

BHARTI AIRTEL KENYA B.V.

Annual Report and Financial Statements for the year ended 31 March 2024

CONTENTS

Page

MANAGEMENT REPORT

3

FINANCIAL STATEMENTS

Balance Sheet

4

Income Statement

5

Notes to the Financial Statements

6

OTHER INFORMATION

Notification regarding the absence of an audit report

12

Statutory appropriation of profit

12

Appropriation of result for the Year 2022/2023

12

Proposed appropriation of result for the Year 2023/2024

12

Post Balance Sheet events

12

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

Dear shareholders,

Please find attached the financial statements for the year starting on 1 April 2023 and ending on 31 March 2024 of the Company (hereinafter referred to as the "**Year 2023/2024**").

We have prepared the annual accounts of the Year 2023/2024 of the Company in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements comprise the Balance Sheet as at 31 March 2024 and the Income Statement for the Year 2023/2024 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

- M.L. van Dam (appointed w.e.f. 01 July 2024)
- J.C. Uneken- van de Vreede (resigned w.e.f. 30 June 2024)
- J.K. Paul
- B. Dominic

FINANCIAL PERFORMANCE

The shareholder's equity as on 31 March 2024 is showing a deficit amount of USD 403,925 thousands (31 March 2023: deficit of USD 307,909 thousands) and the Income Statement for the Year 2023/2024 is showing a post-tax loss of USD 96,016 thousands (2022/2023: loss of USD 61,774 thousands).

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

On behalf of the management board of the Company

sd/-
M.L. van Dam
Managing Director

Date: 25 July 2024

Bharti Airtel Kenya B.V.**Balance Sheet (before appropriation of result)***(All amounts are in US dollar thousands, unless stated otherwise)*

	Notes	As of	
		31 March 2024	31 March 2023
ASSETS			
Fixed assets			
Financial fixed assets	(5)		
Participations in group companies	(a)	898,906	898,906
Receivables from group companies	(b)	15,403	38,866
Other receivable	(6)	5,420	5,420
Total Financial fixed assets		919,729	943,192
Current assets			
Cash	(7)	66	0
Total current assets		66	0
Total assets		919,795	943,192
EQUITY AND LIABILITIES			
Shareholder's equity	(8)		
Issued share capital		22	22
Other reserves		(307,931)	(246,157)
Unappropriated results		(96,016)	(61,774)
		(403,925)	(307,909)
Non-current liabilities			
Payable to group company	(9)	1,322,932	1,250,313
Current liabilities			
Payable to group company	(10)	788	788
Total liabilities		1,323,720	1,251,101
Total equity and liabilities		919,795	943,192

Bharti Airtel Kenya B.V.
Income Statement

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

	Notes	For the year ended	
		31 March 2024	31 March 2023
Income			
Interest income	(12)	961	2,352
Other income		68	0
Total operating income		1,029	2,352
Expense			
Other expenses		-	0
Interest expense and similar charges	(13)	96,901	63,773
Total operating expenses		96,901	63,773
Result before taxation		(95,872)	(61,421)
Taxation	(14)	144	353
Net result for the year		(96,016)	(61,774)

Bharti Airtel Kenya B.V.

Notes to the Financial Statements

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

1. Corporate information

1.1 Activities

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

1.2 Group structure

The Company forms part of the Airtel Africa Group of companies with below group structure:

Immediate parent-company:

- Bharti Airtel Kenya Holding B.V. (till 28 March 2024)
- Bharti Airtel Africa B.V. (w.e.f. 28 March 2024)

On 28 March 2024, the immediate parent company Bharti Airtel Kenya Holding B.V. ("KEH BV") was dissolved and after which all shares in the Company were acquired by the erstwhile step-up parent company Bharti Airtel Africa B.V. ("BAA BV") vide deed of transfer of shares dated 28 March 2024. With this, Bharti Airtel Africa B.V. became the immediate parent company of the Company.

Step up parent companies:

- Bharti Airtel Africa B.V. (till 28 March 2024)
- Bharti Airtel International (Netherlands) B.V.
- Airtel Africa plc, United Kingdom
- Bharti Airtel Limited, India.

