the important vocational skills that will improve their employment opportunities. In 2016, the partnership launched a new app, driven by demand for an e-learning platform to deliver vocational skills.

Named VSOMO, the app was the first of its kind in East and Central Africa and is accessible via smartphones and tablets. In 2020, the programme accelerated and now supports both Swahili and English languages and offers 13 courses. The results demonstrate the positive impact that e-learning can have for users: the app has been downloaded over 52,900 times, and more than 18,311 individuals have registered.

To date, 831 students have been trained and a total of 628 have received certification. We continue, with VETA, to find new ways of providing young people with the skills necessary for employment.



Our **community** in action

Partnering with UN Women to tackle domestic violence in Malawi

In Malawi, domestic violence against women and girls increased during the Covid-19 pandemic as families endured lockdown restrictions.

We worked with UN Women to support women who are experiencing domestic violence by offering a toll-free hotline. The initiative aimed to reach four million women and adolescent girls in Malawi with information on life-saving services to help mitigate the impact of domestic violence.

The service also enabled volunteers to give more information on keeping families safe and took many calls from pregnant women seeking help on how to prevent Covid-19.

Care for our people

Our colleagues are an essential part of our business. We strive to be an employer of choice with a dynamic working environment that encourages productivity and fosters the health, knowledge, skills, experience, drive and inventiveness of our colleagues.

We have three main focus areas for our people: making sure our **workplaces are fair** through a robust human resources and policy framework, improving our **diversity and inclusion**, and ensuring the **health and safety** of our people.

A fair workplace

From our Code of Conduct

We are an equal opportunity employer and are committed to creating a safe and conducive work environment that enables employees to work without fear of prejudice, gender bias and/or sexual harassment.

Our Code of Conduct, available on our website, outlines the framework of robust policies we have in place to make sure we respect human rights throughout our operations. This is supported by our commitment to support people who speak out and ensure they have no reason to worry about retaliation. We have an independent whistleblowing mechanism in place which is managed by KPMG, described in our Audit and Risk Committee report on page 107.

A diverse and inclusive workplace

From our diversity and inclusion policy

Championing diversity and inclusion is embedded in our values. We recognise that a diverse and inclusive workforce is key to delivering our value proposition to customers.

We want to create an environment that embraces our differences and fosters inclusion, so that people can maximise their potential. We're committed to supporting the development of women in management and leadership roles and in the broader business, and we will continue to develop our measurement and reporting in this area in the coming year.

From our Code of Conduct

Our Code of Conduct provides that we do not discriminate on any basis, including ethnicity, gender, language, age, race, sexual orientation, religion, socio-economic status, or any other arbitrary ground.

How we monitor our progress

Country management teams receive monthly briefings on our diversity and inclusion initiatives, and they report to our Group Executive Committee and HR Committee each quarter. Through a monthly people scorecard, we are able to measure our progress on diversity and inclusion. This scorecard is populated by each country we operate in and informs us on the sections we need to give particular focus, and in which specific countries.

"Get the best people for every role, then provide them with an environment that nurtures their thinking, is conducive to their growth and allows them to deliver their best every day. This will help you win even during unprecedented times."

Rogany Ramiah
Chief human resources officer

Our **people** in action

Employee assistance programme

The health and wellbeing of our employees is a priority for the Group and with the increase in remote working, we are very conscious of mental health.

At no point has this been more important than during the pandemic, when country lockdowns have meant many of our staff have been working in isolation which, we recognise, can have a detrimental effect on emotional and mental wellbeing.

We launched an employee assistance programme across all our markets which allowed for any employee to speak confidentially to healthcare professionals. The programme was launched with the aim of helping employees achieve mental wellbeing by having harmony between work and personal life, which can often be blurred. In addition, the programme enabled employees struggling with their mental health to speak to someone for support and information on how to help them.

Environment, Health and Safety (EHS)

We are committed to conducting business in a responsible manner that will not intentionally harm the environment, and we have policies and processes in place to safeguard our employees.

Respecting the environment

We understand the importance of the natural environments we work in – to our communities and to the world. As well as ensuring we comply with all legal and local environmental requirements, we aim to promote good environmental practices and reduce the impact of our business on the natural world.

We have three broad areas of focus: responsible use of energy and resources, reducing waste, and supporting biodiversity.

Responsible use of energy

Our offices, tower infrastructure and data centres all depend on energy to operate.

We take a responsible approach to our use of energy. We recognise that every company must contribute if the world is to address the climate crisis. We are committed to using energy from renewable sources whenever this is available and reliable enough to support our network. The continued modernisation of our infrastructure is contributing to more energy efficiency across the Group.

We have been converting many of our infrastructure sites from indoor to outdoor, requiring less cooling and therefore fewer air conditioners. We continue to connect sites to grid power and reduce dependencies on diesel generated power. We carry out regular maintenance to avoid excessive emissions. We use hybrid power solutions to reduce on generator runtime.

In the UK, our energy consumption is just over 21,000kWh, which is below the threshold for energy and greenhouse gas emissions disclosure. We will report further on our progress as part of our sustainability reporting.

Reducing waste

Reducing the amount of plastic and other waste in our business is an important part of our sustainability ambition. Disposable plastic bottles are no longer available in our offices, while the use of e-billing and e-recharge systems is helping us to use and dispose of less paper.

Hazardous materials

In most of our markets we rely on towers that are owned and operated by reputable tower companies. Where we do own towers, tower areas are secured through fencing and regular maintenance is done to ensure that there are no leakages.

Lead acid is disposed of according to regulatory standards, and third parties have to be licensed and authorised to dispose of these materials. In addition:

- There is a process for fuel delivery and battery lifecycle management at all sites.
- All our fuel tanks are placed in secured sites with PVC and gravel underneath; this is covered under our maintenance standards.
- All our electronic equipment is purchased from reputable third-party organisations, who comply with the EHS standards.
- We continuously evaluate options of renewable power sources, such as solar. In most of the operating countries, we lease towers from the reputable towercos who are also committed to this objective.

Supporting biodiversity

We draw on our technology and expertise in our markets to support local biodiversity programmes such as the Wildlife Conservation Society project in Nigeria and the reforestation initiative launched by the government in Madagascar.

While Airtel Africa does not operate in a sector known for heavy emissions or substantial environmental impact, we do consider climate change as part of our overall business sustainability. We fully support the 2015 Paris Agreement to limit global temperature rises below 1.5°C, and the Global System for Mobile Communications (GSMA) task force defining the emission reduction pathway for the telecoms industry. Furthermore, we welcome the call for action by the global investment community for an imminent response on transitioning to net zero emissions by 2050. As such:

- We're focused on reducing our direct carbon emissions as a business by looking at ways to optimise our own energy efficiency at our sites and offices
- We're increasing our own consumption of renewable energies and shifting our energy suppliers where feasible in order to reduce our own reliance on fossil fuels
- We will be announcing carbon reduction targets in Q3 2022 as a critical part of our sustainability strategy and will produce and publish detailed transition plans with regular updates on monitoring our progress
- We're always looking for ways to contribute to the circular economy by setting up e-waste recycling points
- We recognise the importance of addressing climate change and are committed to adopting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) starting from 2022.

» See page 78 for climate change as one of our emerging risks

Occupational health and safety

We know that a safe and healthy working environment helps people to be more productive – and we aim to ensure the health and safety of all our employees and business associates at all our office locations and facilities. All our sites comply with engineering standards and we scrutinise the health and safety procedures and policies of our partners.

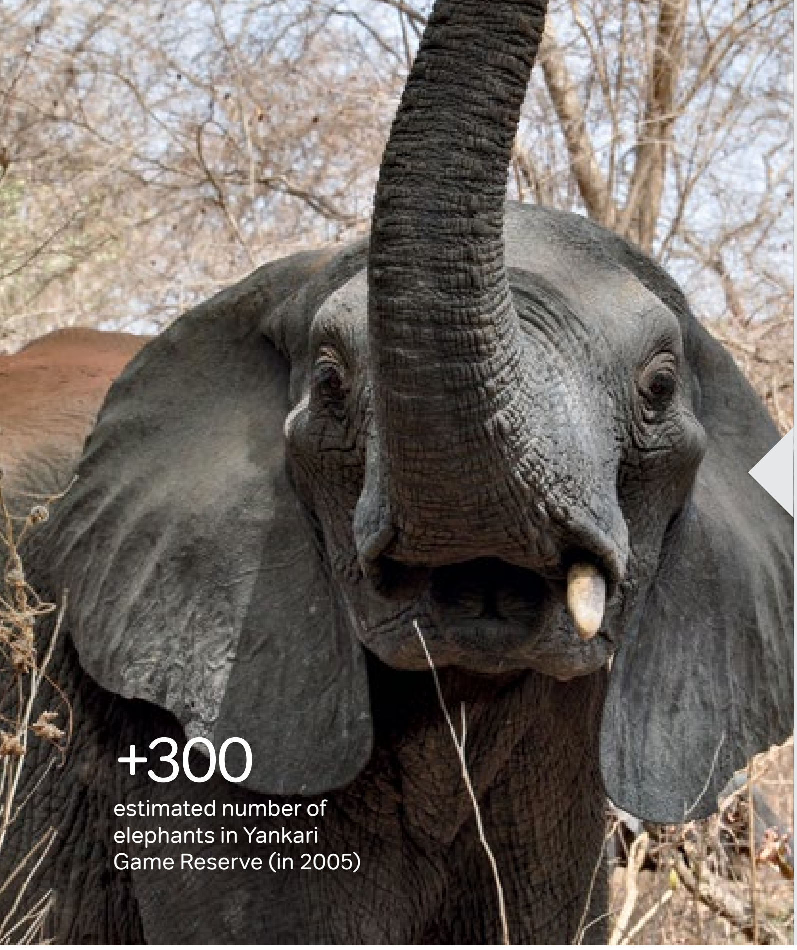
Our health and safety policy is part of our Code of Conduct and applies to all of our employees, as well as contractors and partners on Airtel Africa premises. We have training programmes in place for employees, including during induction, to raise awareness of how to stay healthy and safe at work.

How we monitor health and safety

We monitor health and safety through the health and safety committee who produce a quarterly report. This report is reviewed by the managing director at OpCo level and, in addition to this, any major health and safety threats and incidents are reported immediately to the CHRO and Group CEO. We also work with our insurance providers to keep track of any disease trends across OpCos. This enables us to provide preventative advice/care to staff through health talks.

We provide medical insurance to all our full-time permanent employees, and our health insurance partners hold a health screening and wellness day each year.

Each of our country operations has detailed procedures in case of emergencies.



Our **environment** in action

Network support in Nigeria

The Wildlife Conservation Society is a non-profit project that manages the Yankari Game Reserve in Nigeria and safeguards its endangered species.

As a non-profit, the project could not afford to rebuild their own masts to support the VHF radios for communication within the reserve, vital for the protection of animals and to support ranger patrols.

In partnership with The Wildlife Conservation Society we intend to host masts for the reserve which will enable rangers to communicate through their VHF radios, helping them better safeguard Nigeria's endangered wildlife, particularly lions and elephants.

Non-financial information statement

We are pleased to set out below where you can find information relating to non-financial matters in our strategic report, as required under sections 414CA and 414CB of the Companies Act 2006.

		Page
Business model	Strategic report	1-80
	Business model and KPIs	22; 14
	Principal risks and uncertainties	74
Environmental matters	Our 2020/21 Sustainability statement	50
	Principal risks and uncertainties: compliance to legal requirements, KYC and quality of service, non-compliance, internal controls and compliance	76-77
Our people	Principal risks and uncertainties: leadership succession planning, internal controls and compliance	76
	Chair's statement; company purpose and values	8; 22
	Directors' report	119-122
	Stakeholder engagement: Our people	32
Social matters	Principal risks and uncertainties: Covid-19	74
	Directors' report	119-122
	Information about our approach to tax can be found on our website: airtel.africa.com	
Respect for human rights	Principal risks and uncertainties: supply chain	72-77
	Our Code of Conduct can be found on our website: airtel.africa.com	
Anti-corruption and anti-bribery matters, health and safety	Directors' report, modern slavery act, anti-corruption and anti-bribery matters	94; 121
	Our Code of Conduct and other related policies can be found on our website: airtel.africa.com	

Chief financial officer's introduction to the financial review

"We deliver value to all our stakeholders because we focus on the fundamentals: strengthening our balance sheet, driving robust top-line growth, improved margins, and better profitability"

Jaideep Paul
Chief financial officer

Underlying revenue
$3,888m
Reported currency +13.6%
Constant currency +19.4%

Underlying EBITDA
$1,792m
Reported currency +18.3%
Constant currency +25.2%

Operating profit
$1,119m
Reported currency +24.2%
Constant currency +32.8%

Capex
$614m
% change (4.3%)

Basic earnings per share
9.0 cents
% change (12.6%)

All financial numbers are in reported currency

Profit and loss snapshot

		Year ended			
Description	Unit of measure	**March 2021**	March 2020	Reported currency change %	Constant currency change %
Underlying revenue[1]	$m	**3,888**	3,422	13.6%	19.4%
Voice revenue	$m	**2,083**	1,970	5.8%	11.0%
Data revenue	$m	**1,157**	930	24.3%	31.2%
Airtel Money revenue[2]	$m	**401**	311	29.1%	35.5%
Other revenue	$m	**347**	302	14.9%	20.0%
Expenses	$m	**(2,107)**	(1,924)	9.5%	14.5%
Underlying EBITDA[3]	$m	**1,792**	1,515	18.3%	25.2%
Underlying EBITDA margin	%	**46.1%**	44.3%	181 bps	210 bps
Depreciation and amortisation[4]	$m	**(681)**	(605)	12.5%	17.2%
Operating exceptional items[5]	$m	**14**	(4)	(479.9%)	(399.8%)
Operating profit[6]	$m	**1,119**	901	24.2%	32.8%
Net finance costs	$m	**(423)**	(372)	13.5%	
Non-operating exceptional items	$m	**–**	69	(100.0%)	
Profit before tax	$m	**697**	598	16.7%	
Tax	$m	**(318)**	(237)	34.0%	
Tax – exceptional items	$m	**36**	47	(24.3%)	
Total tax charge[7]	$m	**(282)**	(190)	48.5%	
Profit after tax[8]	$m	**415**	408	1.8%	
Non-controlling interest	$m	**(76)**	(38)	100.8%	
Profit attributable to owners of the company – pre-exceptional items	$m	**308**	261	18.0%	
Profit attributable to owners company the company	$m	**339**	370	(8.4%)	

1 Underlying revenue includes intra-segment eliminations of $100m for the year ended 31 March 2021 and $91m for the prior period. And it excludes one-time exceptional revenue of $20m relating to a settlement in Niger in year ended 31 March 2021

2 Mobile money revenue post intra-segment eliminations with mobile services was $301m for the year ended 31 March 2021 and $220m for the prior period

3 Underlying EBITDA includes other income of $11m for the year ended 31 March 2021 and $17m for the prior period

4 Depreciation and amortisation increase of $76m is mainly due to investment in capex and additional spectrum in Nigeria

5 Operating exceptional items in the year ended 31 March 2021 includes exceptional revenue on account of a one-time settlement in Niger amounting to $20m

6 Operating profit includes $6m CSR (corporate social responsibility) expense in the year ended 31 March 2021 and $5m in the prior period

7 Tax charges increased more than the PBT growth mainly due to a forex loss in non-DTA operating and HoldCo entities of $42m in the year ended 31 March 2021 as compared to a gain of $21m in the previous year

8 Profit after tax for the year ended 31 March 2021 was largely flat compared with the previous year due to: (i) higher exceptional benefits of $51m in the prior year (excluding tax exceptional item), (ii) other finance costs in the prior year included a derivative gain of $47m, and (iii) higher tax in the year ended 31 March 2021 due to increased profits

Strengthening our balance sheet and seizing growth opportunities

Our results this year demonstrate the resilience of our business and the effective execution of our strategy, delivering strong revenue growth and an expansion of our underlying EBITDA margin. They show that even in the uncertain times caused by Covid-19, we are capturing growth opportunities in a fast-growing region that remains vastly underpenetrated in terms of both mobile and banking services – opportunities that simultaneously further our ambitions to bridge digital divides and drive financial inclusion.

From a financial perspective, we focused on four main objectives this year.

1. Growing our operating profitability

Our first objective was to continue supporting the business to enhance operating profitability through higher revenue extraction and EBITDA flowthrough by focusing on operating cost. As the review below describes in detail, operating profit grew by 24.2% in reported currency, with constant currency growth of 32.8%, constant currency growth was partially offset by currency devaluation.

2. Improving our return on capital

Our second objective was to improve our return on capital by making sure our capex was deployed adroitly. This is one of the key measures we track, so that we can monitor how assets are performing while taking long-term financing into consideration. Our return on capital employed was 16.5%, an improvement of 2.5 percentage points.

3. Strengthening our balance sheet and improving leverage

Third, we sought to strengthen our balance sheet through a continuous focus on deleveraging our debt position as a result of EBITDA expansion, asset monetisation and strategic investment opportunities.

Our leverage (net debt to underlying EBITDA) improved to 2.0x (2.1x as of 31 March 2020) despite investing $247m of intangible capex to renew licences in two of our largest markets, Nigeria and Uganda, and acquiring additional spectrum across a few of our markets. This is a longstanding focus for the business, and our aim is to reduce our leverage ratio further and keep it below 2.0x, which is the anchor of our capital structure policy.

The investments by The Rise Fund of $200m, and $100m by Mastercard, in Airtel Mobile Commerce BV, described on page 47, demonstrate our strategy to bring fresh investments into our mobile money business. We have announced our intention to explore the potential listing of our mobile money business within four years. We also entered into an agreement to sell our telecommunications tower companies in Madagascar and Malawi, and into exclusive Memorandum of Understanding agreements for the potential sale of our tower assets in Chad and Gabon.

As part of our strategy to achieve effective natural hedging in our balance sheet, we have reduced the foreign currency exposure by increasing the local currency market debt to 14%, from 10% of total market debt in previous period.

As set out in Note 2.2 to the financial statements on page 154, as of the date of authorisation of the financial statements, the Group had undrawn committed facilities of more than $1.1bn. This strengthens our liquidity position for sustainable business growth and repayment of market debt as and when falling due.

A challenge that we have faced over the last 12 months has been low availability of foreign currency in Nigeria and, as a consequence, being unable to fully benefit at Group level from the strong cash generation of our local business. However, during the year this had no material impact on our liquidity at Group level as we continue to access liquidity broadly across the rest of our footprint. This challenge is still on going and we continue to closely monitor the situation.

» See how we manage our risks, on **pages 72-78**

4. Returns to shareholders

Our fourth objective was to enhance returns to shareholders over the medium- to longer-term horizon.

During the year, the Board approved a new progressive dividend policy, which aims to grow the dividend annually by a mid- to high- single-digit percentage from a base of 4 cents per share for financial year 2020/21, until reported leverage falls below 2.0x. We paid an interim dividend of 1.5 cents per ordinary share in December 2020. The Board recommended a final dividend of 2.5 cents per share.

Basic earnings per share reduced from 10.3 cents to 9.0 cents in financial year 2020/21. However, normalising the one-time gain of exceptional items, restated earnings per share improved from 6.9 cents to 8.2 cents.

Performance highlights

- Reported revenue grew by 14.2% to $3,908m, with Q4’21 reported revenue growth of 15.4%.
- Constant currency underlying revenue growth was 19.4%, with Q4’21 growth of 21.7%. Growth was recorded across all regions: Nigeria up 21.9%, East Africa up 23.5% and Francophone Africa up 10%; and across key services, with revenues for voice up 11.0%, data up 31.2% and mobile money up 35.5%.
- Underlying EBITDA was $1,792m, up 18.3% in reported currency, and growing 25.2% in constant currency.
- Underlying EBITDA margin was 46.1%, adding 181 basis points (210 basis points higher in constant currency). Underlying EBITDA margin for Q4’21 was 47.7%, an increase of 389 basis points in constant currency.
- Operating profit increased 24.2% to $1,119m in reported currency, and by 32.8% in constant currency.
- Free cash flow was $647m, up 42.8% on the prior year.
- Basic EPS was 9.0 cents, down 12.6%, largely due to prior year exceptional items and a one-off derivative gain. Excluding these, basic restated EPS rose 44.5%. EPS before exceptional items was 8.2 cents.
- Our customer base grew by 6.9% to 118.2 million, with increased penetration across mobile data (customer base up 14.5%) and mobile money services (customer base up 18.5%). The recent slowdown in customer base growth has been due to the new SIM registration regulations in Nigeria
- The Board has recommended a final dividend of 2.5 cents per share, making the total dividend for FY21 4 cents per share

Outlook: helping customers and communities bounce back

The fundamentals of our business remain strong, and we are well-positioned to help our customers and communities as economies in our region begin their projected return to GDP growth. We will continue to look at further strategic investment and asset monetisation opportunities, and to further rebalance our foreign and local currency exposure to achieve a more effective natural hedging of our balance sheet, so that we can continue to be a strong, high-performing business at the heart of sub-Saharan Africa’s digital future.

Jaideep Paul
Chief financial officer

11 May 2021

Financial review

Summary

These results continue to demonstrate the effective execution of our strategy, delivering strong revenue growth and the significant expansion of our underlying EBITDA margin. As a result, we were able to deliver double-digit underlying revenue growth of 17.6% in mobile services in constant currency (11.9% in reported currency) and 35.5% revenue growth in mobile money services (29.1% in reported currency).

Basic EPS was 9.0 cents, lower than the 10.3 cents from the prior year, largely a result of the lower number of average shares in the previous period (EPS impact of 0.5 cents), an increase in tax charges due to higher operating profits and withholding tax on dividends by subsidiaries, a one-off derivative gain in the prior year amounting to $47m in other finance costs, and recognition of a one-off gain of $72m related to the expired indemnity to certain pre-IPO investors which was accounted for as an exceptional item. Non-controlling interest more than doubled largely due to improved profits in several operating companies (OpCos) with minority shareholdings, including Airtel Malawi, Airtel Niger and Airtel Tanzania. Excluding exceptional items and the one-off $47m derivative gain, basic restated EPS increased by 44.5%.

GAAP measures

Revenue

Reported revenue grew by 14.2%, driven by 19.4% growth in underlying constant currency revenue, partially offset by currency devaluations, mainly in the Nigerian naira (10%), Zambian kwacha (34%) and Kenyan shilling (5.7%), in turn partially offset by appreciation in the Central African franc (7.1%). Reported revenue benefited from a one-time exceptional revenue of $20m relating to a settlement in Niger.

Operating profit

Operating profit was $1,119m, up 24.2% in reported currency, largely a function of strong revenue growth and lower operating expenditures in proportion to revenue. In constant currency operating profit grew by 32.8%.

Net finance costs

Net finance costs were $423m, an increase of $51m, driven by higher other finance costs which more than offset the reduced interest costs of $8m from lower average gross debt. The increase in other finance costs was due to a one-off derivative gain of $47m in the previous year.

Taxation

Total tax charges increased $92m, to $282m. The increase in tax charges was due to higher operating profits and withholding tax on dividends by subsidiaries. The prior year also benefited from the recognition of higher deferred tax credit of $51m in the DRC compared with only $36m in Tanzania during the current year.

Revenue ($m)

1 Revenue includes one-time exceptional revenue of $20m relating to a settlement in Niger in the year ended March 2021

2 Growth % in reported currency

Operating profit ($m)

Growth % in reported currency

Profit after tax

Profit after tax, at $415m, increased by 1.8%. This was largely flat compared with the previous year a result of the prior period recognition of a one-off gain of $72m related to the expired indemnity to certain pre-IPO investors and a higher deferred tax credit of $15m and one-off derivative gain of $47m in the prior year, as well as higher tax in the current year. Excluding the prior year benefits from exceptional items and the one-off derivative gain, profit after tax increased 47%.

Basic EPS

Basic EPS was 9.0 cents, reduced from 10.3 cents in the prior year, due to the lower number of average shares in the previous period (EPS impact of 0.5 cents), several one-off gains in the prior year: (i) derivative gain of $47m in other finance costs, (ii) higher exceptional item benefits of $51m mainly from the recognition of a one-off gain of $72m related to the expired indemnity to certain pre-IPO investors, (iii) an increase in tax charges due to higher operating profit and withholding tax on dividends by subsidiaries, and (iv) higher non-controlling interests due to higher profit contributions in OpCos with minority shareholdings. Excluding exceptional items and the one-off $47m derivative gain, basic EPS increased 44.5%. The $38m increase in non-controlling interest (up 100.8%), mainly reflects higher profit contributions from OpCos with minority shareholdings, including Airtel Malawi, Airtel Niger and Airtel Tanzania.

Alternative performance measures

Underlying revenue

Underlying revenue growth of 19.4% in constant currency was primarily driven by the combination of 6.9% customer base growth to 118.2 million, and 7.7% ARPU growth. Underlying revenue growth was recorded across all our regions; Nigeria growing by 21.9%, East Africa by 23.5% and Francophone Africa by 10%. Double-digit revenue growth was also achieved across all our service segments, with voice growing 11.0%, data 31.2% and mobile money 35.5%, all in constant currency.

Reported currency revenue growth further accelerated to 15.4% in Q4'21, with constant currency revenue growth of 21.7%.

Underlying EBITDA

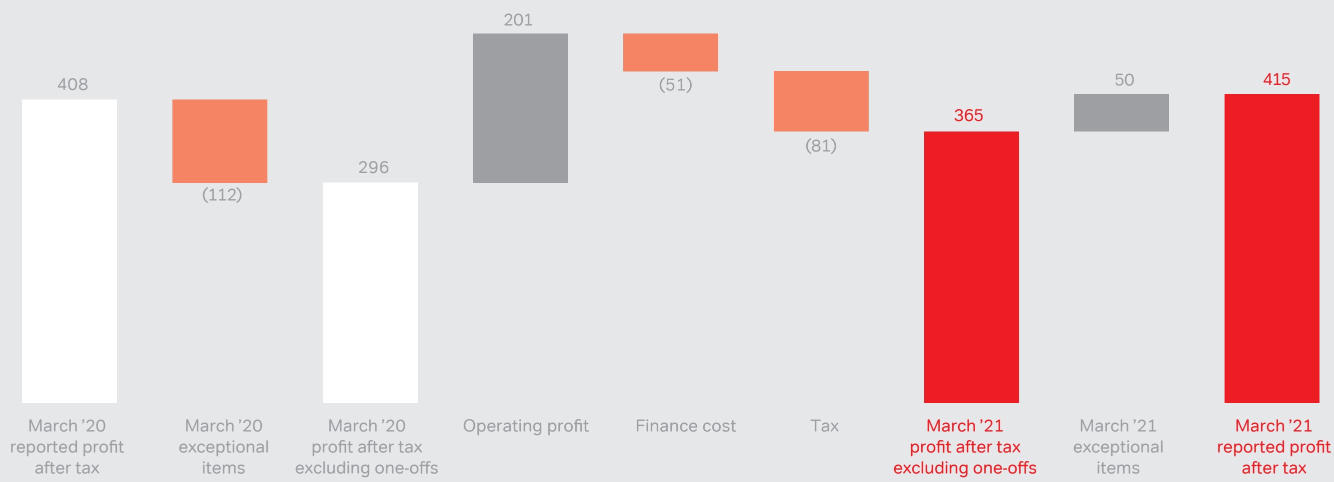
Underlying EBITDA, at $1,792m, increased 18.3% in reported currency while in constant currency underlying EBITDA grew by 25.2%. The growth in underlying EBITDA was driven by underlying revenue growth of 19.4% and improved efficiency in operating expenses. Underlying EBITDA margin was 46.1%, an improvement of 181 basis points in reported currency and 210 basis points in constant currency.

Foreign exchange had an adverse impact of $171m on revenue and $86m on underlying EBITDA, reflecting currency devaluations, mainly the Nigerian naira, Zambian kwacha and Kenya shilling, partially offset by appreciation in the Central African franc.

Underlying EBITDA margin in Q4'21 was 47.7%, an improvement of 354 basis points in reported currency and 389 basis points in constant currency.

Underlying EBITDA ($m)

Profit after tax ($m)



Operating free cash flow

Operating free cash flow (underling EBITDA less capex) for the year was $1,178m, increased by 34.9% from $873m, largely due to higher underlying EBITDA and slightly lower capex.

Tax

The effective tax rate was 43.2% compared to 48.6% in the prior year, largely a result of profit mix changes amongst the OpCos. The effective tax rate is higher than the weighted average statutory corporate tax rate of approximately 33%, largely due to the profit mix between various OpCos and higher withholding tax on dividends by subsidiaries.

The adjusted effective tax rate was 38.2% compared to 38.7% in the previous period.

	Year ended March 2021			Year ended March 2020		
Description	**Profit before taxation $m**	**Income tax expense $m**	**%**	Profit before taxation $m	Income tax expense $m	%
Reported effective tax rate	**697**	**282**	**40.5%**	598	190	31.8%
Adjusted for:						
Exceptional items	**(14)**	**36**		(65)	47	
Foreign exchange rate movements for non-DTA operating companies and holding companies	**42**	**–**		(21)	–	
One-off tax adjustment	**–**	**(5)**		–	12	
Effective tax rate	**725**	**313**	**43.2%**	512	249	48.6%
Deferred tax triggered during the year	**–**	**(36)**		–	(51)	
Adjusted effective tax rate	**725**	**277**	**38.2%**	512	198	38.7%

Exceptional items

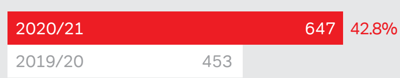
An exceptional gain of $50m in the year ended 31 March 2021 consists of (i) a one-time benefit of $20m which represents recognition of revenues pertaining to earlier years on a cumulative catch-up basis, arising out of a settlement agreement entered with a customer in one of the Group's subsidiaries (referred to as the Niger telecom settlement) (ii) a deferred tax credit of $36m in Tanzania, partially offset by (iii) one-off costs of $6m in one of the Group's subsidiary in Francophone Africa. Exceptional items for the year ended 31 March 2020 mainly consisted of a $72m gain related to the expired indemnity to certain pre-IPO investors and a deferred tax credit of $51m in the DRC.

Free cash flow

Free cash flow was $647m, 42.8% higher than last year due to the combination of an increase in underlying EBITDA and slightly lower capex (due to logistical challenges during the Covid-19 pandemic). This benefit was partially offset by an $81m increase in income tax paid resulting from higher operating profits.

	Year ended		
Description	**March 2021 $m**	March 2020 $m	Growth %
Underlying EBITDA	**1,792**	1,515	18.3%
Capex incurred	**(614)**	(642)	(4.3%)
Operating free cash flow	**1,178**	873	34.9%
Income tax paid	**(195)**	(114)	70.4%
Cash interest	**(302)**	(288)	4.8%
Change in working capital	**(34)**	(18)	94.6%
Free cash flow	**647**	453	42.8%

Free cash flow ($m)



EPS before exceptional items

Restated EPS before exceptional items was 8.2 cents, an increase of 18.2% on last year, with higher profits more than offsetting the increase in other finance costs due to the recognition of a $47m derivative gain in the prior period, higher non-controlling interest due to higher profit in OpCos with minority shareholdings, and an increase in tax charges due to the higher operating profit and withholding tax on the dividends by subsidiaries. Excluding the one-time derivative gain of $47m, restated EPS grew by 44.5%. The increase in non-controlling interest by $38m (100.8%) is due to higher profits in several OpCos with minority shareholdings, including Airtel Malawi, Airtel Niger and Airtel Tanzania.

Description	Unit of measure	March 2021	
		Reported	**Restated**
Weighted average shares outstanding 2020	M	**3,586**	**3,754**
Weighted average shares outstanding 2021	M	**3,758**	**3,754**
March 2020 EPS before exceptional items	$ cents	**7.3**	**6.9**
Exchange	$ cents	**(1.2)**	**(1.2)**
Operating profit (constant currency)	$ cents	**7.3**	**7.0**
Net finance charges	$ cents	**(1.5)**	**(1.4)**
Derivatives and Forex gain/(loss)	$ cents	**(0.8)**	**(0.8)**
Finance charges (excluding derivatives and Forex)	$ cents	**(0.7)**	**(0.6)**
Tax	$ cents	**(2.6)**	**(2.5)**
Others	$ cents	**(0.7)**	**(0.6)**
Number of shares changed	$ cents	**(0.4)**	**–**
March 2021 EPS before exceptional items	$ cents	**8.2**	**8.2**

Leverage and balance sheet measures

Leverage (net debt to underlying EBITDA) improved to 2.0x (from 2.1x at 31 March 2020) despite investing $247m of intangible capex to renew licences in two of our largest markets, Nigeria and Uganda, and acquiring additional spectrum across a few of our markets. The increase in underlying EBITDA more than offset the increase in net debt.

The Group's capex investment to support business growth remains broadly stable with a capex investment of $614m during the year ended 2020/21. The full year capex is marginally reduced as compared to the previous guidance due to logistic challenges faced during pandemic.

Description	March 2021		March 2020	
	$m	**Underlying EBITDA**	$m	Underlying EBITDA
Foreign currency	**2,870**	**1.6x**	2,791	1.8x
HoldCo	**2,388**	**1.3x**	2,330	1.5x
OpCos	**482**	**0.3x**	461	0.3x
Local currency	**452**	**0.3x**	297	0.2x
OpCos	**452**	**0.3x**	297	0.2x
Less: cash and cash equivalents*	**1,069**	**0.6x**	1,010	0.7x
Net debt excluding lease liabilities	**2,253**	**1.3x**	2,078	1.4x
Lease liabilities	**1,277**	**0.7x**	1,169	0.8x
Net debt including lease liabilities	**3,530**	**2.0x**	3,247	2.1x

*Cash and cash equivalents includes term deposits with banks

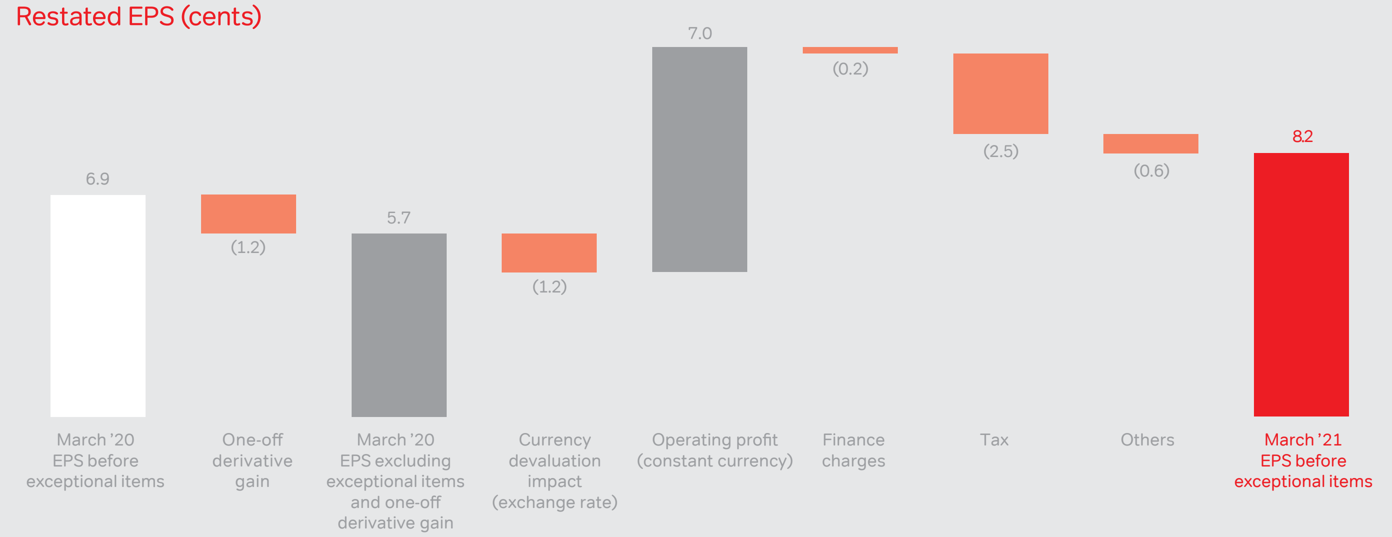
Asset monetisation

With the focus on an asset-light business model and on its core subscriber-facing operations, the Group has entered into an agreement to sell its telecommunications tower companies in Madagascar and Malawi to Helios Towers plc for gross consideration of $108m. The Group's tower portfolios in these two markets together comprise 1,229 towers.

In addition, the Group has entered into exclusive Memorandum of Understanding agreements for the potential sale of its tower assets in Chad and Gabon with Helios Towers plc. The Group's tower portfolios in the two markets of the Proposed Transactions together comprise c.1,000 towers.

Description	Year ended	
	March 2021 $m	March 2020 $m
Free cash flow (a)	**647**	453
Purchase of intangible assets	**(270)**	(155)
Issue of share capital	**–**	680
Proceeds from sale of shares to non-controlling interests	**–**	34
Acquisition of non-controlling interest	**(7)**	–
Settlement of derivatives	**(3)**	97
Dividend paid by subsidiaries	**(188)**	(221)
Dividend received by HoldCos	**179**	216

Restated EPS (cents)



EPS has been restated considering all the shares as of 31 March 2021 had been issued on 1 April 2019 for like-for-like comparison.

Description	Year ended March 2021 $m	March 2020 $m
Dividend to Airtel Africa plc shareholders	**(169)**	(113)
Others	**(76)**	(96)
Subtotal (b)	**(534)**	442
Addition of lease liabilities	**(359)**	(155)
Foreign exchange on borrowings and cash flows	**(37)**	18
Subtotal (c)	**(396)**	(137)
Net debt (increase)/decrease d= a+b+c	**(283)**	758
Opening net debt	**3,247**	4,005
Closing net debt	**3,530**	3,247

Purchase of intangible assets

Purchase of intangible assets of $270m mainly includes $182m paid for licence renewal in Nigeria and $65m in Uganda in the year ended 31 March 2021. Previous year amount of $155m includes $128m for spectrum in Nigeria.

Issue of share capital

For the year ended 31 March 2020, this represents $680m net proceeds from the Airtel Africa plc IPO.

Settlement of derivatives

We took interest rate swap and currency swap contracts from various banks against our outstanding USD bonds. These bonds are all fixed-rate bonds, and to hedge our exposure from market interest rate fluctuations we entered fixed-to-floating interest rate swap (IRS) contracts for USD bonds. In the year ended 31 March 2020, these IRS contracts were cancelled and realised in cash for $122m. Further, in the year ended 31 March 2020, an amount of $25m was paid on maturity of derivatives taken against CHF bonds.

Dividend paid to shareholders

During the year, the Board approved a new progressive dividend policy. The newly adopted dividend policy aims to grow the dividend annually by a mid- to high- single-digit percentage from a base of 4 cents per share for financial year 2020/21, until reported leverage falls below 2.0x. The Board will reassess the dividend policy in light of the growth outlook of the Group.

March 2021 had a final dividend payment of 3.0 cents per ordinary share for year ended 31 March 2020 and an interim dividend payment of 1.5 cents per ordinary share.

The Board recommended a final dividend of 2.5 cents per share.

Others

Others includes payment to capex creditors over and above capex incurred, share issue expenses and changes in non-operating working capital.

Foreign exchange on borrowings and cash flows

Foreign exchange on borrowings and cash flows for the year ended 31 March 2021 primarily represents loss on account of restatement of EUR bonds due to appreciation of EUR against US dollar.

Financial information by service

We provide performance data for our mobile voice and data services and Airtel Money in our business reviews on pages 44-47.

Financial information by market

We provide performance data for each of our markets in our business reviews on pages 38-43.

Consolidated statement of financial position

The consolidated statement of financial position is set out on page 151. Details on the major movements of our assets and liabilities in the year are set out on this page.

Assets

Property, plant and equipment

Property, plant and equipment (including capital work in progress) increased by $141m to $2,232m. This was due to capital expenditure of $614m linked to continued investment in network assets, which was partially offset by $389m of depreciation.

Right of use assets

Right of use assets increased by $160m to $799m. The increase of $359m was due to capitalisation of present value of telecommunication towers taken on long-term lease partially offset by $183m of depreciation.

Other intangible assets

Other intangible assets, including assets under development, increased by $249m to $735m. This relates to $270m of investment in licence/ spectrum and capitalisation of present value of deferred spectrum charges amounted to $102m partially offset by $109m of amortisation.

Current assets

Current assets increased by $234m to $1,905m largely contributed by: (i) cash and cash equivalents and other bank balances increased by $79m due to cash generated by the business, and (ii) balance held under mobile money trust – these increased by $145m; it represents the balance held on behalf of mobile money customers which is not available for use by the Group.

Total equity and liabilities

Equity attributable to owners of the company

Equity attributable to the owners of the company increased by $17m to $3,405m. This was linked to the $339m profit for the period, partially offset by $169m dividend paid to shareholders of Airtel Africa and $140m other comprehensive losses primarily due to exchange losses.

Borrowings

Gross borrowings (including short-term borrowings and current portion of long-term borrowings) increased by $337m to $4,616m. This was largely due to increase in lease liabilities by $108m and drawdown of external loan. Net debt of the Group as of 31 March 2021 was $3,530m.

Non-current liabilities

Non-current liabilities (excluding borrowings) increased by $87m. This was largely due to a liability created against capitalisation of present value of deferred spectrum charges.

Current liabilities

Current liabilities (excluding borrowings) increased by $171m to $1,796m. This was largely due to a $140m increase in mobile money wallet balance. Further details on Group's liquidity position and going concern assessment are shown on page 154, note 2.2 of financial statements.

Dividends

The Board has recommended a final dividend of 2.5 cents per ordinary share for the year ended 31 March 2021. The proposed final dividend will be paid on 23 July 2021 to all ordinary shareholders who are on the register of members at the close of business on 25 June 2021. We will announce more details in due course. We paid an interim dividend of 1.5 cents per ordinary share in December 2020.

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 our 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 our operating performance:

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Table reference[1]	Definition and purpose
Underlying revenue	Revenue	• Exceptional item	Table A	The Group defines underlying revenue as revenue for the period adjusted for exceptional items. The directors view underlying revenue to be a meaningful measure to analyse the Group's revenue, excluding exception 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 revenue.
Underlying EBITDA and margin	Operating profit	• Depreciation and amortisation • Charity and donation • Exceptional item	Table B	The Group defines underlying EBITDA as operating profit/(loss) for the period before depreciation and amortisation, charity and donation, and adjusted for exceptional items. Group defines underlying EBITDA margin as underlying EBITDA divided by total underlying 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. Charity and donations are not related to the trading performance of the Group and hence 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.

Alternative performance measures (APMs) continued

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Table reference[1]	Definition and purpose
Underlying profit/(Loss) before tax	Profit/(loss) before tax	• Exceptional items	Table C	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.
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 D	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 year adjustment, tax settlements and impact of permanent differences on tax. This provides an indication of the current ongoing tax rate across the Group. 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 few of the entities which are loss making and 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 year 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.
Adjusted effective tax rate	Reported tax rate	• Deferred tax triggered during the year and accounted as exceptional tax item	Table D	The Group defines adjusted effective tax rate as effective tax rate after normalizing any impact arising on account of deferred tax triggered during the year for the first time which has been reported as exceptional item. This provides an indication of the tax rate across the Group for the current financial year after considering any deferred tax triggered during the year.
Underlying profit/(loss) after tax	Profit/(loss) for the period	• Exceptional items	Table E	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 F	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.

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Table reference[1]	Definition and purpose
Operating free cash flow	Cash generated from operating activities	• Income tax paid • Changes in working capital • Other non-cash items • Non-operating income • Charity and donation • Exceptional items • Capital expenditure	Table H	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, charity and donation and exceptional items less capital expenditure. 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.
Free cash flow	Cash generated from operating activities	• Changes in working capital • Capital expenditure • Income tax paid • Cash interest	Table I	The Group defines free cash flow as net cash generated from operating activities after change in operating working capital, income tax paid and cash interest. It is calculated as 'underlying EBITDA less change in operating working capital, capital expenditure, income tax paid and cash interest'. The Group views 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.
Net debt and leverage ratio	No direct equivalent	• Borrowing • Lease liabilities • Cash and cash equivalent • Term deposits with banks • Fair value hedges	Table J	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. The Group defines leverage ratio as net debt divided by underlying EBITDA. 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 K	Group defines return on capital employed ('ROCE') as underlying EBIT divided by average capital employed. The directors view return on capital employed as a financial ratio that measures 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, non-controlling interests and net debt. Average capital employed is average of capital employed at the closing and beginning of the relevant period.

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 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 of 31 March 2020. Reported currency percentage change is derived on the basis of average actual periodic exchange rates for that financial period. Variance between constant currency and reported currency percentage are due to exchange rate movements between previous financial reporting period and current period.

Changes to APMs

Definition of underlying EBITDA margin has been clarified as underlying EBITDA divided by underlying revenue. Underlying revenue is included in the APM and is defined as revenue for the period adjusted for exceptional items. The reason for using underlying revenue is because exceptional revenue has been recorded for the first time in the year ended 31 March 2021. Return on capital employed has been included in the APM and is defined as underlying EBIT divided by average capital employed. ROCE is a financial ratio that measures Group's profitability and efficiency with which its capital is being utilised.

Alternative performance measures (APMs) continued

Reconciliation between GAAP and Alternative Performance Measures

Table A: Underlying revenue

Description	Year ended March 2021 $m	March 2020 $m
Revenue	**3,908**	3,422
Less:		
Exceptional items	**(20)**	–
Underlying revenue	**3,888**	3,422

Table B: Underlying EBITDA and margin

Description	Year ended March 2021 $m	March 2020 $m
Operating profit	**1,119**	901
Add:		
Depreciation and amortisation	**681**	632
Charity and donation	**6**	5
Exceptional items	**(14)**	(23)
Underlying EBITDA	**1,792**	1,515
Revenue	**3,888**	3,422
Underlying EBITDA margin (%)	**46.1%**	44.3%

Table C: Underlying profit/(loss) before tax

Description	Year ended March 2021 $m	March 2020 $m
Profit/(loss) before tax	**697**	598
Exceptional items (net)	**(14)**	(65)
Underlying profit/(loss) before tax	**683**	533

Table D: Effective tax rate and adjusted effective tax rate

Description	March 2021 Profit before taxation $m	March 2021 Income tax expense $m	March 2021 Tax rate %	March 2020 Profit before taxation $m	March 2020 Income tax expense $m	March 2020 Tax rate %
Reported effective tax rate	**697**	**282**	**40.5%**	598	190	31.8%
Adjusted for:						
Exceptional Items (provided below)	**(14)**	**36**		(65)	47	
Foreign exchange rate movements for non-DTA OpCos and HoldCos	**42**	**–**		(21)		
One-off tax adjustment		**(5)**			12	
Effective tax rate	**725**	**313**	**43.2%**	512	249	48.6%
Deferred tax triggered during the year		**(36)**			(51)	
Adjusted effective tax rate	**725**	**277**	**38.2%**	512	198	38.7%
Exceptional items						
1. Deferred tax asset recognition		**36**			51	
2. Network modernisation				27	2	
3. Employee restructuring	**6**					
4. Service revenues	**(20)**					
5. Reversal of indemnities				(72)		
6. Share issue and IPO-related expenses				6		
7. Finance cost				1		
8. Customer acquisition cost				(27)	(6)	
Total	**(14)**	**36**		(65)	47	

Table E: Underlying profit/(loss) after tax

Description	Year ended March 2021 $m	March 2020 $m
Profit/(loss) after tax	**415**	408
Exceptional items	**(50)**	(112)
Underlying profit/(loss) after tax	**365**	296

Table F: Earnings per share before exceptional items

Description	Unit of measure	Year ended March 2021	Year ended March 2020
Profit/(loss) after tax before exceptional items attributable to owners of the company (see table G)	$m	**308**	261
Weighted average number of ordinary shares in issue during the financial period	million	**3,758**	3,586
Earnings per share before exceptional items	cents	**8.2**	7.3

Table G: Earnings per share – restated

Description	Unit of measure	Year ended March 2021	Year ended March 2020
Weighted average shares	million	**3,758**	3,586
Weighted average shares – restated	million	**3,754**	3,754
Profit for the period attributable to owners of the company	$m	**339**	370
Operating and non-operating exceptional items	$m	**(14)**	(65)
Tax exceptional items	$m	**(36)**	(47)
Non-controlling interest exceptional item	$m	**19**	3
Profit attributable to owners of the company – pre-exceptional items	$m	**308**	261
Basic EPS	cents	**9.0**	10.3
EPS before exceptional items	cents	**8.2**	7.3
Basic EPS – restated[1]	cents	**9.0**	9.8
EPS before exceptional items – restated[1]	cents	**8.2**	6.9

1 EPS has been restated considering all the shares as of 31 March 2021 had been issued on 1 April 2019 for like-for-like comparison

Table H: Operating free cash flow

Description	Year ended March 2021 $m	Year ended March 2020 $m
Net cash generated from operating activities	**1,666**	1,387
Add: Income tax paid	**195**	114
Net cash generation from operation before tax	**1,861**	1,501
Less: changes in working capital		
Increase in trade receivables	**8**	11
Increase in inventories	**4**	1
Decrease in trade payables	**38**	15
Increase in mobile money wallet balance	**(139)**	(53)
Increase in provisions	**(1)**	(2)
Increase in deferred revenue	**(17)**	(20)
Decrease in income received in advance	**1**	11
Increase in other financial and non-financial liabilities	**(18)**	(4)
Increase in other financial and non-financial assets	**48**	28
Operating cash flow before changes in working capital	**1,785**	1,488
Other adjustments	**15**	45
Charity and donation	**6**	5
Exceptional items	**(14)**	(23)
Underlying EBITDA	**1,792**	1,515
Less: capital expenditure	**(614)**	(642)
Operating free cash flow	**1,178**	873

Table I: Free cash flow

Description	Year ended March 2021 $m	Year ended March 2020 $m
Underlying EBITDA	**1,792**	1,515
Less: capital expenditure	**(614)**	(642)
Operating free cash flow	**1,178**	873
Add: changes in working capital		
Increase in trade receivables	**(8)**	(11)
Increase in inventories	**(4)**	(1)
Decrease in trade payables	**(38)**	(15)
Decrease in income received in advance	**(1)**	(11)
Increase in deferred revenue	**17**	20
Operating cash flow after changes in working capital	**1,144**	855
Less: Income tax paid	**(195)**	(114)
Less: cash interest (net)	**(302)**	(288)
Free cash flow	**647**	453

Table J: Net debt and leverage

Description	As at March 2021 $m	As at March 2020 $m
Long-term borrowing, net of current portion	**1,871**	2,446
Short-term borrowings and current portion of long-term borrowing	**1,468**	664
Add: processing costs related to borrowings	**5**	5
Add/(less): fair value hedge adjustment	**(21)**	(27)
Less: cash and cash equivalents	**(813)**	(1,010)
Less: term deposits with banks	**(257)**	–
Net debt excluding lease liabilities	**2,253**	2,078
Add: lease liabilities	**1,277**	1,169
Net debt including lease liabilities	**3,530**	3,247
Underlying EBITDA (LTM)	**1,792**	1,515
Leverage (LTM) (times)	**2.0**	2.1

Table K: Return on capital employed

Description	Unit of measure	Year ended March 2021	Year ended March 2020
Operating profit	$m	**1,119**	901
Less:			
Exceptional items	$m	**(14)**	4
Underlying EBIT	$m	**1,105**	905
Equity attributable to owners of the company	$m	**3,405**	3,388
Non-controlling interests (NCI)	$m	**(52)**	(107)
Net debt (see table J)	$m	**3,530**	3,247
Capital employed	$m	**6,883**	6,528
Average capital employed[1]	$m	**6,705**	6,481
Return on capital employed	%	**16.5%**	14.0%

1 Capital employed at the beginning of year ended 31 March 2021 and 2020 is $6,528m and $6,435m respectively

Understanding and managing our risk environment to support the Group's objectives

"Our actively managed risk framework provides essential support to our key operating and financial decisions at Airtel Africa – and assessing and managing risk underpins day-to-day working in all of our operating companies and functions."

Ravi Rajagopal
Chair, Audit and Risk Committee

Managing our risks

We operate in 14 markets across Africa. Our markets offer both long term growth opportunities and a diverse range of risks and uncertainties. Managing these risks is an essential part of delivering our strategy. It means we can continue to create value for our business and shareholders, and for the millions of people whose lives we help transform.

Identifying and managing risk

The directors have carried out a robust assessment of the company's principal and emerging risks to comply with Provision 28 of the Governance Code. We have designed our risk management framework to give us a consistent means of identifying, mitigating and monitoring risk across all 14 of our operating companies and Group entities. It provides senior management and our Board with oversight over our principal risks, and promotes a bottom-up approach to identifying and managing risks across the Group.

