# Airtel Africa plc

## Results for half year ended 30 September 2021

28 October 2021

**Strong growth across the Group, doubling profit after tax, increased cash generation, lower leverage and dividend upgrade**

## Highlights

- H1'22 reported revenue grew by 25.2% to $2,272m with double digit growth across all regions. Q2 reported revenue growth of 20.3%.
- Revenue in constant currency grew by 27.6%.
- Strong double-digit constant currency revenue growth across all regions: Nigeria up 32.4%, East Africa up 25.8% and Francophone Africa up 22.1%; and across all key services, Voice up 19.7%, Data up 36.9% and Mobile Money up 42.0%.
- Underlying EBITDA grew by 35.2% to $1,098m in reported currency and underlying EBITDA margin improved to 48.3%, an increase of 360 basis points led by both revenue growth and improved operational efficiencies.
- Operating profit up 55.1% to $732m in reported currency.
- Profit after tax more than doubled to $335m, largely due to higher profit before tax which more than offset the associated increase in tax charges.
- Basic EPS was 7.6 cents, an increase of 155.9%, as a result of higher profit. EPS before exceptional items increased to 7.5 cents from 3.0 cents in previous period.
- Operating free cash flow was $853m, up 43.1%, and over the last 18 months we have up streamed more than $570m across our operating entities.
- Leverage ratio reduced to 1.5x from 2.2x.
- Customer base grew by 5.4% to 122.7 million, with increased penetration across mobile data (customer base up 10.9%) and mobile money services (customer base up 19.0%). Customer base growth was affected by the new NIN/SIM registration regulations in Nigeria; excluding Nigeria the customer base grew by 13.7%.
- The board has declared an interim dividend of 2 cents per share (1.5 cents in H1'21) in line with an upgraded dividend policy. The new policy aims to grow the dividend annually by a mid to high-single digit percentage from a new base of 5 cents per share for FY 2022, with a continued focus to further strengthen the balance sheet.

| **Alternative performance measures [1] (Half year ended)** | | | | | **GAAP measures (Half year ended)** | | | |
|---|---|---|---|---|---|---|---|---|
| **Description** | **Sep-21 $m** | **Sep-20 $m** | **Reported currency change %** | **Constant currency change %** | **Description** | **Sep-21 $m** | **Sep-20 $m** | **Reported currency change %** |
| Revenue | 2,272 | 1,815 | 25.2% | 27.6% | Revenue | 2,272 | 1,815 | 25.2% |
| Underlying EBITDA | 1,098 | 812 | 35.2% | 38.5% | Operating profit | 732 | 472 | 55.1% |
| Underlying EBITDA margin | 48.3% | 44.7% | 360 bps | 381 bps | Profit after tax | 335 | 145 | 131.6% |
| EPS before exceptional items ($ cents) | 7.5 | 3.0 | 149.7% | | Basic EPS ($ cents) | 7.6 | 3.0 | 155.9% |
| Operating free cash flow | 853 | 596 | 43.1% | | Net cash generated from operating activities | 922 | 744 | 23.9% |

*(1) Alternative performance measures (APM) are described on page 45.*

## Segun Ogunsanya, chief executive officer, on the trading update:

"Our first half financial performance has been strong. The first half of last year, and especially Q1, was impacted by the start of Covid, but even after adjusting for these effects, our revenue growth rates for the half year for the Group and all our service segments are ahead of our FY'21 revenue growth trends, and in reported terms these are all in strong double digits.

The risks from Covid still remain, with sub-Saharan Africa continuing to experience a third wave of the pandemic. Governments continue to implement balanced measures of lockdowns and restrictions accordingly. But vaccination levels remain low, and we continue to monitor the situation for potential impacts on economies and consumers.

Operationally we have continued our network modernisation and expansion, aligned with an extension of our distribution capabilities, which have together contributed towards continued strong growth in ARPUs across voice, data and mobile money. We have seen an improvement in our customer growth trends for the Group as we approach stability of net monthly movements in Nigeria.

Alongside our results we have today launched our sustainability strategy. Airtel Africa has always been a business with a sustainable premise at the heart of our purpose to transform lives across Africa through our promotion of both digital and financial inclusion. Our sustainability strategy builds upon this, extending and more comprehensively articulating our sustainability goals and credentials. I am excited by the new initiatives we have launched and I look forward to reporting back on our developments in this area with our first sustainability report next year.

As incoming Group CEO, I have inherited the responsibility to build upon a business with solid foundations and as I look ahead, I continue to see huge potential across voice, data and mobile money from low penetration levels across Africa. The continent continues to be a growth story for us despite the pandemic. We will continue to invest in mobile and digital technologies to drive digital and financial inclusion sustainably in Africa. I am pleased with the progress we have made in the last couple of years on delivering value to everyone touched by our network."

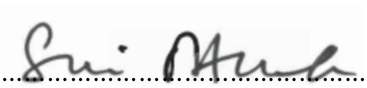
Airtel Africa plc ("Airtel Africa" or "Group") results for half year ended 30 September 2021 are unaudited and in the opinion of management, include all adjustments necessary for the fair presentation of the results of the same period. The financial information has been prepared based on International Accounting Standard 34 (IAS 34) issued by the International Accounting Standards Board (IASB) approved for use in the UK by the UK Accounting Standards Endorsement Board (UKEB) and apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021 except to the extent required/ prescribed by IAS 34. This report should be read in conjunction with audited consolidated financial statements and related notes for the year ended 31 March 2021. Comparative annual information has been drawn based on Airtel Africa plc's Audited Consolidated Financial Statements for the year ended 31 March 2021; with quarterly and half yearly information drawn from the unaudited IAS 34 financials of the respective periods. All comparatives and references to the 'prior period' or 'previous period' in this report are for the reported metrics for the half year ended 30 September 2020 unless otherwise stated.

## About Airtel Africa

Airtel Africa is a leading provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa.

Airtel Africa offers an integrated suite of telecoms solutions to its subscribers, including mobile voice and data services as well as mobile money services, both nationally and internationally. We aim to continue providing a simple and intuitive customer experience through streamlined customer journeys.

**-ENDS-**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Simon O'Hara
Group Company Secretary

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## Conference call

The management team will host an analyst and investor presentation and conference call at 12:00pm UK time (BST), on Thursday 28 October 2021, including a Question and Answer session.

To receive an invitation with the dial in numbers to participate in the event, please register beforehand using the following link:

**https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=1696896&linkSecurityString=2eb584280**

# Key financial information

| Description | Unit of measure | Half year ended Sep-21 | Half year ended Sep-20 | Reported currency change % | Constant currency change % | Quarter ended Sep-21 | Quarter ended Sep-20 | Reported currency change % | Constant currency change % |
|---|---|---|---|---|---|---|---|---|---|
| **Profit and loss summary** | | | | | | | | | |
| **Revenue** [1] | **$m** | **2,272** | **1,815** | **25.2%** | **27.6%** | **1,160** | **965** | **20.3%** | **22.7%** |
| Voice revenue | $m | 1,140 | 972 | 17.3% | 19.7% | 578 | 518 | 11.6% | 14.1% |
| Data revenue | $m | 733 | 548 | 33.7% | 36.9% | 377 | 283 | 33.0% | 36.4% |
| Mobile money revenue [2] | $m | 259 | 181 | 42.7% | 42.0% | 135 | 100 | 34.6% | 32.5% |
| Other revenue | $m | 200 | 164 | 21.8% | 24.1% | 102 | 87 | 17.5% | 20.1% |
| Expenses | $m | (1,181) | (1,012) | 16.7% | 18.5% | (599) | (533) | 12.5% | 14.5% |
| **Underlying EBITDA** [3] | **$m** | **1,098** | **812** | **35.2%** | **38.5%** | **564** | **437** | **29.1%** | **31.9%** |
| Underlying EBITDA margin | % | 48.3% | 44.7% | 360 bps | 381 bps | 48.6% | 45.3% | 330 bps | 340 bps |
| Depreciation and amortisation | $m | (366) | (328) | 11.4% | 13.3% | (184) | (167) | 10.4% | 12.8% |
| Operating exceptional items | $m | - | (7) | (100.0%) | (100.0%) | - | (7) | (100.0%) | (100.0%) |
| **Operating profit** [4] | **$m** | **732** | **472** | **55.1%** | **59.7%** | **380** | **262** | **44.8%** | **48.3%** |
| Net finance costs | $m | (169) | (191) | (11.6%) | | (71) | (92) | (22.8%) | |
| Non-operating exceptional items[5] | $m | 4 | - | 0.0% | | - | - | 0.0% | |
| **Profit before tax** | **$m** | **567** | **281** | **101.8%** | | **308** | **170** | **81.2%** | |
| Tax | $m | (232) | (146) | 59.0% | | (116) | (85) | 36.0% | |
| Tax - exceptional items | $m | - | 10 | (100.0%) | | - | 3 | (100.0%) | |
| Total tax charge | $m | (232) | (136) | 70.2% | | (116) | (82) | 40.7% | |
| **Profit after tax** [6] | **$m** | **335** | **145** | **131.6%** | | **192** | **88** | **118.6%** | |
| Non-controlling interest | $m | (50) | (33) | 49.7% | | (32) | (18) | 83.3% | |
| Profit attributable to owners of the company - before exceptional items | $m | 281 | 113 | 149.5% | | 160 | 75 | 113.6% | |
| **Profit attributable to owners of the company** | **$m** | **285** | **112** | **155.7%** | | **160** | **70** | **127.4%** | |
| EPS - before exceptional items | cents | 7.5 | 3.0 | 149.7% | | 4.3 | 2.0 | 113.7% | |
| Basic EPS | cents | 7.6 | 3.0 | 155.9% | | 4.3 | 1.9 | 127.6% | |
| Weighted average no of shares | million | 3,755 | 3,758 | (0.1%) | | 3,755 | 3,758 | (0.1%) | |
| Capex | $m | 245 | 216 | 13.6% | | 139 | 149 | (6.9%) | |
| Operating free cash flow | $m | 853 | 596 | 43.1% | | 425 | 287 | 47.8% | |
| Net cash generated from operating activities | $m | 922 | 744 | 23.9% | | 475 | 436 | 8.8% | |
| Net debt | $m | 3,127 | 3,459 | | | 3,127 | 3,459 | | |
| Leverage (net debt to underlying EBITDA) | times | 1.5x | 2.2x | | | 1.5x | 2.2x | | |
| Return on capital employed | % | 20.2% | 14.5% | 568 bps | | 19.8% | 14.6% | 514 bps | |
| **Operating KPIs** | | | | | | | | | |
| ARPU | $ | 3.1 | 2.7 | 16.2% | 18.5% | 3.2 | 2.8 | 12.4% | 14.6% |
| Total customer base | million | 122.7 | 116.4 | 5.4% | | 122.7 | 116.4 | 5.4% | |
| Data customer base | million | 43.9 | 39.6 | 10.9% | | 43.9 | 39.6 | 10.9% | |
| Mobile money customer base | million | 23.9 | 20.1 | 19.0% | | 23.9 | 20.1 | 19.0% | |

*(1) Revenue includes intra-segment eliminations of $59.5m for the half year ended 30 September 2021 and $50.3m for the prior period.*

*(2) Mobile money revenue post intra-segment eliminations with mobile services was $199m for the half year ended 30 September 2021, and $131m for the prior period.*

*(3) Underlying EBITDA includes other income of $6.4m for the half year ended 30 September 2021, and $8.4m for the prior period.*

*(4) Operating profit includes $4.7m CSR (Corporate Social Responsibility) expense in the prior period.*

*(5) Non-operating exceptional items in the half year ended 30 September 2021 include a gain of $4.0m on sale of telecommunication tower assets in one of the Group's subsidiaries in Rwanda.*

*(6) Profit after tax increase was largely due to higher operating profit more than offsetting the associated increase in tax charges.*

# Financial review for half year ended 30 September 2021

We have recorded another strong set of results that demonstrate the effective execution of our strategy, with strong performance across our regional segments and key services. Reported revenue grew by 25.2%, with constant currency growth of 27.6%. Regionally, revenue in Nigeria grew by 32.4%, in East Africa by 25.8% and in Francophone Africa by 22.1% in constant currency. We were able to deliver strong double-digit growth across all key services; our voice revenue grew by 19.7%, data revenue by 36.9%, mobile money revenue by 42.0% and other revenue by 24.1%. As a result, mobile services revenue grew by 25.5% in constant currency (22.9% in reported currency) and mobile money services revenue grew by 42.0% (42.7% in reported currency). The year-on-year constant currency revenue growth rate for Q2'22 of 22.7% was lower than the 33.1% of Q1'22 primarily due to a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region.

Net finance costs were lower compared with the previous period due to higher derivatives and forex loss of $11m in the prior period. Tax charges increased by $96m due to higher operating profit, a one-time tax settlement charge of $9m and higher withholding tax on dividends by subsidiaries, with the prior period also benefitting from $10m deferred tax credit recognition.

Basic EPS and EPS before exceptional items significantly improved to 7.6 cents and 7.5 cents respectively, with higher profits more than offsetting the associated increased tax.

Leverage improved to 1.5x at 30 September 2021 from 2.2x in the previous period, largely driven by increased cash generation, expansion in underlying EBITDA and $375m of receipts from the first closings of the mobile money minority investments, and despite investing $247m of intangible capex renewing licences in two of our largest markets, Nigeria and Uganda, and acquiring additional spectrum. Our balance sheet has also been further de-risked by continued localisation of our debt into the OpCos.