In conjunction with the aforementioned dissolution, further confirmed by novation agreement dated 28 March 2024 between KEH BV and BAA BV, all outstanding receivables & payables by the Company to KEH BV were novated to the new parent company BAA BV.

1.3 List of participating interests

The Company has the following capital interests:

Name, statutory registered office	Share in issued capital	
	31 March 2024	31 March 2023
	%	%
Airtel Networks Kenya Limited Nairobi, Kenya	99.99975	99.99975

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

2.1 Basis of preparation

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

Bharti Airtel Kenya B.V.
Notes to the Financial Statements

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

2.2 Consolidation

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

2.3 Assumption of continuity

The Company has an equity deficit of USD 403,925 thousands as at 31 March 2024. The loss for the year 2023/2024 amounted to USD 96,016 thousands. The deficit is fully funded by intercompany loans. The Company's ability to continue as a going concern is highly contingent on the willingness on the part of group companies to continue the said loans. The group companies confirmed their willingness to continue the loans. In view of this, the accounting policies used in these financial statements are based on the expectation that the Company will be able to continue as a going concern.

2.4 Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments can be both primary financial instruments, such as receivables and payables, and financial derivatives. The Company does not use derivatives.

2.5 Translation of foreign currency

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

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the Balance Sheet date. Foreign exchange differences on subsequent re-statement/settlement are recognised in the Profit and Loss Account. Share capital, which is denominated in Euro, is translated at the exchange rate prevailing at the Balance Sheet date; foreign exchange differences are taken to the other reserves within shareholder's equity.

2.6 Impairment

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

2.7 Financial fixed assets

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

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

Bharti Airtel Kenya B.V.
Notes to the Financial Statements

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

2.8 Current assets

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

2.9 Cash and cash equivalents

Cash includes cash at bank.

2.10 Non-current liabilities

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

2.11 Current liabilities

Liabilities are valued at nominal value, unless determined differently.

2.12 Other expenses

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

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

2.13 Income

Income mainly comprises of interest and dividend for the reporting period. Dividend income from investments in subsidiaries is recognized when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

2.14 Taxes

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

3. Estimates

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

4. Staff members

During the Year 2023/2024 the Company had no employees, and hence incurred no salaries or related social security charges (2022/2023: NIL).

Bharti Airtel Kenya B.V.
Notes to the Financial Statements

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

5. Financial fixed assets

	As of	
	31 March 2024	31 March 2023
(a) Participation in group company	898,906	898,906
(b) Receivable from group company	15,403	38,866
	<u>914,309</u>	<u>937,772</u>

(a) Participation in group company

	As of	
	31 March 2024	31 March 2023
Airtel Networks Kenya Limited	898,906	898,906
	<u>898,906</u>	<u>898,906</u>

During the year ended 31 March 2023, Airtel Networks Kenya Limited issued 6,449,000 shares of nominal value KES 1,000 (issued at a premium of KES 4,375) to the Company in lieu of settlement of the loan taken from the Company amounting to USD 299,338,299.

(b) Receivables from group company

	As of	
	31 March 2024	31 March 2023
Loan receivable from Airtel Networks Kenya Limited	15,403	38,866
	<u>15,403</u>	<u>38,866</u>

The interest is charged at 3% p.a. (2022/2023: 3% p.a.). Any outstanding principal loan amounts and accrued interest thereon are payable in full by 31 December 2026, unless agreed otherwise between borrower and lender in writing.

6. Other receivables

	As of	
	31 March 2024	31 March 2023
Withholding tax	5,420	5,420
	<u>5,420</u>	<u>5,420</u>

7. Cash and cash equivalents

	As of	
	31 March 2024	31 March 2023
Cash at Bank	66	0
	<u>66</u>	<u>0</u>

8. Shareholder's Equity

	As of	
	31 March 2024	31 March 2023
Issued and paid-up share capital *		
40 ordinary shares at par value Euro 500	22	22
	<u>22</u>	<u>22</u>

The authorized share capital amounts to Euro 100,000 (31 March 2023: Euro 100,000). The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.080 as at 31 March 2024 (31 March 2023: Euro 1.090). Translation differences are recorded in other reserves.