Risk management governance

The Airtel Africa plc Board has overall responsibility for the Group's risk management framework and processes. Through the Audit and Risk Committee, the Board oversees the Group's risk management framework and regularly reviews its principal risks as well as emerging risks that may impact the Group. Within that overarching framework, the governance of risk management has been cascaded to various levels across the organisation to allow effective management of the Group's risks. The framework covers the interplay between risks impacting Airtel Africa as a whole and risks identified at either the operating company (OpCo) level (geography-related) or the functional level (business function-related). Our Group Executive Risk Committee evaluates and prioritises the principal risks with the potential to undermine our strategy, business model and solvency, in line with our overall risk appetite. The committee also reviews on an ongoing basis the external business environment to identify emerging risks which could potentially have an impact on the Group's business in the future.

Group functional teams identify functional risks cutting across our operating companies (OpCos) to create a consistent Group-wide risk mitigation strategy for similar risks. We operate a similar risk management governance structure at Group level and within our OpCos, with both having an Executive Risk Management Committee, and with overall risk management responsibility resting with the respective boards. Each OpCo identifies risks within their business environment and takes appropriate mitigation actions. The governance of risk management at each OpCo rests with the OpCo Executive Risk Committee (ERC) and the OpCo Board, which is responsible for risk management processes and oversees the OpCo's principal risks and the effectiveness of its mitigation actions.

Board – Audit and Risk Committee

The Board has overall responsibility for the Group's risk management processes. Through the Audit and Risk Committee, the Board oversees the Group risk management framework and regularly reviews our principal risks.

Group Executive Risk Committee

The Executive Risk Committee (ERC) is responsible for the implementation of the risk management framework across the Group. The ERC reviews our significant risks and the progress and effectiveness of mitigation actions. It continually monitors and assesses new and emerging risks.

Functional Risk Management Committee

The Group executive functional heads are responsible for identifying and mitigating risks at a functional level. The Group's risk register is created from risks identified either by the Group functional heads or the OpCo Executive Risk Committees.

OpCo Executive Risk Committee and OpCo Board

The OpCo Executive Risk Committee (ERC) performs a similar role to the Group ERC. It is responsible for implementing the risk management framework in our subsidiaries. It identifies risks within the local environment and mitigation actions to manage those risks. Each OpCo Board has overall responsibility for the risk management process within that OpCo.

Risk identification process

IDENTIFY

OpCo

Function

Risks are identified by analysing **external and internal** context both at an operating subsidiary and at a Group functional level

RISK ANALYSIS

Discuss and validate each risk

Assess each risk

Likelihood | Impact

Identified risks are assessed on

Likelihood of occurrence | Impact/ consequence

RANK

Score and prioritise each risk

Each risk is then assigned a risk rating based on **the likelihood of occurrence** and the possible impact/ consequence

Risk rating

airtel

Airtel Africa's principal risks
Risks impacting the Group's strategy, business model and solvency

Emerging risks
Ongoing review of the external environment and potential risks

How we classify our risks

We classify our risks using the below categorisation methodology. The risk classification allows for a consistent approach for risk identification across the Group.

Strategic risks: 1 2 3

External risks such as changes in market dynamics or risks to strategic partnerships.

Operational risks: 4 5 6 7 8 9

Risks affecting our ability to effectively operate our business model across a variety of functional areas.

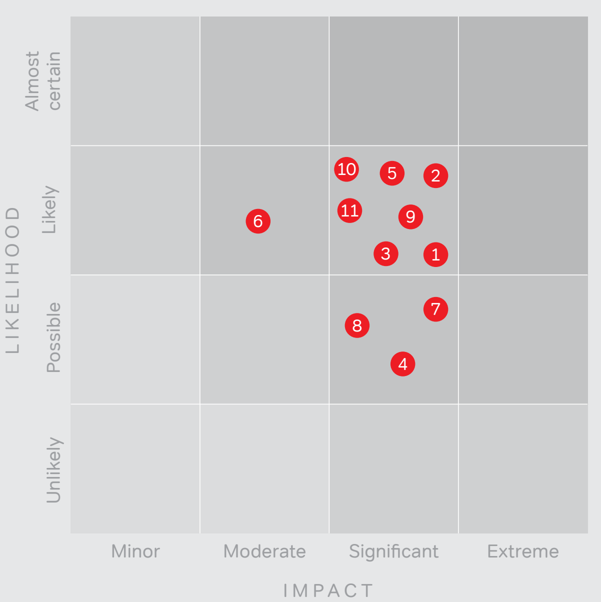
Financial risks: 10

Risks impacting our liquidity or solvency, financial reporting or capital structure.

Governance and compliance risks: 11

Risks affecting our ability to comply with our legal, regulatory and governance obligations.

Risk heat map (residual risks)



1 Adverse competition and market disruption
3 Digitalisation and innovation
3 Covid-19
4 Technology obsolescence
5 Cyber and information security threats
6 Increase in cost structure
7 Leadership succession planning
8 Internal controls and compliance
9 Network resilience and business continuity
10 Exchange rate fluctuations and availability of funds for repatriation
11 Non-compliance to legal and regulatory requirements

Our principal risks, and how we mitigate them

Strategic risks

1. Adverse competition and market disruption

We operate in an increasingly competitive environment across our markets and segments, particularly with respect to pricing and market share. Aggressive competition by existing players or the entry of a new player could put a downward pressure on prices, adversely affecting our revenue and margins, as well as our profitability and long term survival. The nature and level of the competition we face varies for each of our markets, products and services.

How we mitigate this risk

1. Ongoing monitoring of competitive landscape and competitor activities
2. Driving penetration of bundle offerings to lock in customers, increase affordability and reduce churn
3. The continued growth of our Airtel Money business and the increased penetration of our GSM customers using Airtel Money services helps to increase customer stickiness on our network
4. Simplifying customer experience through self-care and other apps, and customer touchpoints

Link to strategy

Win with customers, Win with data, Win with mobile money

Risk owner

Chief sales and marketing officer

2. Digitisalition and innovation

Failure to innovate through simplifying the customer experience, developing adequate digital touchpoints in line with changing customer needs and competitive landscape could lead to loss of customers and market share. We need to continually innovate to simplify our user experience, make our business processes more agile, and develop more digital touchpoints to reach our customers and meet their changing needs.

How we mitigate this risk

1. Roll out of digital apps and self-care channels to simplify customer experience
2. Set up of Airtel Africa Digital Labs focused on developing cutting edge digital solutions to address customer needs and solve complex problems using the latest technologies
3. Simplifying our core IT systems and integration capabilities to allow for faster deployment of new products and services and integration with third-party applications

Link to strategy

Win with customers, Win with data, Win with mobile money

Risk owner

Chief information officer

3. Covid-19

Covid-19 continues to be both a healthcare crisis and a major disruptor in the lives of people and the economic activities of businesses and governments across the world. The pandemic has underlined how critical telecoms are to the countries in which we operate, and throughout the crisis we have maintained our services as well as supporting communities, including by coordinating medical relief with respective governments. While the pandemic has shown the continued resilience of our operating model, we continue to monitor the evolution of the pandemic to prevent any negative adverse impact on the Group's ability to operate its business effectively.

How we mitigate this risk

1. The Group's business continuity plans continue to be in place ensuring minimal disruption in our abilities to provide critical telecom services
2. Ongoing crisis monitoring by the crisis management team at the Group office through regular engagement with the OpCo crisis management teams with overall oversight by the Executive Committee
3. To protect the health and safety of our employees, the Group's operations continue to adopt a work from home policy with a predominant number of the Group's employees working remotely
4. Availability of digital self-care channels through which customers can access the company's products and services and resolve basic customer queries

Link to strategy

Basic building block for all strategic intent

Risk owner

Chief executive officer

Key to our strategic pillars

Win with network | Win with customers | Win with data | Win with mobile money | Win with cost | Win with people

See our strategy on pages 24-31

Operational risks

4. Technology obsolescence

An inability to effectively and efficiently invest and upgrade our network and IT infrastructure would affect our ability to compete effectively in the market. While we continually invest in improving and maintaining our networks and IT systems to address current levels of volume and capacity growth, we need to continue to commit substantial capital to keep pace with rapid changes in technology and the competitive landscape.

How we mitigate this risk

1. Refreshing our IT infrastructure with focus on cloud technology
2. Network modernisation project involving upgrades to our core (mobile switching) and packet (mobile data) networks
3. Reducing the cost of network operations by adopting radio agnostic technology, single RAN, which allows easy switching of network resources and spectrum between 2G, 3G and 4G networks at minimal marginal costs

Link to strategy

Risk owner

Chief technology officer
Chief information officer

5. Cyber and information security threats

Cybersecurity threats through internal or external sabotage or system vulnerabilities could potentially result in customer data breaches and/or service downtimes. Like any other business, we are increasingly exposed to the risk that third parties or malicious insiders may attempt to use cyber-crime techniques, including distributed denial of service attacks, to disrupt the availability, confidentiality and integrity of our IT systems. This could disrupt our key operations, make it difficult to recover critical services and damage our assets.

How we mitigate this risk

1. Ongoing review and implementation of security controls to mitigate possible system vulnerabilities
2. Awareness campaign and training of employees on IT and cybersecurity risks and control measures
3. Continuing to identify risk and assess vulnerability

Link to strategy

Risk owner

Chief information officer

6. Increase in cost structure

Adverse changes in our external business environment and/or supply chain processes could lead to a significant increase in our operating cost structure and negatively impacting profitability. Our operating costs are subject to supply chain risks including fluctuations in global commodity prices, market uncertainty, energy costs (such as diesel and electricity), and the cost of obtaining and maintaining licences, spectrum and other regulatory requirements. Prevailing macroeconomic conditions and a variety of other factors beyond our control also contribute to this risk. We need to continually re-evaluate our operating model and cost structure to identify innovative ways to optimise our costs.

How we mitigate this risk

1. Continuous review of our operating model and supply chain processes to identify cost optimisation opportunities
2. Rolling out various initiatives to optimise our operating structure to improve business performance

Link to strategy

Risk owner

Chief supply chain officer

Our principal risks, and how we mitigate them

Operational risks

7. Leadership succession planning

We need to continually identify and develop successors for key leadership positions across our organisation to ensure minimal disruption to the execution of our corporate strategy. Our ability to execute our business strategies depends in large part on the efforts of our key people. In some of the countries in which we operate, there's a shortage of skilled telecommunications professionals. Any failure to successfully recruit, train, integrate, retain and motivate key skilled employees could have a material adverse effect on our business, the results of our operations, financial condition and prospects.

How we mitigate this risk

1. Defined functional and leadership development plans for the leadership and critical roles within Airtel Africa
2. Ongoing identification of high potential employees for talent development
3. Long term incentive arrangements to encourage employee retention and alignment to long term company objectives

Link to strategy

Win with people

Risk owner

Chief human resources officer

8. Internal controls and compliance

Gaps in our internal control and compliance environment could affect our reputation and lead to financial losses. Our financial reporting is subject to the risk that controls may become inadequate due to changes in internal or external conditions, new accounting requirements, or delays or inaccuracies in reporting. We continue to implement internal risk management and reporting procedures at Group and OpCo levels to protect against risks of internal control weaknesses and inadequate control over financial reporting.

How we mitigate this risk

1. Ongoing review and strengthening of the Group's internal controls over financial reporting and compliance processes
2. Review process for addressing and mitigating findings from internal audit, with oversight from the Audit and Risk Committee
3. Continually identifying and mitigating risks

Link to strategy

Basic building block for all strategic intent

Risk owner

Chief financial officer

9. Network resilience and business continuity

Our ability to provide unparalleled quality of service to our customers and meet quality of service (QoS) requirements depends on the robustness and resilience of our network and IT infrastructure and our ability to respond appropriately to any disruptions. Our telecommunications networks are subject to risks of technical failures, aging infrastructure, human error, wilful acts of destruction or natural disasters. This can include equipment failures, energy or fuel shortages, software errors, damage to fibres, lack of redundancy plans and inadequate disaster recovery plans.

How we mitigate this risk

1. Implementing geographically redundant disaster recovery sites for our networks and IT infrastructure across our OpCos
2. Regular testing of fallback plans for network and IT systems to ensure reliability of switch over from active to redundant nodes in the event of a disaster

Link to strategy

Win with network, Win with data

Risk owner

Chief technology officer
Chief information officer

Key to our strategic pillars

Win with network | Win with customers | Win with data | Win with mobile money | Win with cost | Win with people

See our strategy on pages 24-31

Financial risks

10. Exchange rate fluctuations and availability of funds for repatriation

Our multinational footprint means we're constantly exposed to the risk of adverse currency fluctuations and the macroeconomic conditions in the markets where we operate. We derive revenue and incur costs in local currencies where we operate, but we also incur 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 our OpCos and the US dollar could have a negative effect on our liquidity and financial condition. Furthermore, in some of our markets, triggered by broader macroeconomic conditions, we are faced with instances of limited supply of foreign currency within the local monetary system. This constrains the ability to fully benefit at the Group level from the strong cash generation of those few OpCos.

How we mitigate this risk

1. Renegotiating Forex denominated contracts to local currency contracts
2. Hedging foreign currency denominated payables and loans, and matching assets and liabilities, where possible
3. Availability of adequate funding arrangements to mitigate any short-term liquidity constraints caused by fluctuations in Forex supply within our OpCos
4. Geographical diversification allows us to continue to access liquidity broadly across our footprint

Link to strategy

Risk owner

Chief financial officer

Governance and compliance risks

11. Non-compliance to legal and regulatory requirements

We operate in diverse legal and regulatory environments both in terms of the countries, where we operate, and the regulators for the services we provide. Establishing and maintaining adequate procedures, systems and controls enables us to comply with our obligations in all the jurisdictions where we operate and for the services we provide to our customers. We are required to comply with Know Your Customer, anti-money laundering, anti-bribery and corruption, sanctions, data privacy, quality of service and other laws and regulations. A failure to comply could lead to unanticipated regulatory penalties and sanctions or tax levies, as well as damage to our reputation.

How we mitigate this risk

1. Instituting various policies across the Group to comply with the legal requirements in the jurisdictions where we operate
2. Continuing engagement with regulators and industry bodies on key policy matters across our operating footprint
3. Implementing a regular compliance tracking process, identifying root causes for cases of non-compliance and taking corrective actions
4. Implementing an escalation process for reporting significant matters to the Group office
5. Communicating with and training employees on relevant company policies

Link to strategy

Basic building block for all strategic intent

Risk owner

Chief legal officer
Chief regulatory officer

Changes in principal risks within the financial year

Based on risk reviews conducted during the financial year, the following changes occurred in the Group's principal risks from the last financial year:

Risk	Changes
Vendor governance	This risk was removed as a principal risk during the year. While the Group operates an outsourced business model, adequate progress has been made around our vendor governance processes including minimising the risks of over-reliance on particular vendors.
Debt facilities and cross-guaranteed debt	This risk was removed as a principal risk during the year. This risk relates to certain debt notes issued by Bharti Airtel International (Netherlands) B.V., a wholly-owned subsidiary of the Group and guaranteed by the Group's majority shareholder for which early repayment could be triggered under certain conditions. The Group has assessed the likelihood of these events occurring as remote.
Know Your Customer (KYC) and Quality of Service (QoS) non-compliance	This risk was merged with the existing Compliance to legal requirements risk and renamed Non-compliance to legal and regulatory requirements. There has been a lot of recent focus from regulators on KYC and QoS regulations in the markets where we operate. Commensurate with the increased risk level, the Group has implemented adequate compliance processes around our customer onboarding process to ensure compliance with KYC regulations and is also continually working on improving the quality of service in our operating markets. These risks still persist, albeit with a lower risk rating, and they will continue to be monitored as part of our broader risk of non-compliance to legal and regulatory requirements.

Emerging risks

Post-Brexit regulatory environment: The UK and EU have agreed on a deal for the UK's exit from the EU. While the Group does not anticipate any impact on its business as the Group's operating subsidiaries are located outside the UK and EU, the Group is continuing to monitor changes in the post-Brexit legal and regulatory environment.

Climate change: we continue to evaluate the potential impact of climate change on our business operations and on the economies in which we operate. The Group is progressing on its sustainability initiatives and has outlined its broad ambition on pages 50-53 of this report.

> "Compliance with legal and regulatory requirements cuts across all our strategic pillars and is fundamental to the Group achieving its objectives."
>
> **Peter Odedina**
> Chief compliance officer

Our long-term viability statement

The preparation of this viability statement involved the Board assessing the Group's long-term prospects and ability to meet future commitments and liabilities as they fall due over the three-year review period including the stress tests on various scenarios to test the resilience and strength of our forecasts.

Viability statement of Airtel Africa plc

In line with the UK Corporate Governance Code, the Board has assessed our long-term strategic prospects, as well as the ability of the Group to meet future commitments and liabilities as they fall due within the assessment period.

The Group prepares a ten-year strategic business plan which is used for long-term forecasting purposes (including strategic decisions such as capital investment) and is aligned with the average life of our regulatory licences and network assets and the potential opportunities in the under-penetrated emerging African telecom sector. For the purpose of our long-term viability assessment, the Board primarily focuses on liquidity. The three-year period of our viability assessment is in line with a three-year liquidity plan which matches the current visibility of the tenure of our financing arrangements and also the design and payout of the management incentive plan.

While the Board has no reason to believe that the Group will not be viable over a longer period, given the inherent estimation uncertainty involved in forecasting liquidity assumptions over a longer period, the Board concluded that a three-year period provides a reasonable degree of confidence while still retaining a longer-term perspective.

This plan has been prepared based on our strategy and adequate stress tests have been conducted through various scenarios, both individually and collectively, based on our overall risk assessment framework.

The Covid-19 pandemic has contributed to a rapid acceleration of already existing macro trends across the countries where we operate, with people, businesses and governments seeking access to more and better connectivity and improved financial inclusion. These challenging times have shown that the telecoms industry is a key and essential service for these economies, allowing customers to work remotely, reduce their travel, keep connected and have access to affordable entertainment and financial services.

Covid-19 presented significant challenges to the business, particularly during the initial phase of the pandemic when mobile money and services growth slowed. However, the actions taken by the Board in the first quarter enabled the continued execution of our strategy, including meeting increased customer demand for data, mobile money and mobile services.

As a matter of prudence, we have given specific consideration to the impact of Covid-19 on our cash flows with the stress tests performed, including possible incremental revenue decline, an unanticipated increase in costs, currency devaluation and availability of funds for repatriation to the Group.

Further, notwithstanding the possible impacts of Covid-19, the Group will continue to benefit from population growth and the need for increased connectivity and financial inclusion in the medium to long term in the countries where we operate.

Our detailed assessment of the possible impact of Covid-19 is explained on pages 16-17 of the strategic report.

The company ended the year in a strong financial position. Free cash flow increased by c.43% in the last 12 months to $647m and our net debt to EBITDA ratio continued to improve to 2.0x at the end of this financial year. Our cash balances, in conjunction with nearly $1.14bn of committed undrawn facilities at the date of approval of these financial statements, ensure we can continue to meet our financial obligations. We have $2.4bn in long-term bonds with the first repayment of $879m (€750m) due in May 2021, which will be paid through a mix of cash held as well as from the proceeds of a $500m inaugural multi-bank long-term facility (part of the above mentioned $1.14bn undrawn facilities) entered into by Airtel Africa plc in April 2021. Post this repayment, only $1.5bn of long-term bonds will remain outstanding for the Group, with the next major bond repayment of $505m (not due until March 2023). In recent months we have announced several transactions to strengthen our balance sheet, including asset monetisation through towerco sales, and bringing fresh investment into our mobile money business amounting in aggregate to c.$400m, with proceeds expected to be received in the next 12-18 months, which will further improve our financial position and continue our deleveraging.

We have also concluded standalone credit rating assessments that will enable us to further access debt capital markets, as and when required.

Board's assessment

Viability
The viability statement is based on our current business model (see page 22 of this report), a three-year prospect horizon, and our strategy (see pages 24-31).

Long-term plan and headroom analysis
Our three-year plan has been prepared considering organic growth potential in the geographies where we operate.

Principal risk assessment
Our risk evaluation is described on pages 72 to 78. While each principal risk has been carefully evaluated both individually and collectively and an adequate monitoring and mitigation plan has been defined, we have also considered sensitivity analysis and stress tests on the three-year projections.

Sensitivity
We have quantified the impact of sensitivities on cash and liquidity headroom availability, both individually and collectively, in worst case scenarios. In assessing the impact, we have considered various mitigating actions which could be undertaken to ensure sufficient liquidity.

Assessment of headroom based on forecast cash flows and sensitivities to assess our ability to meet future commitments and liabilities as they fall due over the next three years.

The key risks considered in the stress tests keeping in mind the demographical and sectoral dynamics along with their potential negative impacts are detailed here.

Stress tests done	Link to principal risks and uncertainties	Description
Slowdown in revenue growth	• Adverse competition and market disruption • Technology obsolescence	Revenue is projected on a number of assumptions such as subscriber base, rates and change in average revenue per user. A change in any of the assumptions due to adverse competition and market disruption may affect overall revenue growth. In most cases, changes in one such assumption (e.g. in rates) are compensated either fully or marginally by a corresponding change in other variables (e.g. subscriber base). Changes not fully compensated lead to a reduction in the rate of revenue growth. We have modelled stress test scenarios for various levels of slowdown across segments and revenue streams.
Increase in operating expenses	• Increase in cost structure	With operations spread across 14 markets and each country having a different economic and business environment, there is always a risk of operating costs increasing beyond projected levels.
Unanticipated regulatory and tax levies	• Non-compliance to legal and regulatory requirements	As we work in diverse and dynamic legal environments, it's necessary to establish and maintain adequate procedures, systems and controls to ensure we comply with our obligations in all the jurisdictions in which we operate. There will always be a risk of unanticipated regulatory and tax levies affecting our profitability and therefore additional tax and regulatory levies have been considered in the stress tests.
Exchange rate fluctuation	• Exchange rate fluctuation and availability of foreign currency for repatriation to Group	We are constantly exposed to the risk of adverse currency fluctuations, given our operations in 14 different markets with different functional currencies. Furthermore, we could face low availability of foreign currency in some of our markets constraining our ability to fully benefit at the Group level from the strong cash generation of our local businesses. We have stress tested the plan for various levels of currency devaluation across operating entities, including the risk of availability of foreign exchange leading to repatriation of cash from operating entities to Group holding companies and the resulting impact on cash flows and liquidity headroom at a Group level.
Covid-19 impact	• Uncertainties arising out of the Covid-19 pandemic	The Covid-19 pandemic has contributed to a rapid acceleration of already existing macro trends across the countries where we operate, with people, businesses and governments seeking access to more and better connectivity and improved financial inclusion. It is in these challenging times that the telecoms industry has emerged as a key and essential service for these economies, allowing customers to work remotely, reduce their travel, keep connected and allow access to affordable entertainment and financial services. This has resulted in robust growth in all revenue streams for most of the telecom operators. We, on our part, have continued to work with governments, regulators, partners and suppliers to keep customers and businesses connected as well as supporting the economies and communities. We focused on expanding and maintaining our network to ensure it could cope with increasing demand, we kept our distribution up and running by increasing the penetration of digital recharges and stock levels, and we expanded our home broadband solutions to ensure customers could work and access entertainment remotely. Our detailed assessment of possible impact of Covid-19 is provided on pages 16-17 of this report. We have carried out extensive scenario analysis looking at the possible negative effect of the outbreak on the business via a possible reduction in revenue growth and a possible increase in operating expenses.

Conclusion

The results of stress-testing our forecasts over the three-year period for the above sensitivities, including the possible impact of Covid-19, demonstrate that the Group will be able to withstand these impacts over the period of its financial forecasts. The Board has a reasonable expectation that no single or plausible combination of events would affect long-term viability, even under the severe stress tests and the Group would be able to continue operating and meet its liabilities over the three-year period.

In order to reach this conclusion, the Board has considered:

- Possible actions to mitigate the impact of risks in the severe stress tests, including limiting or delaying discretionary capital expenditure without compromising on network quality, optimising operating expenditure and reducing or stopping dividend payments
- Accessing additional funding, including financing facilities and access to the debt capital markets in order to repay debt which matures over the three-year period while maintaining adequate liquidity headroom
- The proceeds from the Group's asset monetisation programme related to tower assets and investments in mobile money business which have been announced during the financial year 2020/21
- The internal and external environment, current and long-term prospects, and the strategic intents and directions adopted by management
- The risk framework, potential sensitivities around the principal risks and mitigating factors

The Board has concluded that the Group would be in a position to access debt capital markets and meet our financing needs, as and when required.

Based on this assessment and in accordance with requirements of paragraph 31 of the 2018 UK Corporate Governance Code, the Board has concluded that we have the ability to continue our operations and be able to meet our commitments and liabilities over the assessment period.

The strategic report was approved by the Board of directors on 11 May 2021 and signed on its behalf by:

Raghunath Mandava
Chief executive officer

11 May 2021

Governance report

In this section

Our Board of directors

Sunil Bharti Mittal
Chair

N

Date appointed to Board: October 2018
Independent: no
Age: 63
Nationality: Indian

Skills, expertise and contribution
Sunil is the founder and chairman of Bharti Enterprises, one of India's leading conglomerates with diversified interests in telecoms, insurance, real estate, agriculture and food, renewable energy and other ventures. Bharti Airtel, the flagship company of Bharti Enterprises, is a global telecommunications company operating in 18 countries across South Asia and Africa. It's one of the top three mobile operators globally, with a network covering over two billion people. Airtel is India's largest integrated telecoms provider and the second largest mobile operator in Africa.

Sunil is the pioneering force behind the mobile revolution in India – he revolutionised the business model at Bharti Airtel to make affordable voice and data services available to all. Airtel has transformed the quality of lives of millions of people globally, providing connectivity and digital empowerment. As chair of the Board, his leadership has brought immense value to Airtel Africa through his vision, knowledge and deep expertise.

External commitments
- Founder and chairman of Bharti Enterprises and Bharti Airtel
- Chairman of OneWeb Holding Limited
- Member of the International Business Council, World Economic Forum (WEF)
- Member of the Global Board of Advisors, Council of Foreign Relations (CFR)
- Commissioner of the Broadband Commission
- Trustee at the Carnegie Endowment for International Peace (CEIP)
- Member of the Board of Qatar Foundation Endowment (QFE)
- Member of the India-US, India-UK and India-Japan and India-Sweden CEO Forums
- Co-chair of the India-Africa Business Council

Previous roles
Sunil has served on the boards of several international bodies. He was the chairman of the International Chamber of Commerce (ICC) from June 2016 to June 2018 and the chairman of GSM Association (GSMA) from January 2017 to December 2018. He was the president of the Confederation of Indian Industry (CII) from 2007 to 2008. Sunil is closely associated with spearheading the Indian industry's global trade, collaboration and policy – he has served on the Prime Minister of India's Council on Trade and Industry.

Sunil has also served on the boards of several multinational companies including Unilever PLC, Standard Chartered Bank PLC and SoftBank Corp.

Sunil is a nominee of Bharti Airtel Limited.

Raghunath Mandava
Chief executive officer

M

Date appointed to Board: July 2018
Independent: no
Age: 54
Nationality: Indian

Skills, expertise and contribution
Raghu has held a variety of sales, marketing, customer experience and general management roles in the FMCG and telecoms industries. Raghu joined Airtel Africa Group as chief operating officer in 2016 and took over as CEO in January 2017. To his role as CEO, he brings a deep understanding of telecoms and a strong belief that connectivity can accelerate growth by helping to bridge the digital divide and advance financial inclusion. Raghu takes an innovative problem-solving approach to achieve disruptive growth and profitability. He has guided Airtel Africa in building a modernised 4G network. In his last role in Airtel India, he helped deliver a substantially improved customer experience while considerably reducing costs. He has an electronics engineering degree and an MBA specialising in marketing.

Other commitments
Board member of Bharti Airtel International (Netherlands) B.V., Bharti Airtel Africa B.V. and Airtel Networks Limited.

Previous roles
Raghu represented the Airtel Africa Group on the Board of Bharti Airtel until January 2019. He held various roles at Airtel India starting in 2003 as chief operating officer for Tamil Nadu, Circle CEO for Rajasthan, chief marketing officer of the Mobile Business, regional operations director for East India Mobile Business, regional operations director for B2C Business for West India, and customer experience director for India. Before joining Airtel India, Raghu held various sales, marketing and business operations roles at Hindustan Unilever.

During the reporting period, Raghu participated in a targeted mentoring programme to enhance his UK listed plc experience.

Andrew Green CBE
Senior non-executive director

AR N M

Date appointed to Board: April 2019
Independent: yes
Age: 65
Nationality: British

Skills, expertise and contribution
Andy brings many years of global financial and strategic experience to the Board. Through his work with a number of multinational organisations, he is able to draw on a wide knowledge of diverse issues and outcomes to provide constructive challenge and robust scrutiny of matters that come before the Board.

External commitments
- Group chairman of Simon Midco Limited (the holding company of Lowell Group)
- Chair at Gentrack Group Limited (NZX/ASX)
- Non-executive director at Link Administration Holdings Limited
- Commissioner at the National Infrastructure Commission
- Trustee of WWF UK and Disasters Emergency Committee
- Chair of Water Aid UK

Previous roles
Andy was previously senior independent director of Avanti Communications plc and ARM Holdings plc and chairman of Digital Catapult and IG Group plc. He was Group chief executive officer of Logica plc until its sale in 2012. His prior roles include those at BT Group plc, including CEO of BT Openworld, CEO of BT Global Services and CEO of Group Strategy and Operations and various roles at Shell and Deloitte. Andy has held a number of non-executive directorships in the US, Hong Kong, Germany and the UK.

Key to committees

AR Audit and Risk Committee
N Nominations Committee
R Remuneration Committee
M Market Disclosure Committee
Committee chair

Awuneba Ajumogobia (née Iketubosin)

Non-executive director

R AR

Date appointed to Board: April 2019
Independent: yes
Age: 62
Nationality: Nigerian

Skills, expertise and contribution

Awuneba is a chartered accountant with broad experience in assurance, taxation, finance and advisory services across several industries. Her expertise as an assurance and finance specialist, garnered at leading professional services firms and her knowledge and experience of the Nigerian and African markets make her instrumental to Board decision-making.

External commitments

- Executive director at Multistream Energy Limited
- Board chair at CAP Plc
- Governing council chair at Grange School, Lagos
- Board member of University of Ibadan Research Foundation
- Member of the Finance Committee of the Musical Society of Nigeria (MUSON)
- Executive council member of Women in Management, Business and Public Service (WIMBIZ)

Previous roles

Awuneba was a board member at UAC of Nigeria PLC (UACN) from 2009 to 2019. During her tenure, she chaired the Risk Management Committee and was a member of the Statutory Audit Committee. Prior to this, she developed her career at Peat Marwick, Deloitte and Accenture. Awuneba has also held advisory and implementation roles with a number of national development projects in Nigeria.

Douglas Baillie

Non-executive director and chair of Remuneration Committee

N R M

Date appointed to Board: April 2019
Independent: yes
Age: 65
Nationality: British

Skills, expertise and contribution

Doug brings vast leadership experience in both private and public sectors to the Board and his role as the chair of the Remuneration Committee. His background in diverse leadership roles and human resources is particularly useful to the Board when considering the Airtel Africa culture, employee management, executive remuneration and other employee-related activities.

External commitments

- Vice chairman of the MasterCard Foundation
- Director of the Leverhulme Trust
- Non-executive director of the Huhtamaki Group

Previous roles

Doug spent 38 years at Unilever, where his roles included president of Western Europe in the Netherlands until 2011, Group vice president of South Asia, CEO Hindustan Unilever in India until 2008, Group vice president Africa and the Middle East from 2004 until 2006, and Chief HR officer from 2011 until 2016.

John Danilovich

Non-executive director

R

Date appointed to Board: April 2019
Independent: yes
Age: 70
Nationality: American

Skills, expertise and contribution

John has held executive leadership roles in international business and government for several decades. As a global business leader and distinguished diplomat, he has extensive experience in regional and international trade-related issues. To Airtel Africa, he brings skills in building international partnerships and advocacy with policymakers, foreign dignitaries and business leaders, and provides constructive challenge and robust scrutiny of matters that come before the Board.

External commitments

- Board member at d'Amico International Shipping (DIS)
- Board and council member at the Harvard Chan School of Public Health, the Center for Strategic International Studies (CSIS) and Chatham House (UK)
- Member of the Council on Foreign Relations (New York) and of the American Academy of Diplomacy

Previous roles

John was Secretary General of the International Chamber of Commerce (ICC) in Paris from 2014 to 2018 and CEO of the Millennium Challenge Corporation in Washington from 2005 to 2009. He has been the US ambassador to Brazil and to Costa Rica. While on the board of the Panama Canal Commission, he acted as chairman of the commission's Transition Committee prior to the handover of the canal by the US to Panama. In his distinguished career, he also played a significant role in the Central American Free Trade Agreement (CAFTA).

Annika Poutiainen

Non-executive director

AR

Date appointed to Board: April 2019
Independent: yes
Age: 50
Nationality: Finnish

Skills, expertise and contribution

Annika's wide-ranging experience in audit and regulatory engagements contributes to her performance as a member of the Board and Audit and Risk Committee. With her legal background and deep knowledge of auditing, accounting and financial reporting, she brings a keen scrutiny to all governance and regulatory matters.

External commitments

- Working chair of the Council for Swedish Financial Reporting Supervision
- Member of the Swedish Audit Academy
- Member of the Nasdaq Helsinki Listing Committee
- Board member of the Carpe Diem Foundation, which runs the top-ranked Swedish elementary school, Fredrikshovs Slott Skola

Previous roles

Annika has been a board and audit committee member of listed companies eQ Abp, Hoist Finance AB, Saferoad AS (delisted in September 2018) and Swedbank AB, as well as industry advisor to strategic communications firm JKL Group. She advised the Swedish government on the national implementation of the reformed EU market abuse regime and was head of market surveillance Nordics at Nasdaq and head of unit, prospectuses, exchanges and clearing houses at the Swedish Financial Supervisory Authority. She was also an associate in the Capital Markets Group at Linklaters London and has been a practising solicitor in both the UK and Finland.

Our Board of directors continued

Ravi Rajagopal
Non-executive director and chair of Audit and Risk Committee

AR N M

Date appointed to Board: April 2019
Independent: yes
Age: 65
Nationality: British

Skills, expertise and contribution
With experience in diverse industries such as healthcare and consumer brands, Ravi brings a wealth of recent and relevant financial experience and cultural insight to our Board and committees.

External commitments
- Chairman of Fortis Healthcare Limited, India
- Independent director and chair of the Audit Committee of Vedanta Resources Limited, UK
- Chairman of JM Financial, Singapore Pte Ltd
- Trustee of the Science Museum Foundation (UK)

Previous roles
Ravi held financial leadership roles at Diageo until retiring in 2015, including group controller in the UK with responsibility for the spirits business across sub-Saharan Africa and global head of mergers and acquisitions. Starting in 1979, Ravi held various roles at ITC India, including a secondment to West Africa with BAT plc. He has held numerous positions on various joint venture boards and Diageo's India advisory board, and was non-executive director of United Spirits in India.

Kelly Bayer Rosmarin
Non-executive director

Date appointed to Board: October 2020
Independent: no
Age: 44
Nationality: Australian

Skills, expertise and contribution
Kelly brings to the Board a unique blend of technology, commercial and management expertise from a career spanning financial services, management consulting and the Silicon Valley tech sector. She also brings a valuable acumen in leadership, banking, risk management, regulated markets and innovation at scale. Kelly has an impressive track record of delivering results, and operating and growing large global businesses. She is also known for her expertise in leveraging technology, data and analytics to develop leading customer services and experience.

In 2015, Kelly was named one of the Top 25 Women in Asia Pacific Finance, the Top 10 Businesswomen in Australia, and 50 Most Powerful Women in Australian Business. She is a nominee of Singtel to our Board.

External commitments
- CEO at Singtel Optus Pty Limited and member of the Singtel Management Committee
- Non-executive director at Openpay Group Ltd
- Member of Chief Executive Women

Previous roles
Kelly has held a variety of executive roles, including Group Executive, Institutional Banking and Markets on the Executive Team of the Commonwealth Bank of Australia. Her career began in Silicon Valley with both start-ups and established software companies working in product development, business development, marketing, M&A and strategy. After a stint as a management consultant with the Boston Consulting Group, Kelly joined Commonwealth Bank in 2004 and held a variety of senior roles across the Institutional and Business Banking divisions, before being appointed to the Bank's Executive in 2013.

Kelly has previously been a board member at the Football Federation of Australia (FFA) and served on the University of New South Wales Engineering Faculty Advisory Board, the Australian government's FinTech Advisory Group and NSW Government Digital Advisory Panel.

Key to committees

- AR Audit and Risk Committee
- N Nominations Committee
- R Remuneration Committee
- M Market Disclosure Committee
- Committee chair

Akhil Gupta
Non-executive director

Date appointed to Board: October 2018
Independent: no
Age: 65
Nationality: Indian

Skills, expertise and contribution
Akhil brings vast financial, strategic and telecoms expertise to our Board. He has played a pivotal role in the Bharti Group's phenomenal growth in the telecoms sector, both organically and through various acquisitions. His innovative thought leadership has helped Bharti Airtel achieve healthy margins while offering some of the lowest tariffs in the world.

External commitments
- Vice chairman of Bharti Enterprises
- Chairman of Tower and Infrastructure Providers Association (TAIPA)
- President of Telecom Sector Skill Council (TSSC)

Previous roles
Akhil led the formation of various partnerships for Bharti with operators like British Telecom, Telecom Italia, Singapore Telecom and Vodafone, as well as with financial investors such as Warburg Pincus, Temasek, KKR, Qatar Foundation Endowment, AIF and Sequoia. He was behind the separation of passive mobile infrastructure and the formation of one of the largest tower companies in the world – a notable example of collaborating at the back end while competing at the front end. He also executed the acquisition of Zain Group's mobile operations in 15 countries across Africa, the second largest outbound deal by an Indian company.

Akhil is a nominee of Bharti Airtel Limited.

Shravin Bharti Mittal
Non-executive director

Date appointed to Board: October 2018
Independent: no
Age: 33
Nationality: British

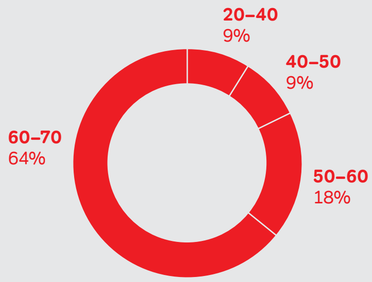
Skills, expertise and contribution
As our youngest Board member and the entrepreneurial founder of a top-performing global technology investment firm, Shravin brings a diversity of view and expertise in the tech sector to our discussions and decision-making.

External commitments
- Founder of Unbound, a long-term investment firm aiming to build and back technology companies
- Managing director of Bharti Global Limited
- Board member of Oneweb Holdings Limited
- On the Board of Softbank Energy
- Board member of technology companies mPharma, Cars24, Syfe, Paack and FreightHub

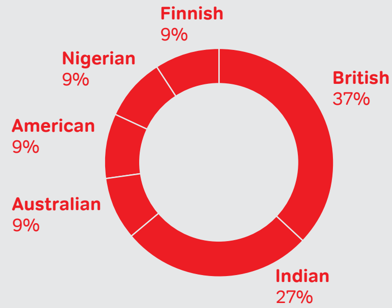
Previous experience
Shravin was previously at SoftBank Vision Fund, a $100 billion fund investing in technology companies, and assistant director at Better Capital, a private equity firm in London where he turned around distressed retail and manufacturing businesses. Before this, he was involved in the launch of 3G at Airtel India and on the senior management team at Airtel Africa, where he spearheaded the post-acquisition integration of Zain. And before Airtel, he worked with J.P. Morgan investment bank covering technology, media and telecoms.

Shravin is a nominee of Bharti Airtel Limited.

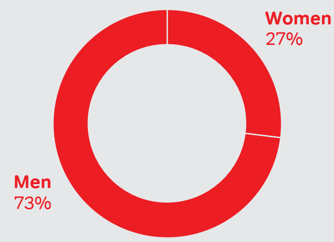
Board age (years)



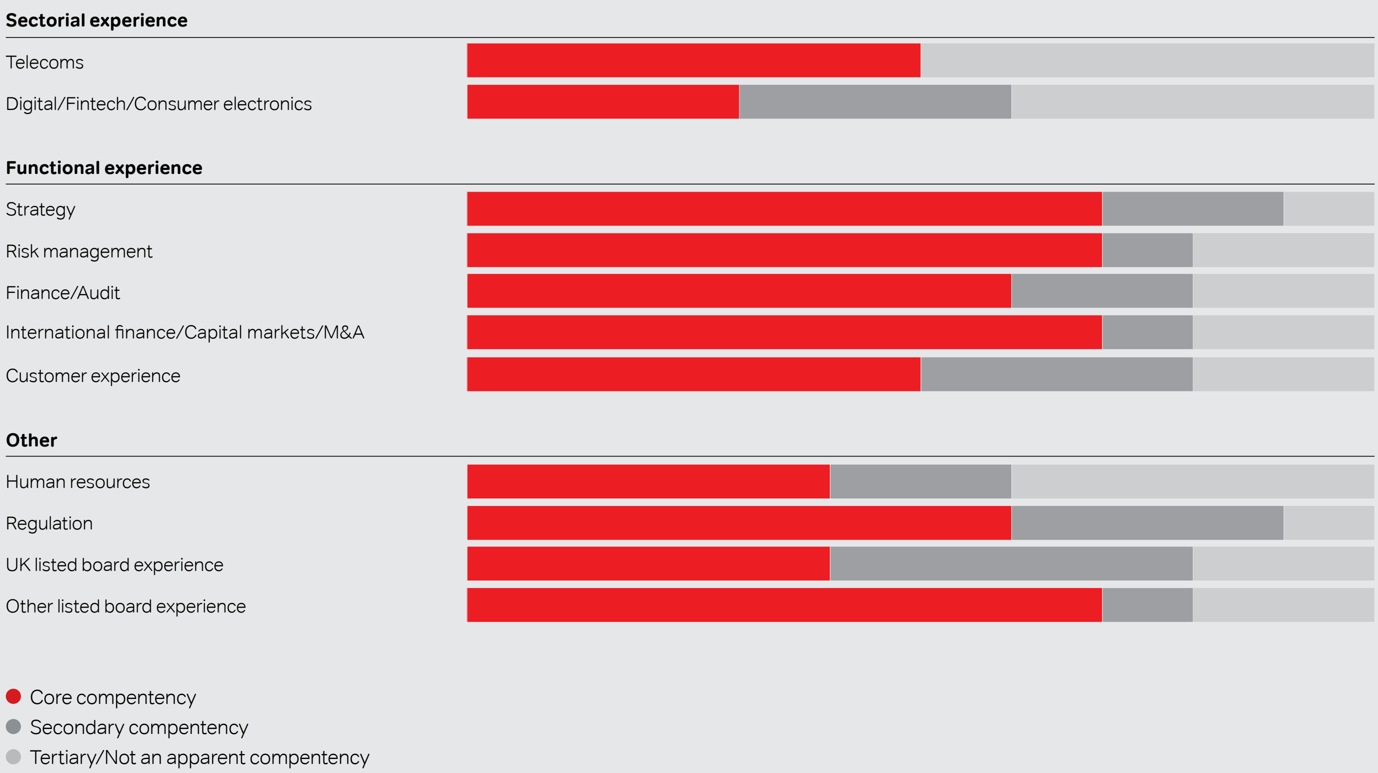
Board nationality



Board gender ratio



Board skills



Our Executive Committee

Chief executive officer	Chief financial officer	Regional directors	Business heads	Functional chiefs
Raghu Mandava	**Jaideep Paul**	**Segun Ogunsanya** MD and CEO Nigeria **Ian Ferrao** Regional director East Africa **Michael Foley** Regional director Francophone Africa	**Vimal Kumar Ambat** CEO, Airtel Money **Luc Serviant** Group enterprise director	**Ramakrishna Lella** Chief supply chain officer **Daddy Mukadi** Chief regulatory officer **Stephen Nthenge** Head of internal audit and risk assurance **Olivier Pognon** Chief legal officer **Rogany Ramiah** Chief human resources officer **Neelesh Singh** Chief information officer **Razvan Ungureanu** Chief technology officer

Chief financial officer

Jaideep Paul
Chief financial officer

Jaideep brings more than 30 years of leadership and financial experience to our committee, with 18 of those in the telecoms industry. Before becoming our chief financial officer in 2014, he was CFO at Airtel Nigeria, Fairtrade LLC Muscat and Bharti Retail. He held prior financial roles at Mumbai Circle and Bharti Airtel Delhi Circle, as well as senior roles at HCL, Telstra V-Com and Caltex. Jaideep started his career at Pricewaterhouse and is a qualified chartered accountant.

Jaideep attends all Board meetings, Audit and Risk Committee meetings and chairs our Finance Committee. He's also participating in a targeted mentoring programme to enhance his UK listed plc experience.

It has been announced that Jaideep will be appointed an executive director and join the Board of Airtel Africa plc with effect from 1 June 2021.

Regional directors

Segun Ogunsanya
Managing director and CEO, Nigeria

Segun is responsible for the overall management of our operations in Nigeria, our largest market in Africa. He drives the execution of our strategy in Nigeria in line with Group-level functional teams.

Segun has more than 25 years' business management experience in banking, consumer goods and telecoms. Before joining Airtel in 2013, Segun held leadership roles at Coca-Cola in Ghana, Nigeria and Kenya (as CEO). He has also been the managing director of Nigerian Bottling Company Ltd (Coca-Cola Hellenic owned) and Group head of retail banking operations at Ecobank Transnational Inc, covering 28 countries in Africa. Segun is a chartered accountant.

It has been announced that Segun will be appointed Chief executive officer and join the Board of Airtel Africa plc with effect from 1 October 2021.

Ian Ferrao
Regional director, East Africa

Ian is responsible for managing our East Africa financial performance and accelerating profitable growth. He works with local MDs in each market to develop strategy and execution plans, helps develop local leadership teams and improves the coordination between Group level and teams in local operating units.

Ian has spent the last 15 years leading telecoms organisations in Africa, both as an entrepreneur and a corporate CEO. He joined Airtel Africa in 2019 to lead our East Africa business segment, comprising Airtel operations in Kenya, Tanzania, Uganda, Rwanda, Zambia and Malawi. Before Airtel Africa, Ian was the CEO for Vodacom Tanzania PLC, where he led the company's IPO onto the DSE. He has also served as CEO of Vodacom Lesotho, CCO for Vodacom Business Africa and commercial director and shareholder of AfriConnect Zambia.

Michael Foley
Regional director, Francophone Africa

Michael has been an ExCo member since joining Airtel Africa in 2020. He is responsible for managing financial performance and accelerating profitable growth in our Francophone Africa operations. Michael works with local MDs in each market to develop strategy and execution plans, helps develop local leadership teams, and improves the coordination between Group level and teams in local operating units.

Over the last 35 years, Michael has led telecoms, consumer goods, fintech and gaming businesses in the US, Asia and Africa, as well as in his native Canada. His most recent role was as CEO of Telenor's operations in Pakistan, Bulgaria and Bangladesh.

Business heads

Vimal Kumar Ambat
CEO, Airtel Money

Vimal is the newest member of our ExCo, having joined Airtel Africa in 2021. He's responsible for leading our Airtel Money business – managing its financial performance, strategic direction, brand strength and growth in customers.

To Airtel Africa, he brings over 25 years of banking leadership experience in Asia, the Middle East and Africa. Immediately before joining Airtel Africa, Vimal was the chief executive, Retail and Business Banking and chief digital officer for Absa Group Regional Operations.

Luc Serviant
Group enterprise director

Luc leads our enterprise business strategy. This includes helping SMEs, corporate and government customers across Africa adopt fixed and mobile network solutions to accelerate their growth, digital transformation and business productivity.

Luc has more than 25 years' international experience in marketing and implementing core network and ICT solutions for the enterprise sector. He has held various roles at Orange Business Services – from head of global services in Switzerland to head of consulting and solutions integration APAC in Singapore, and most recently as vice president Middle East and Africa, based in Dubai. He has also held a variety of positions at SITA (Société Internationale de Télécommunications Aéronautiques), Global One Telecommunications and Alcatel-Lucent.

Luc has been an ExCo member since joining Airtel Africa in 2019.

Functional chiefs

Ramakrishna Lella
Chief supply chain officer

Rama oversees our procurement of IT and network equipment, management of tower companies and bandwidth, sales and distribution, supply chain marketing and HR services, and warehouse operations and logistics. He also leads on our cost reduction initiatives.

Ramakrishna has spent more than 30 years in the telecoms industry, with more than half of this time at Airtel. Before becoming our chief supply chain officer in 2016, he led the team setting up various types of networks (including mobile, NLD/ILD, Enterprise and DTH) and was the director of supply chain management for Airtel Nigeria. He has also held different roles in the telecoms sector covering research and development, manufacturing (Alcatel and Indian telephone industries) and telecom service providers (Airtel and Reliance Jio).

Daddy Mukadi
Chief regulatory officer

Daddy is responsible for our regulatory and government relations strategy across all 14 operations. This includes obtaining all necessary resources (licence, spectrum), ensuring full compliance and actively helping to shape the sector's policy and regulatory landscape towards best practice.

Before becoming our chief regulatory officer in 2015, Daddy held several legal and regulatory leadership roles across Africa. His most recent role was as executive head of international regulatory affairs and executive head of international commercial legal affairs at Vodacom Group.

With a master's degree in communications law and as the author of a handbook for media law practitioners, Daddy brings a broad understanding of legal and regulatory affairs to his role at Airtel Africa.

Stephen Nthenge
Head of internal audit and risk assurance

Stephen is responsible for our internal audit department, which provides independent auditing and advice on our risk management, governance and control processes in line with the purpose, role and responsibilities in the Audit Charter. He also oversees the integrity and reliability of our financial and operational information, the safeguarding of the company's assets, and our compliance with laws, regulations, policies and procedures.

Stephen has more than 25 years' experience in audit, enterprise risk and information security management, having worked for Deutsche Bank AG, JPMorgan Chase and KPMG in senior management roles in Australia, Singapore, London and New York. In addition to leading regional and global audit teams, he helped to establish risk and governance frameworks for new products and services as well as regulatory governance frameworks. He has also led strategic risk mitigation and transformational programmes. Stephen is a certified information systems auditor.

Stephen has been an ExCo member since joining Airtel Africa in 2019.

Olivier Pognon
Chief legal officer

Olivier leads the operational oversight and legal compliance of Airtel Africa's operations. This includes litigation management, contract negotiation, corporate governance and the compliance of our M&A activities.

Before joining Airtel Africa in 2014, Olivier worked as senior legal counsel at MTN Group in Johannesburg. He has also held roles in corporate law and project finance at Agence Française de Développement, CMS BFL and Mayer Brown in Paris. With postgraduate degrees in business law, project and structured finance and executive education in finance, Olivier brings his sharp legal acumen to our affairs at Airtel Africa.

Rogany Ramiah
Chief human resources officer

Rogany is responsible for leading and developing our people strategy to support our overall strategic direction. Her main areas of focus are succession and talent planning, change and performance management and enhancing our overall employee experience.

Rogany has 24 years' experience in retail, media and consulting, including as senior director with Walmart's International People Division and as an executive in Massmart (a division of Walmart). To her role as CHRO, she brings global expertise in supporting businesses on strategy, cultural transformation, business process re-engineering and organisational redesign. She also has experience in talent acquisition, talent planning, remuneration strategy, and developing and leading HR transformations.

Rogany has been an ExCo member since joining Airtel Africa in 2019.

Neelesh Singh
Chief information officer

Neelesh defines and implements the IT strategy across our business, including in our operating subsidiaries in 14 countries. He specialises in building and revamping operating models, delivering on complex business transformations, setting up greenfield operations, cloud infrastructure and architecture simplification.

He brings 20 years of international experience in IT across the public sector, independent software vendors and communications service providers to his role at Airtel Africa. Before joining Airtel Africa in 2017, he held a senior IT leadership role at the Telenor group, handling various aspects of IT across 13 countries in Scandinavia, Central and Eastern Europe and Asia.

Razvan Ungureanu
Chief technology officer

Razvan leads on our technology strategy and the delivery of this to the network leadership in each of our 14 markets. He focuses on strategic network thinking, design, rollout and the quality of our ongoing technical operations.

Razvan has 28 years' experience in telecoms and has worked in Romania, Belgium, Luxembourg and the Dominican Republic. Before joining Airtel Africa in 2016, he was chief technology and information officer for Digicel, with responsibility for 29 countries in the Caribbean and Central America.