## GAAP measures

**Revenue**

Revenue in reported currency grew by 25.2% to $2,272m. The constant currency growth rate of 27.6% was partially offset by currency devaluations, mainly in Nigerian naira (6.1%) and Zambian kwacha (10.8%), in turn partially offset by appreciation in the Central African franc (4.9%) and Ugandan shilling (4.7%). Revenue growth for the half year partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region**.** Even after adjusting for this, revenue growth rates for the half year were ahead of FY'21 growth trends for the Group, and across all reported service segments.

**Operating profit**

Operating profit increased by 55.1% to $732m in reported currency, due to a combination of strong revenue growth and improvements in operating efficiency.

**Net finance costs**

Net finance costs were lower by $22m as a result of stable net interest costs, lower foreign exchange losses of $11m (mainly driven by appreciation of the Zambian kwacha) and a one-time $11.9m gain in other finance charges as a result of the reversal of an interest provision in one of our operating entities.

The Group effective interest rate increased from 4.8% to 5.5% largely driven by the repayment of the Eurobond in May 2021 which carried a lower than average coupon, and higher local currency debt at the OpCo level.

**Taxation**

Total tax charges were $232m, an increase of $96m, largely due to higher operating profit, a one-time tax charge and higher withholding tax on dividends by subsidiaries. The prior period also benefited from the recognition of a deferred tax credit of $10m in Tanzania.

**Profit after tax**

Profit after tax was $335m, an increase of 131.6% on the prior period. This increase was largely due to higher operating profits along with lower net finance costs, which more than offset the increase in tax charges due to increased profits.

**Basic EPS**

Basic EPS improved to 7.6 cents, up from 3.0 cents in the prior period. This increase was mainly due to higher operating profits which more than offset the increased tax charges.

**Net cash generated from operating activities**

Net cash generated from operating activities increased by $178m, an increase of 23.9% to $922m (from $744m in the previous period), mainly driven by higher profit before tax of $286m partially offset by a higher tax pay out on the increased profits.

## Alternative performance measures[1]

**Revenue**

Revenue grew by 27.6% in constant currency, driven by ARPU growth of 18.5% and customer base growth of 5.4% to 122.7 million. The slowdown in customer base growth was due to the introduction of new SIM registration regulations in Nigeria; excluding Nigeria, our customer base grew by 13.7%. ARPU growth of 18.5% was driven by all service segments; with voice contributing 6.0%, data 8.2%, mobile money 3.2%, and the balance coming from other revenue.

Revenue growth was recorded across all our regions. Revenue in Nigeria grew by 32.4%, in East Africa by 25.8% and in Francophone Africa by 22.1%.

Voice revenue grew by 19.7%, data by 36.9% and mobile money by 42.0% in constant currency.

**Underlying EBITDA**

Underlying EBITDA was $1,098m, an increase of 35.2% in reported currency and 38.5% in constant currency. The growth in underlying EBITDA was driven by revenue growth and improved operating efficiency. The underlying EBITDA margin expanded to 48.3%, an improvement of 360 basis points in reported currency and 381 basis points in constant currency.

Foreign exchange had an adverse impact of $31m on revenue and $17m on underlying EBITDA, as a result of the devaluation of the Nigerian naira and Malawian kwacha, partially offset by appreciation in the Central African franc and Ugandan shilling.

On a 12-month basis, 1% of currency devaluation across all currencies in our OpCos will have a negative impact of $39m on revenues, $24m on underlying EBITDA and $23m on finance costs. Our largest exposure is to the Nigerian Naira and 1% devaluation will have a negative impact of $16m on revenues, $9m on underlying EBITDA and $7m on finance costs.

**Tax**

The effective tax rate was 39.2% compared to 46.9% in the prior period, 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 the withholding tax on dividends by subsidiaries.

**Exceptional items**

An exceptional gain of $4m was recorded in the half year ended 30 September 2021 on the sale of telecommunication tower assets in one of the Group's subsidiaries in Rwanda. The exceptional gain of $3m in the prior period related to a deferred tax credit recognition in Tanzania amounting to $10m which was partially offset by one-off cost of $6.7m in Francophone Africa.

**EPS before exceptional items**

EPS before exceptional items was 7.5 cents, up from 3.0 cent in the prior period. This increase was mainly due to higher operating profits which more than offset the increased tax charges from higher profits.

**Operating free cash flow**

Operating free cash flow was $853m, up 43.1% on the prior period, due to higher underlying EBITDA more than offsetting increased capital expenditure. Capital expenditure in the prior period was lower due to logistical challenges being faced during the pandemic.

**Leverage**

Leverage (net debt to underlying EBITDA) improved to 1.5x at 30 September 2021, from 2.2x at 30 September 2020, largely driven by increased cash generation, expansion in underlying EBITDA and $375m of receipts from the first closings of the mobile money minority investments, and 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. Our balance sheet has continued to be de-risked through both a reduction of net debt (now $3.1bn, down from $3.5bn in the prior period) and the increased localisation of our debt into the OpCos, such that our OpCo debt of $2,443m is now higher than our HoldCo debt of $1,540m.

[1] *Alternative performance measures (APM) are described on page 45.*

## Other significant updates

**Dividend**

In October 2021, the Board approved an upgrade to the progressive dividend policy as a result of continued strong business performance and significant progress made in reducing the leverage ratio. The new policy aims to grow the dividend annually by a mid to high-single digit percentage from a new base of 5 cents per share for FY 2022, with a continued focus to further strengthen the balance sheet. The Board has declared an interim dividend of 2 cents per share (1.5 cents in H1'21) in line with this upgraded dividend policy.

**Launch of sustainability strategy**

At our Full Year Results in May 2021, we highlighted that we would publish the measurable medium to long-term sustainability goals we set ourselves. Over the last six months, we have identified the programmes needed, along with key milestones towards these goals. We have also conducted a consultation progress with our stakeholders to gather feedback on the strategy which has been reflected as appropriate.

Today, Airtel Africa has launched an ambitious sustainability strategy that underpins our well-established corporate purpose of 'Transforming Lives.' The strategy demonstrates our commitment to developing the infrastructure and services that will drive both digital and financial inclusion for people across Africa and provides a framework to contribute to six of the United Nations' Sustainable Development Goals ('SDGs') where we believe we can have the biggest impact. These are SDG 4: Delivering quality education; SDG 5: Gender equality; SDG 8: Decent work and economic growth; SDG 9: Industry innovation and infrastructure; SDG 10: Reduced inequalities; and SDG 12: Responsible consumption and production.

The launch of our sustainability strategy builds upon the Group's sustainability framework, announced with the FY'21 results, with its four key pillars of 'Our business', 'Our people', 'Our communities' and 'Our environment', and the strong foundations of the work we are already doing at a Group level and across all our local operations. The new sustainability strategy covers every aspect of our business activities, and has environmental, social and governance criteria at its core.

The sustainability strategy includes nine goals and commitments, with corresponding programmes that address the business' material topics (identified through an extensive consultation at the beginning of the year) and enable the Group to continue delivering sustainable growth and uphold the best governance standards:

- **Data security goal:** Establish industry-leading data security for our customers; through investments in technology and expertise, updated processes and consumer awareness - with focus areas around confidentiality, integrity and availability.
- **Service quality goal**: Provide underserved communities with access to reliable networks and connectivity; through the rollout of new infrastructure and technology, improved fibre connectivity and capacity - with focus areas on service accessibility, delivery and reliability.
- **Supply chain goal:** Ensure all our suppliers are aligned with our sustainability agenda; through programmes to increase supplier disclosure and audit ESG performance - with focus areas on enhanced supplier due diligence and ongoing ESG compliance.
- **Commitments to our people:** with our ambition to provide rewarding employment opportunities and to achieve genuine diversity and inclusion at all levels across the business through four key commitments**:**
    - Delivering equality in our workforce; through recruitment and programmes to provide training and advancement for everyone regardless of gender, nationality or disability;
    - Providing best practice training and development; through upskilling and reskilling initiatives to ensure they can succeed in their future careers. And through supporting female entrepreneurs through training and increasing women's participation in the technology and engineering sectors;
    - Providing the highest standards of health and safety for our employees and contractors; through the introduction of a best practice social and health and safety management system, improved policies and full compliance with all legislation and regulation; and,
    - Maintaining the highest levels of employee engagement; through the introduction of additional channels that provide every one of our people with a voice.
- **Digital inclusion goal**: significantly improve digital Inclusion across Africa; by driving the penetration of mobile, smartphones and home broadband in rural areas through the provision of retail and support services.

- **Financial inclusion goal**: significantly increase financial inclusion in Africa, with particular support for women; through the development of affordable financial products to meet the needs of the un- and under-banked, a reliable service and financial confidence and literacy.
- **Access to education goal:** helping transform the lives of over one million children through improving access to education - with programmes around connectivity, the provision of zero-rated education content under a five-year UNICEF partnership, connecting 1,400 schools to the internet by 2027, and the adoption and support of schools in all our markets.
- **Greenhouse gas emissions reduction goal:** Our ambition is to achieve net zero greenhouse gas ('GHG') emissions ahead of the 2050 deadline set out in the Paris Agreement. To do this we must fully identify, measure and reduce our GHG emissions which can only be achieved in partnership with our peers and the wider industry. We will establish and launch a sector leading and credible decarbonisation pathway in 2022, ahead of the publication of our first Sustainability Report.
- **Environmental stewardship:** Eliminate hazardous waste from our operations, significantly reduce our non-hazardous waste and minimise our water consumption; with programmes to replace damaging materials, expand recycling schemes and build employees' awareness around the protection of our natural resources.

Our full sustainability strategy has been detailed in a separate announcement released today.

**Covid update**

The Covid-19 pandemic 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 in Q1 last year, when mobile money and mobile services growth both slowed. However, the actions taken by the Board at that time enabled the continued execution of our strategy, including meeting increased customer demand for data, mobile money and mobile services.

Through multiple lockdowns and during times of national crisis our people have kept our distribution channels available and our networks fully operational. Our business partners have similarly continued to deliver their services despite numerous logistical challenges, and governments and regulators have continued to support the industry and helped facilitate our continued support to the economies of the countries and the communities we serve.

Several times through the pandemic, the governments in the countries where we operate have acted swiftly to implement and enforce restrictions on the movement of people to prevent contagion. These swift actions, along with low population density and relatively youthful population demographics, less frequent travel, and local experience in dealing with contagious diseases, have resulted in generally lower infection rates in sub-Saharan Africa relative to some other regions. Around the world the vaccination effort is well under way, with a significant easing of social distancing rules and travel restrictions. Though Africa lags most developed economies in attaining full vaccination cover.

Despite the resilience demonstrated by our business during the last eighteen months, we are constantly monitoring how the situation is evolving to identify key risks and to put in place adequate mitigation plans to minimise any potential disruptions.

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 are in the right financial position to meet our financial obligations at all times.

**NIN / SIM registration rules in Nigeria**

As previously highlighted, following a directive issued by the Nigerian Communications Commission (NCC) on 7 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 discontinued until significant progress had been made on linking the active customer base with verified NINs. Natural churn in the customer base led to a net loss of 1.5 million active mobile customers in Nigeria in the half year (0.5 million in Q2 and 1.0 million in Q1) following on from 2.5 million net customer loss in the final quarter of the year to 31 March 2021, however, the financial impact has been minimal, with continued revenue growth, largely due to the significantly lower ARPU of the churned base and increased usage by the active base. In April, the NCC announced that it would allow new customer enrolment to recommence from certified outlets (a branch or kiosk where customers can sign up to Airtel). Airtel Nigeria has so far received approvals for over 7,000 outlets and new customer registrations have recommenced in those outlets accordingly. The NCC also issued a further directive in April with the effect that no individual customers can register more than four SIM cards under one NIN on any network.

The original regulatory 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 31 October 2021.

We have made significant progress on capturing existing NINs and building the database in collaboration with National Identity Management Commission (NIMC). To date, out of Airtel Nigeria’s 40.4 million active customers, we have collated NIN information for 26.7 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 our customers, that do not have a NIN we have opened enrolment centres in collaboration with the NIMC and 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.

**Offer to buyout Airtel Nigeria minorities**

On 4 October 2021, Airtel Africa announced that its subsidiary Airtel Networks Limited ('Airtel Nigeria') had initiated a process under which it seeks to buy back the 8.26% minority shareholdings at an offer price of NGN 55.81 per share. Assuming all minority shareholders decide to tender their shares, the total consideration is estimated to be NGN 61.24 bn (c.$148.1m using an exchange rate of 413.38 NGN/US dollar). This represents an open offer to all shareholders.

**Strategic investments in our mobile money business by Qatar Investment Authority**

In July 2021, Airtel Africa signed agreements with Qatar Holding LLC, an affiliate of the Qatar Investment Authority (‘QIA’), who will invest $200m in Airtel Mobile Commerce BV (‘AMC BV’), a subsidiary of Airtel Africa plc. AMC BV is the holding company for several of Airtel Africa's mobile money operations; and ultimately is intended to own and operate the mobile money businesses across all of Airtel Africa's 14 operating countries.

The Transaction values Airtel Africa's mobile money business at $2.65 billion on a cash and debt free basis. QIA will hold a minority stake in AMC BV upon completion of the transaction (alongside other minority investors), with Airtel Africa continuing to hold the majority stake. The transaction is subject to closing conditions.

This agreement followed earlier similar announcements of investments of $200m by TPG’s The Rise Fund and $100m by Mastercard, made on 18 March 2021 and 1 April 2021 respectively, and brings the total announced investment of minorities into AMC BV to $500m. The transaction is a continuation of the Group's pursuit of strategic asset monetisation and investment opportunities, and it is the aim of Airtel Africa to explore the potential listing of the mobile money business within four years.

The proceeds from the transaction will be used to reduce Group debt and invest in network and sales infrastructure in the respective operating countries.