*refer note 1.2, all the shares in the Company had been acquired by Bharti Airtel Africa B.V., Netherlands vide deed of transfer of shares dated 28 March 2024.

Bharti Airtel Kenya B.V.
Notes to the Financial Statements

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

	For the year ended	
	31 March 2024	31 March 2023
Other reserves		
Balance as of 1 April	(246,157)	(227,791)
Allocation of previous financial year net result	(61,774)	(18,366)
	(307,931)	(246,157)
Foreign currency changes on share capital	0	0
Balance as of 31 March	(307,931)	(246,157)
Unappropriated results		
Balance as of 1 April	(61,774)	(18,366)
Unappropriated results	(96,016)	(61,774)
	(157,790)	(80,140)
Appropriation of result previous year	61,774	18,366
Balance as of 31 March	(96,016)	(61,774)

Non-current liabilities

9. Payable to group companies

	As of	
	31 March 2024	31 March 2023
Loan payable to Bharti Airtel Kenya Holdings B.V.*	-	1,250,313
Loan payable to Bharti Airtel Africa B.V.*	1,322,932	-
	1,322,932	1,250,313

The calculated interest as at year end is based on 3 month SOFRr+ 225 bps (in 2022/2023: 3 month libor+ 225 bps). The agreement between the Company and Bharti Airtel Kenya Holdings B.V. (per note 1.2, novated to Bharti Airtel Africa B.V.) was amended in May 2021 confirming that any outstanding principal loan amount and interest accrued thereon will be payable in full by 31 December 2026, unless agreed otherwise between borrower and lender in writing.

Current liabilities

10. Payable to group company

	As of	
	31 March 2024	31 March 2023
Other amounts payable to Bharti Airtel Kenya Holdings B.V.	-	674
Other amounts payable to Bharti Airtel Africa B.V.	788	114
	788	788

*refer note 1.2, all payables to KEH BV were novated to the new parent company BAA BV and all the shares in the Company had been acquired by Bharti Airtel Africa B.V.

11. Assets and Commitments not shown in the Balance sheet

Contingent liabilities

Tax-group liability

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

Bharti Airtel Kenya B.V.
Notes to the Financial Statements

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

12. Interest income

	For the year ended	
	31 March 2024	31 March 2023
Interest on loan to Airtel Networks Kenya Limited	961	2,352
	<u>961</u>	<u>2,352</u>

13. Interest expense and similar charges

	For the year ended	
	31 March 2024	31 March 2023
Interest on loan from Bharti Airtel Kenya Holdings B.V.	96,898	63,773
Bank Charges	3	0
	<u>96,901</u>	<u>63,773</u>

*refer note 1.2, all borrowings by the Company payable to KEH BV were novated to the new parent company BAA BV

14. Taxation

	For the year ended	
	31 March 2024	31 March 2023
Withholding tax on interest on intercompany loan	144	353
	<u>144</u>	<u>353</u>

On behalf of the management board of the Company

sd/-

B. Dominic
Managing Director

sd/-

M.L. van Dam
Managing Director

sd/-

J.K. Paul
Managing Director

1. Notification regarding the absence of an audit report

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

2. Statutory appropriation of profit

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

3. Appropriation of result for the Year 2022/2023

The annual accounts for the year 2022/2023 were adopted by the General Meeting held on 04 July 2023. The General Meeting determined the appropriation of the result proposed.

4. Proposed appropriation of result for the Year 2023/2024

The management board proposes to transfer the loss for the Year 2023/2024 to the Other Reserves for an amount of USD 96,016 thousands. The financial statements do not yet reflect this proposal.

5. Post Balance Sheet events

Subsequent to the novation as per note 1.2, the Company, by Deed of issue of shares dated 25 April 2024, has issued 2,481,960 ordinary shares, each with a nominal value of five hundred Euro (EUR 500.00) to BAA BV in exchange for settlement of the payable amount of USD 1,330,381,755 relating to loans, accrued interest and other inter-company payables.

Apart from the above mentioned, there is no other post Balance Sheet event to report.