Chair's introduction

Acting with purpose, underpinned by strong governance

"Our commitment to continuous improvement and strong governance underpins our ability to deliver solutions that enrich the lives of the customers and communities we serve.

Sunil Bharti Mittal
Chair"

This has been an unprecedented year in many ways. I would like to begin this statement by saying once again how proud I am of Airtel Africa's people for the resilient approach they have taken to providing our customers with essential services despite the challenges of the Covid-19 pandemic.

I say more about their contribution to their communities and to the performance of our business in my introduction on pages 8-9. Their efforts show our purpose, values and culture in action – transforming lives through a can-do attitude, entrepreneurial spirit and innovation. As a Board, we recognise that we have more to do to measure and report on the processes by which our culture and purpose are embedded across Airtel Africa, which will continue to be a focus for us in the next year. At the same time, we're confident that our employees are showing what our values mean on the ground, not least in the way they were able to anticipate, adapt and deliver solutions that enrich the lives of the communities we serve.

Embedding our approach, listening to stakeholders

We know that both our short- and long-term performance must be built on a strong and appropriate governance structure. Alongside the Board's focus on making sure our business has the appropriate structure and quality of capital, debt and liquidity, described by our chief financial officer on page 60, we have embraced the rigorous requirements of listing in London and Lagos as part of our commitment to strong governance and transparent reporting.

As part of embedding that approach, both the Board and our employees have been through a robust compliance training programme. The Board receives regular briefings and updates on corporate governance at Board and committee meetings, and has taken steps to ensure that legal and regulatory obligations become part of our culture and decision-making processes. For example, the directors' duties under section 172 of the Companies Act 2006 help to underpin the good governance at the heart of how we work. We have improved our disclosure and provided better evidence on how we engage with our stakeholders, the oversight of the Board, and how feedback is considered. Details of how the Board considers shareholder and wider stakeholder interests when making decisions and strategic planning are set out on pages 32-37. Our two areas of non-compliance with the 2018 UK Corporate Governance Code are discussed on page 91.

Governance highlights for the year ended 31 March 2021

- We have improved our compliance with the requirements of the UK Corporate Governance Code applying to Airtel Africa for 2020/21. Our position on executive director shareholdings is now compliant and is explained on page 91. We remain non-compliant with Provision 9, non-independence of our chair on appointment, and Provision 41, our Remuneration Committee's engagement with our workforce – and our position is explained on page 91.
- The Board developed its ambition for being more sustainable. Our plans to implement and execute this ambition are explained on page 50.
- We have applied and improved our business model and continued with our strategic ambition to transform lives through greater financial inclusion and empowerment across the African continent by rolling out reliable network, providing affordable data and serving our customers – see page 22 for our business model and see page 24 for our strategy.
- We reviewed the membership of our committees and welcomed Kelly Bayer Rosmarin to our Board.
- We developed our strategy for improving diversity and inclusion at all levels of our business – see page 57.
- We enhanced our succession and contingency planning processes – see page 112.
- We conducted a comprehensive, externally facilitated Board evaluation – see page 97.

An effective Board, with a focus on improvement

Our second independent board evaluation confirmed that our Board functions effectively. It is well balanced and diverse, with a strong mix of relevant skills and experience. This evaluation took place in the context of a pandemic, where Board members were unable to meet in person. It was good to see positive ratings around the effectiveness of our virtual meetings, as well as the relationships and dynamics of the Board.

With the help of the company secretary, I've drawn up a list of action points for the Board – these include a more sustained focus on business and strategic issues, continuing to improve our engagement with stakeholders, and developing our knowledge of regional markets. The Board will also keep its composition under review, with a view to bolstering the Group's technology expertise. Related to this will be a cybersecurity deep-dive exercise conducted by our Audit and Risk Committee.

While our Board is diverse, and inclusivity is one of the values of our business, we recognise that we have more to do to embed our diversity and inclusion processes at all levels. This work aligns with our new sustainability ambition, which is discussed on page 50 and outlines our approach to climate change as a strategic issue and our assessment of its potential impact on us and our stakeholders. Later this year we will announce a full set of targets and metrics to support this strategy, which has full support from the Board as a reflection of our focus on ESG issues generally and our purpose of transforming lives in particular.

I'm grateful to all the members of the Board for their individual contributions, and particularly to the chairs of each committee for establishing and steering their committees during the year. The Audit and Risk, Remuneration and Nominations Committee chairs have provided their own reports on their committees' activities.

In conclusion

I'm confident that your Board is effective and works well. We have the right balance of skills, expertise and professionalism to continue to deliver strong governance, while allowing the CEO and CFO to implement and deliver our strategy. While I'm pleased with the Board's activities and approach when it comes to corporate governance, we continually look for ways to learn and improve.

I very much look forward to meeting with shareholders at the AGM on Thursday 15 July 2021, which will be livestreamed from London. Along with all your directors (who intend to be at the AGM), I'm available to respond to your questions, concerns and suggestions at any time.

Sunil Bharti Mittal
Chair

11 May 2021

Our leadership

Our governance structure

Our Board of directors is the primary decision-maker at Airtel Africa. Its members are responsible for our operational and financial performance, for setting our strategy and for making sure we manage risk effectively. See pages 82-84 for details of our Board members.

Board committees

The Board delegates certain responsibilities to specialist committees while maintaining overall accountability. We have four main governance committees: Audit and Risk, Remuneration, Nominations and Market Disclosure. Each committee has written terms of reference which are available to view on our website: www.airtel.africa

Board

Governance committees

Audit and Risk Committee

Monitors the integrity of financial reporting and helps the Board review the effectiveness of our internal controls and risk management

Meets at least three times a year

Chair:
Ravi Rajagopal

Members:
Andy Green
Annika Poutiainen
Awuneba Ajumogobia

Akhil Gupta also attends as an appointed observer on behalf of Bharti Airtel Limited

See Audit and Risk Committee report on **page 100**

Remuneration Committee

Determines the overall and specific remuneration for executive directors, officers and senior management

Meets at least twice a year

Chair:
Doug Baillie

Members:
Awuneba Ajumogobia
John Danilovich

Shravin Bharti Mittal also attends as an appointed observer on behalf of Bharti Airtel Limited

See Remuneration Committee report on **page 124**

Nominations Committee

Advises on appointments, retirements and resignations from the Board and its committees and reviews succession planning and talent development for our Board and senior management

Meets at least twice a year

Chair:
Sunil Bharti Mittal

Members:
Doug Baillie
Andy Green
Ravi Rajagopal

See Nominations Committee report on **page 110**

Market Disclosure Committee

Oversees our disclosure of information to meet our obligations under the Market Abuse Regulations (MAR) by determining whether information is insider information, or when and how it needs to be disclosed

Monitors compliance with our MAR disclosure, controls and procedures, as well as the release of information under the Information Flow Protocols and Services Agreement with Bharti Airtel

Meets as necessary

Chair:
Andy Green

Members:
Doug Baillie
Raghu Mandava (CEO)
Ravi Rajagopal

Executive Committee

Our CEO oversees the operation of our business with advice and support from our Executive Committee (ExCo). Convened and chaired by our CEO, this committee helps him to fulfil his responsibilities by, for example, developing and implementing our strategy, monitoring our operating and financial performance, assessing risk, allocating resources and day-to-day operational management. The committee meets fortnightly.

More details on the ExCo can be found on **page 86**

Other committees

The Board also delegates certain responsibilities to our Finance Committee and Share Scheme Committee

Finance Committee

- Approves funding and other financial matters in line with our delegated authorities or as requested by the Board
- Initiates and manages key policies and major operational decisions relating to treasury and direct taxes

Chair:
Jaideep Paul

Members:
Ravi Rajagopal
Annika Poutiainen
Raghu Mandava
Pier Falcione

Attendee:
Akhil Gupta attends to represent the interests of Bharti Airtel in proposed treasury transactions (such as bond refinancing) affecting our parent group and to convey actions of Bharti Airtel which may affect Airtel Africa

Share Scheme Committeee

- Administers our share schemes
- Composed of any two directors, including at least one non-executive director

The Board's focus in 2020/21

Regular items at Board meetings included:

- Our progress towards strategic objectives and key aspects of the business
- Our financial position and prospects
- The activities of our Audit and Risk, Nominations and Remuneration Committees, including stakeholder engagement
- Business reports from the regional directors for East Africa and Francophone Africa, the MD and CEO, Nigeria, as well as functional reports from senior executives on key aspects of the business, including legal and corporate governance matters
- Treasury and investor relations (IR) matters
- Reports from brokers on shareholder movements, market and peer activity, and share price performance
- Reports from the company secretary promoting and sustaining good corporate governance, and advising the Board on procedures, strategy and decision-making
- Directors' duties and potential conflicts of interest, related party transactions and receipt of compliance certificates

Other presentations during the financial year included human resourcing and wider employee matters and stakeholder engagement activities.

We applied the principles and complied with the provisions of the UK Corporate Governance Code (the Code) during the financial year as set out below.

Code provision	Explanation
Provision 9: the chair should be independent on appointment when assessed against the circumstances set out in Provision 10	The Board has concluded that Sunil Bharti Mittal did not meet the independence criteria of the Code due to his interests in the company. However, in view of his extensive involvement with the company and the Bharti Airtel Group over many years, the Board considers that he has made a major contribution to our growth and success and unanimously agrees that his continued involvement is crucially important to the ongoing success of Airtel Africa. The Board has put several safeguards in place to ensure robust corporate governance during his tenure as chair. These include the appointment of Andy Green as senior independent director to provide a sounding board for the chair and serve as intermediary for the other directors and shareholders in line with governance best practice. Appraisal of the chair's performance also forms part of the annual Board evaluation exercise. We are a large Board with six independent non-executive directors which is reflected in the committee membership and structure. In accordance with the Code, the only committee the chair is a member of is the Nominations Committee, which he also chairs. We will continue to report against this provision while Bharti Airtel Limited remains a majority shareholder or until the chair chooses to retire, when our current arrangements will be reviewed.
Provision 41: engagement with the workforce	During the year, the Remuneration Committee did not engage systematically with our people to explain how executive remuneration aligns with wider company pay policies. Copies of the company's Annual Report detailing the executive directors' remuneration are widely disseminated throughout the Group and available for employees to view on the company's website at www.africa.airtel. Outside of travel restrictions brought about by Covid-19, visits to regional locations by our non-executive directors provide an opportunity for a discussion on any topic with our employees.

During this financial year we became compliant with the following provision of the Code:

Code provision	Explanation
Provision 36: executive director shareholding	Last year, we reported non-compliance with Provision 36 which states that the Remuneration Committee should develop a formal policy of post-employment shareholding requirements encompassing both unvested and vested shares. At that time, the committee considered that, in light of the company's unusual circumstances, with senior executives located in Africa where additional requirements on the holding of shares are not market practice, the operation of bonus deferral and post-vesting holding requirements provided sufficient alignment after employment has ended. However, in response to shareholder feedback and clarifications from the Financial Reporting Council in relation to what is and is not compliant with the Code, the Remuneration Committee has introduced a formal post-employment share ownership requirement. For details of our share ownership policy, see page 128.

We will no longer report against the following provision of the Code in relation to Doug Baillie, chair of the Remuneration Committee:

Code provision	Explanation
Provision 32: Remuneration Committee chair – prior service	Doug Baillie has now served as our Remuneration Committee chair for over two years, since being appointed to the Board in April 2019. The Board confirms that Doug has since displayed the skills and experience required for the role and has the full support of the Board. We will no longer report against this provision in future years.

Other matters considered during the year

Timeline	Matter for consideration
July 2020	We introduced two new standing business agenda items at the beginning of each meeting to create more time to focus on regional and functional presentations by the relevant executive. The following timetable was agreed for the presentation of business and functional papers: **July 2020** 1. East Africa 2. People and culture – Chief HR officer **October 2020** 1. Francophone Africa 2. Overview of regulation and legislation – Chief regulatory officer **January 2021** 1. Nigeria 2. Network – Chief technology officer **May 2021** 1. East Africa 2. IT – Chief information officer We discussed and assessed the impact of Covid-19 restrictions on the business – for details see pages 16 and 17. We discussed and endorsed our approach of entering strategic partnerships which support our ambition to transform lives through greater financial inclusion and empowerment across the African continent. The Board approved the business's increased support of the communities where we operate by providing financial assistance to essential workers and free data for educational purposes. The Board supported management's efforts to work with governments to temporarily waive fees on certain mobile money transactions. We also created an exciting partnership with UNICEF to give children access to remote learning and their families access to cash assistance through mobile cash transfers. We debated the effectiveness of our focus on winning customers, investing in our network and expanding our voice, data and mobile money businesses and agreed to continue with these elements of our strategy. We discussed our dividend policy, proposing and debating three scenarios for a progressive dividend. We approved the publication of our Q1 financials and RNS announcement.
August 2020	The Board discussed the abandonment of the merger of Airtel Networks Kenya Limited with Telkom Kenya Limited. In August 2020, Airtel Africa plc announced that its subsidiary Airtel Networks Kenya Limited and Telkom Kenya Limited would no longer pursue the merger.
October 2020	We discussed our Covid-19 statement in the half year results announcement and the implications of the telecoms industry emerging as a key and essential service for the economies in which we operate. We examined the evolving situation to identify key risks and put into place adequate mitigation plans to minimise any potential disruptions. We received information on market dynamics and expectations from our brokers. We received an updated going concern paper based on 2020/21 half year performance – this also gave an update on the impact of Covid-19 on both our business and liquidity positions. We approved the publication of our half year financials and RNS announcement. We approved a new progressive dividend policy resulting from continued strong business performance, significant opportunities to invest in future growth and the aim to continue to reduce leverage. The newly adopted dividend policy aims to grow the dividend annually by a mid- to high-single-digit percentage from a base of 4 cents per share for financial year 2021, until reported leverage (calculated as net debt to underlying EBITDA) falls below 2x. Following a management presentation, we endorsed the suggested approach to sustainability reporting (see pages 50-53). We approved new partnerships with leading institutions WorldRemit, MoneyGram, Standard Chartered Bank and Mukuru to increase use cases and improve customers' access to digital payments and financial services. We reviewed our licence arrangements. We announced the appointment of Kelly Bayer Rosmarin as a non-executive director with immediate effect. Kelly replaced Arthur Lang who stepped down as a non-executive director on the same date.

Timeline	Matter for consideration
November 2020	As part of our work to develop our sustainability and ESG profile and to align our culture and operations with this priority, the Board attended a sustainability workshop and briefing session which was followed by a session attended by our ExCo. The session was run by Hudson Sandler, our sustainability advisers. Our corporate legal advisers Herbert Smith Freehills provided training on the political environment, governance reform, liability to investors and the focus on directors' duties. The subsequent Board discussion focused on audit, diversity, market abuse and section 172.
December 2020	We continued to look at strategic asset monetisation and investment opportunities for the Group, including the disposal of our tower portfolios.
January 2021	We reviewed how our nine-month performance reflected both the resilience of our business model through the Covid-19 pandemic and, for the previous six months, a continued improvement in our execution and performance as lockdown restrictions had eased across our countries of operation. We approved the Annual Operating Plan and provided challenge including to the significant assumptions and impact of Covid-19. We received an update on going concern based on actual third quarter performance – this also updated us on the impact of Covid-19 on the business and liquidity positions. We discussed the new SIM registration rules in Nigeria. We addressed the hedging opportunities by successfully mitigating the risk of prevailing currency devaluation cycles and particularly the risk of naira devaluation. We reviewed the refinancing plan for the EUR Bond 2021 and refinancing strategy for adopting Airtel Africa standalone bonds. We conducted an externally facilitated Board evaluation. We approved the publication of our Q3 financials and RNS announcement.
March 2021	We considered the Board evaluation recommendations and plan for improvement. The Board approved the $200m investment by The Rise Fund and the $100m investment by Mastercard in Airtel Money Commerce BV – further monetising and investing in our mobile money business towards our aim of listing Airtel Money within four years.
May 2021	We approved our full year consolidated annual financial statements and RNS announcement, our investor presentation and final dividend.

Reporting against 2020/21 selected Board priorities

Strategy and execution (as disclosed in last year's annual report)

2020/21 Board objectives	Activities and progress
Making sure our strategy remains robust in the light of forecast market and economic changes	We regularly reviewed performance towards our strategic objectives and year-end performance projections.
Ensuring our performance is on track to achieve the strategy	We reviewed and agreed our 2021/22 budget and received a detailed review of our financial position, borrowing facilities and financing alternatives in relation to our strategic direction and latest forecasts. We revised our dividend policy and with input and advice from our Audit and Risk Committee: • Determined the interim and final ordinary dividends for 2020/21 • Approved in principle the full year results statement, the half year results statement and the quarterly statements
Responding to the challenges presented by the Covid-19 pandemic	We discussed our strategic and operational response to the pandemic as a key part of the CEO's report to each meeting.

Governance and values (as disclosed in last year's annual report)

2020/21 Board objectives	Activities and progress
Ensuring our continued compliance with the Code and with wider statutory and regulatory requirements	During the reporting period we assessed Airtel Africa and Bharti Airtel's adherence to separation and information-sharing protocols, as part of an externally facilitated governance audit conducted by ANB Global and considered whether additional training is needed. Updated training will be provided annually by our corporate legal advisers. The report returned a satisfactory control environment rating.
Considering the articulation of Airtel Africa's corporate purpose – building on our strong vision and values as stated in our business model	We adopted Transforming Lives as our corporate purpose and continued to fully integrate this across all communication streams.
Making sure our remuneration policy: • is appropriate and able to incentivise our executive team • remains flexible enough to adapt to each year's developments and strategy • is properly implemented	We had our remuneration policy and directors' remuneration report approved by shareholders at our 2020 AGM.
Developing a plan to act on and close within the financial year the agreed recommendations from the externally facilitated Board evaluation and to conduct our second evaluation exercise	We conducted an externally facilitated Board evaluation and acted on the recommendations for improvement. See Board evaluation on page 97.
Adopting our modern slavery statement, establishing processes and detailed guidance around the business and selecting key employees to be trained to identify, assess and report concerns to help reduce the risk of modern slavery and related practices	We have published our modern slavery statement on our website: www.airtel.africa and are developing ways of measuring and improving existing processes and training.
Monitoring shareholder feedback and continuing to actively promote wider engagement	See how we engaged with shareholders on page 37.
Ensuring the success of the Finance Committee	The committee met five times during the reporting period. We believe we have strengthened financial independence by initiating and reviewing key policies and major operational decisions relating to treasury and direct taxes.
Supporting the CEO and CFO in their one-to-one mentoring programme	We continued to engage our CEO and CFO with the mentoring programme during the reporting period.

2021/22 areas of focus

Strategy and execution

Our priorities for the year ending 31 March 2022
Ensuring our strategy remains robust in light of forecast market and economic changes (in line with the disclosure requirement under Provision 1 of the Code)
Continuing to look at strategic asset monetisation and investment opportunities
Monitoring and overseeing operational performance

Governance and values

Our priorities for the year ending 31 March 2022
Reviewing our compliance with the UK Corporate Governance Code
Monitoring and taking account of stakeholder feedback and continuing to actively promote wider engagement
Ensuring the robustness of our succession plans
Reviewing our plans for improving diversity throughout the Group
Implementing the improvements recommended by the externally facilitated Board evaluation
Monitoring and reviewing the effectiveness of the information-sharing and separation protocols between Airtel Africa and Bharti Airtel

Sustainability

Our priorities for the year-ending 31 March 2022
Overseeing the implementation and embedding of our sustainability strategy and reporting progress next year
Reviewing our Task Force on Climate-related Financial Disclosures and identifying climate-related risks and opportunities

Board attendance

In addition to the quarterly scheduled meetings and AGM, during the 2020/21 reporting period the Board met another five times about our full year financial statements and annual report approvals process, and for a sustainability workshop and other training. We regularly review the frequency of meetings and have concluded that quarterly meetings are appropriate for the time being. Extending our quarterly Board and committee meetings from one day to two has allowed more time for more meaningful strategic discussions. As well as extra Board meetings as necessary, we have processes in place for approving transactions and other matters arising between meetings.

Directors make every effort to attend all Board and committee meetings – there was full attendance at all committee meetings during the reporting period. If a director is unable to attend a meeting, they receive the papers in advance and give their comments to the chair to communicate at the meeting; he also follows up with them after the meeting about decisions taken.

Directors' other significant commitments are disclosed to the Board during the process of their appointment, and they are required to notify the Board of any subsequent changes. The company has reviewed the availability of the chair and the non-executive directors to perform their duties and considers that each of them can and does devote the necessary amount of time to Airtel Africa.

Board and committee meeting attendance

Board members during 2020/21	Scheduled Board meetings	Number of additional Board meetings attended[1]	Audit and Risk Committee	Remuneration Committee	Nominations Committee	Market Disclosure Committee[6]
Sunil Bharti Mittal[2] (chair)	5 (5)	5 (5)			3 (3)	
Raghunath Mandava (CEO)	5 (5)	5 (5)				2 (2)
Andrew Green (independent non-executive director)	5 (5)	5 (5)	12 (12)		3 (3)	2 (2)
Awuneba Ajumogobia[3] (independent non-executive director)	5 (5)	5 (5)	3 (3)	4 (4)		
Douglas Baillie (independent non-executive director)	5 (5)	5 (5)		4 (4)	3 (3)	2 (2)
John Danilovich (independent non-executive director)	5 (5)	5 (5)		4 (4)		
Annika Poutiainen (independent non-executive director)	5 (5)	5 (5)	12 (12)			
Ravi Rajagopal (independent non-executive director)	5 (5)	5 (5)	12 (12)		3 (3)	2 (2)
Akhil Gupta[2] (non-executive director)	5 (5)	5 (5)				
Arthur Lang[4] (non-executive director)	3 (3)	3 (3)				
Kelly Bayer Rosmarin[5] (non-executive director)	2 (2)	2 (2)				
Shravin Bharti Mittal[5] (non-executive director)	5 (5)	5 (5)				

1 Additional unscheduled Board meetings took place in connection with Covid-19, the approval of the Annual Report and related matters, preparatory work for our sustainability statement and M&A type activity

2 Appointed in line with the Relationship Agreement

3 Appointed to the Audit and Risk Committee – October 2020

4 Stepped down as a nominee of Singtel in line with the Relationship Agreement – October 2020

5 Appointed in line with the Relationship Agreement

6 Met formally as needed twice during the reporting period, but also communicates monthly in writing before releasing information in line with the Information Protocols and Service Agreement with Bharti Airtel

Board evaluation

The Board formally reviews its performance and that of its committees every year between January and February. In line with our three-year plan and building on the findings of the previous year, our 2021 review was run for the second time by Lintstock, an independent board review specialist. Lintstock has no other connection to our business or any individual director.

This year we again used an online questionnaire tailored to our specific activities and concerns. The Board, each of its committees, all of the directors and the CFO and company secretary took part in the review, and a report was prepared based on the completed questionnaires. The results were discussed in detail by the Board and each committee, facilitated by the respective chair and our company secretary.

Process

Lintstock worked with our company secretary to set the context for the evaluation, and to tailor survey content to our company circumstances. We incorporated last year's findings as well as discussions with committee chairs, creating separate questionnaires for each committee and for the chair and individual director performance reviews. This year's questions explored areas for development identified in the 2020 review and reflected the circumstances in which our Board and business are operating. Board members were also invited to assess their own contributions to the Board.

The surveys addressed core aspects of Board performance, with a particular focus on:

- The clarity of our strategy, including internal and external communication, and progress around our strategic pillars
- The Board's understanding of the markets and competitive context in which we operate, as well as the opportunities and threats presented to the business by technological developments
- The Board's oversight of succession and talent management processes, as well as company structure at senior levels and the capacity to deliver the strategy
- The Board's engagement with key stakeholders, including employees, and the effectiveness with which the Board monitors culture and behaviours throughout the company
- The effectiveness of our risk management systems and internal controls
- The atmosphere in the boardroom, in terms of encouraging candid discussion and critical thinking, and the extent to which the Board provides effective support and challenge to management
- The appropriateness of the Board's size and composition, including the skills, experience and diversity of members
- Each director's contribution to the Board's effectiveness
- The Board's procedures and processes, including information and resources made available to members

Evaluation plan

Year 1

Externally facilitated independent review

Post-IPO + 7 months

Date: January and February 2020

Facilitator: Lintstock

Year 2

Externally facilitated independent review

Online questionnaire tailored to Airtel Africa's activities and concerns

Date: January and February 2021

Facilitator: Lintstock

Year 3

Externally facilitated independent review with one-to-one interviews with each director and the facilitator

Date: December 2021 to February 2022

Facilitator: To be confirmed

Evaluation for the year ended 31 March 2020

Last year's evaluation was described in the 2020 Annual Report on page 77. As a result of that evaluation, the Board and its committees identified several key actions for the year ahead.

Board evaluation continued

Progress report on areas of focus for the year ahead as set out in our 2020 Annual Report

2019/20 evaluation	Recommendations	Progress
Board	**Strategy, portfolio and positioning** To move beyond the necessary focus on governance in preparation for our IPO to a more sustained focus on business and strategic issues by: • increasing members' understanding of primary growth drivers	From May 2020: at the start of each Board meeting, we hear business reports from the regional directors for East Africa and Francophone Africa, the MD and CEO of Nigeria and functional reports from senior executives covering legal and corporate governance matters
	• developing Board knowledge of – and exposure to – regional markets in Africa by, for example, visiting subsidiaries and meeting colleagues in the region	While pandemic-imposed travel restrictions curtailed our ability to visit regional sites and colleagues in person, Board members were invited to attend the virtually hosted senior leadership meeting in April 2021. This gave them the opportunity to meet colleagues in both plenary and breakout sessions
	• focusing on the readiness plan for a digital future	This year we launched Airtel Africa Digital Labs as our digital engine. Our pioneering digital innovation spans analytics, platforms, and consumer and enterprise product engineering
	Governance and compliance To develop a clear environmental, social and governance (ESG) policy and continue to improve Board engagement with stakeholders To extend the quarterly Board and committee programme to two days with more meetings in Africa	From May 2020: quarterly Board and committee meetings lengthened to two days – during all the reporting period all meetings were held online October 2020 sustainability reporting: following a management presentation, the Board endorsed the suggested approach to sustainability reporting (see page 50) November 2020: Board sustainability workshop, and UK corporate governance and regulatory environment briefing session.
	Board process and composition To keep the Board's composition under review with a view to increasing gender diversity in the near term and bolstering technology expertise To consider whether the CFO should join the Board	See the Nominations Committee report on page 110 for progress Jaideep Paul, Chief financial officer, has been appointed as an Executive director and will join the Board of Airtel Africa plc with effect from 1 June 2021
	Talent and succession To increase engagement with our talent management framework to better understand our internal and external talent pipeline	See the Nominations Committee report on page 110 for progress
Audit and Risk Committee	To consider adding a fourth member to the committee	October 2020: Awuneba Ajumogobia appointed
	To have additional training on developments in UK regulations and new codes such as the Brydon and Kingman Reports, section 172 requirements and corporate governance standards	July 2020: UK corporate governance and regulatory environment updates provided by Deloitte in their planning reports
	To better coordinate from a management perspective the respective annual plans of our internal auditors (EY)	April 2020: overall internal audit plan for 2020/21 presented
	To better understand capex controls	Capex has been a recurring focus at Board, Audit and Risk and Finance Committee discussions. It forms part of the CEO's report to the Board
	To conduct a deep dive into our IT processes and to assess the reporting systems of internal controls which support management information	See page 104 for our strategic focus where we set out our intention to extend further our oversight of the company's risk management framework and further improve the quality of our risk discussion
	To significantly progress with monitoring risk management	See page 72 for significant progress with risk monitoring
	To conduct a deep dive into billing controls and to identify areas of improvement so as to avoid key potential risks such as leakages, and network configuration hacking	In response to the improvements identified, we rolled out a security infrastructure and completed the network rollout. We plan to perform a validation exercise against these improvements and enhanced billing controls in the coming year See page 72 for progress on mitigating key risks
	To review and agree on the agenda for the next financial year with management and external auditors	Continuing activity

2019/20 evaluation	Recommendations	Progress
Remuneration Committee	To provide updates outside of Board meetings	The chair is in monthly contact with members outside of Board meetings
	To better understand different aspects of remuneration, STIP and LTIPs and benchmarking	January 2020: training on general remuneration matters and governance held by Alvarez & Marsal February 2020: session on share plans delivered by Clifford Chance
	To more deeply consider senior management remuneration in 2021	August, September and October 2020: three additional meetings held with a focus on senior management remuneration
	To provide updates on emerging and future trends in compensation	Remuneration consultant provides updates at each meeting
Nominations Committee	To better engage with new hires and other senior executives	Due to travel restrictions, all plans for Board members to visit sites and attend meetings, and to take advantage of the more informal opportunities this brings, were cancelled. We will renew our focus on this as soon as possible
	To create more robust succession plans for critical roles, identifying two to three candidates ready to step up within two to four years	See page 110 for progress on leadership succession planning
Chair's review	To support and encourage more strategic discussions in Board meetings	The Board met during the year on three[1] occasions outside of the quarterly Board cycle to discuss our strategy of focusing on an asset-light business model and core subscriber-facing operations. This resulted in an increase to the minority shareholding in our mobile money business and the strategic divestment of our tower portfolio

1 23 December 2020; 17 March 2021; 30 April 2021

2021 evaluation results

From the anonymised survey responses and interview feedback, Lintstock identified themes, focus areas and recommendations for the Board and its committees. The results of the self-assessment element of the survey were shared with the chair and discussed at one-to-one meetings between the chair and directors. The results of the chair's review were shared with the senior independent director, who then discussed the chair's performance with the non-executive directors only. The chair and company secretary presented the reports to the Board in March 2021 for discussion and review. Recognising its strengths and areas to develop, the Board agreed actions for the coming year, as set out here.

Summary conclusions

The 2021 evaluation has shown that the Board has the appropriate composition, with the balance of skills, experience, independence and knowledge to discharge Board and committee duties and responsibilities effectively. Respondents unanimously agreed that the Board had performed well over the year and was operating effectively.

The chair confirmed that individual directors continued to perform and show commitment to the role. The Board concluded that all directors were effective, giving sufficient time to their Board duties and making valuable contributions. In light of this, the Board proposed the election and re-elections set out in the 2021 Notice of Annual General Meeting.

The committees also discussed the results of their respective evaluation reports and agreed actions where appropriate. The senior independent director met with the chair privately to discuss the anonymised results of the chair's review section of the survey and the outcomes of his discussion with non-executive directors. The overall effectiveness of the chair was seen as excellent, reflecting a genuine focus on the best outcomes for the company in all aspects of his role.

The chair drew up a list of action points based on the evaluation and allocated responsibility for completing the actions. The Board will review progress against these at each meeting.

This evaluation took place in the context of a pandemic, where Board members were unable to meet in person. In spite of this, there were positive views on the effectiveness of our virtual meetings, as well as the relationships and dynamics of the Board.

2020/21 key actions

2020/21 evaluation	Areas of focus recommended
Board	• Inorganic growth opportunities • Oversight of employee sentiment and culture • Enhanced understanding of regulatory and public policy developments • Launch of our sustainability strategy
Audit and Risk Committee	• Determining how much time it will spend managing risk and delving into risk and judgement areas, as opposed to receiving reports • Focusing more on internal assurance and systemic solutions
Remuneration Committee	• Embedding our sustainability strategy within the remuneration policy and the committee's future activity
Nominations Committee	• Talent and succession
Market Disclosure Committee	• Regulatory developments

Re-election of directors

In line with the Code, all directors will be putting themselves forward for election and re-election at our AGM on 15 July 2021. Following the formal performance evaluation described here and taking into account each director's skills, experience and contribution (set out on pages 82-84), the Board believes that the election and re-election of all directors is in the best interests of Airtel Africa.

Audit and Risk Committee report

Ravi Rajagopal
Chair, Audit and Risk Committee

Attendance

	Meetings attended
Ravi Rajagopal Chair	12 (12)
Andy Green	12 (12)
Annika Poutiainen	12 (12)
Awuneba Ajumogobia[1]	3 (3)

1 Appointed October 2020

Committee responsibilities

- Advises the Board on proposed full year, interim reporting and connected announcements
- Reviews our annual and half year financial statements, including significant financial reporting judgements and misstatements, and accounting policies, internal and external audits and controls
- Recommends the dividend policy to the Board
- Assesses the effectiveness of our financial reporting procedures and related internal controls
- Oversees our relationship with the external auditor – reviewing and monitoring their independence and objectivity, advising on their appointment and effectiveness, reviewing and monitoring the scope of the annual audit and the extent of non-audit work
- Reviews our principal and emerging risks (see page 72)
- Monitors and reviews the effectiveness of our internal audit activities, including internal controls and fraud systems, and identifies remedies for any significant failings or weaknesses
- Reviews our whistleblowing arrangements and makes sure arrangements are in place for proportionate and independent investigations of employee concerns
- Reviews our controls for preventing bribery, our code of conduct and our policies for ensuring full compliance with regulatory and legal requirements
- Through the committee chair, engages with shareholders on matters relevant to committee responsibilities
- Advises the Board on whether the Annual Report and financial statements are fair, balanced and understandable and provides information to help shareholders to assess our position and performance, business model and strategy
- Ensures the independence of the finance function through the Relationship Agreement (see page 120)
- Monitors changes to legislation and the UK Corporate Governance Code and ensures regulatory compliance

For more details of responsibilities, please see the committee's terms of reference at www.airtel.africa/investors/governance.

Part 1

Chair's statement

I'm pleased to present this Audit and Risk Committee report for the reporting period ended 31 March 2021. As described in this report, we have made significant progress over the year, including our role in monitoring the integrity of the Group's financial statements and the effectiveness of the internal and external audit processes. This report provides an overview of the significant issues the committee has considered during the year and its material judgements.

Our committee has provided a clear explanation of matters affecting going concern, viability and liquidity, and the key assumptions and judgements in assessing going concern.

This year, we thoroughly reviewed management's assessment of the current and potential future effects of Covid-19 on the business, including the impact on key judgements such as impairment and going concern. We communicated how Covid-19 and the resulting economic uncertainty have affected our resilience, as well as the judgements and assumptions the Board has made when assessing resilience and in preparing company financial statements. We are comfortable with the explanations provided by management about the impact of Covid-19 on cash and liquidity, key actions taken or planned and the longer-term impact of Covid-19 on the business – see page 16 for our Covid-19 statement.

A particular focus has been our responsibility to help the Board review the effectiveness of our internal control management systems. Our internal audit function identified IT and network controls as potential areas of vulnerability. As a result, in January 2021, our committee began a thematic risk management review into IT security and network security systems. Following the presentation of the review's findings, we were assured that management had in place effective procedures around IT and network security. A continuing priority for this year is to develop our risk management framework.

Our committee discussed with our head of Internal Audit our reporting, forecasting and risk management processes and was assured by the responses that the risk and control environment was operating appropriately for the business.

Deloitte's risk assessment this year resulted in the inclusion of an additional significant risk in their audit plan around the accuracy of Airtel Money revenue. Regulatory matters are now regarded as a higher risk, with all other significant risks unchanged from March 2020.

I'm pleased to report that the Finance Committee, established in 2020, has achieved its objective to improve treasury and tax controls and strengthen adherence to the information flow protocols set out in the Relationship Agreement. Annika Poutiainen and I have agreed to continue as members in our stewardship roles for another 12 months, when the transition to an operational management committee should be completed.

We also assessed the quality of the finance team, their incentives and the need for supplementary skillsets. As a result, we strengthened the listed company experience within the team with the recruitment of a technical accountant with UK listing experience – and are now satisfied with the calibre and commitment of the team.

On 24 February 2021, the Group's March 2020 Annual Report and Accounts were reviewed by the Corporate Reporting Review team (CRR) of the Financial Reporting Council (FRC) as part of their regular annual review of UK companies. The Group received one query and a number of recommendations. The Audit and Risk Committee considered the query and recommendations and approved the responses prepared by management. The Group on 1 April 2021, received confirmation from the CRR that its query had been closed. All items on the recommendation list were considered and appropriate disclosures have been made in the 2021 annual report wherever applicable. The Committee does note however that the review conducted by the FRC was based solely on the Group's published Annual Report and Accounts and does not provide assurance that the Annual Report and Accounts are correct in all material respects.

We also reviewed the practice of audited quarterly reporting adopted by the Group at the time of listing. Following a review of our financial reporting processes we now publish the first and third quarter press releases without a private review opinion by our auditors, Deloitte UK addressed to the company's directors'. Our financial results for the half year are reviewed and the full year are audited by Deloitte UK.

Climate-related disclosure

In relation to the UK government's proposal for mandatory future Task Force on Climate-related Financial Disclosures (TCFD) by 2022, the Financial Conduct Authority (FCA) requires all premium listed companies to make climate-related disclosures in line with TCFD, or explain why they have not, for accounting periods beginning on or after 1 January 2021. Our committee will assess the risks from climate change and how these should be reported on during the next 12 months.

Conclusion

I would like to thank the management team at Airtel Africa and each of the committee members for their support and contribution during the year.

I welcome questions from shareholders on this committee's activities. To discuss any aspect of this report please contact me via our company secretary, Simon O'Hara (see page 219 for contact details). I will be also attending the 2021 AGM and look forward to the opportunity to meet and speak to you there.

Ravi Rajagopal
Chair, Audit and Risk Committee

11 May 2021

Committee members and attendance

Our committee consists of four independent non-executive directors: Ravi Rajagopal (chair), Andy Green, Annika Poutiainen and Awuneba Ajumogobia. As a result of the 2020 committee evaluation, we decided to add a fourth member; and Awuneba agreed to join in October 2020. As a collective, we have a thorough understanding of the telecoms sector, including recent and relevant financial experience and expertise gained over the years through various corporate and professional appointments. For more about Ravi, Andy, Annika and Awuneba, see the directors' biographies on pages 82-84.

Our meetings are also attended by the CEO, CFO, deputy CFO, head of internal audit and chief compliance and risk officer, along with internal audit partners (ANB and EY) and other senior executives. Our external auditor, Deloitte, was invited to and attended all meetings. Akhil Gupta also attends our committee meetings as an appointed observer on behalf of Bharti Airtel.

Our scheduled quarterly meetings generally take place shortly before Board meetings. These are usually preceded by two pre-meetings, one focused on internal audit and the second providing a forum where any issues requiring additional time are aired and discussed. At each quarterly meeting, we review summary reports from internal assurance, as well as financial results and details of action taken or proposed plans. We also receive summary reports from our external auditors at the half year and year end. Our committee chair then reports to the Board on our activities, recommendations and other relevant matters.

Part 1

Progress report on our committee's areas of focus for the year ahead as set out in our 2020 Annual Report

Activity	2020/21 committee objectives	Actions taken
Strategic focus	To assess the impact of Covid-19	We reviewed and challenged the actions taken by management as well as the assessments performed and concluded accordingly. For details: See the CEO's statement on page 10 See our Covid-19 statement on page 16 See our going concern assessment on page 154
Strategic focus	To discuss and define levels of risk appetite for the company	Our focus last year was on controls management, highlighted elsewhere in this report. We're stepping up our focus on risk appetite throughout this year, as outlined on page 104
Strategic focus	To increase our oversight of various aspects of the company's risk management and improve the quality of risk discussions at meetings	We reviewed our risk management and identified 11 principal and two emerging risks. In July 2020, we received and reviewed the first of a series of papers on the key controls framework which detailed the key Enterprise Risk Management (ERM) risks and their key controls coverage, and analysed whether the control environment provided the required coverage. We agreed that the key control framework be further developed to be operationally efficient and effective. Throughout the year the committee received detailed key issues reports including updates on IT and network security. We reviewed the nature of the risks presented and approved the mitigation plans. In January 2021, the committee began a thematic risk management review into IT security and network security. This assured the committee that management had in place an effective risk review system. We agreed that this should be developed into a risk management framework encompassing by-exception reporting aligned with our risk appetite and showing key risk indicators. We're increasing our focus on this from this year, as outlined on page 104.
Strategic focus	To thoroughly review our cybersecurity and assess both risks and necessary mitigating actions	In January 2021, during the thematic risk review sessions on IT and networks, we reviewed reports covering cyber and information security threats from the CTO and CIO.
Strategic focus	To review our compliance with GDPR and other data protection arrangements	The landscape changed during the year for Airtel Africa, with data privacy across our operating footprint taking on critical importance. As a result, in 2020 the Board approved a three-year internal audit plan with a greater focus on data privacy. Our compliance with GDPR was reviewed in April 2018 prior to listing by both EY and by Deloitte as part of the Financial Position and Prospects Procedures (FPPP) review, and our Board reviewed arrangements for GDPR compliance at the time of listing.
Strategic focus	Reviewing management's testing on design and implementation of key controls	In October, the financial reporting team demonstrated our new controls framework (ICOFR). This will be subject to independent review by our internal auditors to test the effectiveness of the key controls before the 2022 year end. Further, we implemented a key controls framework by extending our internal financial controls framework (ICOFR) to include non-ICOFR processes and controls. The internal assurance team also held several workshops with the enterprise risk management team to develop an integrated assurance model. As a result, from 1 April 2021, we began to implement a coordinated structure for planning, executing and reporting on internal audit, compliance and risk activities across our 14 OpCos and head offices. See page 104.

Activity	2020/21 committee objectives	Actions taken
Ongoing activity	To increase committee members' understanding of regulatory requirements, such as developments in UK regulations and section 172 obligations	In July 2020, Deloitte, as part of their planning reports and year-end reports, provided updated briefings on developments around audit market reform, audit quality, and corporate governance and accounting which informed the committee's activities for the year.
Ongoing activity	Supporting the Internal Audit team in a continuous review of internal financial controls and monitoring	We reviewed quarterly reports from Internal Audit. We met with Internal Assurance in October to establish the balance between internal and outsourced resources and to identify gaps and enhancements. The outcome of these discussions is reflected in the March 2021 internal audit plan.
Ongoing activity	Monitoring the integrity of the company's financial statements Conducting the assessment of whether, taken as a whole, the Annual Report and financial statements are fair, balanced and understandable (Code Provision 27)	See our review of the 2021 Annual Report on page 105.
Ongoing activity	Assessing the quality and effectiveness of the external auditor (Code Provision 26)	See engaging our auditors on page 108.
Ongoing activity	Going concern	We reviewed management's assessment of the going concern assumption, challenged the basis of the assumptions used in the cash flow forecasts and performed a robust review of sensitivities adopted in worst case scenarios. We examined whether our principal and emerging risks, and the impact of Covid-19 on our Group's liquidity were appropriately factored in.
Ongoing activity	Review key tax matters	We reviewed the calculation of the effective tax rate, the recording of uncertain tax provisions and the recognition of deferred tax assets and the subsequent disclosure in this report.
Ongoing activity	Review of key judgements and key accounting estimates for bias	We reviewed the key judgements and key accounting estimates used by the management on areas including uncertain tax treatments, deferred tax recoverability and accounting for provisions and contingencies and were satisfied with management's conclusions on these matters.

Audit and Risk Committee report continued

Part 1

2021/22 areas of focus

Our committee will continue its in-depth reviews into specific financial, operational and regulatory areas.

<table>
<tr><th>Priorities</th><th>Planned actions</th></tr>
<tr>
<td>

Giving more time to our risk management framework to ensure risk remains within our agreed appetite and is monitored and reviewed as needed to reflect external and internal changes
Clarifying processes and control performance to help people identify, monitor and mitigate risk earlier and more effectively
Taking a close look at the robustness of our systems for risk reporting, assessment and control and ensuring that we focus on the areas of greatest risk
Reviewing our regulatory risks, including the tax regime

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<td>
We have a schedule for topic-based risk presentations at each committee meeting.
<table>
<tr><th>Meeting</th><th>Risk focus</th><th>Planned topics</th></tr>
<tr><td>Q1 FY21/22</td><td>HR</td><td>Leadership succession planning</td></tr>
<tr><td>Q1 FY21/22</td><td>Supply chain</td><td>Increase in cost structure, vendor governance</td></tr>
<tr><td>Q2 FY21/22</td><td>Compliance</td><td>Principal and emerging risk update</td></tr>
<tr><td>Q2 FY21/22</td><td>Finance</td><td>Internal controls and compliance, financing and foreign exchange risks</td></tr>
<tr><td>Q3 FY21/22</td><td>IT</td><td>Technology obsolescence, network resilience and business continuity</td></tr>
<tr><td>Q3 FY21/22</td><td>Network</td><td>Digitisation and innovation, technology obsolescence, cyber and information security threats</td></tr>
<tr><td>Q4 FY21/22</td><td>Regulatory</td><td>Airtel Money regulatory risks, Know your client and Quality of service non-compliance, licence fee and telecoms taxes and other top risks</td></tr>
<tr><td>Q4 FY21/22</td><td>Legal</td><td>Compliance with legal requirements</td></tr>
<tr><td>Q4 FY21/22</td><td>ICOFR process</td><td>Effectiveness of our internal financial controls framework</td></tr>
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</tr>
<tr>
<td>Reprioritising the Internal Assurance scope to focus on areas with potential business impact</td>
<td>
The committee recognised that the impact of the pandemic prompted the business to find new ways to contain costs, improve efficiencies and protect our balance sheet. To help us manage this change, we have agreed that Internal Assurance will support the business by focusing on high-risk and high-benefit areas, improving compliance-related processes and controls, deepening our understanding of operational activities and offering suggestions for improving processes and enhancing controls.
The four enhanced coverage areas are a new capex deployment cycle (Q3), the processes for communicating with customers to ensure the collection of money owed (dunning processes) (Q2), efficiency opportunities (Q3) and site profitability (Q4).
We will involve subject matter specialists, where required, to bring new perspectives and industry better practices to the areas under review.
</td>
</tr>
<tr>
<td>Reviewing financial reporting controls</td>
<td>
As a business, we're extremely reliant on technology. Effective technology controls are important not just to address financial risks, but also for operational, regulatory and reputational risks.
We will continue to review the internal financial controls framework for comprehensiveness and robustness and consider management's plan for a greater use of automation within the tax, legal and regulatory processes.
We introduced our new controls framework (ICOFR) and performed an audit needs assessment to inform our internal audit strategy.
Where manual review controls remain, we'll continue to focus on improving their precision by reviewing and documenting how each control operates and maintaining evidence of their effectiveness.
We will discuss and review our internal auditor's observations on the effectiveness of the key controls planned to be undertaken before the 2022 year end.
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</table>

Financial reporting

We reviewed the integrity of the quarterly, half year and full year financial statements. We also examined other statements containing financial information, including trading updates and investor presentations and packs, and recommended their approval to the Board.

We assessed:

- The quality, appropriateness and completeness of the significant accounting policies and practices and any changes to these
- The reliability and integrity of our financial reporting, including key judgements and whether to support or challenge management's judgements
- External audit findings, including their review of key judgements and the level of misstatements
- The quality of the finance team, their incentives and the need for additional skillsets
- The completeness of disclosures in the Annual Report and interim reports, including consistency with disclosures on our business model and strategy
- The application of the FRC's guidance on clear and concise reporting in this report, as well as compliance with financial reporting standards and other reporting requirements
- The CFO's reports, which set out the rationale for the accounting treatment and disclosures regarding judgements and estimates

Deloitte UK also shared their views on the treatment of significant half year and full year matters. They summarised each issue and assessed the appropriateness of management's judgements or estimates. In considering whether there was evidence of bias, the committee examined the overall level of reasonableness applied during the year.

Reviewing the 2021 Annual Report

At the request of the Board, our committee was asked to review this Annual Report and to consider whether, taken as a whole, it was fair, balanced and understandable. The committee considered the following areas:

Fairness and balance

- Is the report open and honest? Are we reporting on our weaknesses, difficulties and challenges alongside our successes and opportunities?
- Do we clearly explain our KPIs and is there strong linkage between our KPIs and our strategy?
- Do we show our progress over time and is there consistency in our metrics and measurements?

Understandable

- Do we explain our business model, strategy and accounting policies simply, using precise and clear language?
- Do we break up lengthy narrative with quotes, tables, case studies and graphics?
- Do we have a consistent tone across the Annual Report?
- Are we clearly 'signposting' to where additional information can be found?

Following our review, we confirmed to the Board that this Annual Report is fair and balanced and provides enough clarity for shareholders to understand our business model, strategy, position and performance.

Part 2

Significant issues and our response

We considered the following significant issues and key matters in the context of the financial statements, discussed them with our external auditor, and have found the response to each appropriate and acceptable.

Significant issue	Actions taken
Going concern assessment	Given the continued uncertain nature of the current macro-economic environment due to Covid-19, and taking note of the latest guidance on going concern as issued by the Financial Reporting Council in June 2020 and December 2020, and the thematic review published in July 2020, the committee received a detailed paper from management and reviewed the assumptions made in reaching the conclusion that the financial statements should be prepared on a going concern basis. This included: • Cash flows under a base case and reasonable worst-case scenarios (capturing the risks and uncertainties described on pages 72-78) • Sensitivities considered and output of stress testing performed • Solvency and liquidity positions • Borrowing facilities including undrawn committed facilities • Updates reflecting the expected impact of Covid-19 • Disclosures in the annual report (refer to page 141) The committee concluded that the going concern basis of accounting was appropriate in preparing the financial statements. For more information on the going concern assessment see note 2.2 of the financial statements.
Viability statement	Given the uncertain nature of the macro-economic environment due to Covid-19 , the long-term viability assessment of the group was reviewed in detail considering the longer-term view of our strategy and business model. Our review covered: • Company prospects • The period under consideration • Principal risks (refer to pages 72-78) • Longer-term cash flow forecasts • The sensitivities considered in management's stress-testing model, including the impact of Covid-19 We challenged the rationale of using a three-year period for the purpose of our viability assessment comparing with a longer period for impairment purposes. We discussed the justification with the management which was then covered by updating the disclosure on the Board's assessment of LTVS (refer to page 79). Taking into account potential mitigating actions, we were satisfied with the conclusion and disclosure on the Group's viability and endorsed a three-year period as the basis for preparing the viability statement. Our 2020/21 long-term viability statement and more details on the assessment is on page 79.

In addition to the significant issues mentioned above, we also considered the following accounting and financial reporting issues, judgements and estimates in the context of the financial statements.

Other issues	Actions and conclusions
Niger settlement and revenue recognition	Airtel Africa received a one-time benefit of $20m as a settlement in Niger. (Airtel Niger signed an Indefeasible Right of Use 'IRU' deal with a Niger telecommunications operator, and as part of the commercial agreement the amounts owed from the operator for prior periods not previously recognised were settled and recognised as an exceptional item.) The committee challenged the basis of recognising revenue as an exceptional item and concluded that the accounting treatment and associated disclosure was appropriate and in line with the exceptional item policy of the Group given this was one-off transaction in the year and above Group threshold for exceptional items.
Capitalisation of deferred spectrum payments	We reviewed and challenged management's assessment that annual spectrum fees which are fixed should be capitalised as an intangible asset with a financing liability also recorded. Our practice had historically been to expense such payments. We confirmed that the resulting impact on network costs, interest costs and amortisation is not material. There was also an immaterial impact on profit before tax.
Goodwill impairment	We received a detailed management paper on impairment and challenged the appropriateness of the assumptions and judgements adopted for the annual impairment testing exercise in December 2020 including the use of a 10-year plan which the committee was satisfied was appropriate based on the African telecom markets which are underpenetrated when compared to developed markets. In forming this view, we also reviewed the sensitivities performed by management on key assumptions such as the discount rate, growth rates and on the headroom if a five-year plan had been adopted with appropriate long-term growth rates.
Exceptional items	We reviewed all exceptional items during the year and considered whether the items met the definition as an exceptional item under Group policy and FRC guidance and were satisfied with management's position and conclusions. We will continue to review the relevance of the Group's exceptional item policy with respect to applicability and thresholds every year in line with FRC guidance and the practices adopted by other FTSE companies.