**First closing of mobile money minority investments**

On 2 August 2021 and 20 August 2021 Airtel Africa announced first closings relating to the Airtel Money minority investment transactions with TPG’s The Rise Fund and Mastercard, and subsequently with Qatar Holding LLC respectively.

With the conditions for first closing having been met, The Rise Fund, Mastercard and QIA have invested $150m, $75m and $150m respectively in a secondary purchase of shares in AMC BV from a subsidiary of Airtel Africa; with a further $50m, $25m and $50m respectively to be invested at second close upon further transfers of mobile money operations into AMC BV.

Under the AMC BV shareholders' agreements, both The Rise Fund and QIA have each appointed a director to the board of AMC BV and all minority investors have certain customary information and minority protection rights.

Airtel Africa has so far received a total of $375m from these three investors. The balancing proceeds from the three investors, amounting to $125m, will be received upon completion of the second close, taking cumulative proceeds from minority stake sales in Airtel Money to a total of $500m. Finance cost for the six months ended 30 September 2021 includes an interest expense of $0.8m on a put option liability related to the first closings of mobile money minority investments. Refer to page 27 in note 4 (e) and 4 (f) for further details on the transaction and its accounting.

**Sale of towers in Tanzania**

In June 2021, Airtel Africa signed a deal for the sale of the tower portfolio belonging to Airtel Tanzania to a joint venture company owned by a wholly owned subsidiary of SBA Communications Corporation, a leading global independent owner and operator of wireless communications infrastructure, as majority owner, and by Paradigm Infrastructure Limited, a UK company focused on developing, owning and operating shared passive wireless infrastructure in selected growth markets.

The tower portfolio in Airtel Tanzania comprises approximately 1,400 towers which form part of the Group's wireless telecommunications infrastructure network. Under the terms of the transaction, the Group's subsidiary, Airtel Tanzania plc, will continue to develop, maintain and operate its equipment on the towers under a separate lease arrangement with the purchaser.

The consideration for the transaction is approximately $175m of which approximately $157.5m is payable on the first closing date (expected to take place in the second half of the Group's current financial year), with the balance payable in instalments upon the completion of the transfer of any remaining towers to the purchaser. Around $60m from the proceeds will be used to invest in network and sales infrastructure in Tanzania and for distribution to the Government of Tanzania, as per the settlement described in the Airtel Africa IPO Prospectus document published in June 2019. The balance of the proceeds will be used to reduce debt at Group level.

**Airtel Money partnership in East Africa with Flutterwave**

On 5 October Airtel Money announced a new partnership with leading African payments company, Flutterwave, to expand Airtel Money's services to businesses across East Africa. The partnership enables businesses integrating Flutterwave in Uganda, Tanzania, Zambia, Malawi, Kenya and Rwanda, to receive payments from Airtel Money customers, as well as make bulk payments into Airtel Money wallets thanks to Airtel Money's proprietary fintech platforms.

The new services will go live subject to regulatory approvals in the respective countries and will reach Airtel Money's 20.0 million customers based in East Africa.

**New shareholding requirements in Kenya**

On 9 April 2021, the Minister for ICT in Kenya published an amendment to the National Information Communications and Technology (ICT) Policy Guidelines, 2020 (ICT Policy). The ICT Policy amendment will affect Airtel Africa's Kenya business as follows:

- Airtel Networks Kenya Limited, which currently holds an indefinite exemption from the Minister for ICT, dated 20 March 2013, has three years with effect from 9 April 2021 to comply with the requirement to have a 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 a 30% local shareholding.

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

**Appointment of new CEO, and other Board appointments and changes**

On 29 April 2021, Airtel Africa announced that Olusegun "Segun" Ogunsanya, managing director and chief executive officer Airtel Nigeria was to succeed Raghunath "Raghu" Mandava, as managing director and chief executive officer following Raghu Mandava's informing the Board of his intention to retire. Segun Ogunsanya joined the Board of Airtel Africa plc with effect from 1 October 2021.

Segun Ogunsanya joined Airtel Africa in 2012 as managing director and chief executive officer Airtel Nigeria and has been responsible for the overall management of our operations in Nigeria, our largest market in Africa. Segun has more than 25 years' business management experience in banking, consumer goods and telecoms. Before joining Airtel in 2012, Segun held leadership roles at Coca-Cola in Ghana, Nigeria, and Kenya (as managing director and chief executive officer). 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. He is an electronics engineer and also a chartered accountant.

Raghu Mandava has retired as managing director and chief executive officer, as a director of Airtel Africa plc and as a member of the Market Disclosure Committee as of 30 September 2021. Following his cessation of employment at Airtel Africa, Mr. Mandava remains available to advise the Chairman, the Airtel Africa Board and the newly appointed managing director and chief executive officer for a 9-month period.

Jaideep Paul, chief financial officer, was appointed as an executive director and joined the Board of Airtel Africa plc with effect from 1 June 2021.

On 12 October 2021, Airtel Africa announced the appointment of Ms Tsega Gebreyes to the Board as an independent non-executive director, with immediate effect.

**New administrative office in Dubai**

Airtel Africa plc has opened a new office in Dubai, adding to its existing administrative office locations in Nairobi, London, Amsterdam and Delhi.

The executive committee of Airtel Africa plc will operate out of the new office, which provides for significantly improved connectivity and enhanced cooperation with our 14 operating markets across Africa and with our other administrative offices.

**Information on additional KPIs**

An investor relations pack with information on the additional KPIs and balance sheet is available to download on our website at airtel.africa/investors.

## Strategic overview

The Group provides telecoms and mobile money services in 14 emerging markets of sub-Saharan Africa. Our markets are characterised by huge geographies with relatively sparse populations, high population growth rates, high proportions of youth in the population, low smartphone penetration, low data penetration and relatively unbanked populations. Unique mobile user penetration across the Group's footprint is around 46%, and banking penetration remains under 50%. These indicators illustrate the significant opportunity still available to Airtel Africa to enhance both digital and financial inclusion in the communities we serve, enriching their lives at the same time as growing our revenues, profitably, across each of our key services of voice, data and mobile money.

The Group continued to invest in its network and distribution infrastructure to enhance both mobile and connectivity and financial inclusion across our countries of operation. In particular, we continued to invest in expanding our 4G network footprint to increase data capacity in our networks to support future business growth, as well as deploying new sites, especially in rural areas, to enhance coverage and connectivity.

Our 'Win with' strategy describes the six strategic pillars through which we actively work to achieve this. Cutting across these pillars are our commitment to transforming lives, driving sustainable development and acting as a responsible business. We continued to make good progress across each of our core strategic pillars: 'Win with network', 'Win with distribution' (renamed from the previous 'Win with customers'), 'Win with data', 'Win with mobile money', 'Win with cost' and 'Win with people'.

**Win with network**

The Group's aims to continually provide a best-in-class network experience, including internet experience, to customers. We continued to invest in our network by expanding 4G coverage and building capacity to cater for the future needs of our customers and to continue providing them with high-speed data. Our expansion of 4G network capability across our footprint and connecting rural areas through deployment of new sites continued to be our two key focus areas. Our investment in the 4G network through single RAN technology has resulted in both expansion of our 4G coverage and enhanced network capacity. As at the end of Q2'22, 81.8% of our total sites are now on 4G, compared to 69.7% in the previous period. We aim to build a leading, modernised network that can provide the data capacity to meet rapidly growing demand, and enhanced connectivity and digitalisation needs of our markets. Our network data capacity has increased by 34.2% year on year, reaching 13,700+ TB per day, with additional capacity being added at only very marginal cost. We continued to modernise our network across all our countries of operation, with 90% of our sites now on single RAN.

The Group added more than 15,500km of additional fibre, with total fibre now more than 59,500km.

The Group also added additional spectrum in a few of our markets. We have added 10 MHz in the 2600 band and 5 MHz in the 1800 band in Uganda, 5 MHz in the 900 band in Chad and 10 MHz in the 800 band in Zambia. These allocations will help us to maximise network capacity and coverage.

Capital expenditure related to investment activities during H1'22 was $245m, excluding spectrum acquisitions and licence renewals.

**Win with distribution (formerly named 'Win with customers')**

Sub-Saharan Africa is characterised by low penetrated markets, with unique subscriber penetration at 46%. The Group's strategy is to build assured availability of service through deployment of exclusive retail footprint and ensuring sufficient resourcing to drive revenue generation at each distribution site.

The Group continued to build a unique mix of multi-brand and exclusive franchise channels, combined with a simplified and enhanced self-service app to provide a seamless customer onboarding experience. These have enabled us to add customers, resulting in customer base growth of 5.4% year on year, excluding Nigeria the customer base grew by 13.7%. This has also helped us to grow voice revenue by 19.7% in constant currency.

The Group continued its investment in strengthening our distribution network infrastructure, with a focus on rural distribution networks. During the period, the Group expanded its exclusive franchise stores, adding more than 15,100 kiosks and mini-shops (taking the total to over 43,500) across our footprint.

The Group also added more than 18,800 activating entities (excluding Nigeria), up by 10.2%.

**Win with data**

The Group continued to invest in the expansion of our 4G network, adding significant data capacity to the network at only marginal cost, expanding both home broadband and enterprise business services to greater leverage the 4G network capacity; growing data ARPU and data revenue. We continue to focus on increasing smartphone ownership and increasing data usage at scale, largely via smartphone offerings through OEM (Original Equipment Manufacturer) device partnerships, and through expanding our network of smartphone device selling outlets.

Our improved 4G network supported our drive to increase smartphone penetration, data customer penetration and the uptake of larger data volumes, resulting in greater data consumption per customer. Smartphone penetration was up by 0.4 percentage points to 33.6% and our data customer base grew by 10.9%, now representing 35.8% of our total customer base.

Data usage per customer reached 3.3 GB per customer (from 2.5 GB per customer) led by an increase in smartphone penetration and expansion of our home broadband and enterprise customers. This helped us to grow data revenue by 36.9% in constant currency. Growing penetration and the data usage of particularly 3G and 4G customers helped us to grow data ARPU by 19.2%. 4G data usage constituted 64.6% of total data usage on the network in Q2'22 with 4G data usage per customer reaching 5.4 GB per month in Q2'22, up by 7.3% on Q2'21.

**Win with mobile money**

The Group has continued to drive financial inclusion across its footprint. The low penetration of traditional banking services across our footprint leaves a large number of unbanked customers whose needs can be largely fulfilled through mobile money services. We aim to drive the uptake of Airtel Money services in all our markets, harnessing the ability of our profitable mobile money business model to enhance financial inclusion in some of the most 'unbanked' populations in the world.

The Group continued to expand our exclusive distribution network of kiosks, mini-shops and Airtel Money branches, so that customers can access their cash with relative ease. We have increased the number of mobile money agents by 28.7%, kiosks/mini-shops by 53.1% and Airtel money branches by 90%. Throughout the period, the expansion of our mobile money product portfolio, both through partnerships with leading financial institutions and through expansion of our merchant ecosystem, have further strengthened our mobile money propositions.

Our distribution expansion and enhanced offerings helped drive 19.0% growth in our mobile money customer base, now serving over 23.9 million customers and representing 19.5% of our total customer base (29.1% excluding Nigeria).

Mobile money continues to be one of our fastest growing service segments, delivering revenue growth of 42% in H1'22. This is an increasingly important part of our business, delivering $61bn of annualised (Q2'22) transaction value and accounting for 11.6% of total revenue in Q2'22.

Mobile money ARPU increased by 16.8% in H1'22, driven by increased transaction values and higher contributions from merchant payments, cash transactions, P2P transfers and mobile services recharges through Airtel Money.

**Win with cost**

Our operating cost model is focused on enhancing cost efficiency through changes in the operating design and digitisation initiatives. We embrace robust cost discipline and continuously seek to improve our processes to reduce operating costs, delivering one of the highest underlying EBITDA margins in the industry. We also use the latest technology to optimally design our networks and improve our capital expenditure efficiency; enabling us to build large incremental capacities at lower marginal cost.

As we continued to expand our business, various cost efficiency initiatives were undertaken during the period, relating mainly to: (i) reduced operating costs at sites due to single RAN; (ii) optimisation of incremental network/site requirement through efficient spectrum utilisation (iii) remodelling our managed services through diversification of supply; and (iv) bandwidth capacity optimisation and implementation of dynamic and contextual interactive voice recognition ('IVR') for more efficient customer interactions. In addition to these initiatives, we have reduced our travel and facility expenses during the period, largely attributable to continued Covid-related restrictions on movements and working from home initiatives.

These have contributed to an expansion of our underlying EBITDA margin by 360 basis points in reported currency and 381 basis points in constant currency. Our underlying EBITDA margin was 48.3% for H1'22, and our operating expenditure as a percentage of revenue improved by 3.8 percentage points.

**Win with people**

Our values of being Alive, Inclusive and Respectful, underpin our vision of being a responsible employer. We work in highly collaborative teams across the 18 countries in which we have operations or offices, and with 34 different nationalities represented.

Our talented and diverse people have continued to demonstrate incredible dedication and resilience. Their commitment to our business and customers has been a key driver to our long-term growth and as we continue to transform lives in the markets we serve.

Diversity and inclusion remain a key focus area for our business, as we expand financial and digital inclusion to the communities we serve.

Investing in opportunities for learning and development of our people across all our operations has been accelerated through the launch of several digital platforms. Building and maintaining strong functional expertise and capability is a key driver of our performance.

We are committed to employee engagement and upward feedback through regular market visits, town-halls and open mic sessions, which enable us to understand issues that really matter to our colleagues, our workplaces and business operations.

