

BHARTI AIRTEL NIGERIA HOLDINGS II B.V.

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

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 2021/2022

12

Proposed appropriation of result for the Year 2022/2023

12

Post Balance Sheet event

12

Bharti Airtel Nigeria Holdings II B.V. Management Report

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

Dear shareholders,

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

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

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

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

FINANCIAL PERFORMANCE

The shareholder's equity as on 31 March 2023 is showing deficit of USD 1,563 thousands (31 March 2022: deficit of USD 1,565 thousands) and the Income Statement for the Year 2022/2023 is showing a post-tax profit of USD 120,001 thousands (2021/2022: post-tax loss of USD 78 thousands).

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

On behalf of the management board of the Company

Sd/-

J.C. Uneken - van de Vreede

Managing Director

Date: June 30, 2023

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

	Notes	As of	
		31 March, 2023	31 March, 2022
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in group companies	(5)	16	16
Receivables from group companies	(a)	2,135,292	2,288,395
Total Financial fixed assets	(b)	2,135,308	2,288,411
Total assets		2,135,308	2,288,411
EQUITY AND LIABILITIES			
Shareholder's equity			
Issued share capital	(6)	20	20
Other reserves		(1,584)	(1,663)
Unappropriated results		1	78
		(1,563)	(1,565)
Non-current liabilities			
Payable to group company	(7)	2,136,855	2,289,960
Other payables	(8)	16	16
Total liabilities		2,136,871	2,289,976
Total equity and liabilities		2,135,308	2,288,411

Bharti Airtel Nigeria Holdings II B.V.**Income Statement***(All amounts are in US dollar thousands, unless stated otherwise)*

	Notes	For the year ended	
		31 March, 2023	31 March, 2022
Income			
Dividend income	(10)	120,000	
Interest income	(11)	114,796	57,130
Total operating income		234,796	57,130
Expense			
Other expenses	(12)	0	0
Interest expense and similar charges	(13)	114,795	57,052
Total operating expenses		114,795	57,052
Taxation		-	-
Net result for the year		120,001	78

Bharti Airtel Nigeria Holdings II B.V.

Notes to the Financial Statements

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

1. Corporate information

1.1 Activities

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

1.2 Group structure

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

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

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

1.3 List of participating interests

The Company has the following capital interests:

Name, statutory registered office	Share in issued capital	
	31 March 2023	31 March 2022
	%	%
Bharti Airtel Nigeria B.V. Amsterdam	100.00	100.00

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

2.1 Basis of preparation

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

2.2 Consolidation

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

2.3 Financial instruments

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

The Company does not use derivatives.

Bharti Airtel Nigeria Holdings II B.V.
Notes to the Financial Statements

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

2.4 Translation of foreign currency

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

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

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

2.5 Impairment

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

2.6 Financial fixed assets

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

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

2.7 Current assets

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

2.8 Cash and cash equivalents

Cash includes cash at bank.

2.9 Non-current liabilities

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

2.10 Current liabilities

Liabilities are valued at nominal value, unless determined differently.

2.11 Other expenses

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

2.12 Assumption of continuity

The Company has an equity deficit of USD 1,563 thousands as at 31 March 2023. 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.

2.13 Income

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

2.14 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 2022/2023 the Company had no employees, and hence incurred no salaries or related social security charges (2021/2022: NIL).

Bharti Airtel Nigeria Holdings II 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 2023	31 March 2022
(a) Participation in group company	16	16
(b) Receivable from group company	2,135,292	2,288,395
	<u>2,135,308</u>	<u>2,288,411</u>

(a) Participation in group company

	As of	
	31 March 2023	31 March 2022
Bharti Airtel Nigeria B.V. at Netherlands	16	16
	<u>16</u>	<u>16</u>

(b) Receivable from group company

	As of	
	31 March 2023	31 March 2022
Loan receivable from Bharti Airtel Nigeria B.V.	2,135,292	2,288,395
	<u>2,135,292</u>	<u>2,288,395</u>

The calculated interest as at year end is based on 3 month libor+ 225 bps (in 2021/2022: 3 month libor+ 225 bps) . The agreement has been amended in December 2021 wherein any outstanding principal loan amounts and accrued interest thereon will be payable in full by 31 December 2026, unless agreed otherwise between borrower and lender in writing.

6. Shareholder's Equity

	As of	
	31 March 2023	31 March 2022
Issued and paid-up share capital		
18,152 Ordinary shares of EUR 1.00	20	20
	<u>20</u>	<u>20</u>

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

	For the year ended	
	31 March 2023	31 March 2022
Other reserves		
Balance as of 1 April	(1,662)	(1,660)
Allocation of previous year result	78	(2)
	<u>(1,584)</u>	<u>(1,662)</u>
Foreign currency changes on share capital	(0)	(1)
Balance as of 31 March	<u>(1,584)</u>	<u>(1,663)</u>

Bharti Airtel Nigeria Holdings II B.V.

Notes to the Financial Statements

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

	For the year ended	
	31 March 2023	31 March 2022
Unappropriated results		
Balance as of 1 April	78	(2)
Unappropriated results	120,001	78
	120,079	76
Dividend declared during the year	120,000	
Appropriation of previous year result	(78)	2
Balance as of 31 March	1	78

7. Payable to group company

	For the year ended	
	31 March 2023	31 March 2022
Loan payable to Bharti Airtel Africa B.V.	2,136,855	2,289,960
	2,136,855	2,289,960

The calculated interest as at year end is based on 3 month libor+ 225 bps (in 2021/2022: 3 month libor+ 225 bps). The agreement between Bharti Airtel Africa B.V. and the Company has been amended in December 2021 wherein any outstanding principal loan amounts and accrued interest thereon will be payable in full by 31 December 2026, unless agreed otherwise between borrower and lender in writing.

8. Other payable

	For the year ended	
	31 March 2023	31 March 2022
Amounts owed to Bharti Airtel Africa B.V.	16	16
	16	16

9. 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.

10. Dividend income

	For the year ended	
	31 March 2023	31 March 2022
Dividend income from group companies	120,000	-
	120,000	-

11. Interest income

	For the year ended	
	31 March 2023	31 March 2022
Interest income on loan to Bharti Airtel Nigeria B.V.	114,796	57,130
	114,796	57,130

Bharti Airtel Nigeria Holdings II B.V.**Notes to the Financial Statements***(All amounts are in US dollar thousands, unless stated otherwise)***12. Other expenses**

	For the year ended	
	31 March 2023	31 March 2022
Professional and Legal fees	0	0
	0	0

13. Interest expense and similar charges

	For the year ended	
	31 March 2023	31 March 2022
Interest expense on loan from Bharti Airtel Africa B.V.	114,795	57,052
	114,795	57,052

On behalf of the management board of the Company

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

sd/-
D. van Kootwijk
Managing Director

sd/-
J.K. Paul
Managing Director

Bharti Airtel Nigeria Holdings II B.V.

Other Information

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

1. Notification regarding the absence of an audit report

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

2. Statutory appropriation of profit

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

3. Appropriation of result for the Year 2021/2022

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

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

The management board proposes to transfer the profit for the year 2022/2023 to Other Reserve for an amount of USD 120,001 thousands. The financial statements do not yet reflect this proposal.

5. Post Balance Sheet events

The Company declared a dividend of \$ 140,000 thousands to its immediate parent company Bharti Airtel Africa BV in April,23.

The Company received a letter dated April 26, 2023 from its immediate parent Bharti Airtel Africa BV stating that it does not intend to recall the loan in next 2 years and that liquidity issues, in the unlikely event that they would arise during that period, will be taken care of.

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