Part 3

Other issues	Actions and conclusions
Tanzania DTA recognition and review of effective tax rate	One of the Group's subsidiaries in Tanzania had carried forward losses and timing differences on which deferred tax assets had not been recognised. We reviewed and challenged management's assumptions that taxable profits are now probable and available against which tax losses and temporary differences could be used – meaning that a deferred tax asset should now be recognised, and we were satisfied with management's conclusion that an asset should be recognised for the first time this year. We also reviewed the calculation of the effective tax rate and found this to be satisfactory.
Review of legal/ regulatory matters	The committee reviewed the key developments in material legal and regulatory cases during the period, management's estimate of key legal and regulatory disputes, and how these were rated by management as probable, possible or remote. The committee was satisfied with the recording and disclosures in the financial statements of legal and regulatory cases.
Audit Quality Review Team (AQRT)	The committee was notified during the year that the Audit Quality Review Team (AQRT) of the UK Financial Reporting Council (FRC), had completed their review of Deloitte's audit file for the March 2020 audit of the Group. The review was part of the AQRT's routine annual inspection process. The focus of the review and their reporting is on identifying areas where improvements are required rather than highlighting areas performed to or above the expected level. The chair of the committee received a full copy of the findings of the AQRT and has discussed these with Deloitte. The committee confirmed that there were no significant areas for improvement identified, there were no key findings within the report and was satisfied that there is nothing within the report which might have a bearing on the audit appointment. Good practice was identified in the area of the Group audit team's oversight and involvement in the component auditor's work over prepaid revenue.

Risk management and internal controls

Our approach to risk

As highlighted in the strategy and risk sections of the strategic report, risk management is inherent to our management thinking and business-planning processes. The Board has overall responsibility for establishing and maintaining our risk management and internal control systems.

For more information on our risks and mitigation and our risk management framework, see the risk report on pages 72-78.

Progress in 2020/21

Each quarter, our CEO and CFO provide a compliance certificate connected to the preparation of our financial results. This includes the policies and procedures for areas of the business under their responsibility and confirms the existence of adequate internal control systems throughout the year. Our committee reviews any exceptions noted in this exercise.

The key features of our internal control system which assures the accuracy and reliability of our financial reporting are listed on page 107.

The Board also reviewed more detailed assessments of risk from our committee,(previously reviewed by the management Executive Risk Committee). At its meeting in January 2021, our Board agreed that our system of internal control continues to monitor the identification, assessment and ranking of the various principal and emerging risks we face as a business, as well as reporting progress in mitigating potential impact.

The Board also approved the statement of the principal risks and uncertainties set out on pages 72-78.

Working to minimise the risk of fraud, bribery and corruption

We apply a range of activities to mitigate the risk of fraud; and minimising the risk of fraud remains one of the key areas of focus for Internal Audit. In doing this, we assess the quality of balance sheet reconciliations, key judgement matters, tenders and quotations, and controls over payments and associated applications.

We continue to focus on limiting our potential exposure to bribery and corruption risks, for example by providing mandatory training, reviewing financial records and developing our policies and procedures. Our contract management system now includes mandatory certification to our Code of Conduct and anti-bribery and corruption policy. Each year, every employee must take part in computer-based training on anti-bribery and corruption and our Code of Conduct. Our Internal Audit team reviews our anti-bribery compliance programme to assess its continued effectiveness. We will continue to assess the bribery risks in the markets where we operate to refine and improve our anti-bribery compliance programme.

Our committee also monitors and oversees procedures around allegations of improper behaviour and employee complaints.

Whistleblowing procedures

Our whistleblowing programme is a confidential channel through which employees can report unethical practices or wrongdoing. We have an independent whistleblowing process managed by an external professional services firm from their Centre of Excellence in South Africa. Throughout the reporting period, we received updates on the volume of reports, key themes emerging from these reports and the results of related investigations.

Our committee chair provides a report to the Board at each of its meetings on the operation of our Code of Conduct, anti-bribery and corruption and whistleblowing procedures. This report contains enough detail to enable the Board to continue to oversee these areas and ensure that arrangements are in place for the proportionate and independent investigation of related matters and for follow-up action.

Internal Audit

Our Internal Audit team takes a risk-based approach to reviewing the design and effectiveness of our internal control systems for key business processes and risks. They consider compliance with internal policies, regulatory obligations and how to minimise the risk of fraud.

Internal Audit performs independent testing and evaluation of our controls. The team is governed by the internal audit charter, as approved by the Audit and Risk Committee, and is headed by our chief internal auditor, who reports to the committee and the CEO. Our committee chair regularly meets with the chief internal auditor to discuss the team's activity and any significant issues arising from their work.

At each quarterly committee meeting, we monitor and review the scope and effectiveness of Internal Audit. The committee approves the annual audit plan before the start of each financial year and receives updates on activity, progress against the approved plan and the results of any unsatisfactory audits, including key issues and action plans to address them.

Part 3

During the past year the Special Investigations team within Internal Audit investigated over 180 potential Code of Conduct breaches. 117 were external (connected to customers or theft or part of our activities to minimise the risk of fraud, bribery and corruption); and 56 were internal (including those related to whistleblowing and other grievance procedures). These cases were reported through multiple channels, including from customers and service providers and through informal whistleblowing. Over the same period, we received 26 reports through our formal whistleblowing line.

The Internal Audit team worked during the year to ensure that it continues to meet both current good practice and the evolving needs of Airtel Africa. Initiatives included:

- **Integrated assurance:** Internal Audit held several workshops with Enterprise Risk Management (ERM) to develop an integrated assurance model. One outcome was a coordinated structure for planning, executing and reporting on internal audit, compliance and risk activities within our 14 OpCos. In planning for the 2022 financial year, Internal Audit also assessed our principal and emerging risks as identified during the joint risk assessment process.

  Our committee reviewed and approved the resulting detailed audit plan, which ensures that Internal Audit's areas of focus remain appropriate and allows for more dynamic audit planning.
- **Key controls:** Internal Audit introduced a key controls framework which extended our internal financial controls framework (ICOFR) across our OpCos to include non-ICOFR processes and controls (with an undertaking to include head office review procedures in the next 12 months). Key controls are the procedures in place to contain internal risks.

  We have 77 key controls which we will validate across Airtel Africa. We will use regular self-assessments and audit validation to strengthen our control culture while making sure our key controls continue to operate effectively and as designed.

Internal Audit partners

We believe that a co-sourced internal audit partner helps us access the technical skills and experience required to deliver on our mandate. This brings broader industry insights and expertise to help us better respond to calls for increased and embedded risk management and control.

The terms of our current partners ended after the delivery of the 2021 financial year audit plan. We began a competitive selection process to identify the best co-sourcing partner as we continue to build our internal audit delivery.

Our committee appointed EY as our internal audit partner for the next four years until financial year 2025, and this was ratified by the Board.

Part 4

External auditors

Engaging our auditor

Our Audit and Risk Committee manages the relationship with the external auditor, including assessing their performance, effectiveness and independence each year and recommending to the Board their reappointment or removal.

Our external auditor is Deloitte LLP (UK). The lead audit partner is Mark Goodey, who has been in place since October 2018 and will retire at the end of Deloitte LLP's financial year following completion of the Airtel Africa 31 March 2022 audit. During the forthcoming year we will identify with Deloitte LLP a partner to suceed Mark Goodey. We've approved their terms of engagement and are fully satisfied with their performance, objectivity, quality of challenge and independence.

Our next competitive tender is planned for the 2028 year-end audit in line with current regulation that requires a tender every ten years. This timetable is subject to annual assessment of Deloitte's effectiveness and independence.

There are no contractual obligations which restrict our choice of auditor, nor is there a minimum appointment period. We've complied with the provisions of the Competition and Markets Authority's Order for this financial year relating to audit tendering and the provision of non-audit services.

Working with our auditor

The lead external audit partner and his team attend our committee meetings to provide insight and challenge and to report on their review of the half year results and audit of the year-end financial statements. To facilitate open dialogue and assurance, we also held private sessions with our auditor without members of management.

A number of teams are involved in the audit, given the need to report both our own financial results and to report to our intermediate parent company, Bharti Airtel Limited.

Throughout the year, audit teams deliver:

- Interim review by Deloitte UK for the Airtel Africa half year
- Signing of the Airtel Africa consolidated financial statements by Deloitte UK
- Local statutory accounts audited by each Deloitte Africa team, with some of the work performed by Deloitte India

Effectiveness of the external audit process

The committee and the Board are committed to maintaining the high quality of the external audit process. We considered and reviewed the quality and effectiveness of the external audit process throughout the reporting period. This review is performed each year and aims to ensure a robust audit and candid feedback and communication between the auditor and our committee. Its effectiveness depends on identifying appropriate audit risk and areas of focus at the start of the audit cycle. Our committee receives a detailed audit plan from Deloitte, identifying its assessment of these key risks and areas of focus.

For the year ended 31 March 2021 the significant risks identified were broadly in line with 2020 – with the addition of Airtel Money revenue. The key risks identified were in relation to going concern, impairment of goodwill, classification of legal cases, management override of controls, accuracy of both prepaid and Airtel Money revenue and the rights and obligations associated with Airtel Money cash. The significant judgements made in connection with these risks are set out on page 148. Our committee challenged the work done by the auditor to test management's assumptions and estimates around these areas. We assessed the effectiveness of the audit process in addressing these matters through the reporting received from Deloitte at the interim and year end.

The committee believes that the learnings from the previous year's audit and the resulting actions had a positive impact on the overall efficiency and effectiveness of the audit across all our operating countries and regional offices. Deloitte have evolved and improved their audit approach and communications, challenging the team in the right areas and providing strong technical expertise. The Deloitte team was also seen as independent by the Audit and Risk Committee and management.

We considered the performance of the auditor, based on our own evaluation and taking into account the assessment of the chief financial officer, finance team and senior finance personnel on the effectiveness of the audit process. For the year ended 31 March 2021, management was satisfied that there had been appropriate focus and challenge on the primary areas of higher audit risk and assessed the quality of the audit process to be good. The committee concurred with the view of management. We concluded that there had been appropriate focus, critical analysis and challenge by the auditor on key areas and that Deloitte had applied robust challenge and professional scepticism throughout the audit.

We're satisfied that the external audit plan sufficiently addresses the key risk areas and enables Deloitte UK to meet the requirements of ISA (UK) 600 to plan and oversee the work performed by component audit teams.

Next year, we will develop our process to annually assess the performance of our external auditors and the audit process in general. Input into this evaluation will be obtained from management and other key colleagues and the external audit team. The review will focus on the external auditors' mindset and culture, skills, character and knowledge, and the quality of its controls, as set out in the guidance for audit committees prepared by the FRC.

We recommended to the Board, which in turn will recommend to shareholders in resolution 16 at our 2021 AGM that Deloitte should continue as our external auditor.

Auditor independence

We see the independence of our external auditor as one of the primary safeguards for our shareholders. We reviewed our auditor's independence and the scope of the non-audit services and independence safeguards with Deloitte. Deloitte has confirmed that in their professional judgement, they are independent and objective as specified by UK regulatory and professional requirements.

Using our auditor for non-audit services

Where we consider our external auditor to have the most appropriate experience, technical skills and expertise, in addition to appropriate safeguards, we may consider using them for non-audit services in line with a list of acceptable services. Their knowledge of our business may also make such services more cost-effective and ensure confidentiality.

Our non-audit services policy restricts the provision of non-audit services as prohibited by the FRC Revised Ethical Standard 2019 and provides a monetary threshold for approved services. Our committee reviews and pre-approves any non-audit services with fees above the threshold or not stipulated by the policy.

Our review of the auditor's performance during the reporting period included non-audit services and the ability of Deloitte to maintain its independence while providing these services. The value of non-audit services work (half year review work for the Group and quarterly audits for the Groups' intermediate parent, Bharti Airtel Limited) for the year ended 31 March 2021 was $1.4m, representing approximately 24% of the total auditor's remuneration as set out in note 8.1 to the consolidated financial statements on page 173.

Finance Committee

Our Finance Committee is a management operational committee which is overseen by our Audit and Risk Committee and is subsidiary to it. Its two independent non-executive director members are also members of the Audit and Risk Committee.

Given the complexity and importance of finance, treasury and tax policy matters, the Board has delegated oversight and governance to this specialist Finance Committee. Our Finance Committee has strengthened our adherence to the Relationship Agreement and treasury and tax controls. The committee frames our finance policies and procedures, creating risk framework mechanisms for treasury and tax to help achieve our strategic financial goals with a balance of initiative and risk control.

Committee duties

- Ensures our treasury activities are carried out within an agreed policy framework
- Ensures activities are within agreed levels of risk and will contribute to our financial performance through focused management
- Makes sure operations are appropriately funded and conducted in line with policy
- Ensures the overall treasury objective and the specific objectives for each main treasury activity are consistent with both financial and corporate business objectives
- Recommends the strategic tax policy for approval by the Board
- Ensures adequate liquidity to meet financial obligations based on cash flow forecasts
- Optimises the interest cost on gross debt within prudent risk parameters
- Determines and approves the derivatives policy on swaps, foreign exchange and interest rate hedges
- Generates reasonable commercial returns on investments with approved counterparties to protect investment capital and ensure desired liquidity
- Minimises the adverse impact of foreign exchange movements associated with transactions and our operating exposure in various currencies due to multinational operations
- Maintains diversified access to various local and global debt and borrowings markets
- Determines and approves our strategic tax planning policies
- Approves new debt and the cancellation and modification of borrowing and debt facilities

Committee members

Members were appointed by the Board on the recommendation of the Nominations Committee in consultation with the Audit and Risk Committee chair. They are Jaideep Paul, CFO, as chair; CEO Raghu Mandava; deputy CFO Pier Falcione; and two independent non-executive directors, Ravi Rajagopal and Annika Poutiainen. We review the composition of the committee and the continued participation of independent non-executive directors each year.

Nominations Committee report

Sunil Bharti Mittal
Chair, Nominations Committee

Attendance

	Meetings attended
Sunil Bharti Mittal Chair	3 (3)
Andy Green Senior independent non-executive director	3 (3)
Ravi Rajagopal Independent non-executive (Audit and Risk Committee chair)	3 (3)
Doug Baillie Independent non-executive (Remuneration Committee chair)	3 (3)

Committee responsibilities

- Reviews the balance, diversity, independence and effectiveness of the Board
- Oversees the selecting, interviewing and appointing of new Board members
- Reviews succession and contingency planning for the Board and senior leadership, including training, development and talent management
- Makes recommendations to the Board about the continued service of directors, including suspensions and terminations of service
- Makes sure directors disclose the nature and extent of any actual or potential conflicts of interest, monitors and assesses these disclosures and makes recommendations to the Board as appropriate
- Oversees, with the chair of the Board, an annual evaluation of Board, committee, and director performance – in particular, determines with the chair whether this evaluation should be externally facilitated and, if so, the nature and extent of the external evaluator's contact with the Board, committees and individual directors
- Oversees policy and objectives on gender and ethnic diversity and inclusion in light of our strategy, objectives and culture – and monitors the implementation of policies and progress towards objectives at all levels of our business
- Through the committee chair, engages with shareholders on subjects relevant to committee responsibilities

Chair's statement

I'm pleased to present the Nominations Committee report for 2020/21 and to share our plans for the coming year.

Airtel Africa is a multicultural business and this is reflected within our leadership teams. The ethnic diversity of our Board reflects the diversity of our employees, which is one of the core strengths of our Group. We remain committed to ensuring diversity in terms of culture, age, gender, ethnicity, length of service and educational background – and are building an inclusive and diverse workplace.

The primary responsibility of this committee is to focus on Board composition and succession planning. We work to ensure that our Board is made up of people with the appropriate drive, abilities, diversity in its broadest sense, and experience to lead Airtel Africa in delivering on our strategy. We oversee succession planning for senior management to ensure we have a consistent pipeline of diverse talent in place for progression to the Board.

Changes to the Board

During the year, our committee oversaw the appointment of Kelly Bayer Rosmarin, a nominee of Singtel who became a non-independent non-executive director when Arthur Lang stepped down from the Board in October. Kelly is known for her skills in using technology, data and analytics to develop a leading customer experience. A search firm were not used due to this being a Relationship Agreement appointment.

On behalf of the Board, I would like to thank Arthur, who joined us in October 2018 and supported Airtel Africa through its IPO, for his significant contribution to our success in building Airtel Africa into a market-leading mobile service provider. I wish him well for the future.

We announced in April 2021 that Segun Ogunsanya, managing director and chief executive officer of Airtel Nigeria, is to succeed Raghu Mandava as managing director and chief executive officer of Airtel Africa plc following Raghu's informing of the Board of his intention to retire. Segun will join the Board of Airtel Africa plc with effect from 1 October 2021.

We are delighted to appoint Segun as the Group's next chief executive officer. He has displayed significant drive and energy in turning around the Nigeria business by focusing on network modernisation, distribution, and operational efficiency.

Jaideep Paul, chief financial officer, has also been appointed as an executive director and will join the Board of Airtel Africa plc with effect from 1 June 2021.

We will report fully on these changes in our 2021/22 Annual Report.

We're privileged to have a Board of directors with a broad range of skills, experience, age and nationality to perform such a vital role. This diversity is invaluable in developing our business strategy and enhancing our governance capabilities. As you can see from the biographies on pages 82-84, our committee chairs and members have recent and relevant skills, experience and expertise.

Evaluating our management

As part of our corporate governance review each year, we examine the independence and diversity of our Board and the balance of skills and development needs of members.

This year, we identified the competencies most likely to become increasingly important for Airtel Africa Board members which will strengthen the overall balance of our Board. We used this profile to evaluate the experience and capabilities of our current non-executive directors.

In mapping the skillsets of our Board members against our current strategy and annual operating plan, we confirmed that our non-executive directors have significant experience in the areas of strategy, risk management and M&A. We recognised a need to strengthen our digital, IT and fintech capabilities – and appointed Kelly Bayer Rosmarin to this end.

Our committee also monitors the succession planning for management immediately below the Board. In setting out succession plans for his executive team, the CEO shared with our committee his vision for the structure and evolution of the management team. In light of this, we reviewed our succession plans and contingency arrangements, as well as the strength of the senior management team. One of our priorities is to support and encourage the professional growth of our colleagues, and we continued our work to identify executives with potential and to encourage their development.

Improving our diversity

We're also focused on improving diversity and inclusion across our business, starting with gender balance. As of the date of this report, 26% of the total company were women, with 23% of our OpCo Executive Committee women. While the gender ratio at Airtel Africa is improving, we still have some way to go and are working towards our targets in this area. For more details see page 114.

I welcome questions from shareholders on this committee's activities. If you'd like to discuss any aspect of this report, please contact me through our company secretary, Simon O'Hara (see page 219 for contact details). I will, of course, be attending the 2021 AGM and look forward to the opportunity to meet you and answer your questions there.

Sunil Bharti Mittal
Chair, Nominations Committee

About the committee

Led by the chair of our Board, our committee consists of independent non-executive directors. Our CEO and HR director were also invited to attend committee meetings and submit reports.

We met formally four times during the 2020/21 financial year. Our primary focus was on longer-term succession planning for the senior executive team, improving diversity across our business, and the induction of Kelly Bayer Rosmarin.

Having reviewed the composition and performance of the Board and its committees, we believe our Board has the experience, expertise and appetite for challenge to take Airtel Africa forward in line with our strategy while maintaining good governance. We will, of course, keep this under regular review.

2020/21 committee priorities	Activities and progress
To review the Board's composition, balance, diversity, skill sets, individual directors' time commitments and overall effectiveness against future needs	**July to October 2020** **Board** We began the process to appoint two new women as non-executive directors to the Board by the financial year-end – looking specifically for appointees with digital, fintech and customer electronics experience, as well as a solid UK plc listed background. We appointed Kelly Bayer Rosmarin as nominee of Singtel to replace Arthur Lang, who stepped down. See page 110 for more detail. We also expect to announce the appointment of a fourth woman to the Board in the first half of the 2021/22 financial year. **Audit and Risk Committee** Awuneba Ajumogobia was invited to join from October – this role is in addition to her responsibilities on the Remuneration Committee. **October 2020** We reviewed the base fee payable to non-executive directors to reflect the additional time required by multiple committee memberships. Benchmarking data confirms that these fee arrangements are competitive. **January 2021** We appointed Paul Arkwright as special adviser to the chair and Board on our strategy in Africa, with a focus on political, legal and regulatory issues. **Recommending re-election** After considering the Board review and the independence, skills contribution and judgement of non-executive directors, we recommended to the Board that each director be proposed for re-election (or election) by shareholders at the July 2021 AGM.

2020/21 committee priorities	Activities and progress
To review our succession and contingency planning across the business, linking this to individuals' professional development at senior management level and developing a diverse pipeline of talent	**Executive succession planning** **July 2020** **Senior management team:** The CEO provided an account of the performance, potential and immediate succession plans for each of his direct reports. We discussed each role and offered appropriate challenge to each of the recommendations. We discussed how to use the skills of our OpCo managing directors to plug gaps, mitigate risks or to realise people's potential. We also identified particular performance challenges and potential remedies. **October 2020** The chair advised that Egon Zehnder had been retained to support our executive succession planning and assessment. **January 2021** **Executive management team:** The CEO set out longer-term succession plans for our executive and regional executive management teams. In doing this, he shared his vision for the future structure and evolution of the management team. We reviewed the succession plans, contingency arrangements and strength of the executive team. To pinpoint potential and development needs, Egon Zehnder assessed the competencies, skills and experiences required for an Airtel Africa executive and applied this to the executive team. This revealed that there is some exceptional talent within the business and identified individuals suitable for CEO succession planning. ExCo members were given direct access to the Board, including the chance to attend Board meetings and other Board-related functions – this also helps us assess the strength of our management team.
To ensure progress against our diversity and inclusion agenda across all levels of the business	Our priority is to increase the number of women at senior levels in our regional businesses by setting new targets to increase the number of women in leadership positions by 2026 and to achieve gender-balanced shortlists. We will ensure that the specification for any new senior management role is equally suited to applicants of any gender and that there's no discrimination at any stage in the selection process on any applicant characteristic. During the year we appointed three women to senior roles in our operating companies – customer experience director Zambia, enterprise director Nigeria and enterprise director for Zambia.

Committee priorities for 2021/22

2021/22 priorities
Identifying key prospects and tailoring development plans to help senior management demonstrate their potential for progression
Reviewing our policies and processes to promote diversity in our operating country Boards and senior management teams and putting in place a development programme for suitable internal candidates
Attracting diverse, highly skilled and talented employees by: • Tackling unconscious bias • Maintaining a gender balance on shortlists for management positions • Ensuring all recruiters have signed the Standard Voluntary Code of Practice Retaining the best talent by: • Promoting a good work/life balance • Encouraging equal opportunities for all

Developing our Board

The ongoing development of our Board members is a priority. We inform directors about relevant seminars and training and encourage and support their attendance. We also provide regulatory updates at each Board meeting and specialist advisers brief our committees on topics such as changes to accounting procedures and UK corporate governance. Our Board undertook a series of development activities during the reporting period.

Board

November 2020

Board sustainability workshop.

Our corporate legal advisers Herbert Smith Freehills provided training on the political environment, governance reform, liability to investors and directors' duties.

Kelly Bayer Rosmarin's induction
Kelly Bayer Rosmarin was inducted through a series of sessions with our CEO, CFO and members of our Executive Committee. These focused on our strategy, operating and financial performance, budget and forecasts, human resourcing, diversity challenges and medium-term plans. Presentations to Kelly by the heads of key departments such as Compliance, Internal Audit and HR on their initiatives, challenges and plans are also planned.

October 2020
Kelly met with each of the chair of the Board, the senior independent director and the company secretary

Joined a Board training session on directors' duties

November 2020
Meetings with the members of the ExCo

January 2021
Met with our corporate lawyers Herbert Smith Freehills for directors' onboarding training

April 2021
Presentations by the heads of key departments

Q1 2021
Will meet with our external auditor, Deloitte UK

During the year, the committee reviewed the induction programme for directors and considers this appropriate.

Workforce engagement

To engage with our workforce and understand the business at all levels, all directors are encouraged to regularly visit our local operations, either in person or through online meetings. To this end, we arrange Board visits each year to operations – and at least one Board meeting is scheduled to take place at a regional location with representatives from the business present. Due to pandemic-related travel restrictions in 2020/21, we cancelled a number of large meetings, meaning Board members were unable to visit local operations in person. They were able to attend online meetings with senior executives and functional heads as necessary.

The Board considered the primary outcomes of our company-wide engagement survey at its March 2021 meeting. The survey showed that, on the whole, our people feel clear on the goals of the company and see leader behaviors as consistent with our values. They feel clear about the Code of Conduct. There's a strong sense of collaboration, and people generally feel that managers help remove obstacles and give useful feedback. These are our areas of strength when benchmarked against other global telecoms companies. We're now focusing on improving our recognition and reward schemes and empowering people in light of survey results.

Our open-door policy continues, so that employees can connect directly with our CEO or any ExCo director about anything. We continue to hold CEO-led quarterly town hall sessions as a platform to increase awareness and demonstrate our values from the top.

For more on how we engaged with our people during the reporting period, see page 34.

Annual Board evaluation

See pages 97-99 for details of how this evaluation was conducted, actions taken and plans to address its outcome.

Board and committee balance, diversity, independence and effectiveness

The chair of the Board is responsible for making sure independent non-executive directors are able to constructively challenge executive directors, while supporting them to implement the strategy and run the business effectively. He works with this committee to make sure the Board has the right blend of skills, independence and knowledge.

Appointing and re-electing directors

The Board has the power to appoint additional directors or to fill any vacancy. Every director will seek election or re-election at our annual AGM. All directors will stand for re-election at each year's AGM while in office.

Each director proposed for re-election (or election) at our AGM has been unanimously recommended by other members of the Board. More information on our appointments process is on page 117.

Effectiveness: advice available to the Board

All directors have access to the advice and services of the company secretary. Directors may also take independent professional advice at our expense where this is judged necessary to fulfil their responsibilities. During the year, the Board took advice from:

- Alvarez & Marsal through the Remuneration Committee, as explained in more detail on page 118
- Our corporate legal advisers Herbert Smith Freehills through the Market Disclosure Committee on the identification of insider information
- Legal advisers Clifford Chance on share plan and remuneration policy matters
- Our brokers on the telecoms sector and the relative performance of our share price

Diversity

The Board represents a broad range of skills, experience, age, ethnicity, gender and nationality. Our youngest director is 33 and our members reflect the ethnic diversity of Airtel Africa. Most have spent a considerable amount of time living outside the UK, and this range of experience is invaluable in developing our business strategy and enhancing our governance capabilities.

Our policy is to appoint and promote the best person for each role without regard to age, gender, ethnicity or disability – only considering factors such as educational and professional backgrounds as appropriate for the position. This applies to the entire business, including the Board. Our objective is to build diversity into our appointment and promotion processes at every level. All Airtel Africa employees have completed our annual Code of Conduct training and certification, which covers our commitments on diversity, inclusion and anti-discrimination.

We believe diversity is fundamental to the successful operation of our Board and to creating a balanced culture across our business. The Board regularly reviews its balance and composition considering targets and recommendations for gender diversity, as well as the Parker Review and its report into ethnic diversity. We are an ethnically diverse Board and have exceeded the Parker Review target for FTSE 250 boards to have at least one director from an ethnic minority background by 2024. We fully endorse the Hampton-Alexander Review's approach to increasing senior leadership diversity, including its voluntary target of 33% women on Board, executive committee and senior management teams.

While we haven't yet achieved this gender-balance target at Board level, we are making considerable progress. 27.3% of our Board are women (3 out of 11) representing 33% of our independent directors (2 of 6). Our committee has been working to identify women leaders as potential Board members and we hope to be able to announce further progress this year.

Our Executive Committee gender diversity remains a challenge. We're working to increase the number of women at this level as well as in our senior management teams (direct reports to the ExCo) by 2026. For more on this see below.

Diversity and inclusion are, and will continue to be, a key focus for Airtel Africa.

Gender balance

As at 31 March 2021, the gender balance of the Group's employees was as follows (%):

Category	Women (%)	Men (%)	Total
Group Board	3 (27%)	8 (73%)	11
Group Executive Committee Member	1 (7%)	13 (93%)	14
OpCo Executive Committee	36 (23%)	123 (77%)	159
Senior and middle management*	121 (19%)	525 (81%)	646
All other employees	767 (28%)	1,940 (72%)	2,707
Total	**925 (26%)**	**2,601 (74%)**	**3,526**

* Senior management is all general managers and above excluding the OpCo Executive Committee, and middle management includes all employees at senior manager level

Pay ratio reporting

Quoted companies with more than 250 UK employees are required to report each year on the difference in pay between their CEO and their UK employees. As Airtel Africa is outside the scope of this requirement, we will not be disclosing our pay ratio for this reporting period.

Our diversity policy

Purpose

Diversity and inclusion are a part of who we are and how we do business – wholly in line with our values of being alive, inclusive and respectful.

Policy statement

We recognise that a diverse workforce is key to delivering value to our customers. So we work to create an inclusive environment that embraces our differences and helps employees work to their true potential. Our practices and policies to foster this include global mobility, talent acquisition and focused learning and development. We're particularly focused on developing women in management and leadership roles and across our business.

Initiatives

1. Searching for and using diverse talent pools for all management and senior leadership recruitment
2. Building succession and leadership development plans that encourage the promotion of women
3. Focused mentoring programmes for women
4. Facilities for expectant and new mothers, such as reserved parking and mothers' rooms

Initiatives announced last year which will be launched in 2021/22

1. CEO's Women in Leadership council
2. A women's entrepreneurship programme to increase the percentage of self-employed women in sales and distribution roles

Training and awareness

1. Rolling out a programme to counter unconscious bias
2. Using town hall sessions to drive awareness and the right tone from the top
3. All employees completing yearly Code of Conduct training and certification covering our commitments on diversity, inclusion and anti-discrimination

Monitoring and reporting

1. Monthly diversity review by our CHRO with HR directors of our regional businesses
2. Quarterly progress reports to our Executive Committee
3. Quarterly progress reports to our management HR Committee

Our compliance with the UK Corporate Governance Code

"The Board has set a clear commitment to high standards of corporate governance for the Group – and we demonstrate this commitment by the way in which we conduct business and carry out our responsibilities."

Simon O'Hara
Group company secretary

As Airtel Africa plc ordinary shares have been trading on the main market of the London Stock Exchange since 3 July 2019, we apply the principles and provisions of the 2018 UK Corporate Governance Code (the Code) and explain any non-compliance. (see the Code at frc.org.uk). While we have a secondary listing on the Nigerian Stock Exchange, we are permitted by the NSE Listings Requirements to follow the corporate governance practices of our primary listing market in London.

The UK Financial Reporting Council (FRC) promotes high quality corporate governance and reporting through the Code, with which all companies with a premium listing on the UK Stock Exchange must either comply in full or explain why and to what extent they do not comply. Between 1 April 2020 and 31 March 2021, we applied the principles and complied save for two provisions of the 2018 Code (provisions 9 and 41) – see page 91 for details.

This section explains how we have applied the Code principles.

1. Board leadership and company purpose

A. An effective and entrepreneurial board

Our Board is responsible for Airtel Africa's system of corporate governance. As such, directors are committed to developing and maintaining high standards of governance that reflect evolving good practice.

The Board provides strategic and entrepreneurial leadership within a framework of strong governance, effective controls and an open and transparent culture; this enables opportunities and risks to be assessed and managed appropriately. Our Board also sets our strategic aims and risk appetite, makes sure we have the financial and human resources in place to meet our objectives, and monitors our compliance and performance against our targets. And finally, the Board ensures we engage effectively with all of our stakeholders and considers their views in setting our strategic priorities.

Roles and responsibilities

We have well-documented roles and responsibilities for directors, and a clear division of key responsibilities between our chair and CEO to help maintain a strong governance framework and the effectiveness of our Board. Our clearly defined policies, processes and procedures govern all areas of the business, and these will continue to be reviewed and refined to meet business requirements and changing market circumstances.

We re-examine budgets in light of business forecasts throughout the year to make sure they are robust enough to reflect the possible impact of changing economic conditions and circumstances. We conduct regular reviews of actual results and future projections compared with the budget and prior year results, as well as with various treasury reports. We monitor any disputes that could lead to significant litigation or contractual claims at each Board meeting, with updates tabled by the company secretary.

We have a Board-approved framework of delegated authority to identify and monitor individual responsibilities of senior executives.

B. Purpose, values and strategy and alignment with culture

Our Board believes that a healthy culture protects and generates value and that our employees' engagement with our values and culture will lead to the successful delivery of our strategy. It is responsible for defining our values and setting clear standards from the top. Our chair leads the way on this by ensuring our Board operates correctly and with a clear culture of its own which can be promoted to our wider operations and dealings with all stakeholders. Our CEO, with the help of the CFO and his management team, is responsible for the culture within our wider operations. To meet the challenges to maintaining our culture brought about by pandemic working restrictions, we have stayed connected to each other through regular departmental check-ins and daily online team meetings. We've continued to build our people capability through enhancing our online learning platform for greater access, encouraging skills development through short-term assignments and exchanges between operating companies, and ensuring all employees have mandatory training in compliance areas such as our Code of Conduct, anti-bribery and corruption, and information security.

Last year, we reported that we intended to include a report from our chief HR officer on culture, diversity and inclusion as a standing agenda item at future Board meetings. In 2020/21, the Board received this report via the Remuneration Committee meetings attended by our chief HR director. Doug Baillie, chair of the Remuneration Committee communicated this update in his report to the Board. This year the planned Board agenda item was superseded by Covid-19-related reporting at each meeting. We intend to include this HR report at all Board meetings from May 2021.

To meet its 2020/21 objective of executing our Group purpose, values and general strategy and objectives and assessing and monitoring the

Our compliance with the UK Corporate Governance Code continued

Group's culture and promoting the alignment of culture with purpose, values and strategy, our Board:

- Reviewed our strategy for Board and executive-level succession planning and put into place plans for achieving this (Nominations Committee). For more on this see page 110
- Established Transforming Lives as our corporate purpose
- Continued to form strategic partnerships which support and drive forward our ambition to transform lives through greater financial inclusion and empowerment across the African continent
- Reinforced our commitment to achieve a more gender-balanced workforce

In 2021/22, the Board will continue to ensure our resourcing – including capital, finance and people – is sufficient to achieve our strategy while continuously improving performance and diversity.

While our leadership establishes our culture and leads by example, our clear policies and Code of Conduct ensure that our obligations to shareholders and other stakeholders are clearly understood and met, as described in more detail on page 32.

C. Company performance and risk management

Our CEO manages the Group's business in line with the strategic plan and approved risk appetite and takes responsibility for the operation of the internal control framework. Our Audit and Risk Committee oversees potential risks and provides the Board with strategic advice on current and potential future risk exposures. Our risk management framework supports informed risk-taking by our businesses, setting out the risks that we're prepared to be exposed to and the risks that we want to avoid.

» More information on risk management can be found on **page 107**

D. Stakeholder engagement

Our Board members take an active role in engaging with shareholders and wider stakeholders. Our director induction process includes directors' duties under section 172 of the Companies Act 2006.

The Board regularly receives feedback on shareholder sentiment and sell-side analysts' views of our business and the wider industry. Our Investor Relations team and management have frequent contact with the five equity research analysts who follow Airtel Africa.

In October 2020, the Remuneration Committee on behalf of the Board wrote to our top 20 investors to provide further details of how our remuneration policy was being applied in 2020/21, including details on salary increases and the difficulty of setting targets and metrics until the impact of Covid-19 was clear. Our aim is to better embed stakeholder considerations in Board decision-making,

In March 2021, as part of the preparation for the launch of our sustainability strategy we consulted with our priority stakeholders: representatives from our investors, customers, partners, operating country Boards and NGOs. Our aim was to consider stakeholder concerns when developing our sustainability strategy, as advised by the Global Reporting Initiative (GRI). Under the GRI framework, an organisation is required to identify its stakeholders, and explain how it has responded to their reasonable expectations and interests. Considering the input of stakeholders when creating our sustainability strategy strengthens our strategy and reporting.

Our Board discusses the impact of all major decisions on our workforce before drawing its conclusion. We also consider stakeholder impact in relation to material acquisitions and strategic expansion. Factoring the needs and concerns of our stakeholders into Board discussions and decisions is in accordance with section 172 of the Companies Act 2006 (see statement on page 32).

Sunil Bharti Mittal is our designated Board director for employee engagement, given his regular travel to our operating companies.

» More on our approach to stakeholder engagement can be found on **page 32** of the strategic report

E. Workforce policies and practices

We expect all businesses and employees to work with the highest standards of integrity and conduct at all times. Our Code of Conduct, which can be found on our website, sets out our expectations in detail. We also have policies focused on anti-bribery and corruption, whistleblowing and data protection (GDPR) setting out the ethical framework that all companies and employees are expected to follow. Each year, our employees receive up-to-date training on legislative and regulatory matters.

Our management processes and divisions of responsibility are detailed in the following documents, which can be seen on our website:

- Schedule of matters reserved for Board decisions, including profit expectations and dividend policy
- Terms of reference for Audit and Risk, Nominations and Remuneration Committees
- Policies covering operational, compliance, corporate responsibility and stakeholder matters, including ones related to the Bribery Act 2010 and anti-corruption – these are updated as necessary in line with developments in corporate governance and legislation
- Our Articles of Association

Our policies are reported against to the Board and/or Audit and Risk Committee by the head of internal audit, chief compliance officer or the company secretary.

A description of our whistleblowing procedures is set out on page 107.

2. Division of responsibilities

F. Role of the chair

The roles and responsibilities of the chair and the CEO have been clearly defined, set out in writing and signed by Sunil Bharti Mittal and Raghu Mandava.

The chair leads our Board and is responsible for its overall effectiveness in directing the company.

Our chair and the senior independent director hold separate meetings at least once a year with non-executive directors without the CEO present. Each did this once during the 2020/21 reporting period. Led by the senior independent director, the non-executive directors also meet at least once during the year without the chair being present to appraise his performance. The chair also met formally with independent non-executive directors without our CEO or other non-executive directors present. Through these meetings, the chair ensures we maintain a fair and open culture where all Board members are able to make a strong contribution.

The Board has concluded that Sunil Bharti Mittal did not meet the independence criteria of the Governance Code when he was appointed, due to his interests in the company. However, in light of his extensive involvement with Airtel Africa and the Bharti Airtel Group over many years, the Board has considered his major contribution to the company's growth and success and unanimously agrees that his continued involvement is crucially important to our ongoing success. The Board has a number of safeguards in place to ensure robust corporate governance during his tenure as chair, including Andrew Green in position as a strong senior independent director.

The Board believes Sunil Bharti Mittal continues to effectively oversee our leadership and maintain a balanced shareholder agenda.

G. Composition of the Board and division of responsibilities

Our Board consists of 11 directors: non-executive chair Sunil Bharti Mittal, who is not independent, CEO Raghu Mandava, six independent non-executive directors and three non-executive directors. Andrew Green, CBE, is the senior independent director and Simon O'Hara is our Group company secretary. For more on our Board composition, see page 82.

The Board has an established framework of delegated financial, commercial and operational authorities which define the scope and powers of the CEO and of operational management.

For more on our Board and executive roles, **pages 82-87**

H. Role of non-executive directors

Our independent non-executive directors offer advice and guidance to the CEO and CFO, drawing on their wide experience in business and diverse backgrounds. They also provide a constructive challenge and hold management to account – monitoring the overall direction and strategy of the company, scrutinising the performance of the CEO and CFO, and ensuring the integrity of the financial information made available to the Board and our shareholders. They play an important part in general succession planning for the Board and other executive and senior management positions.

The senior independent director and the independent directors also play a critical role in fulfilling the requirements of the separation governance framework and ensuring Airtel Africa's independence.

Following their appointment, each of our non-executive directors (both independent and non-independent) received an induction that focused on the culture, operational structure and key challenges of Airtel Africa. Details of this induction are on page 113.

I. Board processes and role of company secretary

We have a range of processes in place to make sure our Board is fully informed in a timely manner to be able to meet its duties. Directors receive papers before each Board and committee meeting. This allows them to prepare for meetings and also to send in their views if they're unable to attend.

The CEO also sends updates to members on important issues between meetings; and members receive a monthly report on key financial and management information, as well as regular updates on shareholder issues and analysts' notes. This information is distributed through a secure online portal.

All directors have direct access to the advice and services of the company secretary, and non-executive directors are able to take independent legal advice at our expense when necessary to fulfil their duties to the company.

3. Composition, succession and evaluation

J. Board appointments

As part of our 2020/21 Board evaluation, we reaffirmed that each of our independent non-executive directors is independent in character and that there are no relationships which could affect their judgement.

The main objective of our Nominations Committee is to ensure that we have the best possible leadership team by overseeing a formal, rigorous and transparent process for appointing and removing directors to or from the Board, our committees and other senior roles. The committee also works with the aim of improving diversity and developing our succession-planning processes. During the reporting period, Kelly Bayer Rosmarin was appointed to the Board and Awuneba Ajumogobia joined the Audit and Risk Committee.

We remain non-compliant with Provision 9 – non-independence of our chair on appointment, and our position is explained on page 91.

Our appointment process

When considering the recruitment of new members of the Board, the Nominations Committee adopts a formal and transparent procedure which considers the skills, knowledge and level of experience required, as well as diversity.

The recruitment process begins by evaluating the balance of skills, knowledge and experience of existing Board members, the diversity of the Board and the ongoing requirements and strategic developments of the business. This enables us to focus our search process on appointing a candidate who will complement and enhance the Board's effectiveness and overall performance.

When necessary, the committee will use the services of a professional search firm to identify appropriate candidates. The committee will only choose firms that have adopted the voluntary code of conduct addressing gender diversity and best practice in search assignments. We retained no such firm during the reporting period.

We review a long list of globally drawn potential candidates and shortlist candidates for interview based on the objective criteria set out in the agreed specification – this addresses the strategic requirements of the Group; the balance of skills, knowledge and experience of current members; and the diversity of the Board. Non-executive appointees must be able to show that they have time available to devote to the role, and before being appointed all candidates must identify any potential conflicts of interest.

Shortlisted candidates are interviewed by the committee chair, other committee members and the CEO. The committee then recommends the preferred candidate, who is invited to meet other Board members. Finally, the committee takes up detailed external references before making a formal recommendation to the Board for appointment.

Andy Green took on the role of chair at Gentrack Group Limited (NZX/ASX-listed) in October 2020. No other director took on a significant new appointment during the year.

Before accepting the appointment, Andy discussed with the chair and our company secretary an indication of the anticipated time commitment and agreed that he would continue to have sufficient time to give to his Airtel Africa Board duties.

For more on our Nominations Committee's activities and processes, **see page 110**

K. Skills, experience and knowledge of the Board and its committees

We have an engaged and diverse Board who reflect the cultural and ethnic diversity of the countries in which we operate. Our Board members bring a range of practical experience and deep expertise to our business – and at least half of our directors, excluding the chair, are independent non-executive directors, in line with the Code's recommendations. While not an executive director, our CFO attends all Board and Audit and Risk Committee meetings.

The Board considers that each director brings relevant and complementary skills, experience and background to the Board, details of which are set out in the biographies on pages 82-84 and the Board skills matrix on page 85.

L. Board evaluation

As part of good governance, it's important to make sure our Board as a whole, its committees and each director is operating and performing effectively. While the Code requires an externally facilitated evaluation at least every three years, we have chosen to do this in each of the two years since our listing to enable us to plan effectively for the future.

In 2020, we again engaged Linstock to facilitate this evaluation – a completely independent advisory firm specialising in Board performance reviews. All Board members and our company secretary were invited to complete an online survey on the performance of the Board, its committees and the chair, as well as their own contributions to the Board. The survey was completely anonymous to promote an open and frank exchange of views.

See **pages 97** for details

Our compliance with the UK Corporate Governance Code continued

4. Audit, risk and internal control

M. Independence and effectiveness of internal and external audit

During 2020/21, we enhanced our control environment through a robust risk assessment and review led by our Audit and Risk Committee. This identified the key risks to be reviewed and assessed by Internal Audit as part of its programme of work during the year.

During the year, a number of initiatives were undertaken by Internal Audit to ensure that it continues to meet both current good practice and the evolving needs of Airtel Africa. We introduced our new controls framework (ICOFR) and performed an audit needs assessment to inform our internal audit strategy. We also enhanced our internal audit risk assessment process to allow for better coverage and more dynamic audit planning.

During 2020/21 Deloitte UK performed an external statutory audit of year end 31 March 2020, and a half-yearly review. See page 108 for a discussion of their independence and effectiveness.

» For more on the activities and processes of our Audit and Risk Committee, **see pages 100-109**

N. Fair, balanced and understandable assessment

Pages 14-15, 22-23, 24-31 and 72-78 of the strategic report set out our performance, business model and strategy, as well as the risks and uncertainties relating to the company's future prospects. When taken as a whole, the directors consider this Annual Report is fair, balanced and understandable and provides information necessary for shareholders to assess our performance, business model and strategy.

The directors made their assessment following the Board's review of the document at its meetings on 29 March, 7 May and 11 May 2021.

O. Risk management, internal control and determining principal risks

As highlighted in the strategy and risk sections of the strategic report, risk management is inherent to our management thinking and business planning processes. The Board has overall responsibility for establishing and maintaining our risk management and internal control systems. Our Audit and Risk Committee supports the Board in reviewing the effectiveness of our internal controls, including financial, operational and compliance, as well as our risk management systems.

» For more on the activities and processes of this committee, **see pages 100-109**

5. Remuneration

P. Remuneration policies and practices

Our proposed policy is intended to attract, motivate and retain high-calibre directors, to promote the long-term success of Airtel Africa, and to be in line with best practice and the interests of our stakeholders. There are two key principles of our remuneration policy. One, the structure of remuneration packages and, in particular, the design of performance-based schemes, should be aligned with stakeholders' interests and support our business strategy and objectives. And two, the performance-based element of remuneration should be appropriately balanced between the achievement of short-term objectives and longer-term objectives.

Our directors' remuneration policy (DRP) which sets out our policy for paying our CEO, chair and non-executive directors was approved by a binding shareholder vote at our 2020 AGM. Raghu Mandava is expected to reach the minimum shareholding target as soon as reasonably possible. A minimum requirement of 250% of salary will apply while he is in employment.

Last year we reported non-compliance with Provision 36 which states that the Remuneration Committee should develop a formal policy or post-employment shareholding requirements encompassing both unvested and vested shares. At that time, the committee considered that, in light of the company's unusual circumstances, with senior executives located in Africa where additional requirements on the holding of shares are not market practice, the operation of bonus deferral and post-vesting holding requirements provided sufficient alignment after employment has ended. However, in response to shareholder feedback and clarifications from the FRC on compliance with the UK Corporate Governance Code, the Remuneration Committee has introduced a formal post-employment share ownership requirement.

» For details of our share ownership policy, **see page 128**

Provision 32 Remuneration Chair – prior service

Doug Baillie has now served as our Remuneration Committee chair for over two years since being appointed to the Board in April 2019. The Board confirms that Doug has since displayed the skills and experience required for the role and has the full support of the Board. Accordingly, we will no longer report against this provision.

Provision 41 engagement with the workforce

During the year, the Remuneration Committee did not engage systematically with our people to explain how executive remuneration aligns with wider company pay policies.

Q. Procedure for developing remuneration policy

In 2019/20, we thoroughly reviewed the remuneration arrangements for our directors. Our goal was to make sure our new policy would incentivise our management team to deliver longer-term shareholder value. We also wanted to make sure this reflected the latest Code requirements and was in line with UK good practice. Having consulted on with our largest shareholders who indicated their support, the policy was adopted at the 2020 AGM.

R. Exercising independent judgement

In the year ended 31 March 2021:

- Alvarez & Marsal provided remuneration advice and benchmarking data to our Remuneration Committee. Alvarez & Marsal was appointed by the committee in light of their experience and expertise in independent remuneration advisory work
- Clifford Chance provided legal advice in relation to share plan matters and remuneration advice to our Remuneration Committee. Clifford Chance was appointed by the committee in light of their experience and expertise in the areas of advice sought

The committee uses its discretion, within the maximum policy limits, to consider the target bonus taking account of market development opportunities, specific events and evolving roles. While the committee has the discretion to change the metrics and weighting for the bonus plan from year to year, we normally consult with major shareholders before making any significant changes.

» See our remuneration report on **pages 124-138** for more detail

Directors' report

About this report

The directors of Airtel Africa present this report together with the audited consolidated financial statements for the year ended 31 March 2021.

This report has been prepared in accordance with the requirements outlined in the Companies Act 2006, The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and forms part of our management report as required under Disclosure Guidance and Transparency Rule (DTR) 4. Certain information that fulfils the requirements of the directors' report can be found elsewhere in this document and is referred to below. This information is incorporated into this directors' report by reference.

The directors' report comprises sections from pages 82-118 and 124-138 of the governance report, and this report on pages 119-122. Other relevant information which is incorporated by reference can be found in the strategic report:

- Financial performance on page 62
- Business environment on page 18
- Outlook and financial management strategies, including particulars of any important events affecting the company since the year-end (with subsidiary undertakings included in consolidated statements) on pages 1-80 and in note 36 on page 206
- Principal risks and risk management framework on pages 72-78

Profit before tax and after tax and minority interests

Our treasury management and funding, including information relating to financial instruments that fulfils the reporting requirements of Schedule 7 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008

Engagement with suppliers, customers and others

Other relevant information (required by Listing Rule 9.8.4 R) is incorporated by reference to the directors' report and appears in the Annual Report as follows:

Information	Pages
Details of our long-term share plans	128
Details of where a shareholder has agreed to waive future dividends The trustee of our EBT has agreed to waive, on an ongoing basis, any dividends payable on shares it holds in trust for use under our Employee Share Plans, details of which can be found in the directors' remuneration report.	119
Relationship agreement	120

This section contains the remaining matters not covered elsewhere on which the directors are required to report each year.

Profit and dividends

Statutory profit for the Group after tax for 2020/21 was $415m (2019/20: $408m), and for the company the loss after tax for 2020/21 was $6m (2019/20: Profit of $383m). Details of our dividend distribution during the year are set out on page 191 – note 28.1 to the consolidated financial statements.

Subject to the approval of our shareholders, the directors have recommended a final dividend for the financial year ended 31 March 2021 of 2.5 cents per ordinary share, which will be paid out of distributable reserves. You can find more about the dividend, including key dates, at www.airtel.africa. On 28 October 2020, the Board declared an interim dividend of 1.5 cents per ordinary share. This was paid on 11 December 2020 to shareholders who were on the UK and Nigerian share registers on 13 November 2020.

Directors

The names of our current directors, along with their biographical details, are set out on pages 82-84 and are incorporated into this report by reference. In addition, Arthur Lang served as a director during the year.

Details of directors' interests in our share capital are in our remuneration report on page 137.

Our Articles of Association govern the appointment, removal and replacement of our directors and explain the powers given to them.

Avoiding conflicts of interest

The Board regularly reviews each director's interests outside Airtel Africa and considers how the chair ensures he is applying objective judgement in his role, as required by the UK Corporate Governance Code. To help directors avoid conflicts (or possible conflicts) of interest, the Board must first give clearance to any potential conflicts, including directorships or other interests in outside companies and organisations. This is recorded in a statutory register kept for this purpose.

If a director considers they are, or might be, interested in any contract or arrangement in which the company is or may be involved, they must give notice to the Board in line with the Companies Act 2006 and our Articles of Association. In this instance, unless allowed by the articles, the director cannot take part in any discussions or decisions about the contract or arrangement.

Articles of Association

The Articles of Association can be amended in line with the provisions of the Companies Act 2006 through a special shareholder resolution. We adopted two new sets of Articles of Association during the prior year in preparation for our listing. The information below sets out the provisions in the Articles of Association in place at the date of this report.

Share capital and control

We have two classes of shares:

1. **Ordinary shares of $0.50** – each carrying the right to one vote at our general meetings and other rights and obligations as set out below.
2. **Deferred shares** – these carry no voting rights.

Details of our share capital movement during the year are set out in the consolidated statement of changes in equity on page 152.

Rights of members

There are no restrictions on the size of a holding, the exercise of voting rights, or the transfer of shares. The directors are not aware of any agreements between shareholders that might restrict the transfer of shares or voting rights.

Share plans and rights under the employee share scheme

We operate an Employee Benefit Trust (EBT) for some employee share plans. The trustees of the EBT have all rights attached to Airtel Africa shares unless specifically restricted in the plan's governing document. Under these plans the Group can satisfy entitlements by acquiring existing shares or by issuing new shares. Existing shares are held in the EBT. The trustee of the EBT buys shares in the open market as required to enable the Group to meet liabilities for the issue of shares to satisfy awards that vest. The trustee does not register votes in respect of these shares at our AGMs and has waived the right to receive any dividends. At 31 March 2021, the EBT held 3,699,614 ordinary shares in the Company. During the year, the EBT transferred 757,186 shares to satisfy the vesting of awards under the company's share-based incentive plans.

Purchase of own shares

The articles do not restrict Airtel Africa purchasing its own shares. No one person has any rights of control over our share capital and all issued shares are fully paid.