Our reward system is based on simple and consistent metrics that drive a high-performance culture and our people performance metrics are aligned to our business priorities.

We continue to make strides to be an employer of choice with a diverse and inclusive work environment.

# Financial review for the quarter ended 30 September 2021

## Nigeria

| Description | Unit of measure | Half year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % |
| **Summarised statement of operations** | | | | | | | | | |
| **Revenue** | **$m** | **896** | **718** | **24.7%** | **32.4%** | **450** | **377** | **19.4%** | **27.1%** |
| Voice revenue [1] | $m | 471 | 413 | 14.0% | 21.0% | 233 | 216 | 7.7% | 14.6% |
| Data revenue | $m | 351 | 257 | 36.6% | 45.0% | 179 | 135 | 33.1% | 41.5% |
| Other revenue [1] | $m | 74 | 48 | 52.9% | 63.0% | 38 | 26 | 46.8% | 56.1% |
| **Underlying EBITDA** | **$m** | **492** | **386** | **27.3%** | **35.2%** | **246** | **204** | **20.3%** | **28.0%** |
| Underlying EBITDA margin | % | 54.9% | 53.8% | 113 bps | 114 bps | 54.6% | 54.2% | 39 bps | 39 bps |
| Depreciation and amortisation | $m | (128) | (115) | 11.4% | 18.2% | (65) | (63) | 3.0% | 10.1% |
| Exceptional item | $m | - | - | 0.0% | 0.0% | - | - | 0.0% | 0.0% |
| **Operating profit** | **$m** | **364** | **271** | **34.1%** | **42.3%** | **181** | **141** | **27.9%** | **35.7%** |
| Capex | $m | 104 | 97 | 7.0% | 7.0% | 56 | 67 | (17.1%) | (17.1%) |
| Operating free cash flow | $m | 388 | 289 | 34.2% | 45.3% | 190 | 137 | 38.5% | 51.8% |
| **Operating KPIs** | | | | | | | | | |
| ARPU | $ | 3.6 | 2.8 | 29.6% | 37.5% | 3.7 | 2.9 | 27.5% | 35.6% |
| Total customer base | million | 40.4 | 44.1 | (8.2%) | | 40.4 | 44.1 | (8.2%) | |
| Data customer base | million | 18.2 | 19.0 | (4.4%) | | 18.2 | 19.0 | (4.4%) | |

*(1) Voice revenue includes inter-segment revenue of $0.5m and other revenue includes inter-segment revenue of $1m in half year ended 30 September 2021. Excluding inter-segment revenue, voice revenue was $471m and other revenue was $72m in half year ended 30 September 2021.*

Reported revenue grew by 24.7%, with constant currency revenue growth of 32.4% offset by Nigerian naira devaluation of 6.1% (YoY). ARPU grew by 37.5%, to which voice contributed 14.8%, data contributed 18.1% and the balance came from other revenue.

Voice revenue grew by 21.0%. This was driven by an increase in voice usage per customer with ARPU growth of 25.6%. The year-on-year decline in the customer base of 3.6 million was due to the implementation of new “Know-Your-Customer” (KYC) requirements in Nigeria which had included a temporary halt to new customer activations. New activations have been permitted in regulatory approved outlets since the end of April 2021. The number of outlets receiving regulatory approval has grown in the second quarter from 2,100 to 7,000, and accordingly the business is now approaching the level where monthly net customer movements are stabilising.

Data revenue grew by 45.0% in constant currency, driven by the growth in data usage per customer to 3.9 GB per month (from 2.7 GB per month in the prior period). This in turn drove data APRU growth of 41.4%. Expansion of our 4G network, with 88.8% of total sites now on 4G, and an increase in smartphone penetration further supported the growth in data usage. Data is one of the key growth drivers in Nigeria. Data revenue accounted for 39.1% of total revenue in Nigeria in H1’22, up 3.4 percentage points from 35.7% in the prior period. 4G data usage accounted for 70.1% of total data usage in Q2’22, up from 61.6% in Q2’21 and the 4G data customer base now contribute 42.4% of the total data customer base in Nigeria.

Other revenue grew by 63.0%, with the main contribution coming from the growth in value added services revenue, led by airtime credit services.

Underlying EBITDA grew by 27.3% to $492m in reported currency, with a constant currency growth of 35.2%. The underlying EBITDA margin improved to 54.9%, an increase of 113 basis points in reported currency and 114 basis points in constant currency. This margin expansion was due to improvements in operational efficiency.

Operating free cash flow in Nigeria was $388m, up 45.3%, due to the expansion of underlying EBITDA.

## East Africa[1]

| Description | Unit of measure | Half year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % |
| **Summarised statement of operations** | | | | | | | | | |
| **Revenue** [2] | **$m** | **822** | **659** | **24.7%** | **25.8%** | **428** | **355** | **20.6%** | **19.9%** |
| Voice revenue [3] | $m | 377 | 312 | 20.7% | 21.8% | 199 | 169 | 17.2% | 16.8% |
| Data revenue | $m | 217 | 174 | 24.8% | 25.7% | 112 | 88 | 26.9% | 26.1% |
| Mobile money revenue [4] | $m | 190 | 132 | 43.9% | 44.5% | 99 | 74 | 33.2% | 30.6% |
| Other revenue [3] | $m | 78 | 74 | 5.1% | 6.8% | 40 | 39 | 2.1% | 3.3% |
| **Underlying EBITDA** | **$m** | **397** | **292** | **35.7%** | **36.2%** | **213** | **163** | **30.3%** | **28.8%** |
| Underlying EBITDA margin | % | 48.3% | 44.3% | 390 bps | 367 bps | 49.7% | 46.0% | 370 bps | 340 bps |
| Depreciation and amortisation | $m | (118) | (107) | 10.3% | 11.1% | (60) | (53) | 12.1% | 11.8% |
| Exceptional item | $m | - | - | 0.0% | 0.0% | - | - | 0.0% | 0.0% |
| **Operating profit** [5] | **$m** | **279** | **184** | **51.5%** | **52.0%** | **153** | **110** | **39.2%** | **37.1%** |
| Capex | $m | 84 | 81 | 3.1% | 3.1% | 51 | 62 | (18.2%) | (18.2%) |
| Operating free cash flow | $m | 313 | 211 | 48.2% | 49.5% | 162 | 101 | 59.9% | 58.6% |
| **Operating KPIs** | | | | | | | | | |
| ARPU | $ | 2.5 | 2.2 | 10.9% | 11.9% | 2.5 | 2.4 | 7.1% | 6.5% |
| Total customer base | million | 56.8 | 51.3 | 10.9% | | 56.8 | 51.3 | 10.9% | |
| Data customer base | million | 18.2 | 14.9 | 22.2% | | 18.2 | 14.9 | 22.2% | |
| Mobile money customer base | million | 20.0 | 16.7 | 19.2% | | 20.0 | 16.7 | 19.2% | |

*(1) The East Africa business region includes Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia.*

*(2) Revenue includes intra-segment eliminations of $39m for half year ended 30 September 2021 and $33m for half year ended 30 September 2020.*

*(3) Voice revenue includes inter-segment revenue of $0.3m and other revenue includes inter-segment revenue of $3m in half year ended 30 September 2021. Excluding inter-segment revenue, voice revenue was $376m and other revenue was $75m in half year ended 30 September 2021.*

*(4) Mobile money revenue post intra-segment eliminations with mobile services was $151m for half year ended 30 September 2021 and $99m for the prior period.*

*(5) Operating profit includes CSR (Corporate social responsibility) expense of $1.6m in the prior period.*

Revenue in East Africa grew by 24.7% to $822m in reported currency, with constant currency growth of 25.8%. The constant currency revenue growth of 25.8% was driven by growth across all service segments; voice revenue grew by 21.8%, data revenue by 25.7% and mobile money revenue by 44.5%. Reported currency revenue growth reflects the strong constant currency revenue growth partially offset by currency devaluation, mainly in Zambia (10.8%) and Malawi (8.8%), while the Ugandan shilling appreciated (4.7%).

Voice revenue grew by 21.8%, driven by both customer base growth of 10.9% and voice ARPU growth of 8.3%. Customer base growth was driven largely by the expansion of both network coverage and distribution. Voice ARPU growth was driven largely by the increase in voice usage per customer of 5.3%, to 344 minutes per customer per month. Total network minutes grew by 18.4% year on year.

Data revenue grew by 25.7%, driven by both data customer base growth of 22.2% and data ARPU growth of 2.2%. The customer base growth was supported by the expansion of our 4G network infrastructure, with 83.5% of sites now on 4G in East Africa, compared with 68.6% during the prior period. 4G data usage now contributes 58.6% to total data usage, up from 45.7% in the previous period, and the 4G data customer base now constitutes 35.9% of the total data customer base. Data ARPU growth was driven by an increase in usage per customer of 20.2%, reaching 3.1 GB per customer per month (from 2.6 GB in the prior period).

Mobile money revenue grew by 44.5%, largely driven by growth in Zambia, Uganda, Malawi and Tanzania. Revenue growth was driven by both customer base growth of 19.2% and ARPU growth of 20.0%, due largely to expansion of our distribution network. Mobile money ARPU growth was driven by the 24.0% growth in the transaction value per customer to $178 per customer per month (from $145 in the prior period). Mobile money revenue accounted for 23.1% of total East Africa revenue, up 3.1 percentage points from 20.0% in the prior period. The slowdown in mobile money revenue growth in Q2 was due to the implementation of additional levies by the Government of Tanzania on mobile money withdrawal and P2P transactions from 15 July 2021, which were subsequently revised downwards in early September 2021.

The underlying EBITDA margin in East Africa was 48.3%, an improvement of 390 basis points in reported currency and 367 basis points in constant currency, led by both accelerated growth in revenue and efficiency improvements in operating expenses.

Operating free cash flow was $313m, up 49.5% due to the growth in underlying EBITDA.

## Francophone Africa[1]

| Description | Unit of measure | Half year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % |
| **Summarised statement of operations** | | | | | | | | | |
| **Revenue [2]** | **$m** | **560** | **445** | **25.7%** | **22.1%** | **285** | **236** | **20.6%** | **19.5%** |
| Voice revenue [3] | $m | 294 | 252 | 16.7% | 13.3% | 148 | 135 | 9.4% | 8.6% |
| Data revenue | $m | 165 | 117 | 40.7% | 36.2% | 85 | 60 | 42.0% | 40.3% |
| Mobile money revenue [4] | $m | 69 | 49 | 40.1% | 36.3% | 36 | 26 | 39.0% | 38.3% |
| Other revenue [3] | $m | 53 | 45 | 17.9% | 15.2% | 26 | 23 | 13.7% | 12.7% |
| **Underlying EBITDA** | **$m** | **227** | **146** | **54.9%** | **50.6%** | **115** | **73** | **58.8%** | **57.3%** |
| Underlying EBITDA margin | % | 40.5% | 32.8% | 761 bps | 767 bps | 40.6% | 30.8% | 976 bps | 974 bps |
| Depreciation and amortisation | $m | (104) | (98) | 6.4% | 3.4% | (51) | (49) | 4.2% | 3.2% |
| Exceptional item | $m | - | (7) | (100.0%) | (100.0%) | - | (7) | (100.0%) | (100.0%) |
| **Operating profit [5]** | **$m** | **123** | **41** | **200.5%** | **192.0%** | **64** | **16** | **293.4%** | **289.1%** |
| Capex | $m | 52 | 36 | 44.2% | 44.2% | 30 | 20 | 53.8% | 53.8% |
| Operating free cash flow | $m | 175 | 110 | 58.4% | 52.5% | 85 | 53 | 60.6% | 58.6% |
| **Operating KPIs** | | | | | | | | | |
| ARPU | $ | 3.8 | 3.7 | 4.7% | 1.7% | 3.8 | 3.8 | (0.8%) | (1.7%) |
| Total customer base | million | 25.4 | 21.1 | 20.7% | | 25.4 | 21.1 | 20.7% | |
| Data customer base | million | 7.5 | 5.7 | 32.6% | | 7.5 | 5.7 | 32.6% | |
| Mobile money customer base | million | 4.0 | 3.4 | 17.9% | | 4.0 | 3.4 | 17.9% | |

*(1) The Francophone Africa business region includes Chad, Democratic Republic of the Congo, Gabon, Madagascar, Niger, Republic of the Congo, and The Seychelles.*

*(2) Revenue includes intra-segment eliminations of $20m for half year ended 30 September 2021 and $17m for half year ended 30 September 2020.*

*(3) Voice revenue includes inter-segment revenue of $1m in half year ended 30 September 2021. Excluding inter-segment revenue, voice revenue was $293m in half year ended 30 September 2021.*

*(4) Mobile money revenue post intra-segment eliminations with mobile services was $48m in half year ended 30 September 2021 and $32m in half year ended 30 September 2020.*

*(5) Operating profit includes CSR (Corporate Social Responsibility) expense of $1.1m in half year ended 30 September 2020.*

Our performance in Francophone Africa has further improved, with the highest reported currency revenue growth of the regions at 25.7%. Revenue grew by 22.1% in constant currency, largely driven by growth in Democratic Republic of the Congo (DRC), Chad, Niger and Gabon. The reported currency revenue growth is higher than in constant currency due to appreciation of the Central African franc (4.9%).

Voice revenue grew by 13.3% in constant currency, mainly driven by customer base growth of 20.7%. The customer base growth was driven by expansion of both our network coverage and distribution. Voice usage per customer grew by 5.8% and total voice minutes on the network grew by 27.1%. The voice revenue growth of 13.3% was slightly offset by a marginal decline in voice ARPU of 5.6%, mainly due to reductions in international revenue and local incoming call revenues due to changes in interconnect rates in Gabon and Congo B.

Data revenue grew by 36.2% in constant currency, driven by both customer growth of 32.6% and data ARPU growth of 2.0%. The data customer base growth was driven largely by both expansion of our 4G network (with 61.5% of total sites now on 4G), and the expanding adoption of our “more for more” bundle offerings, up 6.4% and contributing 91.2% of data revenue in Q2’22. The 4G data customer base now constitutes 42.0% of the total Francophone Africa data customer base, and 4G data usage contributed 62.9% of total data usage in Q2’22, up from 52% in the prior period.

Mobile money revenue grew by 36.3%, driven by both customer base growth of 17.9% and mobile money ARPU growth of 6.4%. The customer base growth of 17.9% was supported by the expansion of our distribution network through more agents and Airtel Money branches. The increase in mobile money transaction value per customer of 11.4% resulted in ARPU growth of 6.4%.

The underlying EBITDA margin was 40.5% during the period, an improvement of 761 basis points in reported currency and 767 basis points in constant currency, driven by both revenue growth and increased efficiency in operating expenses.

Operating free cash flow was $175m, up 52.5%, due to the improvement in underlying EBITDA.

## Mobile services

| Description | Unit of measure | Half year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % |
| <u>**Summarised statement of operations**</u> | | | | | | | | | |
| **Revenue [1]** | **$m** | **2,076** | **1,689** | **22.9%** | **25.5%** | **1,058** | **891** | **18.8%** | **21.5%** |
| Underlying EBITDA | $m | 989 | 737 | 34.3% | 38.1% | 509 | 392 | 29.9% | 33.6% |
| Underlying EBITDA margin | % | 47.7% | 43.6% | 405 bps | 436 bps | 48.1% | 44.0% | 412 bps | 432 bps |
| Depreciation and amortisation | $m | (343) | (314) | 9.2% | 10.9% | (172) | (163) | 5.6% | 7.7% |
| Operating exceptional items | $m | - | (7) | (100%) | (100.0%) | - | (7) | (100.0%) | (100.0%) |
| Operating profit [2] | $m | 646 | 413 | 56.4% | 62.5% | 336 | 221 | 52.0% | 57.3% |
| Capex | $m | 229 | 211 | 8.6% | 8.6% | 129 | 147 | (11.9%) | (11.9%) |
| Operating free cash flow | $m | 760 | 526 | 44.6% | 50.5% | 380 | 245 | 55.0% | 62.5% |
| <u>**Operating KPIs**</u> | | | | | | | | | |
| **Mobile voice** | | | | | | | | | |
| Voice revenue | $m | 1,140 | 972 | 17.3% | 19.7% | 578 | 518 | 11.6% | 14.1% |
| Customer base | million | 122.7 | 116.4 | 5.4% | | 122.7 | 116.4 | 5.4% | |
| Voice ARPU | $ | 1.6 | 1.4 | 8.9% | 11.1% | 1.6 | 1.5 | 4.2% | 6.5% |
| **Mobile data** | | | | | | | | | |
| Data revenue | $m | 733 | 548 | 33.7% | 36.9% | 377 | 283 | 33.0% | 36.4% |
| Data customer base | million | 43.9 | 39.6 | 10.9% | | 43.9 | 39.6 | 10.9% | |
| Data ARPU | $ | 2.9 | 2.5 | 16.4% | 19.2% | 2.9 | 2.5 | 16.8% | 19.8% |

*(1) Mobile service revenue after intersegment eliminations was $2,073m in half year ended 30 September 2021 and $1,687m in half year ended 30 September 2020.*
*(2) Operating profit includes CSR (Corporate Social Responsibility) expense of $3m in prior period.*

Revenue for mobile services grew by 22.9% in reported currency with constant currency growth of 25.5%, driven by both voice and data revenue growth.

Voice revenue grew by 19.7% in constant currency, driven by both customer base growth of 5.4% and voice ARPU growth of 11.1%. The customer base growth was driven by expansion of network and distribution infrastructure. The slowdown in customer base growth was due to the new SIM registration regulations in Nigeria; excluding Nigeria the customer base grew by 13.7%. New activations in Nigeria have been permitted in regulatory approved outlets since the end of April 2021. Voice minutes per customer has increased by 11.5% to 253 minutes per month, resulting in voice ARPU growth of 11.1%. Total network minutes increased by 20.1%.

Data revenue grew by 36.9% in constant currency, driven by both data customer base growth of 10.9% and data ARPU growth of 19.2%. The data customer base growth was driven by expansion of our 4G network infrastructure, with 81.8% of sites now operating on 4G, compared with 69.7% in the prior period, and increased smartphone penetration, up 0.4 percentage point. Data customer base penetration (percentage of the total customer base) reached 35.8%, an increase of 1.8 percentage points. The 4G data customer base now constitutes 39.7% of the total data customer base, compared with 31.1% in the previous period. Data ARPU grew by 19.2% to $2.9. This was largely driven by the increase in data usage per customer of 30.5% to 3.3 GB per customer per month (from 2.5 GB per customer per month). The increase in 4G data customer penetration also helped to drive data ARPU growth.

Data revenue contribution reached 32.3% of total Group revenue in the half year, up from 30.2% in the prior period.

## Mobile money

| Description | Unit of measure | Half year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % | Sep-21 | Sep-20 | Reported currency change % | Constant currency change % |
| **Summarised statement of operations** | | | | | | | | | |
| **Revenue [1]** | **$m** | **259** | **181** | **42.7%** | **42.0%** | **135** | **100** | **34.6%** | **32.5%** |
| Underlying EBITDA | $m | 126 | 88 | 42.9% | 41.3% | 65 | 49 | 34.3% | 31.5% |
| Underlying EBITDA margin | % | 48.7% | 48.6% | 5 bps | (26) bps | 48.6% | 48.7% | (12) bps | (39) bps |
| Depreciation and amortisation | $m | (6) | (5) | 31.8% | 29.0% | (3) | (2) | 72.6% | 72.7% |
| Operating profit | $m | 120 | 83 | 43.6% | 42.0% | 62 | 47 | 32.4% | 29.7% |
| Capex | $m | 11 | 4 | 194.2% | 194.2% | 7 | 2 | 318.2% | 318.2% |
| Operating free cash flow | $m | 115 | 84 | 36.3% | 34.4% | 58 | 47 | 23.9% | 20.8% |
| **Operating KPIs** | | | | | | | | | |
| **Mobile money key KPIs** | | | | | | | | | |
| Transaction value | $m | 30,462 | 20,671 | 47.4% | 47.0% | 15,811 | 11,664 | 35.5% | 33.5% |
| Active customers | million | 23.9 | 20.1 | 19.0% | | 23.9 | 20.1 | 19.0% | |
| Mobile money ARPU | $ | 1.9 | 1.6 | 17.3% | 16.8% | 1.9 | 1.7 | 11.4% | 9.7% |

*(1) Mobile money service revenue post inter-segment eliminations with mobile services was $199m in half year ended 30 September 2021 and $131m in half year ended 30 September 2020.*

Mobile money revenue grew by 42.7% to $259m in reported currency with constant currency growth of 42.0%. The slowdown in mobile money revenue growth in Q2 was due to the implementation of additional levies by the Government of Tanzania on mobile money withdrawal and P2P transactions from 15 July 2021, which were subsequently revised downwards in early September 2021. The constant currency revenue growth of 42.0% was driven by both customer base growth of 19.0% and ARPU growth of 16.8%, led by growth in the transaction value per customer of 20.9%. The customer base growth was largely driven by expansion of our distribution network, as we continued to invest in exclusive kiosks and mobile money branches. 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 grew by 42.9% to $126m in reported currency with constant currency growth of 41.3%. The underlying EBITDA margin was 48.7%, broadly in line with the prior year.

The Q2'22 annualised transaction value reached $61bn in constant currency, with mobile money revenue contributing 11.6% of total revenue in Q2'22.

The mobile money customer base stood at 23.9 million at 30 September 2021, up 19.0% from the prior period, with 19.5% of our total customer base now Airtel Money customers, an increase of 2.2 percentage points. Mobile money ARPU grew by 16.8%, driven by the increase in transaction values and higher contributions from merchant payments, cash transactions, P2P transfers and mobile service recharges through Airtel Money.

# 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 our reporting regions and service segments are provided in constant currency as this better represents the underlying performance of the business.

# Interim Condensed Consolidated Financial Statements

## Consolidated Statement of Comprehensive Income

(All amounts are in US dollar millions unless otherwise stated)

| | Note | For six months ended 30 September 2021 | For six months ended 30 September 2020 |
|---|---|---|---|
| **Income** | | | |
| Revenue | 5 | 2,272 | 1,815 |
| Other income | | 6 | 8 |
| | | **2,278** | **1,823** |
| **Expenses** | | | |
| Network operating expenses | | 398 | 330 |
| Access charges | | 201 | 177 |
| Licence fee / spectrum usage charges | | 110 | 95 |
| Employee benefits expense | | 142 | 142 |
| Sales and marketing expenses | | 104 | 86 |
| Impairment loss on financial assets | | 5 | 3 |
| Other operating expenses | | 220 | 190 |
| Depreciation and amortisation | | 366 | 328 |
| | | **1,546** | **1,351** |
| **Operating profit** | | **732** | **472** |
| Finance costs | | 178 | 196 |
| Finance income | | (9) | (4) |
| Non-operating income | | (4) | - |
| Share of profit of associate | | (0) | (1) |
| **Profit before tax** | | **567** | **281** |
| Income tax expense | **6** | 232 | 136 |
| **Profit for the period** | | **335** | **145** |
| **Profit before tax (as presented above)** | | **567** | **281** |
| Less: Exceptional items (net) | **7** | (4) | 7 |
| **Underlying profit before tax** | | **563** | **288** |
| **Profit after tax (as presented above)** | | **335** | **145** |
| Less: Exceptional items (net) | **7** | (4) | (3) |
| **Underlying profit after tax** | | **331** | **142** |

| | Notes | For six months ended | |
|---|---|---|---|
| | | 30 September 2021 | 30 September 2020 |
| **Profit for the period (continued from previous page)** | | **335** | **145** |
| **Items to be reclassified subsequently to profit or loss:** | | | |
| Net gain due to foreign currency translation differences | | 41 | 29 |
| Net loss on net investments hedge | | (8) | (11) |
| | | 33 | 18 |
| **Items not to be reclassified subsequently to profit or loss:** | | | |
| Re-measurement loss on defined benefit plans | | (1) | (1) |
| Tax credit on above | | 0 | 0 |
| | | (1) | (1) |
| **Other comprehensive income for the period** | | **32** | **17** |
| **Total comprehensive income for the period** | | **367** | **162** |
| **Profit for the period attributable to:** | | **335** | **145** |
| Owners of the Company | | 285 | 112 |
| Non-controlling interests | | 50 | 33 |
| **Other comprehensive income for the period attributable to:** | | **32** | **17** |
| Owners of the Company | | 34 | 19 |
| Non-controlling interests | | (2) | (2) |
| **Total comprehensive income for the period attributable to:** | | **367** | **162** |
| Owners of the Company | | 319 | 131 |
| Non-controlling interests | | 48 | 31 |
| **Earnings per share** | | | |
| Basic | **8** | 7.6c | 3.0c |
| Diluted | **8** | 7.6c | 3.0c |

# Consolidated Statement of Financial Position

| (All amounts are in US dollar millions unless otherwise stated) | Notes | As of 30 September 2021 | As of 31 March 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **9** | 2,084 | 2,066 |
| Capital work-in-progress | **9** | 185 | 166 |
| Right of use assets | | 900 | 799 |
| Goodwill | **10** | 3,878 | 3,835 |
| Other intangible assets | | 512 | 558 |
| Intangible assets under development | | 175 | 177 |
| Investment in associate | | 6 | 4 |
| **Financial assets** | | | |
| - Investments | | 0 | 0 |
| - Derivative instruments | | 1 | 6 |
| - Others | | 17 | 17 |
| Income tax assets (net) | | 27 | 33 |
| Deferred tax assets (net) | | 268 | 314 |
| Other non-current assets | | 119 | 112 |
| | | **8,172** | **8,087** |
| **Current assets** | | | |
| Inventories | | 2 | 7 |
| **Financial assets** | | | |
| - Derivative instruments | | 3 | 6 |
| - Trade receivables | | 131 | 113 |
| - Cash and cash equivalents | | 698 | 813 |
| - Other bank balances | | 190 | 282 |
| - Balance held under mobile money trust | | 505 | 440 |
| - Others | | 74 | 66 |
| Other current assets | | 178 | 147 |
| Assets of disposal group classified as held for sale | **17** | 50 | 31 |
| | | **1,831** | **1,905** |
| **Total assets** | | **10,003** | **9,992** |

| Current liabilities | Notes | As of 30 September 2021 | As of 31 March 2021 |
|---|---|---|---|
| **Financial liabilities** | | | |
| - Borrowings | **13** | 487 | 342 |
| - Current maturities of long-term borrowings | **13** | 279 | 1,126 |
| - Lease liabilities | | 268 | 240 |
| - Derivative instruments | | 13 | 7 |
| - Trade payables | | 384 | 366 |
| - Mobile money wallet balance | | 487 | 432 |
| - Others | | 359 | 448 |
| Provisions | | 39 | 65 |
| Deferred revenue | | 157 | 135 |
| Current tax liabilities (net) | | 156 | 173 |
| Other current liabilities | | 162 | 151 |
| Liabilities of disposal group classified as held for sale | **17** | 27 | 19 |
| | | **2,818** | **3,504** |
| **Net current liabilities** | | **(987)** | **(1,599)** |
| **Non-current liabilities** | | | |
| **Financial liabilities** | | | |
| - Borrowings | **13** | 1,866 | 1,871 |
| - Lease liabilities | | 1,098 | 1,037 |
| - Derivative instruments | | 5 | 6 |
| - Others | | 520 | 91 |
| Provisions | | 21 | 25 |
| Deferred tax liabilities (net) | | 103 | 81 |
| Other non-current liabilities | | 20 | 24 |
| | | **3,633** | **3,135** |
| **Total liabilities** | | **6,451** | **6,639** |
| **Net Assets** | | **3,552** | **3,353** |
| **Equity** | | | |
| Share capital | **12** | 3,420 | 3,420 |
| Retained earnings | | 3,165 | 2,975 |
| Other reserves | | (3,031) | (2,990) |
| **Equity attributable to owners of the company** | | **3,554** | **3,405** |
| Non-controlling interests ('NCI') | | (2) | (52) |
| **Total equity** | | **3,552** | **3,353** |