Major shareholders

Major shareholders have the same voting rights as other shareholders. We publish information given to us by substantial shareholders through the regulatory information service and on our website www.airtel.africa, in line with the FCA's Disclosure Guidance and Transparency Rules. At 31 March 2021 we had been notified, in keeping with Rule 5, of the following holdings of ordinary share voting rights[2]:

Shareholder	Number of voting rights	% of capital[1]
Airtel Africa Mauritius Limited	2,105,108,805	56.01
Indian Continent Investment Limited	292,424,330	7.78
Singapore Telecom International Pte Ltd	208,093,705	5.54
Warburg Pincus LLC	187,907,574	5.00
Hero Inc Limited	139,651,408	3.72
Qatar Holding LLC	134,726,964	3.58
Bharti Global Limited	127,147,531	3.38

1 % interest in voting rights attaching to issued shares

2 The company has not received any notifications in accordance with DTR5 from 1 April 2021 to the date of this Annual Report

Significant agreements (change of control)

Airtel Africa's borrowing and bank facilities contain the usual provisions which could potentially lead to prepayment and cancellation by the other party if there's a change of company control. There are no other significant contracts or agreements that would take effect, change or come to an end on a change of control following a takeover bid. All our share plans contain provisions for a change of control as summarised in the directors' remuneration report on page 128.

We do not have agreements with any director or employee that would compensate for loss of office or employment resulting from a takeover bid.

Details relevant to the relationship agreement follow.

Debt facilities and cross-guaranteed debt

Airtel Africa has certain debt notes issued by Bharti Airtel International (Netherlands) B.V., a wholly owned subsidiary of the Airtel Africa Group and guaranteed by our majority shareholder AAML. These debt notes contain covenants which could trigger an early repayment if there's a default by our majority shareholder. The outstanding 2023 debt note of $505m contains a covenant that could restrict certain major subsidiaries from incurring indebtedness unless the majority shareholder meets a designated consolidated indebtedness to underlying EBITDA ratio. This covenant is in force only under certain agreed circumstances which currently do not exist and thus the covenant is currently under suspension and not applicable. These cross-guaranteed debt notes and covenants mean that the Group could be adversely impacted by any material uncertainty affecting our majority shareholder if we are unable to refinance these debt notes in good time or on acceptable terms.

Relationship agreement

In accordance with the Listing Rules, Airtel Africa entered into a relationship agreement with Bharti Airtel, Airtel Africa Mauritius Limited (AAML), our majority shareholder and an indirect subsidiary of Bharti Airtel, and Bharti Telecom on 17 June 2019. This agreement regulates the ongoing relationship and ensures that transactions and arrangements between parties are conducted at arm's length and on normal commercial terms, and contains the independence undertakings and provisions required by the Listing Rules (the Listing Rule Independence Undertakings). During the financial year, Airtel Africa has complied with the terms of the Listing Rule Independence Undertakings contained in the relationship agreement.

So far as Airtel Africa is aware the majority shareholder and its associates have complied with the Listing Rule Independence Undertakings contained in the relationship agreement.

Board and meeting participation

As long as Bharti Airtel and/or AAML are a controlling shareholder, Board meetings and certain committee meetings must include a non-executive director nominated by Bharti and/or AAML (subject to certain exemptions) to be valid (quorate). Each Board and committee meeting must include three directors including two independent directors to be valid.

As long as Bharti Airtel and/or AAML and their associates hold (directly or indirectly) ordinary shares in Airtel Africa, they are entitled to appoint non-executive directors to the Board as follows:

- One non-executive director for 10% or more interest in the ordinary shares
- Two non-executive directors for 15% or more interest in the ordinary shares

For every 10% or more interest (directly or indirectly) in the ordinary shares above 15% in aggregate, Bharti Airtel and/or AAML can nominate one additional non-executive director to the Board, up to a maximum of four directors. Independent non-executive directors must form the majority of the Board.

Similarly, as long as Bharti Airtel and/or AAML and Bharti Telecom and their associates have a 10% or more interest in Airtel Africa ordinary shares, each can appoint one observer (who must be a director) to attend meetings of the Audit and Risk Committee and Remuneration Committee. This observer can attend and speak at meetings but does not count towards quorum or have a right to vote. As such, Akhil Gupta attends the Audit and Risk Committee meetings and Shravin Bharti Mittal attends the Remuneration Committee meetings.

Other provisions

The agreement provides that Airtel Africa will not make any market purchases that would cause Bharti or Bharti Telecom to have to make a mandatory offer under Rule 9 of the Takeover Code, unless Airtel Africa has the necessary consents and waivers to prevent a mandatory offer obligation.

Amendments can only be made to this relationship agreement in writing and with the recommendation of a majority of the independent directors. The relationship agreement will come to an end upon the earlier of:

- Ordinary shares of Airtel Africa no longer being listed on the premium listing segment and traded on the London Stock Exchange (LSE)
- Bharti Airtel, AAML and Bharti Telecom Limited, together with their associates, ceasing to be interested (directly or indirectly in aggregate) in at least 10% of issued ordinary shares

The relationship agreement will terminate upon the shares ceasing to be listed on the LSE's main market or the principal shareholders and their associates ceasing to be interested in at least 10% of the issued shares.

We believe that the terms of this relationship agreement enable Airtel Africa to carry out its business independently of Bharti Airtel, AAML and Bharti Telecom.

Services agreement

Bharti Airtel Limited provides services to Airtel Africa and its subsidiaries including Bharti Airtel International (Netherlands) B.V. (BAIN) under a services agreement.

Provision of information

To provide services to Airtel Africa under the services agreement, Bharti Airtel Limited will have access to information related to the Airtel Africa Group which may include sensitive or confidential information. Bharti Airtel will ensure its affiliates comply with the terms of the information flow protocol to the extent that it is legally able to do so. Airtel Africa will provide Bharti Airtel with service-related information necessary for it to provide services under the agreement.

Future developments

The strategic report contains details of likely future developments within Airtel Africa.

Group policy compliance

Each Group policy is owned by a member of the Executive Committee to ensure clear accountability and the authority to make sure the associated business risk is adequately managed. The senior leadership team member responsible for each Group function has primary accountability for ensuring compliance with all Group policies by all our markets and entities. Our Group compliance team supports the policy owners and local markets in implementing policies and monitoring compliance. All of the key Group policies have been consolidated into our Code of Conduct which applies to all employees and those who work for or on behalf of Airtel Africa. It sets out the standards of behaviour expected in relation to areas such as insider dealing, bribery and raising concerns through our whistleblowing process.

Directors' indemnities

We have agreed to indemnify directors for certain losses and liabilities in connection with their duties, powers and office. Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 March 2021. We also hold directors' and offers' liability insurance covering our directors for any legal action against them. We took legal advice on this subject.

Branch and representative offices

Bharti Airtel International (Netherlands) B.V. has a branch office in Nairobi, Kenya. It was issued a certificate of compliance on 7 October 2010 with number CF/2010/33117.

Anti-bribery and anti-corruption

In line with the Bribery Act 2010, we have written policies on avoiding and not tolerating bribery or corruption. These apply across all our businesses and can be found on our website. All employees are trained in anti-bribery and anti-corruption to help mitigate the risk of reputational damage, financial penalties and possible exclusion from certain approved partnerships.

Political donations

In line with our policy, we have not made any donations to political parties during the year.

At our next AGM, our directors will be asking for the authority to make political donations of no more than £25,000 in total. This is to strengthen our corporate governance by making sure that neither Airtel Africa nor our subsidiaries inadvertently breach the wide definitions in Part 14 of the Companies Act.

Employing people with disabilities

It is our policy that people with disabilities should be fairly considered for any job vacancy.

We are committed, wherever possible, to making sure people with disabilities are supported and encouraged to apply for employment and able to work successfully at Airtel Africa.

Important events since the end of the financial year

Details of those important events affecting the Group which have occurred since the end of the financial year are set out in the strategic report and note 37 to the consolidated financial statements on page 209. Information related to Covid-19 is set out on page 16.

Our auditor

Deloitte LLP have confirmed their willingness to continue as our auditor. Following our Audit and Risk Committee's review of their effectiveness (described on page 108), we will propose at our AGM that we reappoint Deloitte.

Our policy is that our auditor will not carry out non-audit services, except where appropriate and in line with our policy for doing such work. Our Audit and Risk Committee also considers the ethical and auditing professional standards related to non-audit services by our external auditor. Deloitte provided limited non-audit services during the year in line with our policy as described in the Audit and Risk Committee report – see page 109.

As at the date of this report, so far as each director of the company is aware, there is no relevant audit information of which our auditor is unaware. Each director confirms that they've taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that our auditor is aware of that information. This confirmation is given and should be interpreted in line with the provisions of section 418 of the Companies Act 2006.

Audit and Risk Committee recommendations and statements of compliance

The committee has completed its review of the effectiveness of internal controls, including risk management, during the year and up to the date of this Annual Report. The review covered all material controls including financial, operating and compliance. As such, we can provide assurance to the Board under the 2018 UK Corporate Governance Code. This is covered in more detail in the Audit and Risk Committee report – see pages 100-109.

Airtel Africa has complied throughout the reporting period with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee responsibilities) order 2014.

Annual general meeting (AGM)

Our AGM will be live-streamed on Thursday 15 July 2021 at 11:00 hrs BST from 53/54 Grosvenor Street, London W1K 3HU. Details of the business to be transacted at the AGM are included in our 2021 Notice of the AGM available on our website at www.airtel.africa.

In line with recent practice and good governance, we'll conduct all voting on resolutions at this year's AGM by poll. The Board believes that this way of voting gives as many shareholders as possible the opportunity to have their votes counted.

This directors' report has been approved by the Board and is signed on its behalf by:

Simon O'Hara
Group company secretary

11 May 2021

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with international accounting standards that reflect the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union. The company financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP – accounting standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period.

In preparing the company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole.
- The strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- The Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess Airtel Africa's position and performance, business model and strategy.

This responsibility statement was approved by the Board of directors on 11 May 2021 and is signed on its behalf by:

Raghu Mandava
Chief executive officer

11 May 2021

Directors' remuneration report

Doug Baillie
Chair of the Remuneration Committee

This report sets out our remuneration policy for our executive directors, what they've been paid in the year and how this is linked to the performance achieved.

There are three sections to the report:

1. An introduction from our committee chair – this explains our approach to remuneration, and summarises the key decisions made by the committee during the year (also part of the annual remuneration report) and an overview of 2020/21 approach and policy.
2. The directors' remuneration policy (DRP) – this sets out our remuneration policy for our CEO, chair and non-executive directors which was put to a binding shareholder vote at last year's AGM.
3. Our annual report on remuneration – this sets out in detail how we've applied our remuneration policy in 2020/21, the remuneration received by directors for the year and how we'll apply the policy in 2021. This report will be put to an advisory shareholder vote at the AGM.

All amounts in this report are in US dollars ($), unless stated otherwise

Chair's introduction

I'm pleased to present the Remuneration Committee's report for 2020/21.

2020 Annual General Meeting

This was our first AGM as a listed company and our committee was pleased that both our Remuneration Policy and Annual Remuneration Report were passed with strong support.

Our committee took note of the comments received from key stakeholders and continued to engage with Airtel Africa's shareholders and representative bodies to understand their views on the executive directors' remuneration and to further their understanding of how our policy reflects Airtel Africa's very specific circumstances. Our committee has decided to amend the way in which the current policy is implemented in two specific areas with effect from the 2021 AGM. On annual bonus, the committee has agreed to move to one-third of the annual award being deferred into shares and being held for a two-year period. Our committee has also agreed to introduce a two-year post-employment holding period for new executive directors which has been set at 125% of annual base salary, which we judge appropriate for the markets in which Airtel Africa executives are located.

As these changes are more restrictive than the requirements in the current binding policy, we will not be asking shareholders to approve a new policy before implementing them. They will be formally incorporated into our policy when our shareholders are next asked to approve the policy, expected to be in 2023.

Remuneration for our executive directors is based on the key principles of simplicity, pay for performance, and alignment with shareholders and other stakeholders. At present, our CEO is the only executive director of Airtel Africa and the only executive formally subject to this policy. The policy contains elements of balance, given that we're listed on the London Stock Exchange (with a secondary listing on the Nigerian Stock Exchange) and operate in 14 countries in Africa from headquarters in Nairobi.

Applying our policy in the current climate

The pandemic has highlighted the importance of the service we provide. Maintaining resilient networks in all the countries we operate in provided the platform for significant partnerships in assisting governments with delivery of emergency funds and support packages and the communication of comprehensive Covid-19 health messages. It also provided the platform for education partnerships to provide free data and internet connectivity to those most in need and enabled key commercial partnerships to support financial inclusion.

As I write this, it is not yet clear what the long-term impact of Covid-19 will be on our employees, the more than 118.2 million subscribers we serve, and the partners that make up the broader Airtel Africa ecosystem. All our employees have played their part and will continue to do so, to ensure Airtel Africa fulfils its role in seeing this crisis through. Alongside other actions, our employees, including senior management, have contributed to efforts to assist those worst affected by the pandemic by voluntarily pledging to donate a proportion of their salary to charities in their local communities during the first months of the crisis. In the case of the CEO, this was 20% of his salary for three months.

As highlighted in last year's report, the salary reviews of all employees and setting of short-term and LTIP targets for the executive director were delayed because of the exceptional global circumstances around Covid-19. These were finalised and communicated to shareholders at the end of the second quarter of the financial year.

Having assessed the continued strong performance of Airtel Africa and the impact of the pandemic on our stakeholders, we decided to increase employee salaries, including the CEO's, with effect from 1 June 2020. The decision is consistent with the approach taken by the majority of other large African organisations. In determining the level of the CEO's revised salary, our committee considered factors including the performance of the CEO, the level of increases across the Group, and the fact that the CEO's salary was not repositioned when we listed in London. The average increase across the Group was 5% of salary. The average increase in Kenya where our CEO is based was 6%, with a range of increases around this average taking account of individual performance and market position. In light of the above, our committee confirmed an increase of approximately 3% above the average for the workforce in Kenya for the CEO. While this is above the average for employees in Kenya, it is consistent with increases awarded to top performers across Airtel Africa and recognises our CEO's continued strong performance in leading our ongoing success. The company's major shareholders were consulted about the level of this increase early in 2020 and were broadly supportive.

Annual bonuses for 2020 were based on a scorecard of measures comprising net revenue (35%), EBITDA (35%), operating free cash flow (10%) and personal objectives (20%). Given the strong in-year performance of the Group with 20.3% growth in net revenue, 25.2% growth in EBITDA and 48.8% growth in operating free cash flow, the stretch targets for the financial objectives were exceeded with the CEO's personal objectives also being achieved in full. As a result, a bonus at maximum level has been awarded, of which a significant percentage will be deferred into shares for two years. This needs to be seen in the light of the business continuing to operate normally with full employment, no government support funding and a proposed dividend in line with policy for our shareholders.

LTIPs granted in 2020 are subject to net revenue, underlying EBITDA margin and relative TSR targets. For these awards, all metrics are measured over a three-year period ending in 2023. The targets were not disclosed at the time the awards were granted and we have since considered whether they can now be disclosed. We operate only in Africa with three key competitors, none of which currently disclose their LTIP targets. The Board does not believe, for reasons of commercial sensitivity, it would be in the interests of our shareholders to disclose the net revenue and underlying EBITDA LTIP targets while our principal competition do not disclose their targets. The targets will be disclosed when they are no longer considered commercially sensitive – this will be no later than the report for the year in which the awards vest. The targets have been based on the current three-year plan at the time of the grant in 2020/21, with the maximum target for net revenue set at a significant stretch to our expectations of target performance over three years. The underlying three-year EBITDA target is, from an already high, competitive base, equally stretching and both targets will be fully disclosed on vesting. On both these financial metrics, the company's performance is trending ahead of target at the end of year one. On TSR against the MSCI Emerging Markets Communications Service Index, threshold will vest at the 50th percentile and maximum will vest at the 75th percentile.

In our second year, the committee spent considerable time on staying up to date with developments in remuneration in the UK and training sessions on key parts of the Corporate Governance code. Our committee also began to engage on the emerging Airtel Africa sustainability statement and how it can be incorporated into our remuneration policy.

There is no doubt the past year was extraordinary in every aspect and one in which all our colleagues demonstrated strong resilience in living our purpose of delivering vital services and helping to safeguard and transform the lives of our stakeholders. Not only have we delivered outstanding overall results, but gone the extra mile to ensure those most affected were not forgotten.

I would like to thank my fellow committee members for their diligence and dedication. We look forward to seeing your support for our remuneration report at this year's AGM and, more importantly, seeing the continued benefits of our work to all our stakeholders over the coming years.

I will be attending the 2021 AGM and look forward to engaging with shareholders at the meeting. In the interim if you wish to discuss any aspects of this report please contact me via our company secretary, Simon O'Hara (see page 219 for contact details).

Doug Baillie
Chair, Remuneration Committee

11 May 2021

Remuneration Committee

- Advises the Board on remuneration for Board members, executive directors, the company secretary, the Executive Committee and other senior employees
- Makes sure that remuneration arrangements identify and mitigate reputational and other risks from excessive rewards and inappropriate behaviour linked to target-based incentive plans
- Ensures that targets are appropriate, geared to delivering our strategy and enhancing shareholder value
- Makes sure that rewards for achieving or exceeding agreed targets are not excessive
- Promotes the increasing alignment of executive, employee and shareholder interests through appropriate share plan participation and executive shareholding guidelines
- Reviews employee remuneration and policies and the alignment of incentives with culture, particularly when setting the executive directors' remuneration policy
- Through the committee chair, engages with shareholders on remuneration-related matters

Main activities in 2020/21

During the financial year, the committee:

- Engaged with shareholders on the CEO's proposed salary increase, the outcomes of our 2020 AGM and the finalisation of annual bonus and LTIP metrics and targets
- Agreed annual salary increases and reviewed senior executive remuneration
- Implemented and made awards under our share plans
- Determined the level of bonus payments for this financial year
- Drafted and agreed our directors' remuneration report
- Received training in key areas of the corporate governance code and Investor Association's guidance
- Held regular updates on latest investor thinking and emerging and future remuneration trends. This included exposure to the ESG trends and their expected impact on remuneration of executive directors and senior management

Shareholder consultation

Our committee consulted with our major shareholders and leading representative bodies on the key features of the directors' remuneration policy and the proposed realignment of the CEO's salary in the period leading up to our first AGM in June 2020. Following the AGM, our committee wrote again to shareholders and representatives to provide further information about our policy and the way it is operated. We also confirmed that the CEO's salary increase, which had been delayed along with those of other employees while we assessed the impact of the pandemic on our business and stakeholders, would be implemented as planned. The majority of shareholders consulted who expressed a view in response to these letters indicated they were broadly supportive.

Engaging with employees

The report on page 34 sets out some of the activities undertaken during the year and explains our work on diversity and employee engagement. The committee does not directly consult employees on executive remuneration but during the year a number of town halls were held, covering a wide range of topics with our CEO including questions about employee remuneration. Next year, a non-executive director will be invited to join these meetings.

Part 1

Performance and remuneration for 2020/21

Business performance context

To recap on the performance as described in the strategic report (see pages 1-80), this year Airtel Africa delivered a strong performance, with double-digit revenue and underlying EBITDA growth.

- Annual bonuses depend primarily on financial measures, with 20% of the CEO's bonus linked to non-financial measures covering talent development and compliance in 2020/21. Any bonus paid of more than 100% of annual base salary will be deferred into Airtel Africa plc shares for two years.
- Raghunath Mandava, our CEO, received a bonus of 100% of maximum. This recognises Airtel Africa's overall financial performance as well as his individual performance against personal objectives set at the start of the year.
- The committee reviewed the formulaic outcomes against the bonus and LTIP targets and decided that these were a fair refection of the overall performance achieved for shareholders.
- LTIPs granted in 2020 are subject to net revenue, underlying EBITDA margin and relative TSR. For these awards, all metrics are measured over a three-year period ending in 2023. The targets applying to these awards are commercially sensitive but will be disclosed no later than the year in which the awards vest.
- Awards granted in 2019 are subject to relative TSR measured over a three-year period ending in 2022 and net revenue and underlying EBITDA measured over three consecutive annual periods. As a result of Airtel Africa's strong net revenue and underlying EBITDA growth in 2020/21, the conditions related to performance against these metrics during the year were achieved in full. Details are provided later in this report.
- The committee confirms that in assessing performance against the targets above no discretion was applied to the outcome and that the Policy has operated as intended.
- The Replacement Awards, which were granted shortly after our listing and disclosed last year, are based on the same scorecard as the 2019 awards. Details of the awards which have vested are provided later in this report.

Applying our policy in 2021/22

Salary

Base salary increases normally take effect from June each year. Salary increases for the rest of the workforce will be decided in June 2021, however, in light of the anouncement of the CEO's decision to retire with effect from 30 September 2021, his salary will remain unchanged in 2021/22. The current salary for Raghunath Mandava for 2021/22 is therefore $900,000.

Benefits

No pension is payable to the CEO. Taxation equalisation benefits and other benefits, including car and expatriate living allowances, will be provided on the same basis as to other employees.

Variable pay

Maximum bonus opportunity is capped at 200% of base salary. The 2021/22 target bonus will be set at 75% of base salary. In a change to the operation of our Policy for new appointments to the Board, one third of any bonus will be deferred into shares for two years. It is intended that metrics and weightings remain unchanged from last year, with 80% based on financial metrics (Net revenue, underlying EBITDA and Operating free cash flow) and 20% Non-financial.

For 2021/22, LTIP grants will consist of performance shares with a face value of up to 90% of salary and restricted stock units (RSUs) with a face value of up to 40% of salary. The mix of performance shares and RSUs reflects practices in the markets in which our executive directors are located, as well as the challenges involved in setting robust performance targets given the locations of our operations. In light of his decision to retire, the current CEO will not be granted an LTIP award in 2021/22.

We strongly support the principle that a significant proportion of pay should be tied to performance. We will continue to set robust and challenging performance targets for both the bonus and the performance shares component of the LTIP, with vesting of restricted stock units (RSUs) dependent on the satisfaction of a financial underpin. It is intended that three performance conditions, as in 2020/21, will apply to the performance shares – relative TSR (20%), underlying EBITDA (40%) and revenue (40%), with each being measured over three years. The underlying EBITDA and revenue targets will not be disclosed at grant as they are currently considered to be commercially sensitive. They will be disclosed when they are no longer considered commercially sensitive – this will be no later than the report for the year in which the awards vest. The underpin applying to the grant of RSUs will require a positive operating free cash flow over the three financial years ending the year before the RSUs vest. In addition, in future, executives who leave Airtel Africa will be required to retain shares equal in value to the lower of their holding on the date of cessation or 125% of shares. Only shares acquired from LTIP and deferred bonus awards vesting from the date of the 2020/21 AGM will count toward this requirement.

Non-executive directors' fees

Non-executive directors' fees will remain unchanged in 2021/22.

New CEO and CFO

Details of the ongoing remuneration arrangements for our new CEO and the CFO on his appointment to the Board have not been formally approved by the Committee at the time this report has been finalised and will be disclosed in our 2021/22 directors' remuneration report.

Part 2

Directors' remuneration policy

This policy applies to our directors and was approved by shareholders in a binding vote at the 2020 AGM held on Wednesday 24 June 2020. There are minor updates to the text to reflect the fact that the policy has been approved by shareholders and implemented in the year. The policy as approved at the 2020 AGM can be found on our website: www.airtel.africa.

We developed the policy taking into account the principles of the UK Corporate Governance Code and the views of our major shareholders. Our policy is intended to attract, motivate and retain high-calibre directors, to promote the long-term success of Airtel Africa, and to be in line with good practice and the interests of our shareholders.

Key principles of our remuneration policy

- Proportionality: remuneration should be set at competitive levels to ensure our ability to attract and retain premium talent.
- Clarity, simplicity and alignment to culture: the structure of these packages and, in particular, the design of performance-based remuneration schemes, should be aligned with stakeholders' interests, be easy to explain, and support our business strategy objectives.
- Predictability and risk: a significant proportion of the remuneration of executive directors should be performance based. This should be appropriately balanced between the achievement of short-term and longer-term objectives and not reward poor performance or encourage inappropriate risk-taking.
- Reflecting the diversity of our business: the structure of the package, and benefits in particular, should reflect local practices and employment conditions in the countries in which executive directors are based.

Executive directors' remuneration policy table

	Purpose and link to strategy	How we assess performance	Maximum opportunity
Base salary	To recruit and reward executive directors of a suitable calibre for the role and duties required	Reviewed annually by the committee, taking account of Group and individual performance, changes in responsibility and levels of increase for the broader employee population. Reference is also made to market levels in companies of similar size and complexity. The committee considers the impact of any base salary increase on the total remuneration package. Salaries (and other elements of the remuneration package) may be paid in different currencies as appropriate to reflect the geographic location.	There is no prescribed maximum salary or annual increase. However, increases will generally be guided by increases for the broader employee population. Increases above this level may be made in specific situations to recognise development in the role, changes in responsibility, material changes to the business or exceptional company performance.
Benefits	To provides market competitive benefits	Benefits for existing directors include a number of cash benefits, reflecting an expatriate package in a Kenyan environment. Future executive director appointments may be provided with an equivalent package reflecting their country residence. Expatriate benefits include housing allowance, education allowance and home leave tickets. Car allowances, life and medical insurance are also provided. Existing directors do not receive pension benefits. We may also equalise for double taxation between the UK and Kenya if required.	Maximum values are determined by reference to market practice, avoiding paying more than is necessary.

Directors' remuneration report continued

Part 2

	Purpose and link to strategy	How we assess performance	Maximum opportunity
Bonus plan	To give an incentive and reward for annual performance achievements. To also provide sustained alignment with shareholders through a component deferred in shares	Awards are based on annual performance against a scorecard of metrics aligned with our strategy, KPIs and other yearly goals. Financial measures have the highest weighting. Performance against strategic financial and non-financial objectives may also be measured, but will not normally account for more than 20% of the total. The policy gives the committee the authority to select suitable performance metrics aligned to our strategy and shareholders' interests, and to assess the performance outcome. Any award in excess of the annual base salary is normally delivered in deferred shares for a further two years. Any dividend equivalents accruing on shares between the date when the awards were granted and when the awards vest will normally be delivered in shares. Malus and clawback provisions apply to both the cash and share-based element of awards for a period of two years from the date of payment (cash) or date of release (shares) if there is: • Misstatement of company's accounts • An error in calculation performance • Gross misconduct resulting in dismissal • Material failure in risk management • Reputational damage	The policy maximum annual bonus is 200% of base salary. The committee will use its discretion within the maximum policy limits to consider the target bonus opportunity taking account of market development opportunities, specific events and role expansion. For 2021/22, the CEO's target bonus opportunity will be set at 75% of his base salary, with a maximum of 150% of salary. Dividend or dividend equivalents may be earned on the deferred bonus component.
Long-term incentive plan (LTIP)	To provide an incentive and reward for the delivery of the company's strategic objectives and provide further alignment with shareholders through the use of shares	Awards may comprise performance shares (PSP) or restricted stock units (RSUs). Individuals are considered each year for an award of shares that normally vest after three years to the extent that performance conditions are met and in line with the terms of the plan approved by shareholders. PSP awards are made subject to continued employment and the satisfaction of stretching performance conditions normally measured over three years set by the committee before each grant. For PSP awards to be made in 2021 it is intended that the metrics will comprise relative TSR against the MSCI Emerging Markets Communication Services Index (20%), net revenue (40%) and underlying EBITDA (40%). The committee has the discretion to change the metrics and weighting from year to year. Major shareholders will normally be consulted before any significant changes. Awards of RSUs depend on continued employment and financial underpin set by the committee before each grant. Awards granted in 2021 will require positive operating free cash flow over three financial years. The LTIP vesting outcome can be reduced, if necessary, to reflect the underlying or general performance of Airtel Africa. A two-year post-vesting holding period also normally applies to LTIP awards that vest (net of tax) after the adoption of this policy. Any dividend equivalents will normally be delivered at the end of the vesting period in shares based on the proportion of the award that vests. Malus and clawback provisions apply to awards made for three years from the date on which the award vest when there has been: • A misstatement of the company's accounts • An error in calculating performance • Gross misconduct resulting in dismissal • Material failure in risk management • Reputational damage	The maximum annual grant limit is 200% of base salary (face value of shares at grant), of which normally not more than 50% of annual salary may be granted as RSUs to any individual in a single year. PSP awards with a face value of 100% of salary and RSUs with a face value of 50% of salary will normally be awarded. 25% of the PSP award is available for threshold performance, rising to 100% of the grant for performance at the 'stretch' level.
Share ownership policy	To further align the interests of executive directors with those of shareholders	Executive directors are required to build up and retain shares worth 250% of base salary within five years of being appointed to the Board. Post-vesting holding periods and bonus deferral continue to apply post-employment to create continued alignment with shareholders after employment at Airtel Africa has come to an end.	Not applicable

Discretion in operating the incentive plans

To make sure these plans are operated and administered efficiently, the committee has discretion in relation to a number of areas. Consistent with the marketplace, these include (but are not limited to):

- Selecting the participants
- The timing of grant and/or payment
- The size of grants and/or payments (within the limits set out in the policy table)
- The extent of vesting based on the assessment of performance
- Determining a 'good leaver' and, where relevant, the extent of vesting for share-based plans
- Treatment in exceptional circumstances such as a change of control, when the committee would act in the best interests of our business and its shareholders
- Making the adjustments required in certain circumstances (such as right issues, corporate restructuring, variation of capital and special dividends)
- The form of settlement of awards in line with the discretions set out in the plan rules
- The annual review of performance measures, weightings and targets for the discretionary incentive plans from year to year

The committee has the right to change or substitute any performance conditions if something occurs that would mean the condition would not achieve its original purpose. Any amended condition would not be materially less difficult to satisfy in the circumstances.

Choice of performance measures and approach to target setting

Targets for each year's annual incentive and long-term incentive award are determined by the committee, taking a range of factors into account. These include the annual budget, the relevant three-year strategic plan, analysts' consensus factors, wider economic facts and affordability for the business.

Bonus plan

The annual bonus is based on performance against a stretching combination of financial and non-financial performance measures aligned with our KPIs and operational goals for the year. As such, they typically include measures of revenue, profitability and cash flow, which reflect our focus on profitable growth, cash generation and satisfying our debt and other capital commitments. Executive directors and members of our senior management team are also assessed on personal objectives, as agreed by our committee at the start of each year. We review and adapt the objectives as appropriate to reflect the priorities for the business in the year ahead.

2020 and 2021 metrics and rationale

Metric	Weighting	Why chosen	How targets are set
Net revenue	80%	Key indicator of our growth, market penetration and customer retention	Set each year by the committee taking account of prevailing market conditions and progress towards strategic goals.
Underlying EBITDA		Measure of our profitability and cash-generating ability from year to year	Set each year by the committee taking account of prevailing market conditions and progress towards strategic goals.
Operating free cash flow (OFCF)		Measure of the underlying profitability from our operations, as well as our ability to service debt and other capital commitments	Set each year by the committee taking account of prevailing market conditions and progress towards strategic goals.
Non-financial	20%	Indicator of the performance of the organisation in key non-financial areas. For 2020, the non-financial measures relate to people and regulatory objectives	Set each year by the committee based on the priorities and responsibilities of each role.

We set a sliding scale of targets for each financial measure to encourage continuous improvement and to stretch performance. The policy gives the committee the authority to select suitable performance metrics aligned to our strategy and shareholder interest.

Part 2

Long-term incentive plan (LTIP)

The performance conditions for the LTIP in 2020/21 and 2021/22 are based on financial growth and total shareholder return (TSR). We set a sliding scale of challenging performance targets for each measure. Our committee reviews the choice of performance measures and the appropriateness of the performance targets and TSR peer group before each PSP grant. While different performance measures and/or weightings may be applied for future awards, the committee will consult with major shareholders before making any significant changes.

2020 and 2021 metrics and rationale

Metric	Weighting	Why chosen	How targets are set
TSR, relative to a peer group of competitors	20%	Measures the total returns to our shareholders, providing close alignment with shareholders interest	The committee sets the performance requirements for each grant. For grants in 2021, we intend to use a peer group of international emerging market communication services organisations (MSCI emerging Markets Communication Services Index constituents).
Net revenue	40%	A key indicator of long-term growth achieved in the market	The committee sets threshold and stretch levels aligned to our strategic target.
Underlying EBITDA	40%	A key indicator of long-term growth on profitability from operations	The committee sets threshold and stretch levels aligned to our strategic target.

Legacy arrangements

Airtel Africa has the authority to honour any commitments entered into with current or former directors before this policy is approved or before their appointment to the Board. We share details of any payments to former directors in our remuneration report for the relevant year.

Executive directors' existing service contracts

Our executive directors have entered into agreements with an indefinite term that may be terminated by either party on three months' written notice. At the committee's discretion, we may make a payment in lieu of notice – this is calculated relative to base salary and benefits only, paid on a phased basis and subject to mitigation.

Entitlement to both annual bonus and LTIP awards will typically lapse on cessation, although in good leaver circumstances we may pay pro-rata bonus for the period worked. LTIP awards may vest at the normal vesting date subject to the performance conditions and are normally pro-rated for time.

If a director commits an act of gross misconduct or similar, he or she may be dismissed without notice and without further payment or compensation, except for sums accrued up to the leaving date.

Name of director	Date of service contract	Unexpired term
Raghunath Mandava	13 June 2019	Rolling contract

Approach to remuneration for new executive directors

The remuneration package for a newly appointed executive director will be set in line with the remuneration policy at the time. Variable remuneration will be determined in the same way as for existing executive directors and is subject to the maximum limits on variable pay referred to in the policy table on page 128.

The committee may also buy out any remuneration and contract features that an executive director may be giving up in order to join Airtel. Such buyouts would take into account the nature of awards forfeited and would reflect (as far as possible) performance conditions, the value foregone and the time over which they would have vested or been paid. Where shares are used, these awards may be made under the terms of the LTIP or under a separate arrangement, as permitted under the UK Listing Rules.

The committee may agree that we will meet certain relocation, legal, tax equalisation and other incidental expenses as appropriate.

For an internal appointment, any legacy pay elements related to the previous role are allowed to pay out according to their terms.

Service contracts for new executive directors and policy on loss of office

Contracts for new executive directors will normally include up to six months' notice by either party. If the contract is brought to an end by the company other than for 'cause' as specified in the contract, the executive director would be eligible for payment of the base salary and benefits relating to the unexpired portion of the notice period. We may choose to continue providing some benefits instead of paying a cash sum representing their cost.

We would try to mitigate the termination payment by, for example, making payments in instalments that can be reduced or ended if the former director wants to begin alternative employment during the payment period. We will pay any statutory entitlements or sums to settle or compromise claims in connection with a termination (including, at the discretion of the committee, reimbursement for legal advice and provision of outplacement services) as necessary.

Good leavers may receive an annual bonus related to the period served. This would be payable after the relevant year end, subject to the normal conditions for the bonus and normally paid in cash.

Share-based awards held by good leavers will typically vest according to the normal schedule. These are subject to performance conditions and usually pro-rated.

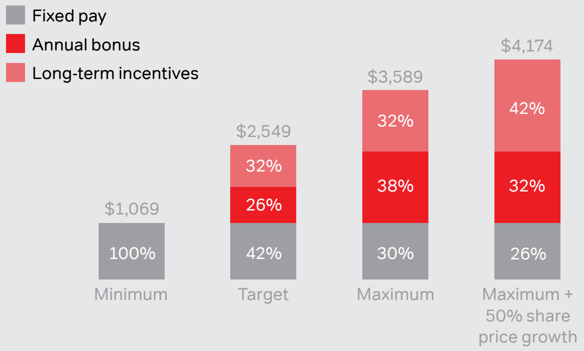
On a change of control of Airtel Africa, outstanding awards will normally vest early to the extent that the performance conditions have been satisfied. Awards would normally be reduced pro-rata to reflect the time between the grant date and the date of the corporate event.

If there is a demerger, special dividend or other event the committee thinks may affect the current or future value of shares, they may decide that awards will vest on the same basis as on a change of control. If there is an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the committee decides that awards should vest on the same basis on a change of control.

Remuneration scenarios at different performance levels

These charts illustrate the total potential remuneration for the CEO at three performance levels.

Remuneration scenarios ($000)
Chief Executive Officer



1 Assumptions:

Minimum = fixed pay only (salary + benefits + pension)

On-target = 50% vesting of maximum bonus and 55% for PSP awards and 100% for RSUs

Maximum = 100% vesting of maximum bonus and LTIP awards

Salary levels (on which other elements of the package are calculated) are based on those applying on 1 April 2021

2 Benefit values for the CEO exclude the costs of business travel and accommodation

3 To reflect the impact of a share price increase between award and vesting, the LTIP value in the maximum column has been increased by 50% in the share price growth column

4 This is based on the normal package for the current CEO as the only current Executive Director, and is shown for illustrative purposes only. Note that due to his decision to retire the CEO will not receive an LTIP award in 2021/22.

Remuneration policy for non-executive directors

Element	Purpose and link to strategy	Operation	Maximum opportunity
Non-executive Board chair fees	To attract and retain high-calibre chairs who have the necessary experience and skills. To provide fees which take account of the time commitment and responsibilities of the role.	The chair receives an annual fee, plus a fee for chairing the Nominations Committee. We may also pay fees reflecting additional time commitments or time required to travel to Board meetings. In addition, to assist with the performance of his duties while in the UK, the chair has the use of a car and driver with the company settling any tax due.	The committee reviews the chair's fees periodically. While there is no maximum fee level, we set fees by reference to market data for companies of similar size and complexity.
Other non-executive fees	To attract and retain high-calibre non-executive directors with the necessary experience and skills. To provide fees which take account of the time commitment and responsibilities of the role.	Non-executive directors are paid a basic fee. We may also pay additional fees to reflect extra responsibilities or time commitments, for example, for Board committee chairs, senior independent directors or designated non-executive directors, or time required to travel to Board meetings.	Non-executive directors' fees are reviewed periodically by the chair and executive directors. While there is not a maximum fee level, fees are set by reference to market data for companies of similar size and complexity to Airtel Africa.

We may reimburse the reasonable expenses of directors that relate to their duties on behalf of Airtel Africa (including tax if applicable). We may also provide advice and assistance with directors' tax returns where these are affected by duties they undertake on our behalf.

All non-executive directors have a letter of appointment for an initial period of three years. In keeping with best practice, non-executive directors are subject to re-election each year at our AGM. The chair's appointment may be terminated by either party with six months' notice, and the appointments of the other non-executive directors may be terminated by either party with one month's notice. Either appointment can also be terminated at any time if the director is removed by resolution at an AGM or pursuant to the Articles.

Directors' letters of appointment are available for inspection during normal business hours at our registered office and also at our yearly AGM. All directors have been appointed for a fixed term ending on the date of our 2022 AGM.

Shareholder context

The committee considers the views of shareholders when reviewing the remuneration of executive directors and other senior executives and consults directly with major shareholders about any material changes to the policy.

If either the remuneration policy or implementation resolutions receive a significant proportion of votes against, the committee will work with shareholders to understand the reasons behind these votes and their concerns.

Broader employee context

We consider executive remuneration in the context of our wider employee population. Our remuneration policy for executive directors is more weighted towards variable pay than for other employees to make a greater part of their pay conditional on the successful delivery of business strategy. Our aim is to create a clear link between the value created for shareholders and the remuneration received by our executive directors.

Given the diverse spread of geographical locations in which Airtel Africa operates, employees are not directly consulted on directors' remuneration. However, employees have the opportunity to express their views on remuneration arrangements through employee surveys and other forms of engagement, and these are shared with senior management and the Board as appropriate.

Part 3

Annual Report on Remuneration

This report has been prepared by the committee and approved by our Board. As stipulated in the relevant UK regulations, Deloitte LLP have independently audited these items:

- Executive directors' and non-executive directors' remuneration and associated footnotes on page 135
- The table of share awards granted to executive directors and associated footnotes on page 133
- The statement of directors' shareholdings and share interests on page 135

2020/21 remuneration of directors (audited)

This table sets out the total remuneration for the executive directors for the year ended March 2021. The comparator year, April 2019 to March 2020, comprises the total remuneration received over the full year, including remuneration received from the Group prior to our Admission to listing.

All amounts are in $'000		Base salary	Benefits[1]	Pension contribution[2]	Annual bonus	LTIP[3]	Other[4]	Total fixed	Total variable	Total
Raghunath Mandava	**2020/21**	**$888**	**$168**	**–**	**$1,317**	**$565**	**$600**	**$1,056**	**$2,482**	**$3,538**
	2019/20	$817	$185	–	$678	$208	$1,252	$1,002	$2,138	$3,140

Notes

1 Benefits include expatriate benefits ($'000), including: housing allowance of $62 (2019/20: $68), education allowance of $35 (2019/20:$30), car allowance of $56 (2019/20: $58) and home travel allowance of $5 (2019/20: $20)

2 The existing executive directors do not participate in pension arrangements

3 In line with the regulations, the 2020/21 LTIP value has been estimated based on the average price of Airtel Africa shares between 1 January 2021 and 31 March 2021. This will be restated based on the actual value at vesting in June 2021 in the 2021/22 accounts. For the 2020/21 LTIP the total value attributable to share price appreciation is $44. The 2019/20 LTIP value shown in last year's report was calculated with an assumed share price of $ 0.83. The actual share price at vesting was $ 0.44, and the table has been updated to reflect this change. The estimated value of the award was $392; the actual value was $208 (decrease of $184)

4 For 2020/21, 'Other' relates to the final tranche of the one-off deferred cash plan of up to $750,000, which was in place prior to our IPO and disclosed in the prospectus. Two-thirds of the deferred cash plan was dependent on relative TSR over one year (30% of this element), 2020/21 net revenue (35%) and underlying EBITDA (35%); and one-third was dependent on service conditions. The TSR performance condition will be measured at the end of May 2021. Performance against that measure and the value of that element of the award vesting will be disclosed in next year's accounts. The total of $600,000 represents maximum vesting of the non-TSR elements. Details of the targets can be found on page 134

For 2019/20, 'Other' relates to the payment of the exceptional turnaround bonus of $1m and the one-off deferred cash plan of up to $375,000, both of which were put in place prior to our IPO and disclosed in the prospectus

Annual bonus

In a challenging year Airtel Africa delivered an exceptional performance, exceeding all key financial metrics. Revenue growth in both constant and current currency grew double digit, recording the highest growth across the last five years. Underlying EBITDA grew by 25.2%, expanding the margin by 210 bps and operational free cash flow grew by 48.8%. The performance was broad-based across voice, data and Airtel Money and resulted in market share gains across key markets.

Performance was equally strong across all the key operational KPI's. Our customer numbers increased by 6.9% this year, contributing to an increase in voice revenue. We are also increasingly seeing the success of the rollout of our modernised 4G networks, with a more than 31.2% increase in data revenues for the year. Alongside this, our focus on increasing the application of our mobile money services through international partnerships while growing our distribution footprint has driven the expansion of Airtel Money. Importantly the chief executive officer has led the company's response to Covid-19, ensuring not only that the key financial and operational targets been exceeded but also that Airtel Africa has reached across all its stakeholders to ensure the company played its role in in maintaining resilient networks, and providing platforms and partnerships for the delivery of emergency funding, communication of comprehensive Covid-19 health messaging and providing free data and connectivity for the education sector.

It is in this context that we have assessed the performance achieved against the incentive targets. The strong in-year performance resulted in the stretch targets for the financial objectives being exceeded, with the personal objectives also being achieved in full. As a result, a bonus at the maximum level have been awarded, of which one-third will be deferred into shares for two years.

2020/21 bonus outcomes (audited)

	Bonus performance measures				
	Net revenue	Underlying EBITDA	OFCF	Personal	Total
Weighted total	35%	35%	10%	20%	100%
Outcomes (weighted % of maximum)	35%	35%	10%		
Raghunath Mandava (weighted % of maximum)				20%	100%

Financial objectives

Financial performance was assessed against the underlying net revenue, underlying EBITDA and OFCF ranges set for 2020/21.

All amounts are in $million	Weighting (%)	Threshold (30%)	Target (50%)	Maximum (100%)	Actual
Net revenue	35%	3,068.4	3,147.1	3,225.7	3,349.4
EBITDA	35%	1,589.4	1,640.1	1,698.0	1,805.5
OFCF	10%	914.4	965.1	1,022.9	1,191.5

All targets and achievements are in AOP constant currency as at 31 March 2020

Personal objectives

Raghunath Mandava

Airtel Money amounts are in $million	Weighting (%)	Target	Performance achieved	Outcome (weighted % of maximum)
Succession planning of critical positions (MDs + ExCo of the organisation)	10%	Build and implement succession plan for MDs + ExCo	OPCO MD and Exco succession plans successfully submitted and adopted	10%
Compliance – internal audit score	10%	Threshold: 65 Target: 68 Maximum: 70	72.3	10%

All targets and achievements are in AOP constant currency as at 31 March 2020

Annual bonus awarded

Name	Awarded in cash	Awarded in shares	Total
Raghunath Mandava	$887,500	$429,076	$1,316,576

Long-term incentive plan (LTIP) (audited)

LTIP awards granted in 2020/21

On 30 October 2020, the CEO was granted the following LTIP awards.

	Type of award	Maximum number of shares	Share price used to determine level of award[1]	Face value	Face value as a % of salary	Threshold vesting	End of performance period
Raghunath Mandava	PSP	975,904	$0.83	$810,000	90%	25%	31 March 2023
	RSU	433,735	$0.83	$360,000	40%	100%	n/a

1 Average closing share price for the three dealing days ending on 29 October 2020

RSUs may not vest unless operating free cash flow is positive over the preceding three financial years.

The performance conditions are based on three performance measures – net revenue growth (40%), underlying EBITDA margin (40%) and relative TSR (20%). For the 2020 awards, performance is measured over a three-year performance period. Net revenue growth provides a key indicator of long-term growth achieved in the market, underlying EBITDA margin is a key indicator of long-term growth in profitability from our operations, and relative TSR measures the total returns to our shareholders providing close alignment with shareholder interests. This combination of measures helps to align the operation of the LTIP with shareholders' interests and our business strategy.

Airtel Africa operates only in Africa. We have three main competitors, none of whom disclose targets in their remuneration reports. For competitive and commercial reasons, the Board does not believe it would be in the interests of our shareholders, to disclose our net revenue and underlying EBITDA LTIP targets. The targets will be disclosed when they are no longer considered commercially sensitive. This will be no later than the year in which the awards vest. Targets have been based on the 2020/21 three-year plan and will require competitive growth ahead of market in net revenue at target, with a significant stretch at maximum. The underlying EBITDA from an already high competitive base will be equally stretching, and both targets will be fully disclosed on vesting. On TSR against the MSCI Emerging Markets Communications Service Index, threshold will vest at the 50th percentile and maximum will vest at the 75th percentile.

Targets applying to the 2020 performance share plan (PSP) awards

Metric	Weighting	Threshold (25%)	Target (50%)	Maximum (100%)
Net revenue (CAGR %)	40%	3-year plan minus 15%	Based on 3-year plan	3-year plan plus 15%
Underlying EBITDA margin	40%	Commercially sensitive	Based on 3-year plan	Commercially sensitive
Relative total shareholder return against MSCI Emerging Markets Communications Service Index	20%	50th percentile	–	75th percentile

Part 3

Share awards vesting in relation to 2020/21

Outcomes against each performance condition for awards made to the CEO on IPO, subject to performance measured to the end of 31 March 2021 against the following conditions.[1]

All amounts are in $million Metric	Below threshold (0%)	Threshold (25%)	Target (50%)	Maximum (100%)	Actual	% achievement (of maximum)
Net revenue	<3,068.4	3,068.4	3,147.1	3,225.7	3,349.4	100%
Underlying EBITDA	<1,589.4	1,589.4	1,640.1	1,698.0	1,805.5	100%
Operating free cash flow	<914.4	914.4	965.1	1,022.9	1,191.5	100%

All targets and achievements are in AOP constant currency as at 31 March 2020

1 10% of the award (for replacement stock awards-PSU) is subject to a TSR performance condition measured at the end of May 2021. Performance against that measure and the value of the award vesting will be disclosed in next year's accounts.

For performance between threshold, target and stretch awards vest on a straight-line pro-rata basis.

As a result of this performance, the following awards were capable of vesting:

	Type of award	Earliest date for vesting	Applicable performance conditions	Maximum number of shares comprised in each tranche	Number of shares vesting	Estimated value on vesting[1]	Estimated value attributable to share price difference[1,3]
Raghunath Mandava	2019 LTIP awards PSP	1 Jun 2021	Underlying EBITDA (50%), net revenue (50%)	99,206	99,206	$108,433	$8,433
	2019 LTIP awards RSU	1 Jun 2021	N/A	99,206	99,206	$108,433	$8,433
	Replacement stock awards-PSU[2,3]	1 Jun 2021	Underlying EBITDA (20%), net revenue (35%) and OFCF (35%)	204,498	204,498	$223,517	$17,383
	Replacement stock awards-RSU	1 Jun 2021	N/A	113,610	113,610	$124,176	$9,657
Total				516,520	516,520	$564,559	$43,907

1 The estimated value on vesting is the average price of Airtel Africa's shares in the period between 1 January 2021 to 31 March 2021 i.e. $1.09 (£0.72). The estimated value attributable to share price difference is the change from the initial offer price of $1.008 (£0.8)

2 Share price on grant date for all awards was the initial offer price $1.008 (£0.8)

3 The replacement stock award – PSU excludes 22,722 shares which are subject to the TSR performance condition measured at the end of May 2021

10% of the replacement stock awards-PSU which vested on 1 June 2020 was subject to a TSR performance condition measured at the end of May 2020. Performance against this measure is shown below.

Metric	Below threshold (0%)	Threshold (25%)	Target (50%)	Maximum (100%)	Actual	% achievement (of maximum)
Relative TSR	<Rank 2	Rank 2 and 5% p.a. TSR	Rank 2 and 10% p.a. TSR	Rank 2 and >10% p.a. TSR	Rank 3	0%

The TSR performance condition is based on our TSR relative to a small group of competitors based on their size, the nature of their operations and the markets in which they operate. For TSR performance testing, the comparator group was Vodacom, MTN and Safaricom, and we apply an absolute measure of TSR performance to compensate for the small group size.

As a result of the above performance, the shares lapsed.

	Type of award	Earliest date for vesting	Applicable performance conditions	Maximum number of shares in each tranche	Number of shares vesting	Value on vesting
Raghunath Mandava	Replacement stock awards-PSU – TSR element	1 Jun 2020	TSR	28,377	0	$0

Payments to past directors and payments for loss of office (audited)

No payments were made to directors during the 2020/21 financial year. As announced on 29 April 2021, Raganuth Mandava will retire as Managing director and Chief executive officer and as a director of Airtel Africa plc on 30 September 2021. Further details of his leaving arrangements will be published on the company's website in due course and disclosed in next year's Annual Report and Acounts.

2020/21 remuneration of non-executive directors (audited)

This table lists the non-executive directors' remuneration in accordance with UK reporting regulations.