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

## Consolidated Statement of Changes in Equity (All amounts are in US dollar millions unless otherwise stated)

| | Equity attributable to owners of the company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | | Share premium | Retained earnings | Other reserves | | Equity attributable to owners of the company | Non-controlling interests (NCI) | Total equity |
| | No of shares | Amount | | | Transactions with NCI reserve | Other components of equity | | | |
| **As of 1 April 2020** | **6,839,896,081** | **3,420** | **-** | **2,805** | **(585)** | **(2,252)** | **3,388** | **(107)** | **3,281** |
| Profit for the year | - | - | - | 112 | - | - | 112 | 33 | 145 |
| Other comprehensive income/(loss) | - | - | - | (1) | - | 20 | 19 | (2) | 17 |
| **Total comprehensive income** | **-** | **-** | **-** | **111** | **-** | **20** | **131** | **31** | **162** |
| **Transaction with owners of equity** | | | | | | | | | |
| Employee share-based payment expenses | - | - | - | (0) | - | 1 | 1 | - | 1 |
| Gain/ (loss) on fair value of own shares | - | - | - | (0) | - | 0 | - | - | - |
| Purchase of own shares | - | - | - | - | - | (0) | (0) | - | (0) |
| Transactions with NCI | - | - | - | - | (0) | - | (0) | 0 | (0) |
| Dividend to owners of the company | - | - | - | (113) | - | - | (113) | - | (113) |
| Dividend (including tax) to NCI | - | - | - | - | - | - | - | (13) | (13) |
| **As of 30 September 2020** | **6,839,896,081** | **3,420** | **-** | **2,803** | **(585)** | **(2,231)** | **3,407** | **(89)** | **3,318** |
| Profit for the period | - | - | - | 227 | - | - | 227 | 43 | 270 |
| Other comprehensive income/(loss) | - | - | - | 1 | - | (160) | (159) | (7) | (166) |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **228** | **-** | **(160)** | **68** | **36** | **104** |
| **Transaction with owners of equity** | | | | | | | | | |
| Employee share-based payment expenses | - | - | - | (0) | - | (1) | (1) | - | (1) |
| Gain/ (loss) on fair value of own shares | - | - | - | 0 | - | (0) | - | - | - |
| Purchase of own shares | - | - | - | - | - | (4) | (4) | - | (4) |
| Transactions with NCI | - | - | - | - | (9) | - | (9) | 1 | (8) |
| Dividend to owners of the company | - | - | - | (56) | - | - | (56) | - | (56) |
| **As of 31 March 2021** | **6,839,896,081** | **3,420** | **-** | **2,975** | **(594)** | **(2,396)** | **3,405** | **(52)** | **3,353** |
| Profit for the period | - | - | - | 285 | - | - | 285 | 50 | 335 |
| Other comprehensive income / (loss) | - | - | - | (1) | - | 35 | 34 | (2) | 32 |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **284** | **-** | **35** | **319** | **48** | **367** |
| **Transaction with owners of equity** | | | | | | | | | |
| Employee share-based payment expenses | - | - | - | (0) | - | 2 | 2 | - | 2 |
| Transactions with NCI | - | - | - | - | (77) | (1) | (78) | 21 | (57) |
| Dividend to owners of the company [Note 4 | - | - | - | (94) | - | - | (94) | - | (94) |
| Dividend (including tax) to NCI | - | - | - | - | - | - | - | (19) | (19) |
| **As of 30 September 2021** | **6,839,896,081** | **3,420** | **-** | **3,165** | **(671)** | **(2,360)** | **3,554** | **(2)** | **3,552** |

## Statement of Cash Flows (All amounts are in US dollar millions unless otherwise stated)

| | For the six months ended | |
|---|---|---|
| | **30 September 2021** | **30 September 2020** |
| **Cash flows from operating activities** | | |
| **Profit before tax** | **567** | **281** |
| ***Adjustments for -*** | | |
| Depreciation and amortisation | 366 | 328 |
| Finance income | (9) | (4) |
| Finance cost | 178 | 196 |
| Share of profit of associate | (0) | (1) |
| Non-operating income adjustment [refer to Note 4(d)] | (4) | - |
| Other non-cash adjustments[1] | 7 | 5 |
| **Operating cash flow before changes in working capital** | **1,105** | **805** |
| **Changes in working capital** | | |
| (Increase)/Decrease in trade receivables | (22) | 1 |
| Decrease/(Increase) in inventories | 5 | (3) |
| Increase/(Decrease) in trade payables | 7 | (7) |
| Increase in mobile money wallet balance | 56 | 80 |
| Decrease in provisions | (18) | (0) |
| Increase in deferred revenue | 22 | 9 |
| Decrease in income received in advance | - | (1) |
| Increase in other financial and non-financial liabilities | 14 | 3 |
| Increase in other financial and non-financial assets | (57) | (21) |
| **Net cash generated from operations before tax** | **1,112** | **866** |
| Income taxes paid | (190) | (122) |
| **Net cash generated from operating activities (a)** | **922** | **744** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment and capital work-in-progress | (308) | (359) |
| Proceeds from sale of tower assets [refer to Note 4(d)] | 10 | - |
| Purchase of intangible assets | (7) | (8) |
| Maturity of deposits with bank | 261 | - |
| Investment in deposits with bank [2] | (163) | (663) |
| Interest received | 8 | 10 |
| **Net cash generated/(used) in investing activities (b)** | **(199)** | **(1,020)** |
| **Cash flows from financing activities** | | |
| Proceeds from sale of shares to non-controlling interests (refer to Note 4(e) | 375 | - |
| Acquisition of non-controlling interests | (1) | (0) |
| Purchase of own shares by ESOP trust | - | (0) |
| Proceeds from borrowings | 620 | 253 |
| Repayment of borrowings | (1,396) | (121) |
| Repayment of lease liabilities | (113) | (109) |
| Dividend paid to non-controlling interests | (17) | (6) |
| Dividend paid to owners of the Company | (94) | (113) |
| Interest on borrowings and lease liabilities and other finance charges | (179) | (167) |
| Proceeds on maturity of derivatives (net) | 8 | - |
| **Net cash used from financing activities (c)** | **(797)** | **(263)** |
| **Increase in cash and cash equivalents during the period (a+b+c)** | (74) | (539) |
| Currency translation differences relating to cash and cash equivalents | (6) | (3) |
| Cash and cash equivalent as at beginning of the period | 1,003 | 1,087 |
| **Cash and cash equivalents as at end of the period (Note 11) [3]** | **923** | **545** |

(1) For the six months ended 30 September 2021 and 30 September 2020, it mainly includes movement in trade receivables impairment and other provisions. (2) Includes investment in deposits with original maturity of more than 3 months and deposits placed against certain borrowings. These are included within other bank balances in consolidated statement of financial position. (3) Includes balance held under mobile money trust of $505m (September 2020: $376m) on behalf of mobile money customers which are not available for use by the Group.

# Notes to Interim Condensed Consolidated Financial Statements

(All amounts are in US dollar millions unless otherwise stated)

## 1. Corporate information

Airtel Africa plc ('the company') is a public company limited by shares incorporated and domiciled in United Kingdom (UK) 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. In July 2019, the company listed on London Stock Exchange ('LSE') and Nigerian Stock Exchange ('NSE'). 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. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and approved for use in the UK by the UK Accounting Standards Endorsement Board (UKEB). Accordingly, the interim financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2021. Further, selected explanatory notes have been included to explain events and transactions that are significant for the understanding of the changes in the Group's financial position and performance since the latest annual consolidated financial statements.

These interim financial statements for the six months ended 30 September 2021 do not constitute statutory accounts as defined in section 434 of the UK Companies Act 2006 and are unaudited.

The information relating to the year ended 31 March 2021 is an extract from the Group's published annual report for that year, which has been delivered to the Companies House, and on which the auditors' report was unqualified and did not contain any emphasis of matter or statements under section 498(2) or 498(3) of the UK Companies Act 2006.

These interim financial statements apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021. Further, there have been no changes in critical accounting estimates, assumptions and judgements.

These interim financial statements of the Group for the six months ended 30 September 2021 were authorised by the Board of Directors on 27 October 2021.

## 3. Basis of measurement

The interim financial statements have been prepared under the historical cost convention except for few financial instruments held at fair value and are presented in United States dollars ($), with all values stated in millions and rounded to the nearest million except when otherwise indicated. Further, amounts which are less than half a million appear as '0'.

## 3.1 Going concern

These interim financial statements have been prepared on a going concern basis. In making this going concern assessment, the group has considered cash flow projections to November 2022 under both base- and reasonable worst- case scenarios taking into considerations 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 including Nigerian naira and possible inability of repatriation of funds from its 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 $854m as of the date of authorisation of these interim financial statements (out of which $747m are due to expire beyond the going concern assessment period), which will fulfil the Group's cash flow requirement under both base- and reasonable worst- case scenarios.

The outstanding 2023 non-convertible bonds 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 the covenant test is not applicable.

Having considered all the factors above impacting the Group's businesses, the impact of downside sensitivities, and the mitigating actions available including a reduction and deferral of capital expenditure, the directors are satisfied that the Group has adequate resources to continue its operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the interim financial statements.

## 4. Significant transactions/new developments

a) The directors recommended and shareholders approved a final dividend of 2.5 cents per ordinary share for the year ended 31 March 2021, which was paid on 23 July 2021 to the holders of ordinary shares on the register of members at the close of business on 25 June 2021.

b) On 2 June 2021, the Group signed an agreement to sell approximately 1,400 telecommunications tower assets and related liabilities in Tanzania at a consideration of $175m to a joint venture company, owned by a wholly-owned subsidiary of SBA Communications Corporation (a leading global independent owner and operator of wireless communications infrastructure) as majority owner and by Paradigm Infrastructure Limited under a sale and leaseback arrangement. The completion of such sale is considered highly probable and is only subject to conditions that are usual and customary. Consequently, the Group has classified such assets and liabilities as held for sale as of 30 September 2021. For disclosures on Group's assets held for sale, refer to Note 17.

c) As of September 2021, the completion of sale of a subsidiary holding 735 towers in Malawi (agreement entered in March 2021), continues to be subject to a non-customary condition which is beyond the Group's control. As of 30 September 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.

d) On 22 February 2021, the Group had signed an agreement to sell 162 towers in Rwanda to IHS Rwanda Ltd under a sale and lease back arrangement. Such sale has been completed during the six months ended 30 September 2021 and consideration of $10m has been received. The resultant upfront gain has been recorded as 'non-operating income' and is presented as exceptional item (refer to Note 7(1)). The Group has recognised Right of Use assets and Lease Liabilities for the portion of towers leased back by the Group.

e) On 2 August 2021, the Group completed the first close relating to the Airtel Money minority investment transactions with both TPG's The Rise Fund and Mastercard, previously announced by the Group on 18 March 2021 and 1 April 2021 respectively. With the conditions for first close having now been met, The Rise Fund and Mastercard have invested USD 150m and USD 75m respectively in a secondary purchase of shares of one of the Group's subsidiaries Airtel Mobile Commerce B.V. ('AMC BV') from another subsidiary of the Group, with a further USD 50m and USD 25m respectively to be invested at second close upon further transfers of mobile money operations into AMC BV. The Group has recorded non-controlling interest pertaining to these investments including the shares which are held under Escrow, a part of which may be transferred to the investors at subsequent close of the transaction. The Group has concluded that it does not control shares placed under Escrow and hence has included such shares as part of non-controlling interest.

   Under the terms of the transaction, and in very limited circumstances (including in the event that there is no Initial Public Offering of shares in AMC BV within four years of first close), TPG and 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 (determined by a mutually agreed merchant bank using an agreed internationally accepted valuation methodology). The Group has determined that successfully executing the IPO is not within complete control of the Group and has thus recorded a financial liability at the present value of the expected buy-back amount (USD 431m recognised within other non-current financial liabilities) by debiting 'transactions with NCI reserve'. Subsequent re-measurement of this liability has been recognized as a finance cost. Finance cost for the six months ended 30 September 2021 includes an amount of USD 1m on account of subsequent measurement of this financial liability (September 2020: Nil).

f) As part of Airtel Money minority investment transactions, on 30 July 2021, the Group entered into an agreement under which Qatar Holdings LLC agreed to invest USD 200m in AMC BV, by way of purchase of a portion of AMC BV's shareholding from the Group. The transaction is structured to close in two stages i.e. upon receipt of USD 150m at first close and USD 50m at second close based on closing conditions defined in the sale agreements. On 19 August 2021, the Group completed the first close of this transaction and received USD 150m in a secondary sale of shares of one of Group's subsidiaries AMC BV from another subsidiary of the Group. The Group has thus recorded non-controlling interest pertaining to such investment including the shares which are held under Escrow, a part of which may be transferred to the investors at sub-sequent close of the transaction. The Group has concluded that it does not control shares placed under Es-crow and hence has included such shares as part of non-controlling interest.

g) The proposed interim dividend of 2 cents per share was approved by the Board on 27 October 2021 and has not been included as a liability as at September 30, 2021.

## 5. 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 - '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, Uganda, Rwanda, Tanzania, Malawi and Zambia

Francophone Africa - Comprising operations in Niger, Gabon, Chad, Congo B, DRC, Madagascar and 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-to-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.

Investment elimination upon consolidation and resulting goodwill impacts are reflected in the 'elimination' column.

Summary of the segmental information and disaggregation of revenue for the six months ended and as of 30 September 2021 is as follows:

| | Nigeria | East Africa | Francophone Africa | Unallocated | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Revenue from external customers** | | | | | | |
| Voice revenue | 471 | 376 | 293 | (0) | - | 1,140 |
| Data revenue | 351 | 217 | 165 | - | - | 733 |
| Mobile money revenue [1] | 0 | 151 | 48 | - | - | 199 |
| Other revenue [2] | 72 | 75 | 53 | - | - | 200 |
| | **894** | **819** | **559** | **(0)** | **-** | **2,272** |
| **Inter-segment revenue** | 2 | 3 | 1 | - | (6) | - |
| **Total revenue** | **896** | **822** | **560** | **(0)** | **(6)** | **2,272** |
| Segment results: Underlying EBITDA | 492 | 397 | 227 | 355 | (373) | 1,098 |
| **Less:** | | | | | | |
| Depreciation and amortisation | 128 | 118 | 104 | 1 | 15 | 366 |
| Finance costs | | | | | | 178 |
| Finance income | | | | | | (9) |
| Non-operating Income, (net) | | | | | | (4) |
| Share of profit of associate | | | | | | (0) |
| Charitable donation | 0 | 0 | 0 | (0) | - | 0 |
| **Profit before tax** | | | | | | **567** |
| **Other segment items** | | | | | | |
| Capital expenditure | 104 | 84 | 52 | 5 | - | 245 |
| **As of 30 September 2021** | | | | | | |
| Segment assets | 2,168 | 2,173 | 1,762 | 25,281 | (21,381) | 10,003 |
| Segment liabilities | 1,295 | 3,062 | 2,635 | 16,226 | (16,767) | 6,451 |
| Investment in associate (included in segment assets above) | - | - | 6 | - | - | 6 |

[1] intra-segment elimination of $59m adjusted with Mobile money revenue. It includes $39m pertaining to East Africa and balance $20m pertaining to Francophone Africa.

[2] it includes messaging, value added services, enterprise, site sharing and handset sale revenue.

Summary of the segmental information and disaggregation of revenue for the six months ended 30 September 2020 and as of 31 March 2021 is as follows:

| | Nigeria | East Africa | Francophone Africa | Unallocated | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Revenue from external** | | | | | | |
| Voice revenue | 413 | 312 | 250 | (3) | - | 972 |
| Data revenue | 257 | 174 | 117 | - | - | 548 |
| Mobile money revenue[1] | 0 | 99 | 32 | - | - | 131 |
| Other revenue[2] | 47 | 72 | 45 | - | - | 164 |
| | **717** | **657** | **444** | **(3)** | **-** | **1,815** |
| **Inter-segment revenue** | 1 | 2 | 1 | - | (4) | - |
| **Total revenue** | **718** | **659** | **445** | **(3)** | **(4)** | **1,815** |
| Segment results: Underlying | 386 | 292 | 146 | (13) | 1 | 812 |
| **Less:** | | | | | | |
| Depreciation and amortisation | 115 | 107 | 98 | 1 | 7 | 328 |
| Finance costs | | | | | | 196 |
| Finance income | | | | | | (4) |
| Share of profit of associate | | | | | | (1) |
| Charitable donation | 0 | 2 | 1 | 2 | - | 5 |
| Exceptional items pertaining to operating profit | - | - | 7 | - | - | 7 |
| **Profit before tax** | | | | | | **281** |
| **Other segment items** | | | | | | |
| Capital expenditure | 97 | 81 | 36 | 2 | - | 216 |
| **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 $50m adjusted with mobile money revenue. It includes $33m pertaining to East Africa and balance $17m pertaining to Francophone Africa.

[2] it includes messaging, value added services, enterprise, site sharing and handset sale revenue.

## 6. Income tax expense

| | For the six months ended | |
|---|---|---|
| | 30 September 2021 | 30 September 2020 |
| Current tax | 167 | 102 |
| Deferred tax | 65 | 34 |
| **Income tax expense** | **232** | **136** |

The tax charge for the six months ended 30 September 2021 has been calculated for each operating country by applying an estimated effective rate of tax expected to apply for the period ending 31 March 2022 on the pre-tax profits using rates substantively enacted by 30 September 2021. The charge is adjusted for discrete items (if any) occurring in the interim period as required by IAS 34 'Interim Financial Reporting'.

Tax charge for the six months ended 30 September 2021 also includes the related tax impacts arising out of withholding tax ('WHT') on unremitted earnings and cross charge to Group entities, deferred tax asset recognition basis projected profitability in operating countries, wherever applicable.

## 7. Exceptional items

Underlying profit before tax excludes the following exceptional items:

| | For the six months ended | |
|---|---|---|
| | 30 September 2021 | 30 September 2020 |
| **Profit before tax** | **567** | **281** |
| Add: Exceptional items | | |
| - Employee restructuring (1) | - | 7 |
| - Gain on sale of tower assets (2) | (4) | - |
| | **(4)** | **7** |
| **Underlying profit before tax** | **563** | **288** |

(1) 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.

(2) represents gain on sale of telecommunication tower assets in one of the Group's subsidiaries in Rwanda (refer to Note 4(d)), as part of Group's strategic asset monetisation programme which also includes plans to sell tower assets in Tanzania, Malawi, Madagascar, Chad and Gabon.

Underlying profit after tax excludes the following exceptional items:

| | For the six months ended | |
|---|---|---|
| | 30 September 2021 | 30 September 2020 |
| **Profit after tax** | **335** | **145** |
| -Exceptional item (as above) | (4) | 7 |
| - Deferred tax asset recognition [1] | - | (10) |
| | **(4)** | **(3)** |
| **Underlying profit after tax** | **331** | **142** |

[1] For the six months ended 30 September 2020, Airtel Tanzania had carried forward losses and temporary differences on which deferred tax was not recognised in the past. Considering that Airtel Tanzania turned into continuous and cumulative profits and on the basis of likely timings and the level of future taxable profits, the Group determined that it was probable that taxable profits will be available against which the tax losses and temporary differences could be utilised in the foreseeable future. Consequently, the deferred tax asset recognition criteria were met for $19m out of which $10m was recognised during the six months ended 30 September 2020.

Profit attributable to non-controlling interests include benefits of $Nil and $4m during the six months ended 30 September 2021 and 2020 respectively, relating to the above exceptional items.

## 8. Earnings per share ('EPS')

The details used in the computation of basic EPS:

| | For the six months ended | |
|---|---|---|
| | 30 September 2021 | 30 September 2020 |
| Profit for the period attributable to owners of the Company | 285 | 112 |
| Weighted average ordinary shares outstanding for basic EPS[1] | 3,754,974,316 | 3,758,151,504 |
| **Basic EPS** | **7.6 cents** | **3.0 cents** |

The details used in the computation of diluted EPS:

| | For the six months ended | |
|---|---|---|
| | 30 September 2021 | 30 September 2020 |
| Profit for the period attributable to owners of the Company | 285 | 112 |
| Weighted average ordinary shares outstanding for diluted EPS[1],[2] | 3,758,202,848 | 3,758,850,197 |
| **Diluted EPS** | **7.6 cents** | **3.0 cents** |

[1] The difference between the basic and diluted number of shares at the end of September 2021, being 3,228,532 (September 2020: 698,693), relates to awards committed but not yet issued under the Group's share-based payment schemes.
[2] Deferred shares have not been considered for EPS computation as they do not have right to participate in profits.

**9. Property, plant and equipment ('PPE'):** The following table presents the reconciliation of changes in the carrying value of PPE for the six months ended 30 September 2021 and 30 September 2020:

| | Leasehold Improvements | Building | Land | Plant and Equipment | Furniture & Fixture | Vehicles | Office Equipment | Computer | Total | Capital work in progress (2) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | | | |
| **Balance as of 1 April 2020** | **50** | **47** | **26** | **2,408** | **25** | **24** | **37** | **661** | **3,278** | **259** |
| Additions | 0 | 0 | 1 | 267 | 8 | 0 | 3 | 14 | 293 | 217 |
| Disposals / adjustments (1) | (0) | 0 | - | (29) | 0 | (0) | (0) | 1 | (28) | (293) |
| Exchange differences | 0 | 0 | 1 | 49 | 0 | 0 | 0 | 6 | 56 | 0 |
| **Balance as of 30 September 2020** | **50** | **47** | **28** | **2,695** | **33** | **24** | **40** | **682** | **3,599** | **183** |
| **Balance as of 1 April 2021** | **50** | **46** | **27** | **2,858** | **37** | **24** | **45** | **676** | **3,763** | **166** |
| Additions / capitalisation | 0 | 0 | 0 | 188 | 12 | - | 5 | 13 | 218 | 238 |
| Disposals / adjustments (1) | (0) | (0) | - | (61) | 0 | 0 | (2) | 0 | (63) | (218) |
| Transferred to assets held for sale | - | - | - | (141) | - | - | - | - | (141) | (0) |
| Exchange differences | (0) | 1 | (0) | 30 | 1 | 0 | 2 | 6 | 40 | (1) |
| **Balance as of 30 September 2021** | **50** | **47** | **27** | **2,874** | **50** | **24** | **50** | **695** | **3,817** | **185** |
| **Accumulated Depreciation** | | | | | | | | | | |
| **Balance as of 1 April 2020** | **42** | **15** | **1** | **722** | **9** | **22** | **19** | **616** | **1,446** | **-** |
| Charge | 1 | 1 | - | 165 | 4 | 1 | 4 | 13 | 189 | - |
| Disposals / adjustments (1) | 0 | (0) | - | (23) | (0) | (1) | (0) | 1 | (23) | - |
| Exchange differences | 1 | 0 | (0) | 38 | 0 | 0 | 1 | 6 | 46 | - |
| **Balance as of 30 September 2020** | **44** | **16** | **1** | **902** | **13** | **22** | **24** | **636** | **1,658** | **-** |
| **Balance as of 1 April 2021** | **44** | **17** | **1** | **936** | **15** | **22** | **27** | **635** | **1,697** | **-** |
| Charge | 1 | 1 | - | 182 | 5 | 0 | 4 | 15 | 208 | - |
| Disposals / adjustments (1) | 0 | - | - | (60) | (1) | 0 | (1) | (0) | (62) | - |
| Transferred to assets held for sale | - | - | - | (129) | - | - | - | - | (129) | |
| Exchange differences | (0) | 0 | (0) | 12 | 1 | 0 | 0 | 5 | 19 | - |
| **Balance as of 30 September 2021** | **45** | **18** | **1** | **942** | **20** | **22** | **30** | **655** | **1,733** | **-** |
| **Net carrying value** | | | | | | | | | | |
| As of 1 April 2020 | 8 | 32 | 25 | 1,686 | 16 | 2 | 18 | 45 | 1,832 | 259 |
| As at 30 September 2020 | 6 | 31 | 27 | 1,793 | 20 | 2 | 16 | 46 | 1,941 | 183 |
| As of 1 April 2021 | 6 | 29 | 26 | 1,922 | 22 | 2 | 18 | 41 | 2,066 | 166 |
| As at 30 September 2021 | 5 | 29 | 26 | 1,932 | 30 | 2 | 20 | 40 | 2,084 | 185 |

(1) Related to the reversal of gross carrying value and accumulated depreciation on retirement/disposal of PPE and reclassification from one category of asset to another.
(2) The carrying value of capital work-in-progress as at 30 September 2021 and 2020 mainly pertains to plant and equipment.

## 10. Goodwill

The following table presents the reconciliation of changes in the carrying value of Goodwill for the six months ended 30 September 2021 and 30 September 2020:

| | Goodwill |
|---|---|
| **Balance as of 1 April 2020** | **3,943** |
| Exchange Differences | 17 |
| **Balance as of 30 September 2020** | **3,960** |
| | |
| **Balance as of 1 April 2021** | **3,835** |
| Exchange Differences | 43 |
| **Balance as of 30 September 2021** | **3,878** |

## 11. Cash and cash equivalents ('C&CE')

For the purpose of the statement of cash flows, C&CE are as follows:

| | As of | |
|---|---|---|
| | **30 September 2021** | **30 September 2020** |
| Cash and cash equivalents as per balance sheet | 698 | 408 |
| Balance held under mobile money trust | 505 | 376 |
| Bank overdraft | (280) | (239) |
| Cash and cash equivalents classified as held for sale (refer to note 17) | 0 | - |
| | **923** | **545** |

## 12. Share capital

| | As of | |
|---|---|---|
| | **30 September 2021** | **31 March 2021** |
| **Authorised shares** | | |
| 3,758,151,504 Ordinary shares of US dollar 0.5 each (March 2021: 3,758,151,504) | 1,879 | 1,879 |
| 3,081,744,577 Deferred shares of US dollar 0.5 each (March 2021:3,081,744,577) | 1,541 | 1,541 |
| | **3,420** | **3,420** |
| **Issued, Subscribed and fully paid-up shares** | | |
| 3,758,151,504 Ordinary shares of US dollar 0.5 each (March 2021: 3,758,151,504) | 1,879 | 1,879 |
| 3,081,744,577 Deferred shares of US dollar 0.5 each (March 2021: 3,081,744,577) | 1,541 | 1,541 |
| | **3,420** | **3,420** |

**Terms/rights attached to equity shares**

The company has the 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 carries 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 the deferred shares then being purchased.