All amounts are in '000		NED fees[1]	Benefits (actual paid)	Total	As at 31 March 2021 $[2]
Sunil Bharti Mittal[3]	2020/21	£90	£78	£168	$231
	2019/20	£90	£78	£168	$231
Awuneba Ajumogobia	2020/21	£83	N/A	£83	$113
	2019/20	£80	N/A	£80	$110
Douglas Baillie	2020/21	£90	N/A	£90	$124
	2019/20	£90	N/A	£90	$124

All amounts are in '000		NED fees[1]	Benefits (actual paid)	Total	As at 31 March 2021 $[2]
John Danilovich	2020/21	£80	N/A	£80	$110
	2019/20	£80	N/A	£80	$110
Andrew Green	2020/21	£90	N/A	£90	$124
	2019/20	£90	N/A	£90	$124
Akhil Gupta	2020/21	£70	N/A	£70	$96
	2019/20	£70	N/A	£70	$96
Shravin Bharti Mittal	2020/21	£70	N/A	£70	$96
	2019/20	£70	N/A	£70	$96
Annika Poutiainen	2020/21	£80	N/A	£80	$110
	2019/20	£80	N/A	£80	$110
Ravi Rajagopal	2020/21	£90	N/A	£90	$124
	2019/20	£90	N/A	£90	$124
Kelly Bayer Rosmarin[4,6]	2020/21	£30	N/A	£30	$41
	2019/20	N/A	N/A	N/A	N/A
Arthur Lang[5,6]	2020/21	£40	N/A	£40	$55
	2019/20	£70	N/A	£70	$96

1 NED fees determined in pounds sterling

2 Adjustable closing FX rate of GBP/USD on 31 March 2021 – 1 GBP = $1.37

3 Benefits for 2019/20 are restated to reflect the final value paid in respect of the year. 2020/21 benefits are estimated and will be restated next year as required

4 Joined the Board 27 October 2020

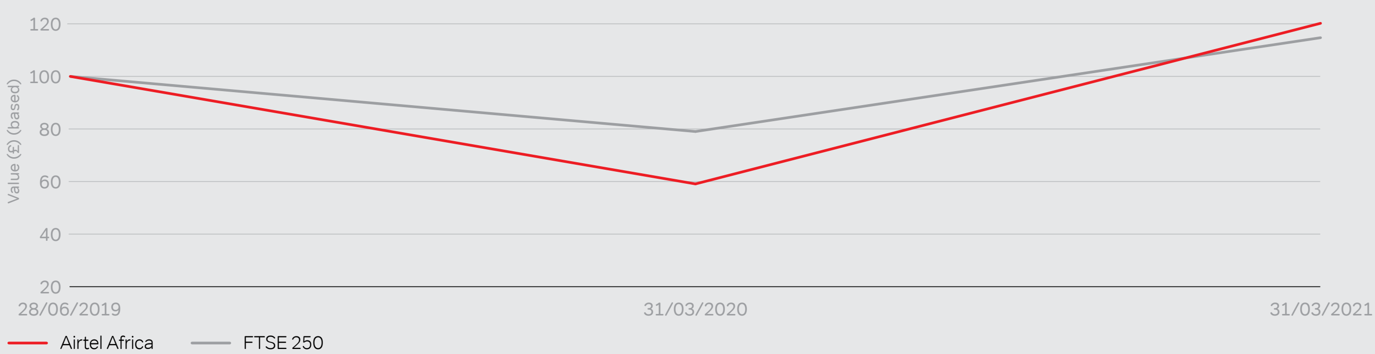
5 Stepped down from the Board 27 October 2020

6 In accordance with Singtel Group Code of Conduct and Optus Conflict of Interest policies, Kelly Bayer Rosmarin and Arthur Laing's fees are paid directly to Singtel Group

Our TSR performance from admission

The following graphs set out our comparative TSR relative to the FTSE 250 Index from 28 June 2019 (the date of our listing) to 31 March 2021, as required in UK reporting regulations. This index was chosen as it is a broad equity market index of which we are a member.

Total shareholder return



This graph shows the value, by 31 March 2021, of £100 invested in Airtel Africa on the date of admission (28 June 2019), compared with the value of £100 invested in the FTSE 250 Index on a daily basis.

CEO remuneration from our listing (28 June 2019)

This table sets out the single figure for the total remuneration paid to our CEO, together with the annual bonus payout and the LTIP payout (both as a percentage of the maximum opportunity), for the current year. Over time, the data in this table will show the CEO's remuneration over a ten-year period.

	2019/20[1]	**2020/21**
Total remuneration ($'000)	$3,140	$3,538
% of maximum bonus earned	60%	100%
% maximum LTI vested	76%	100%

1 From 28 June 2019 to 31 March 2020

The 2019/20 single figure has been updated to reflect the value of the LTIP on vesting

Part 3

Percentage change in remuneration of the directors and employees

This table shows the percentage movement in the salary, benefits and annual bonus for our directors between the current and previous financial year.

The majority of our employees are based in Africa, with only nine employees in the UK. As a result, we are not required to publish a CEO pay ratio. Given the numbers of employees in the UK versus those overseas and the fact that the roles located in the UK are mainly involved in operating our head office, the ratio produced by comparing CEO remuneration with that of our UK workforce is likely to be misleading. As such, we have decided not to publish this information.

	Percentage change in remuneration elements from 2019/20 to 2020/21		
	Base salary/ fees	**Benefits[1]**	**Bonus**
Raghunath Mandava	9%	-9%	94%
Sunil Bharti Mittal	0%	0%	n/a
Awuneba Ajumogobia	3%	n/a	n/a
Douglas Baillie	0%	n/a	n/a
John Danilovich	0%	n/a	n/a
Andrew Green	0%	n/a	n/a
Akhil Gupta	0%	n/a	n/a
Shravin Bharti Mittal	0%	n/a	n/a
Annika Poutiainen	0%	n/a	n/a
Ravi Rajagopal	0%	n/a	n/a
Kelly Bayer Rosmarin[2]	n/a	n/a	n/a
Arthur Lang[3]	-43%	n/a	n/a
Full-time employees[4]	5%	-8%	10%[5]

1 The reduction in benefits reflects currency movements, changes to the applicable tax rates and also reflects a reduction in home leave expenses due to the global pandemic

2 Joined the Board on 27 October 2020

3 Stepped down from the Board on 27 October 2020

4 Based on employees of the Group

5 Provisional bonuses for FY2021/22 are compared with those provisional bonuses in FY2020/21 for like to like comparison

Relative importance of spend on pay

This table sets out, for the year ended 31 March 2021, the total cost of our employee remuneration and the total distributions to shareholders through dividends.

$million	2019/20	**2020/21**	% change
Dividends	$113	$169	50%
Overall remuneration expenditure	$234	$275	18%

Non-executive directors' remuneration

During the year, we reviewed the fees payable to non-executive directors to reflect the additional time required by multiple committee memberships. Previously, non-executive directors received £10,000 for each committee membership. It was agreed that from October 2020 a member be entitled to £10,000 for a single principal committee membership and £15,000 for two principal committee memberships. There are no other changes to the fees which were set on IPO.

Role	Annual fee[1]	As at 31 March 2021 $[2]
Board chair fee	£70,000	$96,250
Non-executive base fee	£70,000	$96,250
Additional fees		
Committee chair fee	£20,000	$27,500
Supplement for senior independent director	£20,000	£27,500
Committee membership fee (one committee)	£10,000	$13,736
Committee membership fee (two committees)	£15,000	$20,550

1 NED fees determined in pounds sterling

2 Adjustable closing FX rate of GBP/USD on 31 March 2021 – 1 GBP = $1.37

Statement of directors' shareholdings and share interests (audited)

The beneficial and non-beneficial share interests of our directors and their connected persons, presented in accordance with the provisions of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), as at 31 March 2020 and as at 31 March 2021 are listed below.

Executive directors (audited)

Each executive director must build up and maintain a shareholding in Airtel Africa equivalent to 250% of their base salary within five years of being appointed to the Board. While the executive director is building to this shareholding level, deferred bonus awards net of the expected tax liability that will apply on vesting will count towards this requirement. LTIP shares that have vested and that are within the two-year post-vesting holding period will also count on a net of tax basis.

To deal with unexpected circumstances, our committee has discretion on how to operate the policy – we may make exceptions and allowances if we see fit.

	Shareholding at 31 March 2020	Shareholding at 31 March 2021	Total shareholding as multiple of salary (%)	Maximum Unvested LTIPs	Unvested options	Vested but not exercised share options
Raghunath Mandava	–	499,090	61%	2,444,914	1,587,301	793,651
Total	**–**	**499,090**	**–**	**2,444,914**	**1,587,301**	**793,651**

Non-executive directors (audited)

	Shareholding at 31 March 2020	Shareholding at 31 March 2021
Sunil Bharti Mittal[1]	–	–
Awuneba Ajumogobia	–	–
Douglas Baillie	20,000	20,000
John Danilovich	460,000	460,000
Andrew Green	–	–
Akhil Gupta	–	–
Shravin Bharti Mittal[1 2]	127,147,531	292,424,330
Annika Poutiainen	30,000	30,000
Ravi Rajagopal	86,500	86,500
Kelly Bayer Rosmarin	n/a	–
Arthur Lang[3]	–	–

1 Sunil Bharti Mittal and Shravin Bharti Mittal do not have any direct shareholding in the company. Airtel Africa is an indirect subsidiary of Bharti Airtel Limited, which is a listed company in India. Sunil Bharti Mittal and Shravin Bharti Mittal are members of the Bharti Mittal family group which has an indirect shareholding in Bharti Airtel Limited. Indian Continent Investment Limited and Bharti Global Limited are held ultimately by the Bharti Mittal family group. Each of Bharti Airtel Limited, Indian Continent Investment Limited and Bharti Global Limited hold voting rights in Airtel Africa as set out on page 120 (major shareholders)

2 Shares held by Bharti Global Limited, a connected person of Shravin Bharti Mittal for the purposes of this disclosure

3 As at 27 October 2020

There has been no change in the interests of the directors and their connected persons between 31 March 2021 and the date of this report.

Committee governance

Our Remuneration Committee is a formal committee of the Board. Our remit is set out in terms of reference available on our website: airtel.africa. We reviews our performance against these terms each year and are satisfied that we have acted in line with our terms of reference during the year.

Committee composition

Members throughout the year	Meeting attendance (4 meetings in the year)
Douglas Baillie, chair	4 (4)
John Danilovich	4 (4)
Awuneba Ajumogobia	4 (4)

Other regular attendees:

- Chief executive officer
- Group head of HR
- Company secretary
- External remuneration consultants

Part 3

Our committee is authorised to seek information from any director and employee and to obtain external advice. We are solely responsible for the appointment of external remuneration advisors and for the approval of their fees and other terms. No director or other attendee takes part in any discussion about his or her personal remuneration.

In the year, Aon provided remuneration advice and benchmarking data to our committee. We appointed Aon in 2019 in light of their experience and expertise in remuneration advisory work – they are expected to provide independent advice. Following the lead advisor moving to Alvarez & Marsal (A&M) on 1 June 2020, we appointed the UK Executive Compensation team at A&M as our external advisors. A&M (and previously Aon) does not undertake any other work for Airtel Africa and has no connection to the Board or any director. A&M and Aon have signed the Code of Conduct of the Remuneration Consultants Group and the committee has satisfied itself that the advice they provide to be objective and impartial. Fees were charged on a time plus expenses basis. Total fees paid to Aon for the year in review were £36,750 and total fees paid to A&M were £63,966.

Sums paid to third parties for directors' services

No sums were paid or were receivable by third parties for the services of any director of Airtel Africa while acting as a director of the company or of any our subsidiaries, or as a director of any other undertaking by our nomination, or otherwise in connection with the management of Airtel Africa or any undertaking during the year to 31 March 2021.

Share awards granted to executive directors (audited)

This table sets out the share awards granted to the executive directors.

	Type of award	Maximum awards held on 31 March 2020	Awards granted during year	Vested/ Exercised in year	Lapsed in year	Maximum awards held as at 31 March 2021	Date of grant	Exercise price	Vesting date	Expiry date
Raghunath Mandava	IPO share options[1]	2,380,952	Nil	Nil	Nil	2,380,952	03 July 2019	£0.8	1 June 2020, 2021, 2022	02 Jul 2029
	2019 LTIP awards – PSP-financial	297,618	Nil	71,719	27,487	198,412	03 July 2019	Nil	1 June 2020, 2021, 2022	02 Jul 2029
	2019 LTIP awards – PSP-TSR	297,620	Nil	0	0	297,620	03 July 2019	Nil	3 June 2022	02 Jul 2029
	2019 LTIP awards – RSU	297,619	Nil	99,206	0	198,413	03 July 2019	Nil	1 June 2020, 2021, 2022	02 Jul 2029
	Replacement stock awards	766,485	Nil	301,237	124,418	340,830	03 July 2019	Nil	1 June 2020, 2021	02 Jul 2029
	2020 LTIP awards – PSP	–	975,904		Nil	975,904	30 October 2020	Nil	30 October 2023	30 October 2030
	2020 LTIP awards – RSU	–	433,735		Nil	433,735	30 October 2020	Nil	30 October 2023	30 October 2030

1 793,651 became exercisable on 1 June 2020 with the balance becoming exercisable in two further tranches on 1 June 2021 and 2022. At the time of preparation of this report the awards were underwater.

Airtel Africa share price

The closing price of an ordinary share on the London Stock Exchange on 31 March 2021 was £0.79, with the range between 1 April 2020 and 31 March 2021 being £0.32 to £0.96.

Statement on voting at the 2020 Annual General Meeting (unaudited)

At the AGM held on 24 June 2020, votes cast in in respect of directors' remuneration were as follows:

	Percentage of votes cast		Number of votes cast		
	For	Against	For	Against	Withheld
Directors' remuneration policy	93.55%	6.45%	3,212,129,420	221,602,239	10,293
Directors' remuneration report	99.58%	0.42%	3,419,210,804	14,521,129	10,019

On behalf of the Board

Doug Baillie
Chair, Remuneration Committee

11 May 2021

Financial statements

In this section

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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- 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 statement of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated statement of cash flows;
- the related Notes 1 to 37 of the consolidated financial statements; and
- the related Notes 1 to 9 of the company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 '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 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided 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: • Going concern • Impairment of goodwill • Prepaid and Airtel Money (mobile money) revenue • Classification of legal cases
Materiality	The materiality we have used for the Group financial statements is $35m which represents 5.0% of profit before tax (March 2020: 5.0% of profit before tax) and 2% (March 2020: 2%) of underlying earnings before interest, tax, depreciation and amortisation (underlying EBITDA).
Scoping	Our scope covered seventeen components. Of these, four were full-scope audits and thirteen were subject to specific procedures on certain account balances by component audit teams. These covered 89% of Group profit before tax and 93% of Group revenue. Components and balances not in scope were subject to analytical procedures by the Group audit team.
Changes in approach	Airtel Money revenue has been included as a key audit matter for the first time this year given continued growth in this business. The prior year key audit matter regarding the classification of legal and regulatory cases is now solely focused on the classification of legal cases following the closure of certain regulatory cases in the 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 is discussed in section 5.1.

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 Going concern

Key audit matter description	The Group made a profit before tax of $697m during the year ended 31 March 2021 (March 2020: $598m) and was in a net current liability position of $1,599m at 31 March 2021 (March 2020: $817m). As set out in the going concern disclosure in Note 2.2 to the financial statements, at the date of approving the financial statements, the Group had committed un-drawn credit facilities of $1,140m which includes an additional $500m facility as disclosed in Note 37. Net debt of $3,530m (March 2020: $3,247m) includes $2,384m of bonds which include a cross default clause with the Group's majority shareholder, Bharti Airtel Limited. There would be a covenant breach on these bonds should Bharti Airtel Limited (or any of their subsidiaries) default on any debt in excess of $50m, restricting the ability of the Group to raise additional debt. The $2,384m of bonds includes a $879m bond due for repayment in May 2021 and a $505m bond which includes an incurrence covenant that could restrict the Group from incurring indebtness unless Bharti Airtel Limited meets a designated consolidated indebtness to underlying EBITDA ratio. These cross-guaranteed debt notes and covenants mean that the Group could be adversely impacted by any material uncertainty affecting Bharti Airtel if the Group are unable to refinance the bond in good time or on acceptable terms. Note 2.2 to the financial statements includes the directors' assessment that they consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The matter is also referred to within the Audit and Risk Committee's report on page 106. The Directors' have forecast liquidity and cashflow to June 2022, which includes the repayment of the $879m bond (on maturity) in May 2021. Management have run a reasonable worst-case sensitivity to this base case forecast which is a severe but plausible forecast, including a further slowdown in revenue growth (including that Covid-19 will impact the Group for a further 6 months), higher operating and regulatory costs, further currency devaluation and that cash cannot subsequently be extracted from Nigeria for the going concern period. Further details on the impact of Covid-19 on the Group can be found on pages 16 and 17. Management have identified a number of mitigating actions to preserve liquidity, including a reduction in capital expenditure and, if required, a reduction in dividends. These forecasts (base case and reasonable worst-case sensitivity) project that the Group has adequate liquidity, taking into account the available cash at 31 March 2021 and committed facilities of $1,140m at the date of approval of these financial statements. The directors, through enquiry with its majority shareholder, have assessed the risk of Bharti Airtel Limited defaulting on its debt (and the bonds being recalled) as remote. The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis. Given the above circumstances, we identified a key audit matter relating to the Group's going concern assessment, including the Group's ability to continue to service its debts and the actions available to the Group to preserve liquidity.

Independent auditor's report
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How the scope of our audit responded to the key audit matter	Our procedures involved: • Obtaining an understanding of the relevant controls over the Group's forecasting process; • Performing enhanced risk assessment procedures in response to the economic disruption associated with the Covid-19 pandemic and increasing audit effort to challenge whether there was a material uncertainty over the Group and company's ability to continue as a going concern. 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 (including Covid-19) on the Group's cash flow projections, including whether they are severe but plausible and the mitigating actions available to the Group to preserve liquidity; • Working with our working capital specialists to assess the terms associated with the Group's borrowing facilities and whether they are committed at the date of approval of the annual report; • Obtaining direct confirmations of the value, duration and terms for the Group's committed facilities; • 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; • Recalculating the cash headroom available using 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; • Assessing the completeness and accuracy of the matters included in the directors going concern disclosures based on our knowledge obtained from our evaluation of the directors' going concern assessment and historical forecasting accuracy; • Evaluating the key mitigating actions available, including a reduction in capital expenditure; • Engaging and reviewing the work of the majority shareholder's auditor in relation to their work on going concern, to challenge the directors' assessment that the risk of default at the majority shareholder is remote; and • Reviewing the going concern disclosures within the financial statements.
Key observations	We concur with the directors' conclusion that it is appropriate to prepare the financial statements using the going concern basis of accounting and that there isn't a material uncertainty related to going concern. We consider the going concern disclosures within Note 2.2 of the financial statements to be appropriate.

5.2 Impairment of goodwill

Key audit matter description	As set out in Note 15, the Group has $3,835m of goodwill (March 2020: $3,943m) allocated across the Group's three operating segments – Nigeria, East Africa and Francophone Africa. Each operating segment is considered to be a group of cash generating units (CGUs) for impairment testing purposes. Management measure the recoverable amount of each group of CGU's on a value-in-use basis. The most sensitive assumption in determining value in use is the discount rate. This is due to the inherent volatility in the African markets in which the Group operates and the impact this has on key inputs into the calculation of the discount rate, including country risk premiums. At March 2020, significant market volatility following Covid-19 led to an increase in sovereign credit default swap rates and country risk premia. Given this volatility, management adopted average country risk premiums at March 2020 to reflect rates both pre and post Covid-19. At 31 December 2020 (the impairment test date) this significant market volatility has reduced and management have reverted to using a spot rate. Over the period, the Group's discount rates for Nigeria, East Africa and Francophone Africa consequently fell by 2.05%, 2.28% and 2.15% respectively. Headroom for Nigeria, East Africa and Francophone Africa at 31 December 2020 was $1,719m, $4,811m and $1,811m, respectively, (March 2020: $383m, $669m and $714m, respectively). Other assumptions include, but are not limited to, the timing of future capital expenditure, EBITDA and revenue growth rates and the long term growth rates. The overall recoverable value is less sensitive to a change in these assumptions. IAS 36 requires that forecasts used in impairment tests should be based on management's approved budgets and plans which should not exceed a period of 5 years unless a longer period can be justified. This includes management's confidence that projections past 5 years are reliable and can demonstrate their ability, based on past experience, to forecast cash flows accurately over that longer period. Management have chosen an initial forecast period of 10 years, with long-term growth rates applied at the end of this period. Management have adopted an initial 10 year period principally as the life of the Group's regulatory licences and network assets are, at a minimum, 10 years, the barriers of entry to the telecommunication market are high and that African telecoms markets are emerging when compared to Western economies, including lower smartphone penetration suggesting an opportunity for longer term growth. While external market data exists, against which to benchmark assumptions over years 1 to 5 of the forecasts, no external data exists to benchmark assumptions over years 6 to 10. For this reason we consider the use of an initial 5 year plan to be more appropriate. Management had determined that, were an initial forecast period of 5 years to be adopted, applying the same terminal growth rate at that date as is used in the 10 year forecasts, no impairment would arise. The overall impact on value in use from using a 5 year initial forecast, with appropriate long term growth rates, would be to decrease headroom by not more than 6%. This is further explained in Note 15 of the financial statements. Further details on the Group's impairment assessment is included within Note 15 of the financial statements and in the Audit and Risk Committee's report on page 106. Management has concluded that no impairment to goodwill is required. With the continued development of the mobile network across Africa and the risks assigned to the different markets, there is a potential risk that goodwill is carried at an inappropriate value.

How the scope of our audit responded to the key audit matter	Our procedures involved: • Obtaining an understanding of the relevant controls over the Group's forecasting process and goodwill impairment review including controls around the methodology adopted, the data used and the setting of key assumptions; • Assessing the appropriateness of the 10 year initial forecast period including comparing against the requirements of IAS 36 and judging the confirmatory and contradictory evidence for this period, including: – The useful lives of the Group's licences and network assets; – Forecast smartphone penetration at the end of 5 years compared to the more mature western economies; – The Group's historic forecasting accuracy; – The availability of external market data to substantiate growth assumptions past the end of 5 years; and – The initial forecast period adopted by other telecommunication operators across Africa and Europe based on benchmarking from their own annual report and accounts. • Given the limited external market data to substantiate growth assumptions past the end of year 5, we also assessed the impact of using a 5 rather than a 10 year forecast period; • Working with our valuation specialists to assess and challenge the discount rates adopted through independently recalculating our own rates. We assessed whether management's methodology for determining their discount rates was in accordance with an appropriate valuation methodology and that the assumptions used in management's discount rates were from an acceptable source; • Evaluating and challenging the Group's cash flow forecasts based on historical forecasting accuracy and external data to substantiate management's growth forecasts; • Reviewing and challenging management's assessment of the difference between the overall recoverable amount against the Group's market capitalisation. We also assessed the implied EBITDA multiple of the Group's value-in-use, comparing this to EBITDA multiple data across the wider telecommunication industry to ensure the value in use calculated was not significantly out of line with industry multiples; • Assessing the sensitivity of each group of CGUs to key inputs and tested the integrity and mechanical accuracy of the impairment models. We also assessed and challenged the sensitivity analysis run by management including the potential impact of Covid-19 on the business; and • Reviewing the impairment disclosures against the requirements of IAS 36.
Key observations	While there is some confirmatory evidence to support the use of an initial 10 year forecast period, there is a lack of external data against which to benchmark growth assumptions past year 5. In addition, most other telecommunication operators do not adopt an initial 10 year forecast period. We therefore consider a 5 year forecast period to be more appropriate, however we concur with management that the use of a 5 year forecast would not lead to an impairment, as disclosed in Note 15 to the financial statements. We considered the discount rate and long term growth rates assumptions adopted by management to overall be reasonable. Based on the procedures performed, we concur with management's judgment that there is no impairment of goodwill in any of the group of CGUs. We consider the impairment disclosures within Note 15 of the financial statements to be appropriate and in compliance with IAS 36.

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5.3 Prepaid and Airtel Money (mobile money) revenue

Key audit matter description	As set out in Note 6, revenue of \$3,908m (2020: \$3,422m) is derived from the provision of voice, data, mobile money and other services. These revenue streams account for \$3,561m (2020: \$3,120m) with voice and data accounting for \$3,260m (2020: \$2,900m) of revenue and mobile money services \$301m (2020: \$220m) of revenue. We included, for the first time this year, mobile money revenue as a key audit matter given the continued growth and importance of this revenue stream. Voice and data customers subscribe to the 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. 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 system tariffs 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 mobile money IT system. Errors in either would impact the accuracy of prepaid and mobile money revenue.
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 Mobiquity IT platform for mobile money; • Testing the operating effectiveness of the relevant controls over (a) approval 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 Mobiquity systems; • Testing the reconciliation process between the general ledger and IN/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 check the set up of rates; • Performing analytics at a Group level to sense check key movements in prepaid and Airtel Money revenue recorded within the general ledger against cash collection in the billing systems; and • Testing a sample of tariff set up and rate changes in the IN and Mobiquity systems for prepaid and mobile money revenue.
Key observations	Based on our work, we did not identify any significant issues on the accuracy of prepaid and mobile money revenue recorded in the year.

5.4 Classification of legal cases

Key audit matter description	As set out in Note 26, management has recorded \$19m (March 2020: \$18m) of provisions in respect of legal claims and Note 30 illustrates contingent liabilities of \$87m (March 2020: \$83m). In the current year, we focussed the key audit matter on legal cases (March 2020: regulatory and legal cases). Following a reduction since the prior year, regulatory cases were not material in the current year. Airtel Africa has a presence in 14 countries across Africa with different legal environments. Each component maintains legal registers which are updated on a monthly basis to summarise the current position of each legal case and to consider in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent assets, whether a provision or contingent liability disclosure is required. Management of these matters is frequently supported by external counsel in local markets. 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 107. 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 30) and probable (provision, Note 26) in accordance with IAS 37. There are a significant number of ongoing legal cases covering a number of years across all operating companies. Management has exercised judgement in determining their assessment of the outcome and the accounting consequences thereon. As a result of these factors and the legal framework in the countries in which the Group operates, we consider there to be a fraud risk associated with this key audit matter.

How the scope of our audit responded to the key audit matter	Our procedures involved: • Obtaining an understanding of relevant controls concerning the classification of legal cases; • Assessing a sample of cases and challenging whether the cases are appropriately classified 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 legal case is probable, possible or remote against management's assessment. 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 • Reviewed 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 26 and 30 of the financial statements to be appropriate.

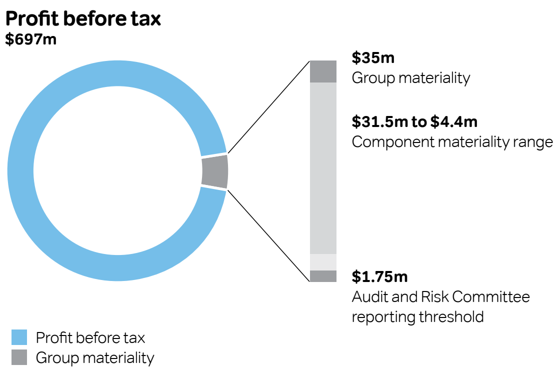
6. Our application of materiality

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	Company financial statements
Materiality	$35m (March 2020: $30m)	$31.5m (March 2020: $27m)
Basis for determining materiality	5.0% of profit before tax (March 2020: 5% of profit before tax) and 2% of underlying EBITDA (March 2020: 2%).	1% of net assets but capped at $31.5m (90% of Group materiality) (March 2020: 1% of net assets capped at 90% of Group materiality)
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 and the Bharti Mittal family trust). We therefore considered net assets to be the most appropriate benchmark given the primary purpose of the company is a holding company.



Independent auditor's report
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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	Company financial statements
Materiality	50% of Group materiality (March 2020: 50%)	50% of company materiality (March 2020: 50%)
Basis and rationale for determining performance materiality	• Our experience of auditing the Group, as while this is the third year we have performed an audit on the consolidated financial statements, it was only the second year we have audited the Group as a listed entity on the London Stock Exchange and we were subject to restrictions on our ability to travel to visit component management and component audit teams; • Our assessment of the control environment: whilst we were able to rely on controls for certain areas of the audit, there were other areas where we were unable to rely on controls as the controls are largely manual review controls; and • The African legal and regulatory environment in which the Group operates.	

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 $1.75m (March 2020: $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.

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 is made up of fourteen trading entities, all in different countries across Africa and supported by the Group's ultimate parent's (Bharti Airtel Limited's) shared service centre based in India, as well as a key holding company based in the Netherlands (Bharti Airtel Netherlands BV) which holds the majority of the Group's debt, and Airtel Africa plc (the 'company').

For the trading entities in the Group, component teams performed full scope audits on two components (Nigeria and Uganda) and audits of specified account balances for twelve components as set out in the table below. A key change over the prior year was a reduction in the number of full scope audits from six to two but an expansion of the number of components where we performed an audit of specified account balances from five to twelve. This change was made in order to perform audit procedures across a wider proportion of the Group.

We also performed full scope audits on Bharti Airtel Netherlands BV and Airtel Africa plc. A component audit team also performed procedures at the shared service centre in India.

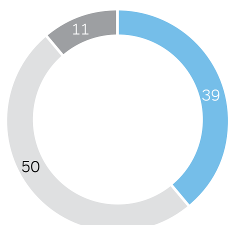
The Group's team performed analytical review procedures on the remaining balances not included within audit scope, each of which are insignificant in addition to making inquiries of management, and evaluating and testing management's Group-wide controls across a range of locations and segments in order 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 our significant risks and controls.

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

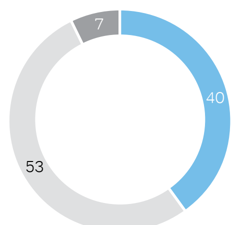
Segment	Full scope audit	Audits of specified balances
Nigeria	Nigeria	
East Africa	Uganda	Tanzania, Malawi, Kenya, Zambia and Rwanda
Francophone	–	Democratic Republic of Congo, Congo Brazzaville, Niger, Chad, Gabon, Madagascar and the Seychelles
Central	AA plc and Netherlands holding company Shared service centre in India	–

Based on this assessment our full scope audits of the principal operating units of the Group covered 39% of profit before tax and 40% of revenue. Our audits of specific account balances covered 50% of profit before tax and 53% of revenue. In total we covered 89% of profit before tax and 93% of revenue.

Profit before tax



Revenue



Full scope
Specified audit procedures
Review procedures

7.2 Our consideration of the control environment

7.2.1 IT control environment

As a business, Airtel Africa plc is extremely reliant on technology. Therefore, effective technology 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 the revenue account balance.

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).

The key systems in scope for the audit were the accounting and revenue recording systems, 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 heavily 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 and Bharti Airtel Limited.

7.2.2 Business processes

We 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. We did not plan to rely on financial reporting, tax and legal and regulatory controls as these controls are largely manual and are not sufficiently documented to enable us to test the operating effectiveness of controls.

We planned to rely on controls around the recording of leases under IFRS16 'Leases' but determined that certain controls were not sufficiently precise for us to be able to rely on them.

7.2.3 Governance controls

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

7.3 Working with other auditors

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 Nairobi.

In normal circumstances we would plan to visit the shared service centre in India and the Group's head office in Nairobi at regular intervals, supplemented by visits to a sample of the Group's operating companies. Given the Covid-19 pandemic, we were unable to undertake any visits during the year.

In response to our inability to travel, we undertook the following:

- We held a virtual meeting with all component audit teams to discuss and agree the planning and execution of the audit;
- We remained in regular contact with all component teams throughout the year to understand key issues and appropriately plan the year end audit. These interactions were increased during the key audit period and included direct calls between senior members of the Group and component audit teams;
- Daily calls with Airtel management throughout the core period of the audit which also involved Deloitte India, who audit the shared service centre in India where the majority of account balances are managed; and
- We sent detailed instructions to our component audit teams, included them in our team briefings, and reviewed component auditors' work papers with our direct access to their electronic audit systems.

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.

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.

Independent auditor's report
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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;
- 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; and
- The matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, including tax, working capital, mobile money, pensions, valuations, and IT 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 revenue, mobile money revenue and the classification of legal cases. 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.

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 Airtel Money regulator within each operating entity.

11.2 Audit response to risks identified

As a result of performing the above, we identified prepaid revenue, mobile money revenue and the classification of legal cases as potential risks of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matters in more detail and also 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 concerning 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; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, 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 tax, working capital, mobile money, valuation and IT specialists and significant 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 page 106;
- 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 79 to 80;
- the directors' statement on fair, balanced and understandable set out on page 105;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 71;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 107; and
- the section describing the work of the Audit and Risk Committee set out on pages 100 to 109.

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

15.1 Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by Board in July 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 three years, covering the years ending 31 March 2019 to 31 March 2021.

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.

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

11 May 2021

Consolidated statement of comprehensive income

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

	Notes	For the year ended 31 March 2021	31 March 2020
Income			
Revenue	6	**3,908**	3,422
Other income		**11**	17
		3,919	3,439
Expenses			
Network operating expenses		**694**	628
Access charges		**376**	376
Licence fee/spectrum usage charges		**198**	189
Employee benefits expense	7	**275**	234
Sales and marketing expenses		**187**	148
Impairment loss/(reversal) on financial assets		**7**	(2)
Other operating expenses		**382**	333
Depreciation and amortisation	9	**681**	632
		2,800	2,538
Operating profit		**1,119**	901
Finance costs	10	**432**	440
Finance income	10	**(9)**	(67)
Non-operating income	11	**–**	(70)
Share of profit of associate		**(1)**	(0)
Profit before tax		**697**	598
Income tax expense	12	**282**	190
Profit for the year		**415**	408
Profit before tax (as presented above)		**697**	598
Less: Exceptional items (net)	11	**(14)**	(65)
Underlying profit before tax		**683**	533
Profit after tax (as presented above)		**415**	408
Less: Exceptional items (net)	11	**(50)**	(112)
Underlying profit after tax		**365**	296
Other comprehensive income (OCI)			
Items to be reclassified subsequently to profit or loss:			
Net losses due to foreign currency translation differences		**(138)**	(219)
Net (loss)/gain on net investments hedge		**(11)**	5
Net loss on cash flow hedge		**–**	(2)
		(149)	(216)
Items not to be reclassified subsequently to profit or loss:			
Re-measurement (loss)/gain on defined benefit plans		**(0)**	1
Tax credit/(expense) on above		**0**	(0)
		(0)	1
Other comprehensive loss for the year		**(149)**	(215)
Total comprehensive income for the year		**266**	193
Profit for the year attributable to:		**415**	408
Owners of the company		**339**	370
Non-controlling interests		**76**	38
Other comprehensive loss for the year attributable to:		**(149)**	(215)
Owners of the company		**(140)**	(224)
Non-controlling interests		**(9)**	9
Total comprehensive income for the year attributable to:		**266**	193
Owners of the company		**199**	146
Non-controlling interests		**67**	47
Earnings per share			
Basic	13	**9.0c**	10.3c
Diluted	13	**9.0c**	10.3c

Consolidated statement of financial position

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

	Notes	As of 31 March 2021	As of 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	14	**2,066**	1,832
Capital work-in-progress	14	**166**	259
Right of use assets	31	**799**	639
Goodwill	15	**3,835**	3,943
Other intangible assets	15	**558**	456
Intangible assets under development	15	**177**	30
Investment in associate	16	**4**	3
Financial assets			
– Investments		**0**	0
– Derivative instruments	17	**6**	0
– Security deposits	18	**8**	7
– Others		**9**	1
Income tax assets (net)		**33**	39
Deferred tax assets (net)	12	**314**	333
Other non-current assets	19	**112**	112
		8,087	7,654
Current assets			
Inventories		**7**	3
Financial assets			
– Derivative instruments	17	**6**	10
– Trade receivables	20	**113**	132
– Cash and cash equivalents	21	**813**	1,010
– Other bank balances	21	**282**	6
– Balance held under mobile money trust		**440**	295
– Others	22	**66**	66
Other current assets	19	**147**	149
Assets of disposal group classified as held for sale	35	**31**	–
		1,905	1,671
Total assets		**9,992**	9,325
Current liabilities			
Financial liabilities			
– Borrowings	23	**342**	235
– Current maturities of long-term borrowings	23	**1,126**	429
– Lease liabilities	31	**240**	199
– Derivative instruments	17	**7**	3
– Trade payables		**366**	416
– Mobile money wallet balance		**432**	292
– Others	24	**448**	461
Provisions	26	**65**	65
Deferred revenue		**135**	124
Current tax liabilities (net)		**173**	149
Other current liabilities	25	**151**	115
Liabilities of disposal group classified as held for sale	35	**19**	–
		3,504	2,488
Net current liabilities		**(1,599)**	(817)
Non-current liabilities			
Financial liabilities			
– Borrowings	23	**1,871**	2,446
– Lease liabilities	31	**1,037**	970
– Derivative instruments	17	**6**	4
– Others	24	**91**	15
Provisions	26	**25**	23
Deferred tax liabilities (net)	12	**81**	69
Other non-current liabilities	25	**24**	29
		3,135	3,556
Total liabilities		**6,639**	6,044
Net Assets		**3,353**	3,281
Equity			
Share capital	27	**3,420**	3,420
Retained earnings	28	**2,975**	2,805
Other reserve	28	**(2,990)**	(2,837)
Equity attributable to owners of the company		**3,405**	3,388
Non-controlling interests (NCI)		**(52)**	(107)
Total equity		**3,353**	3,281

The consolidated financial statements (company registration number: 11462215) were approved by the Board of directors and authorised for issue on 11 May 2021 and were signed on its behalf by:

Raghunath Mandava
Chief executive officer
11 May 2021

Consolidated statement of changes in equity

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

	Equity attributable to owners of the company								
	Share capital				Other reserves				
	Number of shares	Amount	Share premium (Note 28b)	Retained earnings (Note 28a)	Transactions with NCI reserve	Other components of equity (Note 28c)	Equity attributable to owners of the company	Non-controlling interests (NCI)	Total equity
As of 1 April 2019	3,081,744,577	3,082	470	1,688	(580)	(2,034)	2,626	(196)	2,430
Profit for the year	–	–	–	370	–	–	370	38	408
Other comprehensive loss	–	–	–	1	–	(225)	(224)	9	(215)
Total comprehensive income/(loss)	–	–	–	371	–	(225)	146	47	193
Transaction with owners of equity									
Reduction in nominal value of shares Note 27[1]	–	(1,541)	–	–	–	–	(1,541)	–	(1,541)
Issue of deferred share capital Note 27[1]	3,081,744,577	1,541	–	–	–	–	1,541	–	1,541
Issue of share capital Note 27[2]	676,406,927	338	342	–	–	–	680	–	680
Issue of share capital to NCI	–	–	–	–	–	–	–	13	13
Share issue costs	–	–	(3)	(14)	–	–	(17)	–	(17)
Share stabilisation proceeds	–	–	–	–	–	7	7	–	7
Employee share-based payment expenses	–	–	–	–	–	0	0	–	0
Reversal of indemnities	–	–	–	64	–	–	64	–	64
Court approved reduction in share premium	–	–	(809)	809	–	–	–	–	–
Transactions with NCI	–	–	–	–	(5)	–	(5)	36	31
Dividend to owners of the company	–	–	–	(113)	–	–	(113)	–	(113)
Dividend (including tax) to NCI	–	–	–	–	–	–	–	(7)	(7)
As of 31 March 2020	6,839,896,081	3,420	–	2,805	(585)	(2,252)	3,388	(107)	3,281
Profit for the year	**–**	**–**	**–**	**339**	**–**	**–**	**339**	**76**	**415**
Other comprehensive loss	**–**	**–**	**–**	**(0)**	**–**	**(140)**	**(140)**	**(9)**	**(149)**
Total comprehensive income/(loss)	**–**	**–**	**–**	**339**	**–**	**(140)**	**199**	**67**	**266**
Transaction with owners of equity									
Employee share-based payment expenses	**–**	**–**	**–**	**(0)**	**–**	**0**	**0**	**–**	**0**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(4)**	**(4)**	**–**	**(4)**
Transactions with NCI	**–**	**–**	**–**	**–**	**(9)**	**–**	**(9)**	**1**	**(8)**
Dividend to owners of the company Note 5 (a) and (b)	**–**	**–**	**–**	**(169)**	**–**	**–**	**(169)**	**–**	**(169)**
Dividend (including tax) to NCI[1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13)**	**(13)**
As of 31 March 2021	**6,839,896,081**	**3,420**	**–**	**2,975**	**(594)**	**(2,396)**	**3,405**	**(52)**	**3,353**

1 Dividend to NCI includes tax of $0m

Consolidated statement of cash flows

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

	For the year ended	
	31 March 2021	31 March 2020
Cash flows from operating activities		
Profit before tax	**697**	598
Adjustments for		
Depreciation and amortisation	**681**	632
Finance income	**(9)**	(67)
Finance cost	**432**	440
Share of profit of associate	**(1)**	(0)
Non-operating income adjustments	**–**	(70)
Other non-cash adjustments[1]	**(15)**	(45)
Operating cash flow before changes in working capital	**1,785**	1,488
Changes in working capital		
Increase in trade receivables	**(8)**	(11)
Increase in inventories	**(4)**	(1)
Decrease in trade payables	**(38)**	(15)
Increase in mobile money wallet balance	**139**	53
Increase in provisions	**1**	2
Increase in deferred revenue	**17**	20
Decrease in income received in advance	**(1)**	(11)
Increase in other financial and non-financial liabilities	**18**	4
Increase in other financial and non-financial assets	**(48)**	(28)
Net cash generated from operations before tax	**1,861**	1,501
Income taxes paid	**(195)**	(114)
Net cash generated from operating activities (a)	**1,666**	1,387
Cash flows from investing activities		
Purchase of property, plant and equipment and capital work-in-progress	**(645)**	(656)
Purchase of intangible assets	**(270)**	(155)
Investment in term deposits with banks	**(257)**	–
Payment of deferred consideration for past business combination	**–**	(19)
Interest received	**14**	29
Net cash used in investing activities (b)	**(1,158)**	(801)
Cash flows from financing activities		
Proceeds from issue of shares to owners of the company	**–**	680
Proceeds from sale of shares to non-controlling interests	**–**	34
Acquisition of non-controlling interests	**(7)**	–
Purchase of own shares by ESOP trust	**(4)**	–
Payment of share issue expenses	**–**	(17)
Proceeds from borrowings	**407**	174
Repayment of borrowings	**(265)**	(720)
Repayment of lease liabilities	**(208)**	(189)
Dividend paid to non-controlling interests	**(9)**	(5)
Dividend paid to owners of the company	**(169)**	(113)
Interest and other finance charges paid	**(317)**	(318)
Share stabilisation proceeds	**–**	7
Proceeds from cancellation of derivatives	**–**	122
Payment on maturity of derivatives	**(3)**	(25)
Net cash used in financing activities (c)	**(575)**	(370)
(Decrease)/Increase in cash and cash equivalents during the period (a+b+c)	**(67)**	216
Currency translation differences relating to cash and cash equivalents	**(17)**	1
Cash and cash equivalents as at beginning of the period	**1,087**	870
Cash and cash equivalents as at end of the period (Note 21)[2]	**1,003**	1,087

1 For the year ended 31 March 2021, this mainly includes recognition of revenue pertaining to earlier years on a cumulative catch-up basis, arising out of a non-cash settlement agreement entered with a customer in one of the Group's subsidiaries in Niger. For the year ended 31 March 2020, this mainly includes deferment of customer acquisition costs and reversal of provision for capital work in progress

2 Includes balance held under mobile money trust of $440m (2020: $295m) 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 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 listed on London Stock Exchange (LSE) on 3 July 2019 and on Nigerian Stock Exchange (NSE) on 9 July 2019. 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 and its associate consist of 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union.

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 entities to all the periods presented in these financial statements.

Pursuant to September 2019 IFRIC update on presentation of liabilities related to uncertain tax treatments, the Group now presents provisions for uncertain tax positions under 'current tax liabilities'. Consequently, the Group has reclassified $5m from 'provisions' to 'current tax liabilities' for the year ended 31 March 2020.

Airtel Africa plc is the smallest Group in which the company is consolidated. 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 publicly available and can be obtained at www.airtel.in.

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

No new IFRS issued during the year is 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.

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 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 paid to transfer a liability in an orderly transaction between market participants. The Group's accounting policies require measurement of certain financial/non-financial assets and liabilities at fair value (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed.

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). 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 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.
- Level 2 – Significant inputs to the fair value measurement are directly or indirectly observable.
- Level 3 – Significant inputs to the fair value measurement are unobservable.

Going concern

These 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 2022 under both base and reasonable worst case scenarios taking into consideration its principal risks and uncertainties including a reduction in revenue and EBITDA, the potential impact of Covid-19 and a significant devaluation of the various currencies in the markets in which the Group operates (including Nigerian naira) and the impact on the possible inability of repatriating funds from subsidiaries. As part of this evaluation, the Group has considered available ways to mitigate these risks and uncertainties and has also considered that the Group has committed undrawn facilities of $1,140m as of the date of authorisation of these financial statements (out of which $1,036m are due to expire beyond the next 12 months), which will fulfill the Group's cash flow requirement under both base and reasonable worst case scenarios.

We have $2,384m in long-term bonds, with the first repayment of $879m (€750m) due in May 2021 which will be paid through a mix of cash held as well as from the proceeds of a $500m inaugural multi-bank long-term facility (part of the $1,036m undrawn facilities mentioned above) entered into by Airtel Africa plc in April 2021.

Having considered the above factors impacting the Group's businesses, including the scheduled Euro bond repayment of $879m (€750m) due in May 2021, the impact of downside sensitivities, and the mitigating actions available, including a reduction and deferral of capital expenditure, the Board is satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis of accounting in preparing the Group and company 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) and are made up to 31 March each year. The Group controls an entity when 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 (that is, existing rights that give it the current ability to direct the relevant activities) over the entity. The Group re-assesses whether or not it controls the entity, in case the underlying facts and circumstances indicate that there are changes to above-mentioned parameters that determine the existence of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are de-consolidated from the date that control ceases. Non-controlling interests is the equity in a subsidiary not attributable to the parent and is presented separately from the parent's equity. 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 or 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.

The profit or loss on disposal (associated with loss of control) is recognised in the consolidated statement of comprehensive income 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 that de-consolidated entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the other comprehensive income are re-classified to the profit and loss. 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 'transactions with NCI reserve', within equity.

b. Associate

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.

The investment in associate is accounted for using the equity method from the date on which the Group starts exercising significant influence over the associate.

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 impairment as the difference between the recoverable amount of investment and its carrying value.

c. Method of consolidation

Accounting policies of the respective individual subsidiary and associate are aligned wherever necessary, to ensure consistency with the accounting policies that are adopted by the Group under IFRS.

The standalone financial statements of subsidiaries are fully consolidated on a line-by-line basis after adjusting for business combination adjustments. Intra-group balances and transactions, and income and expenses arising from intra-group transactions, are eliminated while preparing the consolidated financial statements. The gains resulting from intra-group transactions are also eliminated. Similarly, the losses are eliminated unless the transaction provides evidence as to impairment of the asset transferred.

The Group's investment in its associate is 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 at the date of acquisition is presented as goodwill. The goodwill is included within the carrying amount of the investment. The unrealised gains/losses resulting from transactions with the associate are eliminated against the investment to the extent of the Group's interest in the investee. However, unrealised losses are eliminated only to the extent that there is no evidence of impairment.

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 acquiree 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 or 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 consolidated statement of comprehensive income) 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. Subsequently, 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.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'.

Common control transactions

Transactions arising from transfers of assets/liabilities, interest in entities or interest in businesses between parties that are under the common control are accounted at historical carrying amounts. The difference between any consideration paid/received and the aggregate historical carrying amounts of assets/liabilities, and interests in entities acquired/disposed (other than impairment, if any), is recorded in retained earnings.

2.5 Foreign currency transactions

a. Functional and presentation currency

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

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

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

2. Summary of significant accounting policies continued

b. Transactions and balances

For the purpose of presenting 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 consolidated statement of comprehensive income 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 recognised in the other comprehensive income or directly in equity.

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

c. Foreign operations

The assets and liabilities of foreign operations (including the goodwill and fair value adjustments arising on the acquisition of foreign entities) are translated into US dollar at the exchange rates prevailing at the reporting date whereas their statements of profit and loss are translated into US dollar at monthly average exchange rates and the equity is recorded at the historical rate. The resulting exchange differences arising on the translation are recognised in other comprehensive income and held in foreign currency translation reserve ('FCTR'), a component of equity. On disposal of a foreign operation (that is, disposal involving loss of control), the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

2.6 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

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 normal operating cycle, held primarily for the purpose of trading, expected to be realised within 12 months after the reporting period, or cash or cash equivalents unless restricted from being exchanged or 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 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 there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Derivatives designated in hedging relationships and separated embedded derivatives are classified based on the hedged item and the host contract, respectively.

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

An item 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 but excluding any trade discounts and rebates) and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Further, it includes assets installed on the premises of customers as 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 assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the statement of financial position and cost of the new item of PPE is recognised.

The expenditures that are incurred after an item of PPE has been ready to use, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the 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 estimated useful lives. 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
Building	20
Plant and equipment	
– Network equipment (including passive infrastructure)	3 – 25
Computer equipment	3 – 5
Furniture and fixture, office equipment	1 – 5
Vehicles	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least, as 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 prospectively and, accordingly, the depreciation is 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 consolidated statement of comprehensive income within other expenses/other income.

PPE in the course of construction is carried at cost, less any accumulated impairment and presented separately as capital work-in-progress (CWIP) including capital advances in the statement of financial position until capitalised. Such cost comprises of purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost.

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 any accumulated impairment losses if any. The gains/(losses) on the disposal of a cash-generating unit (CGU) include the carrying amount of goodwill relating to the CGU sold (in case goodwill has been allocated to group of CGUs, it is determined basis of the relative fair value of the operations sold).

The intangible assets that are acquired in a business combination are recognised at fair value as on acquisition date. Other intangible assets are recognised at cost which includes its purchase price and cash price equivalent of deferred payments beyond normal credit terms, if any. These assets having a 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 of intangible assets.

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 expenditure, is recognised in profit or 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. 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. Such revenue-based fee is recognised as a cost in the consolidated statement of comprehensive income 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 prospectively and, accordingly, the amortisation is calculated over the remaining revised useful life.

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

2.9 Impairment of non-financial assets

a. Goodwill

Goodwill is tested for impairment, at least annually or earlier, in case circumstances indicate that their 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, the 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 the 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 said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the consolidated statement of comprehensive income is measured by the amount by which the carrying value of the asset/CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

c. Reversal of impairment losses

Impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed in the consolidated statement of comprehensive income and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset/CGU in previous years.

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 in the following categories:

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

The Group does not have any financial instruments classified as fair value through other comprehensive income.

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

The Group has classified all non-derivative financial liabilities as measured at amortised cost.

2. Summary of significant accounting policies continued

Financial assets with embedded derivatives are considered in their entirety for determining the contractual terms of the cash flow and, accordingly, embedded derivatives are not separated. However, derivatives embedded in non-financial instrument/financial liabilities (measured at amortised cost) host contracts are classified as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts.

Financial assets and liabilities arising from different transactions are off-set against each other and the resulting 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

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the consolidated statement of comprehensive income.

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 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.

II. Subsequent measurement – financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

- **Financial assets measured at amortised cost**

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

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Financial assets at fair value through profit or loss (FVTPL)**

All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVTOCI) are measured at FVTPL. Interest (based on EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value.

Impairment

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt 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, only in case of trade receivables, 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 or 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 or 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 fair value of the 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 or loss over the period to remaining maturity of the hedged item.

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 fluctuation risk attributable to either a recognised item or a highly probable forecast transaction (cash flow hedge). The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges, are recognised in other comprehensive income and held as cash flow hedge reserve (CFHR) – within other components of equity. Any gains/(losses) relating to the ineffective portion, are recognised immediately in profit or loss within finance income/finance costs. The amounts accumulated in equity are re-classified to the profit and loss in the periods when the hedged item affects profit/(loss).

When a hedging instrument expires or is sold, or when a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gains/(losses) existing in equity at that time remains in equity and is recognised (on the basis as discussed in the above paragraph) when the forecast transaction is ultimately recognised in the profit and loss. However, at any point of time, when a forecast transaction is no longer expected to occur, the cumulative gains/(losses) that were reported in equity is immediately transferred to the profit and loss within finance income/finance costs.

III. Net investment hedge

The Group hedges its net investment in certain foreign subsidiaries. Accordingly, 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 as 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 or loss. The amounts accumulated in equity are included in the profit and loss when the foreign operation is disposed or partially disposed.

e. Derecognition

Financial liabilities are derecognised from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expired or legally released. The financial assets are derecognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Group has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the consolidated statement of comprehensive income.

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 method. It is remeasured when there is a change in future lease payments including due to 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 or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

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

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

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

When a contract includes lease and non-lease components, the 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 lease back

In case of 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 effectively 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. The amount recognised is calculated by splitting the total gain or loss into:

- an amount recognised in consolidated statement of comprehensive income 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.

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

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

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

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 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. Summary of significant accounting policies continued

2.12 Taxes

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

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 payment 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, related to accrued liabilities for potential tax assessments are not included in income tax charge or (credit), but are rather 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. The provisions are measured at the best estimate of the amount expected to become payable or based on 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.

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 forecasted profitability for the foreseeable future. Once such probability is assessed to determine the amount of deferred tax assets to be recognised, an evaluation is done based on availability of sufficient deductible temporary differences during the foreseeable future, relating to the same taxation authority and in the same taxable entity.

Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries and associate – 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 a 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 income tax asset is realised or the deferred income tax liability is settled.

Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, (a) the Group currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relates to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

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, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are 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 sale is expected within one year from the date of the classification. 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.

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 the held for sale are no longer met, it ceases to be classified as held for sale and are 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.

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. 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 to 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 statement of comprehensive income 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 or 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 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 quarterly reporting periods. The obligation towards the said benefits is recognised in the balance sheet under provisions, at the present value of the defined benefit obligations. The present value of the said obligation 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
- remeasurements.

The Group recognises service costs within profit or loss as employee benefit expenses. Past service, cost is recognised in profit or 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 not reclassified.

- **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 the said benefits on the basis of actuarial valuation 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 statement of 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 cash settled units/equity shares.

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 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 or 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 or loss.

As at each reporting date, the Group estimates the number of awards that are expected to eventually vest, if required. 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 which 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 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**

During the year ended 31 March 2021, the company established an Employee Benefit Trust (EBT) and is the sponsoring entity of the EBT. 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 28c 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 discount over passage of time is recognised within finance costs.

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 the legal, tax and other advisors, assesses the likelihood that a pending claim will succeed. 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.

2. Summary of significant accounting policies continued

c. Asset retirement obligation (ARO)

ARO are recognised for those lease arrangements where the Group has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO 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 changes in the estimated future costs or in the discount rate applied are adjusted from 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 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 of 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 an agent, the consideration to which the Group is entitled is determined to be the amount receivable from the ultimate customer; the upfront discount provided to the intermediary is recognised as a cost of sale.

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

Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their relative standalone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells equipment and network services separately.

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 services and mobile money services to customers. The majority of the customers of the Group subscribe to the services on a pre-paid basis.

Telecommunications service revenue mainly pertain 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 pay in advance for services of the Group, these cash amounts are recognised in deferred income on the consolidated statement of financial position and transferred to the statement of comprehensive income 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 usage of the Group's network by other operators for voice, data, messaging and signaling services. These are recognised upon transfer of control of services being transferred over time.

Revenue from long distance operations comprise voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of 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 transfer of money from one customer wallet to another. Such commissions are recognised as revenue at a point in time on fulfillment of these services by the Group.

- **Equipment sales**

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 contracts with customers over expected average customer life determined based on churn rate.

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 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 capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

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, non-operating income and share of profit of the associate.

2.24 Exceptional items – alternative performance measures (APM)

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, cause of occurrence being non-controllable and the scale of impact of that item on reported performance in accordance with the exceptional items policy.

To monitor the performance, the Group uses the following APMs:

- 'Underlying profit before tax' representing profit before tax for the period excluding the impact of exceptional items, and
- '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, restructuring costs, impairments, initial recognition of deferred tax assets, impact of mergers etc. A breakdown of the exceptional items included in the consolidated statement of comprehensive income is disclosed in Note 11.

For other APMs, see pages 67 to 71 of the strategic report.

2.25 Dividends

Dividends to shareholders of the company is recognised as a liability and deducted from equity, 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 parent by the weighted average number of shares net of any treasury shares outstanding during the period.

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

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 consequences of matters which are subject to audits by the tax authorities of the respective countries in which it operates as well as where the probability of acceptability of such matters by tax authorities is in doubt. The amount of such provisions of $22m carried as current tax liabilities and contingencies of $23m (refer to Note 30) are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority, which may be subject to a material change within the next financial year.

- **Deferred tax assets**

Deferred tax assets are recognised by the Group, for the unused tax losses and temporary differences for which there is probability of utilisation against future taxable profit. Uncertainties exist in determining the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments. A deferred tax asset was recognised in Tanzania during the year.

Tanzania has carried forward tax losses and temporary differences on which deferred tax was not recognised in the past. Considering Tanzania has been in continuous and cumulative profits and on the basis of the likely timing and the level of future taxable profits, the Group has determined it is now probable that taxable profits will be available against which the tax losses and temporary differences can be utilised. Consequently, a deferred tax asset of $44m was recognised during the year out of which $5m has been utilised.

Should the future taxable profits for entities where deferred tax asset has been recognised be higher by 5% than expected as on 31 March 2021, additional deferred tax assets could be recognised for $25m. For remaining loss-making subsidiaries, the criteria to recognise a deferred tax asset was not met as of 31 March 2021.

The Group also carries unrecognised deferred tax assets in respect of deductible temporary differences and carry forward tax losses amounting to $1,491m as of 31 March 2021. Should the future taxable profits for these entities increase relative to current forecasts, this could result in the recognition of additional material amount of deferred tax assets within the next 12 months.

- **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 the legal, indirect tax and other advisors assess 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 $59m in respect of indirect tax, legal and regulatory matters and presents contingencies amounting to $134m. However, given the nature of these matters, there may be a risk of a material change within the next financial year. For further details, refer to Notes 26 and 30, respectively.

3. Critical accounting estimates, assumptions and judgements continued

3.2 Critical judgements in applying the Group's accounting policies

The critical judgement, which the management has made in the process of applying the Group's accounting policies and have the most significant impact on the amounts recognised in the financial statements, is discussed below:

- **Determination of functional currency**

The Group has determined the functional currency of the Group entities by identifying the primary economic environment in which the entity operates, based on underlying facts/circumstances. However, in respect of certain intermediary foreign operations of the Group, the determination of functional currency is not obvious due to mixed indicators and the extent of autonomy enjoyed by the foreign operation. In such cases, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4. New accounting pronouncements to be adopted on or after 1 April 2021

The following pronouncements issued by the IASB are relevant to the Group and effective for annual periods beginning on or after 1 January 2021. 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 the EU for use in the UK.

- Amendments to IAS 37 in relation to 'onerous contracts – cost of fulfilling contracts'
- Amendments to IAS 1 in relation to 'classification of liabilities as current and non-current'

Following the exit of UK from the EU on 31 December 2020, for accounting periods beginning on or after 1 January 2021 the United Kingdom Endorsement Body (UKEB) is now endorsing International Financial Reporting Standards (IFRS) as adopted by the UKEB for use in the UK. The Group will adopt UKEB endorsed standards with effect from 1 April 2021. The impact of the UKEB adoption is still being evaluated but not expected to have a material impact on the consolidated results, financial position or cash flows of the Group.

5. Significant transactions/new developments

a) The shareholders declared a final dividend of 3 cents per ordinary share for the year ended 31 March 2020, which was paid on 24 July 2020 to the holders of ordinary shares on the register of members at the close of business on 3 July 2020.

b) The interim dividend of 1.5 cents per share was approved by the Board on 22 October 2020 and paid on 11 December 2020 to the holders of ordinary shares on the register of members at the close of business on 13 November 2020.

c) During the year, Airtel Uganda Limited was issued with a National Telecom Operator licence under the new Licensing Regime applicable in Uganda. Thus, $65m (i.e. total payment of $74m less recoverable VAT of $9m) has been capitalised to intangible assets as a result. The licence takes effect from 1 July 2020 and is for a period of 20 years.

In Airtel Nigeria, the application for renewal of the spectrum licences (due to expire on 30 November 2021) in the 900MHz and 1800MHz bands have been approved for a period of ten years by the licensing authority. Under the terms of the spectrum licences Airtel Nigeria has paid $182m for licence renewal fees. The amount has been held under intangible assets under development being an advance and shall be capitalised and subsequently amortised with effect from 1 December 2021.

d) On 18 March 2021, the Group entered into an agreement, under which The Rise Fund, the global impact investing platform of leading alternative investment firm TPG, will invest $200m in Airtel Mobile Commerce BV (AMC BV), a wholly owned subsidiary of the Group, by way of purchase of a portion of AMC BV's shareholding from the Group. The transaction will close in two stages, i.e. upon receipt of $150m at first close and $50m at second close based on closing conditions defined in sale agreements. On respective closings, the Group will record a transaction with non-controlling interest in equity. Further, under the terms of the transaction, and in very limited circumstances, TPG would have the option, so as to provide liquidity to them, to sell its shares in AMC BV to Airtel Africa or its affiliates at fair market value subject to a minimum and maximum payable amount. As of 31 March 2021, there are no accounting implications under this transaction.

e) On 31 March 2021, the Group entered into an agreement under which Mastercard, will invest $100m in Airtel Mobile Commerce B.V. (AMC BV), a wholly owned subsidiary of the Group, by way of purchase of a portion of AMC BV's shareholding from the Group. The transaction will close in two stages i.e. upon receipt of $75m at first close and $25m at second close based on closing conditions defined in sale agreements. On respective closings, the Group will record transaction with non-controlling interest in equity. Further, under the terms of the transaction, and in very limited circumstances, Mastercard would have the option, so as to provide liquidity to them, to sell its shares in AMC BV to Airtel Africa or its affiliates at fair market value subject to a minimum and maximum payable amount. As of 31 March 2021, there are no accounting implications under this transaction.

f) On 23 March 2021, the Group signed two separate agreements to sell its telecommunications tower companies in Madagascar and Malawi at an aggregate consideration of $108m to Helios Towers plc under a sale and leaseback arrangement. The completion of the sale of the tower company holding 494 towers in Madagascar is considered highly probable and is only subject to conditions that are usual and customary. Consequently, the Group has classified the assets and liabilities of the Madagascar tower company as held for sale as of 31 March 2021.

The completion of the sale of company holding 735 towers in Malawi, in addition to certain customary conditions, is also subject to a non-customary condition which is beyond the Group's control. As of 31 March 2021, the Group cannot ascertain the likelihood of this condition as being highly probable and consequently has not classified the assets of the Malawian tower company as held for sale.

On the same date, the Group also entered into exclusive Memorandum of Understanding agreements with Helios for the potential sale of its tower assets in Chad and Gabon, however since no binding sale agreement has been signed between the parties, the assets are not considered as held for sale as of 31 March 2021.

On 22 February 2021, the Group signed an agreement to sell 162 towers in Rwanda to IHS Rwanda Ltd under a sale and lease back arrangement. As of 31 March 2021, the sale of such tower assets are subject only to usual and customary conditions and the sale is highly probable within the next 12 months. Consequently, the Group has classified such assets and related liabilities as held for sale.

For disclosures on the Madagascar and Rwanda assets held for sale, refer to Note 35.

6. Revenue

	For the year ended	
	31 March 2021	31 March 2020
Service revenue[1]	**3,897**	3,413
Sale of products	**11**	9
	3,908	3,422

1 During the year ended 31 March 2021, the Group recognised revenue amounting to $20m pertaining to earlier years on a cumulative catch–up basis, arising out of a settlement agreement entered with a customer in one of the Group's subsidiaries in Niger

Transaction price allocated to the remaining performance obligations

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to $135m at 31 March 2021 and $124m as of 31 March 2020 will be satisfied, respectively, within a period of next year.

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

	During the year ended	
	31 March 2021	31 March 2020
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	**124**	110

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

	31 March 2021		31 March 2020	
	Unbilled revenue	**Deferred revenue**	Unbilled revenue	Deferred revenue
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	**–**	**124**	–	110
Increases due to cash received, excluding amounts recognised as revenue during the period	**–**	**135**	–	124
Transfers from unbilled revenue recognised at the beginning of the period to receivables	**37**	**–**	42	–

Reconciliation of costs to obtain or fulfil contracts with customers

	For the year ended	
	31 March 2021	31 March 2020
Costs to obtain or fulfil a contract with a customer		
Opening balance	**37**	–
Costs incurred and deferred	**72**	91
Less: Cost amortised	**(65)**	(54)
Closing balance	**44**	37

6.1 Segmental information

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

Nigeria

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

Francophone Africa – comprising operations in Chad, Congo B, the DRC, Gabon, Madagascar, Niger and the Seychelles

Each segment derives revenue from mobile services, mobile money and other services. Expenses, assets and liabilities primarily related to the corporate headquarters of the Group are presented as unallocated items.

The amounts reported to 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 as adjusted for charitable donations. This is the measure reported to the CODM for purposes of resource allocation and assessment of segment performance.

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.

Inter–segment revenues eliminated upon consolidation of segments/Group accounting policy alignments are reflected in the 'eliminations' column.

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.

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

6. Revenue continued

Investment elimination upon consolidation and resulting goodwill impacts are reflected in the 'eliminations/adjustment' column.

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2021 is as follows:

	Nigeria	East Africa	Francophone Africa	Unallocated	Eliminations	Total
Revenue from external customers						
Voice revenue	896	649	558	0	–	2,103
Data revenue	549	354	254	–	–	1,157
Mobile money revenue[1]	0	227	74	–	–	301
Other revenue[2]	104	147	96	–	–	347
	1,549	1,377	982	0	–	3,908
Inter-segment revenue	3	4	3	–	(10)	–
Total revenue	1,552	1,381	985	0	(10)	3,908
Segment results: Underlying EBITDA	839	631	364	(30)	(12)	1,792
Less:						
Depreciation and amortisation	236	221	207	2	15	681
Finance costs						432
Finance income						(9)
Share of profit of associate						(1)
Charitable donation	1	2	1	2	–	6
Exceptional items pertaining to operating profit	–	–	(14)	–	–	(14)
Profit before tax						697
Other segment items						
Capital expenditure	275	249	88	2	–	614
As of 31 March 2021						
Segment assets	1,889	2,042	1,791	25,622	(21,352)	9,992
Segment liabilities	1,192	2,989	2,715	16,895	(17,152)	6,639
Investment in associate (included in segment assets above)	–	–	4	–	–	4

1 Intra-segment elimination of $100m adjusted with mobile money revenue. It includes $64m pertaining to East Africa and balance $36m pertaining to Francophone Africa

2 This includes messaging, value added services, enterprise, site sharing and handset sale revenue

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2020 is as follows:

	Nigeria	East Africa	Francophone Africa	Unallocated	Eliminations	Total
Revenue from external customers						
Voice revenue	848	605	522	(5)	–	1,970
Data revenue	435	307	189	–	–	930
Mobile money revenue[1]	4	157	59	–	–	220
Other revenue[2]	84	131	86	–	–	302
	1,371	1,200	856	(5)	–	3,422
Inter–segment revenue	2	1	3	–	(6)	–
Total revenue	1,373	1,201	859	(5)	(6)	3,422
Segment results: Underlying EBITDA	744	485	292	2	(8)	1,515
Less:						
Depreciation and amortisation (excluding exceptional items)	183	229	189	2	2	605
Finance costs						440
Finance income						(67)
Non-operating income, (net)						(70)
Share of loss of associate						(0)
Charitable donation	1	0	0	4	–	5
Exceptional items pertaining to operating profit	(5)	(10)	12	–	7	4
Profit before tax						598
Other segment items						
Capital expenditure	325	181	133	3	–	642
As of 31 March 2020						
Segment assets	1,476	1,672	1,663	26,202	(21,688)	9,325
Segment liabilities	1,078	2,678	2,632	16,985	(17,329)	6,044
Investment in associate (included in segment assets above)	–	–	3	–	–	3

1 Intra–segment elimination of $91m adjusted with mobile money revenue. It includes $57m pertaining to East Africa and balance $34m pertaining to Francophone Africa

2 This includes messaging, value added services, enterprise, site sharing and handset sale revenue

Geographical information disclosure on non–current assets (PPE, CWIP, ROU, intangible assets, including goodwill and intangible assets under development):

	As of	
	31 March 2021	31 March 2020
United Kingdom	**1**	1
Nigeria	**1,455**	1,142
Netherlands	**3,782**	3,891
Others	**2,363**	2,126
Total	**7,601**	7,160

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

7. Employee benefits expense

	For the year ended	
	31 March 2021	31 March 2020
Salaries and bonuses	**233**	198
Defined contribution plan cost	**13**	14
Defined benefit plan cost	**5**	1
Staff welfare expenses	**15**	13
Others	**9**	8
	275	234

Employee benefit expenses include directors' remuneration. For further information about the remuneration of individual directors refer to page 126 to 131 of director's 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 2021		31 March 2020	
	Year end	**Average**	Year end	Average
Nigeria	**667**	**662**	649	606
East Africa	**1,211**	**1,202**	1,179	1,145
Francophone Africa	**1,156**	**1,200**	1,226	1,228
Corporate and others	**491**	**398**	309	236
Total	**3,525**	**3,462**	3,363	3,215

7.1 Share based payment plans

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

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

For IPO awards, replacement stock awards and shadow stock awards, performance share awards, restricted share awards and one–off awards vesting is subject to service, total shareholder return and financial performance conditions while for IPO share options and IPO executive share options, vesting is subject to service condition only.

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

	For the year ended	
	31 March 2021	31 March 2020
Expenses arising from equity- and cash-settled share-based payment transactions	**1**	0

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:

	For the year ended			
	31 March 2021		31 March 2020	
	Number of share options (in '000)	Weighted average exercise price	Number of share options (in '000)	Weighted average exercise price
Replacement stock awards				
Outstanding at beginning of year	674	–	–	–
Converted from performance unit plans[1]	–	–	674	–
Granted during the year[2]	23	–	–	–
Exercised during the year[4]	(398)	–	–	–
Outstanding at the end of the year	299	–	674	–
Exercisable at the end of the year	–	–	–	–
IPO Awards				
Outstanding at beginning of year	755	–	–	–
Granted during the year[2]	28	–	755	–
Exercised during the year[4]	(217)	–	–	–
Outstanding at the end of the year	566	–	755	–
Exercisable at the end of the year	–	–	–	–
IPO share options				
Outstanding at beginning of year	3,132	1	–	–
Granted during the year	–	–	3,132	1
Outstanding at the end of the year	3,132	1	3,132	1
Exercisable at the end of the year	1,044	1	–	–
IPO executive share options				
Outstanding at beginning of year	11,881	1	–	–
Granted during the year	–	–	12,517	1
Forfeited during the year[3]	(1,287)	–	(636)	–
Outstanding at the end of the year	10,594	1	11,881	1
Exercisable at the end of the year	3,531	1	–	–
Shadow stock plan				
Outstanding at beginning of year	1,843	–	–	–
Converted from performance unit plans[1]	–	–	2,276	–
Granted during the year[2]	111	–	–	–
Exercised during the year	(1,199)	–	–	–
Forfeited during the year[3]	(67)	–	(433)	–
Outstanding at the end of the year	688	–	1,843	–
Exercisable at the end of the year	–	–	–	–
Performance share awards				
Outstanding at beginning of year	–	–	–	–
Granted during the year	1,373	–	–	–
Outstanding at the end of the year	1,373	–	–	–
Exercisable at the end of the year	–	–	–	–
Restricted share awards				
Outstanding at beginning of year	–	–	–	–
Granted during the year	633	–	–	–
Outstanding at the end of the year	633	–	–	–
Exercisable at the end of the year	–	–	–	–
One-off award				
Outstanding at beginning of year	–	–	–	–
Granted during the year	361	–	–	–
Outstanding at the end of the year	361	–	–	–
Exercisable at the end of the year	–	–	–	–

1 During the year ended 31 March 2020, on completion of IPO, performance unit plans were converted into shadow stock plan and replacement stock awards at an offer price of $1.01. In addition, the Group also offered new plans to some of its employees on IPO

2 Includes additional awards granted based on meeting performance conditions

3 Represents forfeitures on account of employees not meeting service or performance conditions

4 For the share options exercised during the year ended 31 March 2021 the share price at exercise date 1 June 2020 and 4 June 2020 is 48 cents and 61 cents, respectively

7. Employee benefits expense continued

Performance unit plans do not exist as of 31 March 2020.The movement is as below:

	For the year ended	
	31 March 2021	31 March 2020
	Number of share options (in '000)	Number of share options (in '000)
Performance unit plans (PUP)[1]		
Outstanding at beginning of year	**–**	1,130
Granted	**–**	–
Exercised	**–**	(407)
Forfeited/Expired	**–**	(102)
Converted into shadow stock plan[2]	**–**	(479)
Converted into replacement stock awards[2]	**–**	(142)
Outstanding at end of year	**–**	–
Exercisable at end of year	**–**	–

1 Performance unit plans (PUP) do not have any exercisable units as at 31 March 2021 and 31 March 2020

2 On IPO, the PUPs were replaced with 'shadow stock plan' and 'replacement stock awards' at an offer price of $1.01

The total carrying value of cash-settled share based compensation liability is $1m and $1m as of 31 March 2021 and 2020, respectively.

The fair value of options 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 and fair value of cash-settled plans which are granted during the year are given in the below table:

	As of	
	31 March 2021	31 March 2020
Risk free interest rates	**0.23%**	0.12% to 0.69%
Expected life	**3.00**	0.67 to 6.46
Volatility	**35.59%**	26.46% to 34.43%
Dividend yield	**5.36%**	10.00%
Share price on the date of grant	**0.80**	0.91 to 0.96
Fair value	**0.68 to 0.72**	0.00 to 0.98

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:

	As of	
Existing plans	**31 March 2021**	31 March 2020
Remaining contractual life for the options outstanding as of (years)	**0 to 8**	1 to 9

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 2021				For the year ended 31 March 2020			
	Retirement benefits	**Severance benefits**	**Compensated absences**	**Total**	Retirement benefits	Severance benefits	Compensated absences	Total
Obligation:								
Balance as at beginning of the year	**10**	**3**	**8**	**21**	9	4	7	20
Current service cost	**1**	**0**	**2**	**3**	1	0	3	4
Interest cost	**1**	**0**	**1**	**2**	1	0	1	2
Benefits paid	**(0)**	**(5)**	**(1)**	**(6)**	(0)	(1)	(3)	(4)
Past service cost and (gains)/loss on settlement	**(0)**	**4**	**(0)**	**4**	0	–	0	0
Remeasurements	**0**	**0**	**0**	**0**	(1)	(0)	0	(1)
Exchange differences	**0**	**0**	**(0)**	**0**	(0)	(0)	(0)	(0)
Present value of employee benefit obligation	**12**	**2**	**10**	**24**	10	3	8	21
Liability recognised in the balance sheet	**12**	**2**	**10**	**24**	10	3	8	21
Current portion	**2**	**0**	**4**	**6**	2	1	3	6
Non-current portion	**10**	**2**	**6**	**18**	8	2	5	15

Amount recognised in other comprehensive income for the above plans

	For the year ended	
	31 March 2021	31 March 2020
(Loss)/gain from change in experience assumptions	**(0)**	1
Gain from change in demographic assumptions	**0**	0
Loss from change in financial assumptions	**(0)**	(0)
Remeasurements on liability	**(0)**	1

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

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

	As of	
	31 March 2021	31 March 2020
Discount rate	**8.15% to 15.75%**	7.70% to 16.00%
Rate of return on plan assets	**NA**	NA
Rate of salary increase	**3.01% to 6.00%**	2.34% to 6.00%
Rate of attrition	**7.65% to 12.32%**	5.57% to 11.00%
Retirement age	**59 to 60 years**	59 to 60 years
Mortality rate	**CIMA F**	CIMA F

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

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

7. Employee benefits expense continued

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

		As of					
		As of 31 March 2021			As of 31 March 2020		
		Retirement benefits	**Severance benefits**	**Total**	Retirement benefits	Severance benefits	Total
Discount rate	+1.00%	**(1)**	**(0)**	**(1)**	(1)	(0)	(1)
	–1.00%	**1**	**0**	**1**	1	0	1
					–		
Salary growth rate	+1.00%	**1**	**0**	**1**	1	0	1
	–1.00%	**(1)**	**(0)**	**(1)**	(1)	(0)	(1)
Withdrawl rate	+1.00%	**(1)**	**1**	**0**	(0)	1	1
	–1.00%	**0**	**(1)**	**(1)**	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, this is unlikely to occur that 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 2021	31 March 2020
Within one year	**2**	3
Within one-three years	**4**	1
Within three-five years	**4**	6
Above five years	**17**	11
	27	21
Weighted average duration in years	**7**	7

8. Other operating expenses

Other operating expenses mainly includes the following:

	For the year ended	
	31 March 2021	31 March 2020
Cost of sales[1]	**167**	130
Repairs and maintenance	**31**	38
Charitable donations	**6**	5
Inventories recognised as an expense	**15**	11

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

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 year ended 31 March 2021 and 2020, respectively, is analysed below (in US$ thousands):

	For the year ended	
	31 March 2021	31 March 2020
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts[1]	**2,907**	1,958
Fees payable to the company's auditor and their associates for the audit of the company's subsidiaries	**1,649**	2,125
Total audit fees post-IPO	**4,556**	4,083
Total audit fees	**4,556**	4,083
Non-audit services		
Fees payable to the company's auditor associates for accountant's report on IPO of Airtel Malawi Limited	**–**	38
Fees payable to the company's auditor associates for quarterly assurance services performed by component teams	**1,109**	946
Fees payable to the company's auditors for quarterly review procedures performed by Deloitte UK for the purposes of Airtel Afirca plc	**–**	544
Fees payable to the company's auditors for half yearly review procedures performed by Deloitte UK for the purposes of Airtel Afirca plc	**320**	379
Post-IPO non-audit services	**1,429**	1,907
Fees payable to the company's auditor for other services to the Group – Airtel Africa IPO related costs[2]	**–**	2,464
Pre-IPO non-audit services	**–**	2,464
Total non-audit fees	**1,429**	4,371
Total fees	**5,985**	8,454

1 March 2021 fees includes additional fees of $423,800 arising from completion of the March 2020 audit relating to Covid-19

2 For the year ended 31 March 2020, these costs were incurred from the Group raising equity through an initial public offering and were charged against equity

9. Depreciation and amortisation

	For the year ended	
	31 March 2021	31 March 2020
Depreciation	**572**	549
Amortisation	**109**	83
	681	632

10. Finance costs and income

	For the year ended	
	31 March 2021	31 March 2020
Finance costs		
Interest on borrowings and other financial liabilities	**170**	172
Interest on lease liabilities	**136**	127
Net exchange loss	**93**	110
Bank charges, corporate guarantee fees and commitment fees	**25**	27
Net loss on derivative financial instruments	**8**	–
Other finance charges	**0**	4
	432	440
Finance income		
Interest income on deposits	**9**	29
Net gain on derivative financial instruments	**–**	38
	9	67

(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 2021	31 March 2020
Profit before tax	**697**	598
Add: Exceptional items		
– Service revenues[1]	**(20)**	–
– Employee resctructuring[2]	**6**	–
– Reversal of indemnities[3]	**–**	(72)
– Network modernisation[4]	**–**	27
– Deferment of customer acquisition cost[5]	**–**	(27)
– Share issue and IPO related expenses[6]	**–**	7
	(14)	(65)
Underlying profit before tax	**683**	533

1 Represents recognition of revenue pertaining to earlier years on a cumulative catch-up basis, arising out of a settlement agreement entered with a customer in one of the Group's subsidiaries in Niger

2 Comprises the cost of employee restructuring completed during the year ended 31 March 2021 in one of the Group's subsidiaries, including settlement of severance pay defined benefit plans

3 Represents expiry of indemnity obligation on the publication of registration document of the company. This is presented as 'non-operating income' in the statement of comprehensive income

4 This relates to the accelerated depreciation which arose on non–usable uninstalled equipment as part of the modernisation programme. This specific programme started in 2017 and was completed during the year ended 31 March 2020

5 Represents the impact relating to previous periods of $27m on deferment of customer acquisition costs following reassessment of expected average customer life

6 Includes equity issuance related expenses under IPO of the company including cost and fair value changes of derivatives taken for IPO proceeds and equity issuance related expenses of rights issue in a subsidiary, Congo B

Underlying profit after tax excludes the following exceptional items:

	For the year ended	
	31 March 2021	31 March 2020
Profit after tax	**415**	408
– Exceptional items (as above)	**(14)**	(65)
– Tax on above exceptional items	**–**	4
– Deferred tax asset recognition[1,2]	**(36)**	(51)
	(50)	(112)
Underlying profit after tax	**365**	296

1 During the year ended 31 March 2021, the Group recognised deferred tax assets in Airtel Tanzania. Airtel Tanzania has carried forward losses and temporary differences on which deferred tax was not recognised in the past. Considering that Airtel Tanzania has been in continuous and cumulative profits and on the basis of likely timing and the level of 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 in the foreseeable future. Consequently, the deferred tax asset recognition criteria are met, leading to recognition of $36m during the year ended 31 March 2021. Also refer to Note 3.1

2 During the year ended 31 March 2020, the Group recognised deferred tax assets in Airtel DRC on meeting the recognition criteria

Profit attributable to non–controlling interests include benefit of $19m and $3m during the year ended 31 March 2021 and 2020, 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 2021	31 March 2020
Current income tax		
– For the year	**238**	200
– Adjustments for prior periods	**4**	(24)
	242	176
Deferred tax		
– Origination and reversal of temporary differences	**114**	55
– Write down of deferred tax due to inadequate future taxable profits	**3**	17
– Recognition of deferred tax on tax losses and temporary differences	**(76)**	(58)
– Adjustments for prior periods	**(1)**	–
	40	14
Income tax expense	**282**	190

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 2021	31 March 2020
Profit before tax as shown in the consolidated income statement	**697**	598
Blended tax rate[1]	**33.4%**	32.2%
Tax expense at the Group's blended tax rate	**233**	192
Effect of:		
Tax on dividend & undistributed retained earnings of subsidiaries	**44**	22
Deferred tax triggered during the year[2]	**(44)**	(58)
Deferred tax recognised on projected profitability[3]	**(32)**	–
Items for which no deferred tax asset recognised	**54**	30
Withholding taxes on group management fees/Irrecoverable withholding taxes	**13**	11
Minimum alternate tax for which no credit is allowed	**9**	6
Expenses (net) not taxable/deductible	**2**	9
Adjustment in respect of previous years	**(7)**	(24)
Settlement of various disputes	**10**	3
Other tax[4]	**(0)**	(1)
Income tax expense	**282**	190

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 67 to 71

2 For the year ended 31 March 2021, $44m of deferred tax asset (DTA) was recognised on brought forward tax losses for Airtel Tanzania due to continued improvement in profitability. Out of $44m of deferred tax, $36m was recognised under exceptional items for the initial recognition of DTA arising on account of the next five years of forecasted profitability. Remaining $8m pertains to DTA recognised considering the forecasted profitability of FY 2026

For the year ended 31 March 2020, $58m of deferred tax asset was recognised on brought forward tax losses and other deductible temporary differences for Airtel DRC due to continued improvement in profitability

3 Incremental deferred tax recognised during the year for $32m in the DRC based on forecasted profitability

4 Other tax majorly includes deferred tax gain on fair valuation of property, plant and equipment and intangible assets of $9m offset by unwinding of DTA in Tanzania for $5m and other taxes in Nigeria for $4m mainly on account of deferred tax gain unwinding on lease liabilities

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

	As of	
	31 March 2021	31 March 2020
Deferred tax assets (net)		
a) Deferred tax asset arising out of		
Provision for Impairment of trade receivables/advances	**25**	29
Carried forward losses	**229**	243
Deferred revenue	**4**	4
Fair valuation of financial instruments and exchange differences	**89**	60
Depreciation/amortisation on PPE/intangible assets	**24**	28
Deferred tax asset on fair valuation of PPE/intangible	**8**	6
Employee benefits	**7**	3
Provision for inventories	**5**	5
Others	**5**	4
b) Deferred tax liability due to		
Fair valuation of financial instruments and exchange differences	**(0)**	(1)
Depreciation/amortisation on PPE/intangible assets	**(80)**	(47)
Transfer to asset held for sale	**(2)**	–
Others	**0**	0
	314	333

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

	As of	
	31 March 2021	31 March 2020
Deferred tax liabilities (net)		
a) Deferred tax liability due to		
Fair valuation of financial instruments and exchange differences	**(0)**	0
Depreciation/amortisation on PPE/intangible assets	**(37)**	(38)
Deferred tax on fair valuation of PPE/intangible	**–**	(22)
Others	**(2)**	(0)
Deferred tax liability on retained earnings	**(48)**	(18)
b) Deferred tax asset arising out of		
Provision for Impairment of trade receivables/advances	**1**	4
Carried forward losses	**2**	3
Fair valuation of financial instruments and exchange differences	**2**	2
Depreciation/amortisation on PPE/intangible assets	**0**	–
Employee benefits	**0**	–
Provision for inventories	**1**	–
Others	**0**	(0)
	(81)	(69)

Deferred tax assets and liabilities are consolidated jurisdiction wise at component level and net deferred tax assets/liability in the jurisdictions is segregated into deferred tax assets and deferred tax liability component.

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

	As of	
	31 March 2021	31 March 2020
Net deferred tax asset/(liability) reflected in the statement of financial position		
Deferred tax asset	**314**	333
Deferred tax liabilities	**(81)**	(69)

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

	As of	
	31 March 2021	31 March 2020
Deferred tax expenses/(benefit)		
Provision for Impairment of trade receivables/advances	**8**	16
Carried forward losses	**7**	44
Fair valuation of financial instruments and exchange differences	**(29)**	(32)
Depreciation/amortisation on PPE/intangible assets	**34**	(7)
Deferred revenue	**(0)**	(1)
Deferred tax on fair valuation of PPE/intangible	**(8)**	(13)
Employee benefits	**(4)**	(3)
Provision for inventories	**(1)**	(5)
Undistributed retained earnings	**32**	17
Others	**1**	(2)
	40	14

The movement in deferred tax assets and liabilities from prior year end is as follows:

	As of	
	31 March 2021	31 March 2020
Opening balance	**264**	313
Tax (expense)/credit recognised in statement of profit and loss	**(40)**	(14)
Translation adjustment recognised in other comprehensive loss and others	**9**	(35)
Closing balance	**233**	264

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 $1,491m and $1,835m as of 31 March 2021 and 31 March 2020, respectively, as it is not 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 2021	31 March 2020
Expiring within five years	**541**	1,050
Expiring beyond five years	**124**	267
Unlimited	**826**	518
	1,491	1,835

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

	As of	
	31 March 2021	31 March 2020
Expiring within five years	**8**	33
Expiring beyond five years	**1**	1
Unlimited	**764**	841
	773	875

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. The taxable temporary difference associated with respect to unremitted retained earnings is $32m and $61m as of 31 March 2021 and 31 March 2020, 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 2021 in the jurisdiction in which the respective Group entity operates.

(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 the 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 meeting the criteria

b) The Group is routinely subjected to audit by tax authorities in the jurisdictions in which the Group entities operate. The Group recognises tax provisions based on reasonable estimates for those matters where tax determination is uncertain but it is considered probable that there will be a future outflow of funds to tax authorities. The amount of such 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 in these kind of uncertain tax cases may differ materially and could therefore affect the Group's overall profitability and cash flows in 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 30 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 2021	31 March 2020
Profit for the year attributable to owners of the company	**339**	370
Weighted average ordinary shares outstanding for basic EPS[1]	**3,757,550,081**	3,585,634,531
Basic EPS	**9.0c**	10.3c

1 During the year ended 31 March 2020, the company as part of its IPO issued 676,406,927 shares

The details used in the computation of diluted EPS:

	For the year ended	
	31 March 2021	31 March 2020
Profit for the year attributable to owners of the company	**339**	370
Weighted average ordinary shares outstanding for diluted EPS[1,2,3]	**3,759,122,452**	3,586,678,328
Diluted EPS	**9.0c**	10.3c

1 The difference between the basic and diluted number of shares at the end of March 2021 being 1,572,371 (March 2020: 1,150,280) relates to awards committed but not yet issued under the Group's share-based payment schemes

2 Refer to Note 27 for details on the ordinary share movements as part of the initial public offering (IPO) process during the year ended 31 March 2020

3 Deferred shares have not been considered for EPS computation as they do not have the right to participate in profits

14. Property, plant and equipment (PPE)

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended 31 March 2021 and 31 March 2020:

	Leasehold improvements	Building	Land	Plant and equipment[2]	Furniture and fixture	Vehicles	Office equipment	Computer equipment	Total	Capital work in progress[3]
Gross carrying value										
Balance as of 1 April 2019	50	52	30	1,957	18	27	29	670	2,833	367
Additions/capitalisation	2	0	0	689	13	0	11	34	749	655
Disposals/adjustments[1]	(0)	–	(3)	(17)	(3)	(3)	(0)	(8)	(34)	(747)
Exchange differences	(2)	(5)	(1)	(221)	(3)	(0)	(3)	(35)	(270)	(16)
Balance as of 31 March 2020	50	47	26	2,408	25	24	37	661	3,278	259
Additions/capitalisation	**1**	**1**	**0**	**648**	**14**	**0**	**9**	**26**	**699**	**611**
Disposals/adjustments[1]	**(1)**	**(0)**	**(0)**	**(32)**	**(1)**	**(0)**	**(0)**	**(0)**	**(34)**	**(696)**
Transferred to assets held for sale	**–**	**–**	**–**	**(77)**	**–**	**0**	**–**	**(0)**	**(77)**	**(0)**
Exchange differences	**0**	**(2)**	**1**	**(89)**	**(1)**	**0**	**(1)**	**(11)**	**(103)**	**(8)**
Balance as of 31 March 2021	**50**	**46**	**27**	**2,858**	**37**	**24**	**45**	**676**	**3,763**	**166**
Accumulated depreciation										
Balance as of 1 April 2019	41	13	2	506	8	25	14	627	1,236	–
Charge	3	3	0	362	6	0	8	24	406	–
Disposals/adjustments[1]	(0)	–	(1)	(12)	(3)	(3)	(0)	(2)	(21)	–
Exchange differences	(2)	(1)	0	(134)	(2)	(0)	(3)	(33)	(175)	–
Balance as of 31 March 2020	42	15	1	722	9	22	19	616	1,446	–
Charge	**2**	**3**	**0**	**341**	**6**	**1**	**9**	**27**	**389**	**–**
Disposals/adjustments[1]	**(0)**	**(0)**	**0**	**(28)**	**(0)**	**(1)**	**(0)**	**1**	**(28)**	**–**
Transferred to assets held for sale	**–**	**–**	**–**	**(58)**	**–**	**(0)**	**–**	**(0)**	**(58)**	**–**
Exchange differences	**0**	**(1)**	**(0)**	**(41)**	**(0)**	**0**	**(1)**	**(9)**	**(52)**	**–**
Balance as of 31 March 2021	**44**	**17**	**1**	**936**	**15**	**22**	**27**	**635**	**1,697**	**–**
Net carrying value										
As of 1 April 2019	9	39	28	1,451	10	2	15	43	1,597	367
As of 31 March 2020	8	32	25	1,686	16	2	18	45	1,832	259
As of 31 March 2021	**6**	**29**	**26**	**1,922**	**22**	**2**	**18**	**41**	**2,066**	**166**

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 amounting to $50m and $4m as of 31 March 2021 and 2020, respectively, pledged against the Group's borrowings. For details towards pledge of the above assets, refer to Note 23.2

3 The carrying value of capital work-in-progress as of 31 March 2021 and 2020 mainly pertains to plant and equipment

(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 year ended 31 March 2021 and 2020:

		Other intangible assets				
	Goodwill	Software	Licences (including spectrum)[2]	Others	Total	Intangibles under development
Gross carrying value						
Balance as of 1 April 2019	4,126	5	726	26	757	70
Additions/capitalisation	–	–	202	–	202	162
Disposals/adjustments[1]	–	–	(139)	–	(139)	(202)
Exchange differences	(183)	–	(54)	(1)	(55)	–
Balance as of 31 March 2020	3,943	5	735	25	765	30
Additions/capitalisation	**–**	**–**	**212**	**–**	**212**	**366**
Transferred to assets held for sale	**–**	**–**	**0**	**–**	**0**	**–**
Disposals/adjustments[1]	**–**	**(2)**	**2**	**(1)**	**(1)**	**(212)**
Exchange differences	**(108)**	**(0)**	**(13)**	**(0)**	**(13)**	**(7)**
Balance as of 31 March 2021	**3,835**	**3**	**936**	**24**	**963**	**177**
Accumulated amortisation						
Balance as of 1 April 2019	–	5	380	23	408	–
Charge	–	–	82	1	83	–
Disposals/adjustments[1]	–	–	(143)	–	(143)	–
Exchange differences	–	–	(38)	(1)	(39)	–
Balance as of 31 March 2020	–	5	281	23	309	–
Charge	**–**	**–**	**108**	**1**	**109**	**–**
Transferred to assets held for sale	**–**	**–**	**–**	**–**	**–**	**–**
Disposals/adjustments[1]	**–**	**(2)**	**(0)**	**(1)**	**(3)**	**–**
Exchange differences	**–**	**(0)**	**(10)**	**(0)**	**(10)**	**–**
Balance as of 31 March 2021	**–**	**3**	**379**	**23**	**405**	**–**
Net carrying value						
As of 1 April 2019	4,126	–	346	3	349	70
As of 31 March 2020	3,943	–	454	2	456	30
As of 31 March 2021	**3,835**	**–**	**557**	**1**	**558**	**177**

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

2 During the year, the Group has capitalised deferred spectrum licence payments, for which the Group is under an obligation for payment till the expiry of the licence period. Consequently, intangible assets have been recognised at the present value of such payments with a corresponding liability. The balances of comparative periods have not been restated considering that such amounts are not material to the Group

Weighted average remaining amortisation period of licence as of 31 March 2021 and 2020 is 9.90 years and 8.46 years, respectively.

Impairment review

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

	As of	
	31 March 2020	31 March 2019
Nigeria	**1,298**	1,373
East Africa	**1,821**	1,853
Francophone Africa	**716**	717
	3,835	3,943

The Group tests goodwill for impairment annually on 31 December. The carrying value of goodwill as of 31 December 2020 was $1,349m, $1,836m and $730m for Nigeria, East Africa and Francophone Africa, 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.

The Group operates in emerging markets which are underpenetrated when compared to developed markets. In such emerging markets, short-term plans (for example, five years) are not indicative of the long-term future prospects and performance of the Group. Considering this, the life of the Group's regulatory licences and network assets, which are at an average of ten years, and the potential opportunities of the emerging African telecom sector, which is mostly a two-three player market with lower smartphone penetration, the Group has adopted a ten-year plan for the purpose of internal forecasts and impairment testing. 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. In performing this sensitivity, the Group has changed the long-term growth rate for Nigeria from 2.51% to 4.51% while retaining the long-term growth rates for the other group of CGUs. The change in Nigerian long-term growth rate is aligned to the level of penetration and growth opportunities in the Nigerian telecom market towards the expiry of the five-year period and is in line with our view of combined growth over years six to ten and after ten years. 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.

The 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 at 31 December 2020 were as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate	22.45%	14.82%	14.25%
Capital expenditure[1]	8%–19%	6%–17%	5%–10%
Long-term growth rate	2.51%	5.11%	3.70%

1 Capital expenditure is expressed as a percentage of gross revenue over the plan period

At 31 December 2020, 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	Discount rate reflects the market assessment of the risks specific to the group of CGUs and are estimated based on the weighted average cost of capital for each respective group of CGUs. Following the onset of the Covid-19 outbreak, the Group had concluded that in determining the discount rate at 31 March 2020, using spot country risk premiums would not give a discount rate that a market participant would expect at the balance sheet date in determining the present value of cash flows over a ten-year period. At 31 December 2020, this significant market volatility has reduced and management have reverted to using a spot rate.
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.

At 31 December 2020, 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 $1,719m for Nigeria (69%), $4,811m for East Africa (155%) and $1,811m for Francophone Africa (107%). 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 CGU's:

	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate	33.28%	29.04%	26.32%

The table below presents the increase in isolation in capital expenditure as a percentage of revenue which will result in equating the recoverable amount with the carrying amount for each group of CGUs:

	Nigeria	East Africa	Francophone Africa
Capital expenditure	6.81%	13.94%	9.86%

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

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

15. Intangible assets continued

Impairment assessment for the year ended 31 March 2020:

During the year ended 31 March 2020, the Group performed impairment assessment as of31 December 2019 and updated at 31 March 2020.

The discount rates applied in performing the impairment assessment at 31 December were as follows:

	Nigeria	East Africa	Francophone Africa
Pre-tax discount Rate	23.00%	15.30%	14.30%

Following the outbreak of the Covid-19 pandemic, the Group's impairment tests and sensitivity analysis were updated at 31 March 2020 for currency devaluations in certain countries, in particular Nigeria and Zambia, the potential impact of Covid-19 on the Group and the impact on the discount rates used.

Details around the capital expenditure and growth rates used within the value in use calculations at 31 March 2020 are as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Capital expenditure[1]	10%–20%	7.5%–17.5%	6%–15%
Long-term growth rate	2.6%	5.1%	3.8%

1 Capital expenditure is expressed as a percentage of revenue over the plan period

- **Discount rate**

During the year ended March 2020, following the outbreak of Covid-19, there was significant volatility within the financial markets over mid and late March 2020. This led to a significant increase in equity and country risk premiums, with the increase in country risk premiums derived from an increase in observed sovereign credit default swap rates across all jurisdictions.

The Group had analysed the level of volatility within country risk premiums by reference to credit default swap rates in the period between 31 December 2019 and 31 March 2020, and the reduction in these rates since that date. The Group had concluded that in determining the discount rate at 31 March 2020, using spot country risk premiums would not have given a discount rate that a market participant would expect at the balance sheet date in determining the present value of cash flows over the ten-year business plan. Consequently, given this volatility, to determine an appropriate discount rate for the purpose of the 31 March 2020 impairment assessment, considerations were given to average country risk premiums at December 2019, March 2020 and subsequent to March 2020, which in the Group's view, better reflected the risks associated with cash flows over ten years and beyond. The rates adopted by the Group in the 31 March 2020 impairment assessment, taking into account these average country risk premiums, were as follows:

	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate	24.5%	17.1%	16.4%

The results of the impairment tests using these rates show that the recoverable amount exceeded the carrying amount by $383m for Nigeria (16%), $669m for East Africa (22%) and $714m for Francophone Africa (46%). The Group therefore concluded that no impairment was required to the goodwill held against each group of CGUs.

- **Reasonably possible change in discount rate and other assumptions for the year ended 31 March 2020**

As previously noted, the impairment assessment is sensitive to a change in discount rates. The table below sets out the March 2020 discount rate for spot country risk premiums and the breakeven discount rate for each group of CGUs.

Assumptions	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate – spot country risk premiums	26.8%	20.0%	19.4%
Pre-tax discount rate – breakeven	27.3%	19.6%	21.7%

Given the volatility within financial markets, there is a risk that a prolonged pandemic could lead to increased credit default rates and other inputs into determining the discount rate over a prolonged period. Assessed as of 31 March 2020, this could lead to discount rates moving higher than the levels seen in March 2020, thus giving rise to a possible impairment in future periods (up to $100m at the above March 2020 rates).

- **Reasonably possible change in other assumptions for the year ended 31 March 2020**

The table below presents the increase in isolation in capital expenditure as a percentage of revenue which will result in equating the recoverable amount with the carrying amount of the group of CGUs:

	Nigeria	East Africa	Francophone Africa
Capital expenditure	3.8%	6.2%	8.8%

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

16. Investment in associate

The Group's interests in associate 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 are set out in Note 36.

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

	As of	
	31 March 2021	31 March 2020
Investment in associate	**4**	3
	4	3

The amount recognised in the income statement is as follows:

	For the year ended	
	31 March 2021	31 March 2020
Recognised in profit and loss		
Share of profit of associate	**(1)**	(0)
	(1)	(0)

17. Derivative financial instruments

	As of	
	31 March 2021	31 March 2020
Assets		
Currency swaps, forward and option contracts	**13**	9
Interest swaps	**–**	1
	13	10
Liabilities		
Currency swaps, forward and option contracts	**10**	4
Interest swaps	**2**	0
Embedded derivatives	**1**	3
	13	7
Non-current derivative financial assets	**6**	0
Current derivative financial assets	**6**	10
Non-current derivative financial liabilities	**(6)**	(4)
Current derivative financial liabilities	**(7)**	(3)
	(1)	3

During the year ended 31 March 2021, the Group has entered into a cross currency swap (CCS) in one of its subsidiaries, which has been accounted for as FVTPL. On recognition, since the fair value of the CCS 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 was deferred and recognised on straight line basis over the tenure of the CCS. The fair value of the CCS was determined based on a valuation report by the CCS issuer.

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

	For the year ended	
	31 March 2021	31 March 2020
Opening balance	**–**	–
Difference between fair value on initital recognition and transaction price	**5**	–
Less: Aggregate difference recognised in profit and loss	**(1)**	–
Closing balance	**4**	–

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

18. Security deposits

	As of	
	31 March 2021	31 March 2020
Security deposits	**11**	10
Less: allowance for impairment of security deposits	**(3)**	(3)
	8	7

Security deposits primarily include deposits given towards rented premises, cell sites, interconnect ports etc.

19. Other non–financial assets

Non–current

	As of	
	31 March 2021	31 March 2020
Advances (net)[1]	**20**	23
Capital advance	**8**	–
Prepaid expenses[2]	**74**	77
Others[3]	**10**	12
	112	112

1 Advances (net) mainly include 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 $7m and $8m as of 31 March 2021 and 2020, respectively

2 Prepaid expenses mainly include prepayments in respect of indefeasible right to use (IRU)

3 Others mainly include amount receivable from minority shareholders on account of issue of share capital in one of the subsidiaries

Current

	As of	
	31 March 2021	31 March 2020
Prepaid expenses[1]	**87**	86
Taxes recoverable[2]	**38**	39
Advances to suppliers (net)[3]	**7**	15
Others[4]	**15**	9
	147	149

1 Prepaid expenses mainly includes costs to obtain or fulfil contracts with customers, prepaid payment in respect of indefeasible right to use (IRU), network costs and advance rent related to offices and shops

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

3 Advance to suppliers (net) are disclosed net of provision of $11m and $8m as of 31 March 2021 and 2020, respectively

4 Others mainly includes claims receivable from vendors based on contractual arrangements and employee advances net of related provision of $2m and $5m as of 31 March 2021 and 2020, respectively

20. Trade receivables

	As of	
	31 March 2021	31 March 2020
Trade receivables[1]	**297**	322
Less: allowance for impairment of trade receivables	**(184)**	(190)
	113	132

1 Refer to Note 33 for credit risk

The movement in allowances for doubtful debts is as follows:

	For the year ended	
	31 March 2021	31 March 2020
Opening balance	**190**	201
Additions	**21**	28
Reversal	**(27)**	(39)
Net addition/(reversal)	**(6)**	(11)
Closing balance	**184**	190

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

21. Cash and bank balances

Cash and cash equivalents

	As of	
	31 March 2021	31 March 2020
Balances with banks		
– On current accounts	**486**	153
– Bank deposits with original maturity of three months or less	**290**	836
Cheques on hand	**0**	0
Balance held in wallets	**36**	20
Cash on hand	**1**	1
	813	1,010

Other bank balances

	As of	
	31 March 2021	31 March 2020
Term deposits with banks	**257**	–
Margin money deposits[1]	**25**	6
Unpaid dividend	**0**	–
	282	6

1 Margin money deposits represents amount given as collateral for legal cases and/or bank guarantees for disputed matters, and deposit against derivative contracts

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

	As of	
	31 March 2021	31 March 2020
Cash and cash equivalents as per balance sheet	**813**	1,010
Balance held under mobile money trust	**440**	295
Bank overdraft	**(251)**	(218)
Cash and cash equivalents classified as held for sale (refer to Note 35)	**1**	–
	1,003	1,087

22. Financial assets – others

Current

	As of	
	31 March 2021	31 March 2020
Unbilled revenue	**43**	37
Claims recoverable	**6**	10
Interest accrued on investments/deposits	**1**	2
Others	**16**	17
	66	66

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

23. Borrowings

Non-current

	As of	
	31 March 2021	31 March 2020
Secured		
Term loans	**50**	0
Less: Current portion (A)	**(50)**	(0)
	–	0
Unsecured		
Term loans	**544**	522
Non- convertible bonds[1]	**2,403**	2,353
	2,947	2,875
Less: Current portion (B)	**(1,076)**	(429)
	1,871	2,446
	1,871	2,446
Current maturities of long-term borrowings (A + B)	**1,126**	429

Current

	As of	
	31 March 2021	31 March 2020
Secured		
Term loans	**–**	0
Bank overdraft	**–**	4
	–	4
Unsecured		
Term loans	**92**	17
Bank overdraft	**250**	214
	342	231
	342	235

1 It includes impact of fair value hedges (refer to Note 33) and debt origination costs. During the year ended 31 March 2020, the Group repaid non-convertible bonds of CHF 350m at maturity

23.1 Analysis of borrowings

The details given in Notes 23.1.1, 23.1.2 and 23.2 are gross of debt origination cost and fair valuation adjustments pertaining to Group's fair value hedges.

23.1.1 Repayment terms of borrowings

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

	As of	
	31 March 2021	31 March 2020
Within one year	**1,468**	665
Between one and two years	**680**	896
Between two and five years	**1,175**	1,528
	3,323	3,088

23.1.2 Interest rate and currency of borrowings

	Weighted average rate of interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
USD	**5.05%**	**2,063**	**411**	**1,652**
EUR	**3.31%**	**955**	**75**	**879**
XAF	**7.67%**	**98**	**–**	**98**
XOF	**7.15%**	**68**	**–**	**68**
Others	**6.02% to 15.89%**	**139**	**74**	**66**
31 March 2021		**3,323**	**560**	**2,763**
USD	5.07%	2,003	390	1,613
EUR	3.31%	896	–	896
XAF	6.84%	81	–	81
XOF	6.61%	58	–	58
Others	8.14% to 20.25%	50	30	20
31 March 2020		3,088	420	2,668

23.2 Security details

The Group has taken borrowings in various countries towards funding of its acquisition and working capital requirements. The details of security provided by the Group in various countries are as follows:

	Outstanding borrowing amount		
Entity	**31 March 2021**	31 March 2020	Security details
Airtel Networks Limited	**50**	–	Pledge of all fixed and floating assets
Airtel Tanzania plc	**–**	4	

All non-convertible bonds contain a negative pledge covenant whereby Bharti Airtel Limited and certain of it's 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.

All non-convertible bonds also contain event of default clause which gets triggered if Bharti Airtel Limited ceases to control, directly or indirectly, at least 51% of the voting power of the voting stock of BAIN in addition to other events of default which are usual and customary to such bonds.

The USD non-convertible bonds due in 2023 (2023 bonds) amounting to $505m are additionally subject to certain covenants whereby Bharti Airtel Limited and its significant subsidiaries would be restricted from incurring additional indebtedness unless Bharti Airtel Limited meets a designated consolidated indebtedness to underlying EBITDA ratio or the indebtedness is otherwise permitted by the 2023 bonds. These covenants are in force only under certain agreed circumstances which currently do not subsist. Thus, as of the date of the authorisation of these financial statements, these covenants are under suspension, and currently not applicable.

All non-convertible bonds are guaranteed by Bharti Airtel Limited (intermediate parent entity), for detail refer to Note 33. Such guarantee is considered an integral part of the bonds and therefore accounted for as part of the same unit of account.

23.3 Unused lines of credit[1]

The below table provides details of un-drawn credit facilities that are available to the Group.

	As of	
	31 March 2021	31 March 2020
Undrawn credit facilities	**940**	868

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 for going concern and Note 37 for events after the balance sheet date.

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

24. Financial liabilities – others

Non-current

	As of	
	31 March 2021	31 March 2020
Deferred payment liability[1]	**77**	–
Payable against capital expediture	**11**	9
Security deposits	**2**	2
Others[2]	**1**	4
	91	15

1 Represents non-current portion of deferred spectrum liability recognised in accordance with the initial capitalisation of deferred spectrum payments and subsequent capitalisation based on satisfaction of capitalisation criteria, refer to Note 15(2)

2 For 31 March 2020, this mainly includes consideration payable to Millicom International Cellular S.A. for acquisition of Tigo Rwanda Limited

Current

	As of	
	31 March 2021	31 March 2020
Payable against capital expenditure	**302**	347
Employees payables	**46**	31
Interest accrued but not due	**50**	52
Security deposit[1]	**11**	11
Deferred payment liability[2]	**12**	–
Contingent/deferred consideration payable[3]	**–**	3
Others[4]	**27**	17
	448	461

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 Represents current portion of deferred spectrum liability recognised in accordance with the initial capitalisation of deferred spectrum payments and subsequent capitalisation based on satisfaction of capitalisation criteria, refer to Note 15(2)

3 For 31 March 2020, this pertains to contingent/deferred consideration payable to Millicom International Cellular S.A. for acquisition of Tigo Rwanda Limited

4 This mainly pertains to amount payable to related parties, non-controlling interest towards dividend and other statutory dues payable

25. Other non-financial liabilities

Non-current

	As of	
	31 March 2021	31 March 2020
Income received in advance	**24**	29
	24	29

Current

	As of	
	31 March 2021	31 March 2020
Taxes payable[1]	**146**	110
Income received in advance	**5**	5
	151	115

1 Taxes payable include value added tax, excise, withholding taxes and other taxes payable

26. Provisions

Non-current

	As of	
	31 March 2021	31 March 2020
Employee benefit obligations	**18**	16
Asset retirement obligation[1]	**7**	7
Total	**25**	23

Current

	As of	
	31 March 2021	31 March 2020
Provision for sub judice matters[2]	**59**	60
Employee benefit obligations	**6**	5
Total	**65**	65

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 This includes provision for withholding taxes on interconnect and roaming charges in one of the Group's subsidiaries amounting to $21m (March 2020: $22m). Other items included are individually immaterial. The timing of future cash flows are subject to significant inherent uncertainty due to the nature and progression of such cases, it being in early/nascent stage, no damages or remedies being specified and/or slow pace of litigation

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

	For the year ended 31 March 2021		
	Indirect tax cases	**Legal and regulatory cases**	**Total**
Opening balance	**42**	**18**	**60**
Additions during the year[1]	**11**	**7**	**18**
Reversal during the year	**(1)**	**(1)**	**(2)**
Utilisation during the year[1]	**(12)**	**(5)**	**(17)**
Closing balance	**40**	**19**	**59**

1 Includes incremental tax provision of $6m and settlement of $10m for various tax sub judice matter in one of the Group's subsidiaries

	For the year ended 31 March 2020		
	Indirect tax cases	Legal and regulatory cases	Total
Opening balance	44	16	60
Additions during the year[1]	5	16	21
Reversal during the year	(4)	(1)	(5)
Utilisation during the year	(3)	(13)	(16)
Closing balance	42	18	60

1 Includes provision for payment of $9m for demand related to quality of services in one of the Group's subsidiaries

For details of contingent liabilities, refer to Note 30.

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

27. Share capital

	As of	
	31 March 2021	31 March 2020
Authorised shares		
3,758,151,504 ordinary shares of $0.5 each (March 2020: 3,758,151,504)	**1,879**	1,879
3,081,744,577 deferred shares of $0.5 each (March 2020: 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 $0.5 each (March 2020: 3,758,151,504)[1,2]	**1,879**	1,879
3,081,744,577 deferred shares of $0.5 each[1] (March 2020: 3,081,744,577)	**1,541**	1,541
	3,420	3,420

1 On 27 June 2019, the company sub-divided and converted each ordinary share of $1.0 into:

- One ordinary share of $0.5 each having the same rights and being subject to the same restrictions as the existing ordinary shares of the company, and
- One deferred share of $0.5 each.(refer to terms/rights attached to these shares below)

2 On 3 July 2019 and 9 July 2019, the company completed its listing on the London Stock Exchange (LSE) and Nigerian Stock Exchange (NSE), respectively, and raised $680m (including share premium of $342m) from the issue of 676,406,927 new ordinary shares

During the year ended 31 March 2020, in order to meet the share capital requirements for re-registration as a public limited company, the company allotted 50,000 redeemable deferred shares of £1 each (the Redeemable Deferred Shares) to AAML. In accordance with approval of High Court in London on 22 October 2019, these shares were reduced to nil and the amount was paid to the shareholder.

Terms/rights attached to equity shares

The company has following two classes of ordinary shares:

- Ordinary shares having par value of $0.5 per share. Each holder of equity shares is entitled to cast one vote per share and carry a right to dividends.
- Deferred shares of $0.5 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.

28. 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 $834m (as presented on page 211 in company only financial statements). The majority of the Group's 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. During the year ended 31 March 2020, the company reduced the amount standing to the credit of the share premium account to zero, thereby increasing its distributable reserves by $809m, pursuant to approval by the High Court in London.

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	Cash flow hedge reserve	Share stablisation reserve	Shared-based payment reserve	Treasury shares	Total
As of 1 April 2019	(2,036)	2	–	–	–	(2,034)
Net losses due to foreign currency translation differences	(228)	–	–	–	–	(228)
Net gains on net investments hedge	5	–	–	–	–	5
Net losses on cash flow hedge	–	(2)	–	–	–	(2)
Share stabilisation proceeds	–	–	7	–	–	7
Employee share-based payment expenses	–	–	–	0	–	0
As of 31 March 2020	(2,259)	0	7	0	–	(2,252)
Net losses due to foreign currency translation differences	**(129)**	**–**	**–**	**–**	**–**	**(129)**
Net losses on net investments hedge	**(11)**	**–**	**–**	**–**	**–**	**(11)**
Purchase of own shares	**–**	**–**	**–**	**–**	**(4)**	**(4)**
Employee share-based payment expenses	**–**	**–**	**–**	**0**	**0**	**0**
As of 31 March 2021	**(2,399)**	**–**	**7**	**0**	**(4)**	**(2,396)**

Treasury shares

Details of movement in treasury shares:

	For the year ended			
	31 March 2021		31 March 2020	
	Number of shares	**Amount**	Number of shares	Amount
Opening balance	**–**	**–**	–	–
Purchased during the year	**4,314,288**	**4**	–	–
Excercised during the year	**(614,674)**	**(0)**	–	–
Closing balance	**3,699,614**	**4**	–	–

28.1 Dividends

	For the year ended	
	31 March 2021	31 March 2020
Distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2020 of 3 cents per share (2019: nil)	**113**	–
Interim dividend for the year ended 31 March 2021 of 1.5 cents per share (2020: 3 cents)	**56**	113
	169	113
Proposed dividend for the year ended 31 March 2021 of 2.5 cents per share (2020: 3 cents)	**94**	113

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting 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 25 June 2021. The payment of this dividend will not have any tax consequences for the Group.

Notes to consolidated financial statements continued

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

29. 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 36.

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

A. Airtel Networks Limited (Nigeria)

Summarised financial position

	As of	
	31 March 2021	31 March 2020
Assets		
Non-current assets	**1,633**	1,415
Current assets	**180**	11
Liabilities		
Non-current liabilities	**484**	483
Current liabilities	**624**	512
Equity	**705**	431
% of ownership interest held by NCI	**8.26%**	8.26%
Accumulated NCI	**58**	36

Summarised income statement

	For the year ended	
	31 March 2021	31 March 2020
Revenue	**1,552**	1,373
Net profit	**332**	343
Other comprehensive loss	**(43)**	(94)
Total comprehensive income	**289**	249
Profit allocated to NCI	**24**	20

Summarised cash flows

	For the year ended	
	31 March 2021	31 March 2020
Net cash inflow from operating activities	**773**	730
Net cash outflow from investing activities	**(495)**	(422)
Net cash outflow from financing activities	**(120)**	(248)
Net cash inflow	**158**	60

B. Airtel Tanzania plc

Summarised financial position

	As of	
	31 March 2021	31 March 2020
Assets		
Non-current assets	**321**	234
Current assets	**150**	99
Liabilities		
Non-current liabilities	**531**	525
Current liabilities	**279**	218
Equity	**(339)**	(410)
% of ownership interest held by NCI	**49%**	49%
Accumulated NCI[1]	**(145)**	(180)

1 Includes share of goodwill of $21m (March 2020: $21m)

Summarised income statement

	For the year ended	
	31 March 2021	31 March 2020
Revenue	**283**	236
Net profit	**90**	27
Other comprehensive loss	**(3)**	(4)
Total comprehensive income	**87**	23
Profit allocated to NCI	**43**	11

Summarised cash flows

	For the year ended	
	31 March 2021	31 March 2020
Net cash inflow from operating activities	**92**	71
Net cash outflow from investing activities	**(58)**	(51)
Net cash outflow from financing activities	**(24)**	(18)
Net cash inflow	**10**	2

C. Airtel Malawi plc

Summarised financial position

	As of	
	31 March 2021	31 March 2020
Assets		
Non-current assets	**117**	126
Current assets	**46**	26
Liabilities		
Non-current liabilities	**29**	59
Current liabilities	**93**	61
Equity	**41**	32
% of ownership interest held by NCI	**20%**	20%
Accumulated NCI[1]	**52**	53

1 Includes share of goodwill of $43m (March 2020: $47m).

Summarised income statement

	For the year ended	
	31 March 2021	31 March 2020
Revenue	**153**	11
Net profit	**30**	5
Other comprehensive (loss)/income	**(3)**	0
Total comprehensive income	**27**	5
Profit allocated to NCI	**5**	1

Summarised cash flows

	For the year ended	
	31 March 2021	31 March 2020
Net cash inflow from operating activities	**79**	7
Net cash outflow from investing activities	**(38)**	(3)
Net cash outflow from financing activities	**(20)**	(2)
Net cash inflow	**21**	2

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

30. Contingent liabilities and commitments

(i) Contingent liabilities

	As of	
	31 March 2021	31 March 2020
(a) Taxes, duties and other demands (under adjudication/appeal/dispute)		
– Income tax	**23**	30
– Value added tax (1)	**30**	56
– Customs duty and excise duty	**8**	7
– Other miscellaneous demands	**9**	13
(b) Claims under legal and regulatory cases including arbitration matters (2) (3)	**87**	83
	157	189

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 appropriate authorities and appropriate settlements agreed. Other than amounts provided where the Group believes there is a probable settlement and contingent liabilities where the Group has assessed the additional possible amounts, there are no other legal, tax or regulatory obligations which may be expected to be material to the financial statements.

The movement in contingent liabilities during the year ended 31 March 2021 of $32m primarily comprises of reduction on account of revised assessment of Value added tax (VAT) and withholding tax assessment received by one of the Group's subsidiaries amounting to $23m.

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 2021, the Group's contingent liabilities majorly include the following:

(1) Value added tax (VAT)

- **VAT Audit 2016**

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

During the desktop VAT audit conducted by the tax authorities for 2016, the above-mentioned input VAT credit claimed by the mobile services subsidiary 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 credit starts from the year in which payment is made against 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 20% 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 $10m is included within contingent liabilities in respect of this matter. No provision has been made against the said claim.

- **VAT on sale of towers 2016**

One of the Group's subsidiaries received a notice of assessment of $26m by the tax authorities in September 2016, which alleged that the sale of towers should have been subject to VAT. As per the VAT rules in that jurisdiction, Towers should be regarded as immovable assets and should be subject to registration duty (which was duly paid) and exempt from VAT.

The subsidiary submitted a response to the tax authorities in December 2016 for which a response is awaited from the tax authorities. The company believes that the current assessment by the tax authorities contradicts their own position from an earlier assessment where towers were previously transferred. An amount of $9m is included within contingent liabilities in respect of this matter. No provision has been made against the said claim.

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 (approximately $1m). In 2014, the vendor initiated arbitration proceedings claiming a sum of approximately CFA 1.9bn (approximately $3m). Between 2015 and mid-May 2019, lower courts imposed a penalty of CFA 35bn (approximately $63m), based on which certain banks of the subsidiary were summoned to release the funds. The subsidiary lodged an immediate appeal in the Supreme Court having jurisdiction over the subsidiary for a stay of execution. On 19 June 2019, the Supreme Court granted a stay of execution. In July 2019 the Court of Appeal (in violation of the stay order and a November 2018 regional court order) issued a ruling condemning the subsidiary to pay the said penalty. The subsidiary appealed to the Supreme Court and applied for a stay of execution by challenging the merits of the ruling of the Court of Appeal. In September 2019, the Supreme Court issued a stay of execution against the July 2019 ruling of the Court of Appeal. The vendor filed an appeal before the Common Court of Justice and Arbitration (CCJA) against the Supreme Court stay order. Quite unexpectedly, the CCJA on 22 April 2020 annulled the September 2019 stay order of the Supreme Court and lifted the stay of execution. On 2 June 2020, the Supreme Court issued a stay order, allowing the subsidiary to prevent seizure of its bank accounts that had been re-activated by the vendor on the basis of the 22 April 2020 CCJA decision. On 19 June 2020, the vendor filed another application with CCJA challenging the stay order granted in favor of the subsidiary by the Supreme Court on 2 June 2020. The subsidiary filed its statement of defence on 9 October 2020 against the application filed by the vendor on 19 June 2020 with CCJA, arguing as preliminary objection on jurisdiction of the Court. On 26 November 2020 CCJA issued an order annulling the order of 2 June 2020 and asking the subsidiary to pay the vendor. Separately, on 15 December 2020 the subsidiary initiated criminal proceedings against the vendor for fraud and deceitful conduct.

On 12 February 2021 the investigating judge refused to charge vendor for fraudulent acts, which resulted in new seizures being attempted by the vendor. The subsidiary filed an appeal on 18 February 2021. On 2 April 2021, the Commercial Court declared the notice of seizure null and void and ordered the lift of seizure of 16 February 2021.

As per the law no civil action can be initiated against the subsidiary while criminal proceedings are ongoing. 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 $63m (included in the closing contingent liability). No provision has been made against the said 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, totaling approximately $12m, 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 $12m 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 $12m, pending the decision of the Supreme Court. No provision has been made against the said 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 2021 and 31 March 2020 amounting to $12m and $10m, 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, 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 $232m and $234m as of 31 March 2021 and 31 March 2020, respectively.

31. Leases

(a) As a lessee

Right-of-use assets

2020-21	Plant and equipment	Others	Total
Balance at 1 April 2020	**617**	**22**	**639**
Additions (net)	**298**	**61**	**359**
Transferred to assets of disposal group classified as held for sale	**(5)**	**–**	**(5)**
Depreciation charge for the year	**(172)**	**(11)**	**(183)**
Foreign currency translation reserve	**(14)**	**3**	**(11)**
Balance at 31 March 2021	**724**	**75**	**799**

2019-20	Plant and equipment	Others	Total
Balance at 1 April 2019	635	20	655
Additions	146	9	155
Depreciation charge for the year	(133)	(9)	(142)
Foreign currency translation reserve	(31)	2	(29)
Balance at 31 March 2020	617	22	639

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

31. Leases continued

Lease liabilities

	As of	
	31 March 2021	31 March 2020
Maturity analysis:		
Less than one year	**396**	316
Later than one year but not later than two years	**348**	300
Later than two years but not later than five years	**721**	778
Later than five years but not later than nine years	**177**	165
Later than nine years	**48**	10
Total undiscounted lease liabilities	**1,690**	1,569
Lease liabilities included in the statement of financial position	**1,277**	1,169

Amounts recognised in profit or loss

	For the year ended	
	31 March 2021	31 March 2020
Interest on lease liabilities	**136**	127

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 etc. services. These leases typically run for a period of 3 to 15 years. Some leases include an option to extend the lease mainly for an additional period of 3 to 10 years after the end of initial contract term based on renegotiation of lease rentals. Extension options are only included in the lease term if the lease is reasonably certain to be extended. 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 of lease of shops, showrooms, guest houses, warehouses, data centres, 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 2021	31 March 2020
Operating lease		
Lease income recognised in profit or loss	**37**	38

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

	As of	
	31 March 2021	31 March 2020
Less than one year	**34**	34
One to two years	**21**	24
Two to three years	**5**	19
Three to four years	**4**	5
Four to five years	**4**	4
More than five years	**2**	19
Total	**70**	105

32. 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 and associate refer to Note 36.

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

a. Fellow subsidiaries

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

b. Other related parties

Airtel Ghana Limited
Singapore Telecommunication Limited

vi. Key Management Personnel (KMP)

a. Executive director

Raghunath Venkateswarlu Mandava

b. Non-executive directors

Sunil Bharti Mittal
Awuneba Ajumogobia (since April 2019)
Douglas Baillie (since April 2019)
John Danilovich (since April 2019)
Andrew Green (since April 2019)
Akhil Gupta
Shravin Bharti Mittal
Annika Poutiainen (since April 2019)
Ravi Rajagopal (since April 2019)
Arthur Lang (till October 2020)
Kelly Bayer Rosmarin (since October 2020)

c. Others

Segun Ogunsanya
Ian Ferrao (since September 2019)
Michael Foley (since February 2020)
Jaideep Paul
Razvan Ungureanu
Luc Serviant (since December 2019)
Daddy Mukadi
Neelesh Singh
Ramakrishna Lella
Olivier Pognon
Rogany Ramiah (since May 2019)
Stephen Nthenge (since May 2019)
Vimal Kumar Ambat (since February 2021)
Ashish Malhotra (since October 2020)
Vinny Puri (since March 2021)

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

32. Related Party disclosure continued

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 2021 and 2020, respectively, are described below.

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

	For the year ended									
	31 March 2021					31 March 2020				
Relationship	**Parent company**	**Inter-mediate parent entity**	**Fellow subsi-diaries**	**Associates**	**Other related parties**	Parent company	Inter-mediate parent entity	Fellow subsi-diaries	Associates	Other related parties
Sale/rendering of services	**–**	**6**	**66**	**–**	**1**	–	8	84	–	0
Purchase/receiving of services	**–**	**17**	**52**	**1**	**0**	–	26	64	1	0
Rent and other charges	**–**	**1**	**–**	**–**	**–**	–	1	–	–	–
Guarantee and collateral fee paid	**–**	**10**	**–**	**–**	**–**	–	11	–	–	–
Purchase of assets	**–**	**0**	**0**	**–**	**–**	–	–	9	–	–
Dividend Paid	**95**	**–**	**–**	**–**	**–**	63	–	–	–	–

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

Relationship	**Parent company**	**Intermediate parent entity**	**Fellow subsidiaries**	**Associate**	**Other related parties**
As of 31 March 2021					
Trade payables	**–**	**9**	**29**	**1**	**2**
Trade receivables	**–**	**3**	**37**	**–**	**3**
Corporate guarantee fee payable	**–**	**2**	**–**	**–**	**–**
Guarantees and collaterals taken (including performance guarantees)	**–**	**7,056**	**–**	**–**	**–**
As of 31 March 2020					
Trade payables	–	20	32	0	1
Trade receivables	–	3	24	–	1
Corporate guarantee fee payable	–	4	–	–	–
Guarantees and collaterals taken (including performance guarantees)	–	7,056	–	–	–

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 124 to 138. Remuneration to KMP were as follows:

	For the year ended	
	31 March 2021	31 March 2020
Short-term employee benefits	**8**	7
Performance-linked incentive	**3**	2
Share-based payment	**1**	0
Other long-term benefits	**4**	2
Other awards	**1**	2
	17	13

33. Financial risk management objectives and policies

The Group has liabilities in the form of borrowings, guarantees, trade and other payables as well as receivables in the form of loan, 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 Audit and Risk Committee. The Group's Finance Committee constituted during the year ended 31 March 2020, 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 the Group policies and the 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.

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 transacts business in US dollars with parties of other countries and strategic vendor purchases are in US dollars. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Group may use 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 a certain proportion of its foreign currency exposure, as approved by the Board as per established risk management policy or higher as considered appropriate and whenever necessary.

This cash flow and net investment hedge accounting relationships as of the end of each year, and their respective impacts, are as follows:

Cash flow hedge

	As of	
	31 March 2021	31 March 2020
Currency exchange risk hedged	**–**	CHF to USD[1]
Nominal amount of hedging instruments	**–**	CHF 350m
Maturity date	**–**	March2020
Weighted average forward price	**–**	1 CHF: 1.12 USD
Carrying value of derivative instruments (liabilities)	**–**	–
Change in fair value during the year		
Hedged item	**–**	(26)
Hedging instrument	**–**	26
CFHR for continuing hedge (cumulative)	**–**	–
Hedging loss recognised during the year	**–**	–
Gain reclassification during the year to P&L	**–**	2

1 During the year ended 31 March 2020, Bharti Airtel International (Netherlands) B.V., a subsidiary of the company, redeemed CHF 350m bonds on maturity. Consequently, the cash flow hedges on these bonds have been discontinued

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

33. Financial risk management objectives and policies continued

Net investment hedge

	As of	
	31 March 2021	31 March 2020
Currency exchange risk hedged	**EUR to USD**	EUR to USD
Nominal amount of hedging instruments (borrowings)	**€160m**	€160m
Maturity date	**May 2021**	May 2021
Nominal value of hedging instruments (borrowings)	**188**	177
Change in fair value during the year		
Hedged item	**11**	(5)
Hedging instrument	**(11)**	5
FCTR gain for continuing hedge (cumulative)	**409**	420
Hedging (loss)/gain recognised during the year	**(11)**	5

Key sources of ineffectiveness in net investment hedges include reduction in amount of net assets. Key sources of ineffectiveness in cash flow hedges include reduction in amount of borrowings, changes in terms/cancellation of forward contracts and significant changes in credit risk of either party to the hedging relationship.

Foreign currency sensitivity

The following table demonstrates the sensitivity in the USD and EUR account balances to the functional currency of the respective entities as of 31 March 2021 and 31 March 2020, 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 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	Effect on profit before tax	Effect on equity (OCI)
For the year ended 31 March 2021			
USD	**+5%**	**80**	**63**
	-5%	**(80)**	**(63)**
EUR	**+5%**	**34**	**10**
	-5%	**(34)**	**(10)**
For the year ended 31 March 2020			
USD	+5%	81	61
	-5%	(81)	(61)
EUR	+5%	36	9
	-5%	(36)	(9)

1 '+' represents appreciation and '–' represents depreciation in USD/EUR 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 management also maintains a portfolio mix of floating and fixed rate debt. As of 31 March 2021 after taking into account the effect of interest rate swaps, approximately 83% of the Group's borrowings are at a fixed rate of interest (31 March 2020 – 86%).

The existing fair value hedge accounting relationships as of the end of each year, and their respective impacts are as follows:

	As of	
	31 March 2021	31 March 2020
Interest rate risk covered for currency	**–**	USD, m
Nominal amount of hedging instruments	**–**	$1,200.[1]
Maturity date[2]		
Carrying value of hedging instruments (derivative assets)	**–**	–
Carrying value of hedging instruments (derivative liabilities)	**–**	–
Carrying value of hedged item (borrowings)	**–**	–
Change in fair value during the year		
Hedged item	**–**	(37)
Hedging instrument	**–**	38
Hedge ineffectiveness recognised in finance income/cost during the year	**–**	1
Cumulative change in fair value of hedged item	**–**	–
Unamortised portion of fair value hedge adjustment	**(21)**	(27)

1 The derivatives designated for fair value hedges have been cancelled

2 These instruments carried semi-annual payouts

Key sources of ineffectiveness in fair value hedges include reduction in amount of borrowings, changes in terms/cancellation of IRS contracts and significant changes in credit risk of either party to the hedging relationship.

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 2021 and 31 March 2020.

Interest rate sensitivity	**Increase '+'/ decrease '–' in basis points**	**Effect on profit before tax[1]**
For the year ended 31 March 2021		
USD borrowings	**+100**	**4**
	-100	**(4)**
Other currency borrowings	**+100**	**1**
	-100	**(1)**
For the year ended 31 March 2020		
USD borrowings	+100	4
	-100	(4)
Other currency borrowings	+100	0
	-100	(0)

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.

- **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 bank 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 rating of the customers is not available with the Group, the management reviews the credit-worthiness 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 in 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 number of small balances. Refer to Note 20 for details on the impairment of trade receivables.

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

33. Financial risk management objectives and policies continued

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. 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	30 to 60 days	60 to 90 days	Above 90 days	Total
Trade receivables as of 31 March 2021	**18**	**31**	**13**	**9**	**226**	**297**
Trade receivables as of 31 March 2020	21	34	17	11	239	322

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 good reputation and past track record, and high/sovereign credit rating. Similarly, counterparties of the Group's other receivables carry either negligible or very minimal credit risk. Further, the Group reviews the credit-worthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an on-going 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 prudent liquidity risk management objective is to; at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including term loans, debts 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. For details on borrowings and going concern, refer to Notes 23 and 2.2, respectively.

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

	As of 31 March 2021						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings[1]	**3,389**	**133**	**1,170**	**217**	**896**	**1,251**	**3,667**
Lease liabilities[2]	**1,277**	**–**	**229**	**168**	**348**	**945**	**1,690**
Financial derivatives	**13**	**–**	**6**	**1**	**3**	**3**	**13**
Other financial liabilities	**489**	**–**	**392**	**12**	**20**	**122**	**546**
Trade payables	**366**	**–**	**366**	**–**	**–**	**–**	**366**
Mobile money wallet balance	**432**	**432**	**–**	**–**	**–**	**–**	**432**
	5,966	**565**	**2,163**	**398**	**1,267**	**2,321**	**6,714**

	As of 31 March 2020						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings[1]	3,162	120	236	491	982	1,669	3,498
Lease liabilities[2]	1,169	–	159	158	300	953	1,570
Financial derivatives	7	–	3	–	–	4	7
Other financial liabilities	424	–	407	3	5	12	427
Trade payables	416	–	416	–	–	–	416
Mobile money wallet balance	292	292	–	–	–	–	292
	5,470	412	1,221	652	1,287	2,638	6,210

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

The derivative financial instruments disclosed in the above table represent fair values of the instrument. However, those amounts may be settled gross or net.

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

	Statement of cash flow line items	1 April 2020	Cash flow	Non-cash movements: Interest and other finance charges	Foreign exchange loss/ (gain)	Lease liability additions	Fair value changes	Foreign currency translation reserve	Liabilities of disposal group classified as held for sale	Others	31 March 2021
Borrowings[1]	Proceeds/repayment of borrowings	2,892	**142**	**–**	**64**	**–**	**(6)**	**(3)**	**–**	**0**	**3,089**
Lease liability	Repayment of lease liability	1,169	**(343)**	**136**	**–**	**330**	**–**	**(8)**	**(7)**	**–**	**1,277**
Derivative assets net	Proceeds/repayment of borrowings	–	**(3)**	**–**	**3**	**–**	**–**	**–**	**–**	**–**	**–**
Interest accrue but not due	Interest and other finance charges paid	52	**(181)**	**170**	**–**	**–**	**–**	**9**	**–**	**–**	**50**

	Statement of cash flow line items	1 April 2019	Cash flow	Non-cash movements: Interest and other finance charges	Foreign exchange loss	Lease liability additions	Fair value changes	Foreign currency translation reserve	Others	31 March 2020
Borrowings[1]	Proceeds/repayment of borrowings	3,404	(546)	–	0	–	35	(2)	1	2,892
Lease liability	Repayment of lease liability	1,218	(307)	127	–	153	–	(22)	–	1,169
Derivative assets net	Proceeds/repayment of borrowings	(11)	97	–	(86)	–	–	–	–	–
Interest accrued but not due	Interest and other finance charges paid	56	(200)	196	–	–	–	–	–	52

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 year ended 31 March 2021 and 2020.

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.

	For the year ended **31 March 2021**	For the year ended 31 March 2020
Borrowings and lease liabilities	**4,616**	4,279
Adjusted for:		
Cash and cash equivalents (refer to Note 21)	**(813)**	(1,010)
Term deposits with banks (refer to Note 21)	**(257)**	–
Processing costs related to borrowings	**5**	5
Fair value hedge adjustment (refer to Note 33)	**(21)**	(27)
Net debt	**3,530**	3,247
Underlying EBITDA	**1,792**	1,515
Underlying EBITDA	**1,792**	1,515
Leverage ratio	**2.0**	2.1

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

34. 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 2021	31 March 2020	**31 March 2021**	31 March 2020
Financial assets					
FVTPL					
Derivatives					
– Forward and option contracts	Level 2	**12**	9	**12**	9
– Currency swaps and interest rate swaps	Level 2	**0**	2	**0**	2
– Cross currency swaps	Level 3	**1**	–	**1**	–
Investments	Level 2	**0**	0	**0**	0
Amortised cost					
Security deposits		**8**	7	**8**	7
Trade receivables		**113**	132	**113**	132
Cash and cash equivalents		**813**	1,010	**813**	1,010
Other bank balances		**282**	6	**282**	6
Balance held under mobile money trust		**440**	295	**440**	295
Other financial assets		**75**	67	**75**	67
		1,744	1,528	**1,744**	1,528
Financial liabilities					
FVTPL					
Derivatives					
– Forward and option contracts	Level 2	**6**	4	**6**	4
– Currency swaps and interest rate swaps	Level 2	**2**	0	**2**	0
– Cross currency swaps	Level 3	**3**	–	**3**	–
– Embedded derivatives	Level 2	**1**	3	**1**	3
Amortised cost					
Borrowings – fixed rate	Level 1	**2,403**	2,353	**2,479**	2,274
Borrowings – fixed rate	Level 2	**100**	48	**98**	48
Borrowings – floating rate		**836**	710	**836**	710
Trade payables		**366**	416	**366**	416
Mobile money wallet balance		**432**	292	**432**	292
Other financial liabilities		**539**	476	**539**	476
		4,688	4,302	**4,762**	4,223

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, and
- 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.

During the year ended 31 March 2021 and year ended 31 March 2020 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 2021 and 31 March 2020:

Financial assets/liabilities	Inputs used
Currency swaps, forward and option contracts	Forward foreign currency exchange rates, interest rate
Interest rate swaps	Prevailing/forward interest rates in market, interest rate
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)

	For the year ended	
	31 March 2021	31 March 2020
Opening Balance	**–**	64
Issuance[1]	**–**	–
Recognised in finance costs in profit and loss[2]	**(3)**	–
Reversal in retained earnings[3]	**–**	(64)
Closing balance	**(3)**	–

1 The Group during the year has entered into a Cross Currency Swap (CCS) in one of its subsidiaries, which has been accounted for as FVTPL. The fair value of CCS has been estimated based on the contractual terms of the CCS and parameters such as interest rates, foreign exchange rates etc. Since, the data from any observable markets in respect of interest rates is not available, the interest rates are considered to be significant unobservable inputs to the valuation of this CCS

2 These amounts represent the amounts recognised in the financial statements during the period. For reconciliation of amount not recognised as per the requirement of IFRS 9, refer to Note 17

3 As at 1 April 2019, as part of issue of equity shares to global investors, the Group had committed indemnities (derivative liabilities) pertaining to acquisition of non-controlling interest in the Group's operations in Nigeria and Congo B. Under a deed dated 28 May 2019 between the company, Airtel Africa Mauritius Limited (AAML/the parent) and the several global investors, the terms of non-controlling interest adjustments were varied such that the obligations existing until such date were assumed by the parent of the company. Consequently, these derivative liabilities amounting to $64m were reversed

35. Assets and liabilities held for sale

As described under Note 5(f), assets and liabilities of disposal groups held for sale at 31 March 2021 relate to our telecommunication tower subsidiary in Madagascar (part of Francophone Africa segment) and 162 towers and related liabilities in Rwanda (part of East Africa segment). The disposals do not meet the definition of a discontinued operation per IFRS 5.

For these disposals, the Group has agreed a selling price with the prospective purchaser which is used as the fair value for the impairment test and the same is classified as Level 3 on the fair value hierarchy. The disposals are expected to result in profits and therefore no impairment has been recognised on classification as held for sale.

The disposal groups were stated at their carrying values and comprised the following assets and liabilities:

	For the year ended	
	31 March 2021	31 March 2020
Assets of disposal group classified as held for sale		
Property, plant and equipment	**19**	–
Capital work-in-progress	**0**	–
Right of use assets	**5**	–
Income tax assets	**0**	–
Deferred tax assets	**2**	–
Trade receivables	**0**	–
Cash and cash equivalents	**1**	–
Loans and security deposits	**0**	–
Other current assets	**4**	–
	31	–
Liabilities of disposal group classified as held for sale		
Lease liabilities	**7**	–
Provisions	**1**	–
Deferred tax liabilities	**1**	–
Trade payables	**2**	–
Other current liabilities	**8**	–
	19	–

The cumulative other comprehensive loss relating to the disposal group classified as held for sale is $4m.

Notes to consolidated financial statements continued

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

36. Companies in the Group and associate

Information of the Group's directly and indirectly held subsidiaries and associate are 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] % As of 31 March 2021	Proportion of ownership interest[1] % As of 31 March 2020
1	Africa Towers N.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**–**	100
2	Airtel (Seychelles) Limited	Emerald House, P.O. Box 1358, Providence, Mahe, the Seychelles	Telecommunication services	Ordinary	**100**	100
3	Airtel Congo RDC S.A.	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**	97.95
6	Airtel International LLP	Plot No. 5, Sector 34, Gurgaon, Haryana, 122001 India	Support services	Ordinary	**100**	100
7	Airtel Madagascar S.A.	Immeuble S2 lot II J 1 AA, Morarano Alarobia – 101 Antananarivo – Madagascar	Telecommunication services	Ordinary	**100**	100
8	Airtel Malawi plc	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Telecommunication services	Ordinary	**80**	80
9	Airtel Mobile Commerce (Kenya) Limited	Parkside Towers, Mombasa Road, P. O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	**100**	100
10	Airtel Mobile Commerce Rwanda Limited	Remera, Gasabo, P.O. Box 4164, Kigali, Rwanda	Mobile commerce services	Ordinary	**100**	100
11	Airtel Mobile Commerce (Seychelles) B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
12	Airtel Mobile Commerce (Seychelles) Limited	Emerald House, P.O. Box 1358, Providence, Mahe, the Seychelles	Mobile commerce services	Ordinary	**100**	100
13	Airtel Mobile Commerce Tanzania Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District P.o.Box 9623, Dar es Salaam, Tanzania	Mobile commerce services	Ordinary	**100**	100
14	Airtel Mobile Commerce B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
15	Airtel Mobile Commerce Congo B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
16	Airtel Mobile Commerce Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
17	Airtel Mobile Commerce Kenya B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
18	Airtel Mobile Commerce Limited	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Mobile commerce services	Ordinary	**100**	100
19	Airtel Mobile Commerce Madagascar B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
20	Airtel Mobile Commerce Madagascar S.A.	Immeuble S2 lot II J 1 AA, Morarano Alarobia – 101 Antananarivo – Madagascar	Mobile commerce services	Ordinary	**100**	100
21	Airtel Mobile Commerce Malawi B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] % As of 31 March 2021	31 March 2020
22	Airtel Mobile Commerce Nigeria B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
23	Airtel Mobile Commerce Nigeria Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Mobile commerce services	Ordinary	**91.74**	91.74
24	Airtel Mobile Commerce Rwanda B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
25	Airtel Mobile Commerce Tchad B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
26	Airtel Mobile Commerce Tchad S.A.	Immeuble du Cinéma Etoile, Rue du Commandant Galyam Négal, B.P. 5665, N'Djaména, Tchad	Mobile commerce services	Ordinary	**100**	100
27	Airtel Mobile Commerce Uganda B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
28	Airtel Mobile Commerce Uganda Limited	Airtel Towers, Plot 16-A Clement Hill Road, Kampala, Uganda	Mobile commerce services	Ordinary	**100**	100
29	Airtel Mobile Commerce Zambia B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
30	Airtel Mobile Commerce Zambia Limited	Airtel House, Stand 2375, Addis Ababa Drive, P.O. Box 320001, Lusaka, Zambia	Mobile commerce services	Ordinary	**100**	100
31	Airtel Money (RDC) S.A.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Mobile commerce services	Ordinary	**98.50**	98.50
32	Airtel Money Niger S.A.	2054 Route de l'Aéroport, B.P. 11 922, Niamey, Niger	Mobile commerce services	Ordinary	**90**	90
33	Airtel Money S.A.	Avenue du Colonel Parrant, B.P. 23 899, Libreville, Gabon	Mobile commerce services	Ordinary	**100**	100
34	Airtel Money Tanzania Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam,Tanzania	Mobile commerce services	Ordinary	**51**	51
35	Airtel Money Transfer Limited	Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	**100**	100
36	Airtel Money Trust	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Mobile commerce services	Ordinary	**100**	100
37	Airtel Networks Kenya Limited	Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Telecommunication services	Ordinary and preference	**100**	100
38	Airtel Networks Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Telecommunication services	Ordinary	**91.74**	91.74
39	Airtel Networks Zambia plc	Airtel House, Stand 2375, Addis Ababa Drive, Lusaka, Zambia	Telecommunication services	Ordinary	**96.36**	96.36
40	Airtel Rwanda Limited	Airtel Building, Remera, KG 17Ave, P.O. Box 4164, Kigali, Rwanda	Telecommunication services	Ordinary	**100**	100
41	Airtel Tanzania plc	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Telecommunication services	Ordinary	**51**	51
42	Airtel Tchad S.A.	Rue du Commandant Galyam Négal, Immeuble du Cinéma Etoile, B.P. 5665, N'Djaména, Tchad	Telecommunication services	Ordinary	**100**	100
43	Airtel Uganda Limited	Airtel Towers, Plot 16 –A, Clement Hill Road, P.O. Box 6771, Kampala, Uganda	Telecommunication services	Ordinary	**100**	100
44	Bharti Airtel Africa B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
45	Bharti Airtel Chad Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100

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

36. Companies in the group and associate continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] % As of 31 March 2021	31 March 2020
46	Bharti Airtel Congo Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
47	Bharti Airtel Developers Forum Limited	Stand No. 2375, Corner of Great East/Addis Ababa Road, Lusaka, Zambia	Investment company	Ordinary	**96.36**	96.36
48	Bharti Airtel Gabon Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
49	Bharti Airtel International (Netherlands) B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
50	Bharti Airtel Kenya B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
51	Bharti Airtel Kenya Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
52	Bharti Airtel Madagascar Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
53	Bharti Airtel Malawi Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
54	Bharti Airtel Mali Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
55	Bharti Airtel Niger Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
56	Bharti Airtel Nigeria B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
57	Bharti Airtel Nigeria Holdings II B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
58	Bharti Airtel RDC Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
59	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
60	Bharti Airtel Services B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
61	Bharti Airtel Tanzania B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
62	Bharti Airtel Uganda Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
63	Bharti Airtel Zambia Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	100
64	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
65	Celtel Niger S.A.	2054 Route de l'Aéroport, B.P. 11 922, Niamey, Niger	Telecommunication services	Ordinary	**90**	90
66	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
67	Congo RDC Towers S.A.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Infrastructure sharing services	Ordinary	**100**	100
68	Gabon Towers S.A.[2]	124 Avenue Bouët, B.P. 23 899, Libreville, Gabon	Infrastructure sharing services	Ordinary	**100**	97.95
69	Indian Ocean Telecom Limited	28 Esplanade, St. Helier, Jersey JE2 3QA, Channel Islands	Investment company	Ordinary	**100**	100

					Proportion of ownership interest[1]	
					% As of	
S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	**31 March 2021**	31 March 2020
70	Madagascar Towers S.A.	Immeuble S2 lot II J 1 AA, Morarano Alarobia – 101 Antananarivo – Madagascar	Infrastructure sharing services	Ordinary	**100**	100
71	Malawi Towers Limited	Airtel Complex, Off Convention Drive, P.O. Box 57, Lilongwe, Malawi	Infrastructure sharing services	Ordinary	**100**	100
72	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	**100**	100
73	Montana International	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment company	Ordinary	**100**	100
74	Partnership Investment S.A.R.L.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Investment company	Ordinary	**100**	100
75	Société Malgache de Téléphone Cellulaire S.A.	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment company	Ordinary	**100**	100
76	Tanzania Towers Limited[2]	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Infrastructure sharing services	Ordinary	**51**	51
77	Airtel Africa Services (UK) Limited	53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Support services	Ordinary	**100**	–
78	Airtel Digital Services Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	–
79	Airtel Mobile Commerce DRC B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	–
80	Airtel Mobile Commerce Gabon B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	–
81	Airtel Mobile Commerce Niger B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	–
82	Airtel Money Kenya Limited	Parkside Towers, Mombasa Road, P. O. Box 73146 – 00200 – City Square	Mobile commerce 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 2021

Details of associates:

					Proportion of ownership interest[1]	
					% As of	
S. no.	Name of associates	Principal place of business and registered office address	Principal activities	Holding	**31 March 2021**	31 March 2020
1	Seychelles Cable Systems Company Limited	Caravelle House, 3rd floor, Victoria, Mahe, the Seychelles	Submarine cable system	Ordinary	**26**	26

37. Events after the balance sheet date

No subsequent events or transactions have occurred since the date of statement of financial position or are pending that would have material effect on the financial statements as at and for the year ended 31 March 2021 except as disclosed below:

- On 20 April 2021, the Group has entered into inaugural multi-bank long-term facility amounting to $500m
- The Board recommended a final dividend of 2.5 cents per share on 11 May 2021

Company statement of financial position

(All amounts are in US$ thousands)

		As of	
	Notes	**31 March 2021**	31 March 2020
Assets			
Non-current assets			
Property, plant and equipment		**235**	96
Capital work-in-progress		**41**	112
Right of use assets		**584**	775
Investment in subsidiary undertakings	4	**3,533,231**	3,533,231
Other non-current assets		**540**	708
Financial assets			
– Loan receivables	5	**14,129**	98,500
– Others		**16**	–
		3,548,776	3,633,422
Current assets			
Financial assets			
– Cash and cash equivalents	6	**471,925**	802,952
– Other bank balances	6	**236,000**	–
– Others		**3,872**	1,787
Other current assets		**670**	477
		712,467	805,216
Total assets		**4,261,243**	4,438,638
Current liabilities			
Financial liabilities			
– Lease liabilities		**289**	173
– Trade and other payables	7	**3,262**	1,128
		3,551	1,301
Net current assets/(liabilities)		**708,916**	803,915
Non-current liabilities			
Financial liabilities			
– Lease liabilities		**433**	612
– Others		**38**	23
		471	635
Total liabilities		**4,022**	1,936
Net Assets		**4,257,221**	4,436,702
Equity			
Share capital	8	**3,419,948**	3,419,948
Retained earnings[1]		**833,836**	1,009,303
Other reserves[2]		**3,437**	7,451
Equity attributable to owners of the company		**4,257,221**	4,436,702

1 The loss for the financial year dealt with in the financial statements of the company is $6,310 (March 2020: profit of $382,562)

2 Comprises of shared-based payment reserve and share stabilisation reserve

The company only financial statements of Airtel Africa plc (company registration number: 11462215) on pages 150 to 209 were approved by the Board of directors and authorised for issue on 11 May 2021. They were signed on its behalf by:

Raghunath Mandava
Chief executive officer

11 May 2021

Company statements of changes in equity

(All amounts are in US$ thousands)

	Share capital				Other reserves		
	No of shares	**Amount**	**Share premium**	**Retained earnings**	**Shared-based payment reserve**	**Others**	**Equity attributable to owners of the company**
As of 1 April 2019	3,081,744,577	3,081,745	473,164	(133,509)	–	–	3,421,400
Profit for the year	–	–	–	382,562	–	–	382,562
Total comprehensive income	–	–	–	382,562	–	–	382,562
Transaction with owners of equity							
Reduction in nominal value of shares[1]		(1,540,872)	–	–	–	–	(1,540,872)
Issue of deferred share capital[1]	3,081,744,577	1,540,872	–	–	–	–	1,540,872
Issue of share capital[2]	676,406,927	338,203	341,968	–	–	–	680,171
Share issue costs	–	–	(6,138)	–	–	–	(6,138)
Share stabilisation proceeds[3]	–	–	–	–	–	7,193	7,193
Employee share-based payment expenses	–	–	–	–	258	–	258
Reversal of indemnities[3]	–	–	–	64,000	–	–	64,000
Court approved reduction in share premium[3]	–	–	(808,994)	808,994	–	–	–
Dividend to owners of the company	–	–	–	(112,744)	–	–	(112,744)
As of 31 March 2020	6,839,896,081	3,419,948	–	1,009,303	258	7,193	4,436,702
Loss for the year	–	–	–	(6,310)	–	–	(6,310)
Total comprehensive loss		**–**	**–**	**(6,310)**	**–**	**–**	**(6,310)**
Employee share-based payment expenses	**–**	**–**	**–**	**(40)**	**–**	**459**	**419**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(4,473)**	**(4,473)**
Dividend to owners of the company[4]	**–**	**–**	**–**	**(169,117)**	**–**	**–**	**(169,117)**
As of 31 March 2021	**6,839,896,081**	**3,419,948**	**–**	**833,836**	**258**	**3,179**	**4,257,221**

1 Refer to Note 27 (1) of the consolidated financial statements

2 Refer to Note 27 (2) of the consolidated financial statements

3 Refer to Note 28 (a) of the consolidated financial statements

4 Refer to Note 5 of the consolidated financial statements

Notes to company only financial statements

(All amounts are in US$ thousands 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'.

All the amounts included in the company only financial statements are reported in United States dollars, with all values rounded to the nearest thousands (USD thousands) 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
- 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 except for financial instruments that are measured at fair values at the end of each reporting period. 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 were no critical accounting judgments that would have a significant effect on the amount recognised in the company financial statements.

The company's investments in subsidiaries are reviewed for indicators of impairment. As of 31 March 2021, the market capitalisation of the company was marginally lower than the carrying value of net assets which as per IAS 36 is one of the indicators of impairment. However, management on the basis of impairment test performed on goodwill in consolidated financial statements has concluded that there was no impairment loss on company's investments in subsidiaries or other assets for the year ended 31 March 2021. For details of key sources of estimation uncertainty in relation to such test, refer to Note 15 of the consolidated financial statements.

3. Employee expenses

The average monthly number of employees during the year was nine (March 2020: six)

	For the year ended	
	31 March 2021	31 March 2020
Salaries	**1,219**	1,262
Bonuses	**574**	132
Share-based payment expense	**–**	51
Others	**19**	92
	1,812	1,537

4. Investment in subsidiary undertakings

	As of	
	31 March 2021	31 March 2020
Cost		
Opening balance	**3,533,231**	3,532,758
Additions	**–**	473
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

During the year ended 31 March 2020, the company made investment amounting to $473,000 by way of initial capital contribution in Airtel International LLP, domiciled in India.

For details of subsidiary undertakings, refer to Note 36 of the consolidated financial statements.

5. Loan receivables

	As of	
	31 March 2021	31 March 2020
Opening balance	**98,500**	–
Additions	**64,939**	98,500
Repayment	**(149,310)**	–
Balance at 31 March	**14,129**	98,500
Bharti Airtel International (Netherlands) B.V.	**14,129**	98,500

The loan is unsecured, bears interest at the rate of three months LIBOR+ 2.25% per annum with a maturity date of 26 March 2027. The credit facility is denominated in USD.

6. Cash and bank balances

Cash and cash equivalents

	As of	
	31 March 2021	31 March 2020
Cash at bank in current accounts	**321,925**	2,952
Bank deposits with original maturity of three months or less	**150,000**	800,000
	471,925	802,952

Other bank balances

	As of	
	31 March 2021	31 March 2020
Term deposits with banks	**236,000**	–
	236,000	–

7. Trade and other payables

	As of	
	31 March 2021	31 March 2020
Employees bonuses payable	**364**	177
Legal and professional expenses payable[1]	**2,882**	791
Dividend payable	**16**	–
Administrative and other payable[2]	**–**	160
	3,262	1,128

1 The auditor's remuneration for the current year in respect of audit and audit-related services was $38,000 (March 2020: $47,000)

2 For the year ended 31 March 2020, it includes wages tax payable amounting to $160,000

8. Share capital

Refer to Note 27 of the consolidated financial statements.

9. Related party disclosure

Refer to Note 32 of the consolidated financial statements.

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 on any of the Group's GPRS, 3G and 4G network 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 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)	Any financial transaction performed on Airtel Africa's mobile money platform.
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.
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 represent the underlying performance of the business. Constant currency growth rates for prior years are calculated using closing exchange rate as at the end of prior year.
Churn	Churn is derived by dividing the total number of customer disconnections during the relevant period by the average number of customers and dividing the result by number of months in the relevant period.
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 transaction) 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 on the Group's GPRS, 3G or 4G network 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.
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.
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.
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.

Glossary continued

Company related	
Free cash flow	An alternative performance measure (non-GAAP). Free cash flow is defined as operating free cash flow less cash interest, cash tax and change in operating working capital.
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.
Interconnect user charges (IUC)	Interconnect user charges are the charges paid to the telecom operator on whose network a call is terminated.
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.
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.
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 (LTM)	An alternative performance measure (non-GAAP) Calculated by dividing net debt as at the end of the relevant period by underlying EBITDA for the preceding 12 months (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 IUC (interconnection usage charges), 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 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 consumed (uploaded and downloaded) by customers on the Group's GPRS, 3G and 4G network during the relevant period.
Underlying EBIT	An alternative performance measure (non-GAAP). Defined as operating profit before exceptional items.
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.
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.

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
CSR	Corporate social responsibility
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
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
NSE	Nigerian stock exchange
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: designated person from vendor's side who interacts with Airtel Africa's teams on a regular basis for various requirements)
TB	Terabyte
Telecoms	Telecommunications
UoM	Unit of measure
USSD	Unstructured supplementary service data

General shareholders' information

Annual General Meeting (AGM)

Date	15 July 2021
Day	Thursday
Time	11:00 Hrs BST
Venue	53/54 Grosvenor Street, London W1K 3HU, United Kingdom

Dividend

Ex-dividend date for final dividend	24 June 2021
Record date for final dividend	25 June 2021
AGM	15 July 2021
Final dividend payment	2.5 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 2021

Number of ordinary shares held	Number of accounts	Shares	% of total issued shares
1–1,000	23	14,781	0.00%
1,001–5,000	47	130,876	0.00%
5,001–50,000	104	2,109,409	0.06%
50,001–100,000	37	2,614,766	0.07%
100,001–500,000	75	18,867,553	0.50%
More than 500,000	108	3,734,414,119	99.37%

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	Mr. 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	Mr. 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

Notes

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This report has been printed on Amadeus Silk which is FSC® certified and made from 100% Elemental Chlorine Free (ECF) pulp. The mill and the printer are both certified to ISO 14001 environmental management system. The report was printed by a CarbonNeutral® printer.

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