## 13. Borrowings

### Non-current

| | As of | |
|---|---|---|
| | **30 September 2021** | **31 March 2021** |
| **Secured** | | |
| Term loans | 50 | 50 |
| Less: Current portion (A) | (50) | (50) |
| | - | - |
| **Unsecured** | | |
| Term loans | 574 | 544 |
| Non- convertible bonds | 1,521 | 2,403 |
| | **2,095** | **2,947** |
| Less: Current portion (B) | (229) | (1,076) |
| | **1,866** | **1,871** |
| | | |
| | **1,866** | **1,871** |
| **Current maturities of long-term borrowings included in current liabilities in the statement of financial position (A+B)** | 279 | 1,126 |

### Current

| | As of | |
|---|---|---|
| | **30 September 2021** | **31 March 2021** |
| **Unsecured** | | |
| Term loans (1) | 206 | 92 |
| Bank overdraft | 281 | 250 |
| | **487** | **342** |

(1) Term loans as at 30 September 2021, include borrowings against which certain deposits (included in other bank balances in statement of financial position) have been placed.

Additional amounts of $650m were drawn down under the Group’s loan and overdraft facilities during the period ended 30 September 2021.

Repayments of bonds and term loans amounting to $1,311m and $85m respectively were made during the period ended 30 September 2021, in line with their stated repayment terms.

## 14. Contingent liabilities and commitments

### (i) Contingent liabilities

| | As of | |
|---|---|---|
| | 30 September 2021 | 31 March 2021 |
| **(a) Taxes, Duties and Other demands (under adjudication / appeal / dispute)** | | |
| -Income tax[(1)] | 19 | 23 |
| -Value added tax | 29 | 30 |
| -Customs duty & Excise duty | 5 | 8 |
| -Other miscellaneous demands | 10 | 9 |
| **(b) Claims under legal and regulatory cases including arbitration matters[(2) (3)]** | 85 | 87 |
| | **148** | **157** |

[(1)] the reduction of $4m primarily comprises of settlement of income tax case demand in one of the subsidiaries amounting to $3m.

[(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 $0.9m). In 2014, the vendor initiated arbitration proceedings claiming a sum of approximately CFA 1.9bn (approximately $3.4m). 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 defense 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. On 29 June, 2021 the matter was mentioned before the Appeal Court where vendor's attorneys requested a postponement alleging amicable settlement discussions are on-going with Airtel. Until the time the vendor formalizes their proposal to amicably settle the matter and provided such takes into account the financial loss already suffered and legal costs incurred by Airtel, the Company is not agreeable to consider out of court settlement.

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 eleven 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.

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 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.

**(ii) Guarantees:**

Guarantees outstanding as of 30 September 2021 and 31 March 2021 amounting to $11m and $12m 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 and 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**

The Group has contractual commitments towards capital expenditure (net of related advances paid) of $324m and $232m as of 30 September 2021 and 31 March 2021 respectively.

## 15. Related Party disclosure

### (a) List of related parties

**i. Parent company**

Airtel Africa Mauritius Limited

**ii. Intermediate parent entity**

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. Associate**

Seychelles Cables Systems Company Limited

**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**

Segun Ogunsanya (since October 2021)

Raghunath Venkateswarlu Mandava (till September 2021)

Jaideep Paul (since June 2021)

**b. Non-executive directors**

Sunil Bharti Mittal

Awuneba Ajumogobia

Douglas Baillie

John Danilovich

Andrew Green

Akhil Gupta

Shravin Bharti Mittal

Annika Poutiainen

Ravi Rajagopal

Arthur Lang (till October 2020)

Kelly Bayer Rosmarin (since October 2020)

Tsega Gebreyes (since October 2021)

**c. Others**

Segun Ogunsanya (till September 2021)

Jaideep Paul (till May 2021)

Ian Ferrao

Michael Foley

Razvan Ungureanu

Luc Serviant

Daddy Mukadi

Neelesh Singh

Ramakrishna Lella

Olivier Pognon (till 15 October 2021)

Edgard Maidou (since 16 October 2021)

Rogany Ramiah

Stephen Nthenge

Vimal Kumar Ambat (since February 2021)

Ashish Malhotra (since October 2020)

Vinny Puri (since March 2021)

C Surendran (since August 2021)

**(b) The details of significant transactions with the related parties for the six months ended 30 September, 2021 and 2020 respectively, are provided below:**

| | For the six months ended | |
|---|---|---|
| | 30 September 2021 | 30 September 2020 |
| **Sale / rendering of services** | | |
| Bharti Airtel (UK) Limited | 30 | 30 |
| Bharti Airtel Limited | 3 | 3 |
| | | |
| **Purchase / receiving of services** | | |
| Bharti Airtel (France) SAS | 4 | 8 |
| Bharti Airtel (UK) Limited | 16 | 17 |
| Bharti Airtel Limited | 7 | 5 |
| Network i2i Limited | 3 | 3 |
| | | |
| **Guarantee and collateral fee expense** | | |
| Bharti Airtel Limited | 3 | 5 |
| | | |
| Airtel Africa Mauritius Limited | 53 | 63 |

**(c) 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. Remuneration to KMP were as follows:

| | For the six months ended | |
|---|---|---|
| | 30 September 2021 | 30 September 2020 |
| Short-term employee benefits | 5 | 4 |
| Performance linked incentive | 2 | 1 |
| Share-based payment | 2 | 0 |
| Other long-term benefits | 1 | 1 |
| Other benefits | 0 | 1 |
| | **10** | **7** |

## 16. 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 | |
|---|---|---|---|---|---|
| | | 30 September 2021 | 31 March 2021 | 30 September 2021 | 31 March 2021 |
| **Financial assets** | | | | | |
| **FVTPL** | | | | | |
| Derivatives | | | | | |
| - Forward and option | Level 2 | 3 | 12 | 3 | 12 |
| - Currency swaps and | Level 2 | 0 | 0 | 0 | 0 |
| - Cross currency swaps | Level 3 | 1 | 1 | 1 | 1 |
| Other bank balances | Level 2 | 11 | - | 11 | - |
| Investments | Level 2 | 0 | 0 | 0 | 0 |
| **Amortised cost** | | | | | |
| Trade receivables | | 131 | 113 | 131 | 113 |
| Cash and cash equivalents | | 698 | 813 | 698 | 813 |
| Other bank balances | | 179 | 282 | 179 | 282 |
| Balance held under mobile | | 505 | 440 | 505 | 440 |
| Other financial assets | | 91 | 83 | 91 | 83 |
| | | **1,619** | **1,744** | **1,619** | **1,744** |
| **Financial liabilities** | | | | | |
| **FVTPL** | | | | | |
| Derivatives | | | | | |
| - Forward and option | Level 2 | 14 | 6 | 14 | 6 |
| - Currency swaps and | Level 2 | 2 | 2 | 2 | 2 |
| - Cross currency swaps | Level 3 | 1 | 3 | 1 | 3 |
| - Embedded derivatives | Level 2 | 1 | 1 | 1 | 1 |
| **Amortised cost** | | | | | |
| Borrowings - fixed rate | Level 1 | 1,521 | 2,403 | 1,601 | 2,479 |
| Borrowings - fixed rate | Level 2 | 98 | 100 | 98 | 98 |
| Other financial liabilities - Put option liability | Level 3 | 432 | - | 432 | - |
| Borrowings | | 1,013 | 836 | 1,013 | 836 |
| Trade payables | | 384 | 366 | 384 | 366 |
| Mobile money wallet balance | | 487 | 432 | 487 | 432 |
| Other financial liabilities | | 447 | 539 | 447 | 539 |
| | | **4,400** | **4,688** | **4,480** | **4,762** |

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.
- The fair values of derivatives and other bank balances (measured at FVTPL) 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.

- The fair value of the put option liability (included in other financial liability) to buy back the stake held by non-controlling interest in AMC BV (refer to note 4(e)) is measured at the present value of the redemption amount (i.e. expected cash outflows). Since, the liability will be based on fair value of the equity shares of AMC BV (subject to a cap) at the end of 48 months, the expected cash flows are estimated by determining the projected equity valuation of the AMC BV at the end of 48 months and applying cap thereon.

During the six months ended 30 September 2021 and year ended 31 March 2021 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and 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 and Level 3 financial assets/liabilities as of 30 September 2021 and 31 March 2021:

| **Financial assets / liabilities** | **Inputs used** |
|---|---|
| - Currency swaps, forward and option contracts, and other bank | 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)**

- **Cross Currency Swaps ('CCS')**

| | For the six months ended | For the year ended |
|---|---|---|
| | 30 September 2021 | 31 March 2021 |
| **Opening Balance** | (3) | - |
| Issuance(1) | - | - |
| Recognised in finance costs in profit and loss (unrealised)(2) | 3 | (3) |
| **Closing Balance** | **0** | **(3)** |

(1) the Group during the year ended 31 March 2021 had entered into a Cross Currency Swap (CCS) in one of its subsidiaries, which was accounted for as FVTPL. The fair value of CCS was 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 was not available, the interest rates were 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.

- **Put option Liability**

| | For the six months ended | For the year ended |
|---|---|---|
| | 30 September 2021 | 31 March 2021 |
| **Opening Balance** | - | - |
| Liability recognised by debiting transaction with NCI reserve | 431 | - |
| Recognised in finance costs in profit and loss (unrealised) | 1 | |
| **Closing Balance** | **432** | **-** |

## 17. Assets and Liabilities held for sale

Assets and liabilities of disposal groups held for sale at 30 September 2021 relate to our telecommunication tower subsidiary in Madagascar (part of Francophone Africa segment) consequent to agreement entered in March 2021, and approximately 1400 telecommunications tower assets and related liabilities in Tanzania (part of East Africa segment). These disposals did not meet the definition of a discontinued operation as per IFRS 5.

The completion of above sale transactions is considered highly probable and is only subject to conditions that are usual and customary. These sales are expected to be completed within next 12 months from the reporting date.

For these disposals, the Group had agreed a selling price with the prospective purchaser which was used as the fair value for the impairment test and the same was classified as Level 3 on the fair value hierarchy. The disposals are expected to result in profits and therefore no impairment was recognized on classification as held for sale.

During the six months ended 30 September 2021, the sale of 162 towers in Rwanda has been completed and thus the related assets and liabilities held for sale have been de-recognised.

The disposal groups were stated at their carrying values and comprised the following assets and liabilities:

| | As of | |
|---|---|---|
| | **30 September 2021** | **31 March 2021** |
| **Assets of disposal group classified as held for sale** | | |
| Property, plant and equipment | 32 | 19 |
| Capital work-in-progress | 0 | 0 |
| Right of use assets | 14 | 5 |
| Income tax assets | 1 | 0 |
| Deferred tax assets | 2 | 2 |
| Trade receivables | 0 | 0 |
| Cash and cash equivalents | 0 | 1 |
| Loans and security Deposits | 0 | 0 |
| Other current assets | 1 | 4 |
| | **50** | **31** |
| **Liabilities of disposal group classified as held for sale** | | |
| Lease liabilities | 15 | 7 |
| Provisions | 5 | 1 |
| Deferred tax liabilities | 1 | 1 |
| Trade payables | 5 | 2 |
| Other current liabilities | 1 | 8 |
| | **27** | **19** |

The cumulative other comprehensive loss relating to the disposal group classified as held for sale is $5m and $4m as of 30 September 2021 and 31 March 2021 respectively.

## 18. Events after the balance sheet date

No subsequent events or transactions have occurred since the date of statement of financial position that would have a material effect on the financial statements as at and for the six months ended 30 September 2021, except as disclosed below:

- The Group on 4 October 2021, announced that its subsidiary Airtel Networks Limited ('Airtel Nigeria') has initiated a process under which it seeks to buy back the 8.26% minority shareholdings in an open offer to all of Airtel Nigeria’s shareholders at an offer price of NGN 55.81 per share. Assuming all minority shareholders decide to tender their shares, the total consideration is estimated to be NGN 61.24 bn (approximately $148m using an exchange rate of 413.38 NGN/US dollar).

**Appendix**

**Additional information pertaining to three months ended September 30, 2021**

**Consolidated Statement of Comprehensive Income (unaudited)**

(All amounts are in US dollar millions unless otherwise stated)

| | For three months ended | |
|---|---|---|
| | **30 September 2021** | **30 September 2020** |
| **Income** | | |
| Revenue | 1,160 | 965 |
| Other income | 3 | 5 |
| | **1,163** | **970** |
| **Expenses** | | |
| Network operating expenses | 203 | 174 |
| Access charges | 99 | 93 |
| Licence fee / spectrum usage charges | 57 | 47 |
| Employee benefits expense | 73 | 77 |
| Sales and marketing expenses | 54 | 47 |
| Impairment reversal on financial assets | (1) | (2) |
| Other expenses | 114 | 105 |
| Depreciation and amortisation | 184 | 167 |
| | **783** | **708** |
| **Operating profit** | **380** | **262** |
| Finance costs | 77 | 94 |
| Finance income | (5) | (2) |
| Share of profit for associate | (0) | (0) |
| **Profit before tax** | **308** | **170** |
| Tax expense | 116 | 82 |
| **Profit for the period** | **192** | **88** |
| **Profit before tax (as presented above)** | **308** | **170** |
| Add: Exceptional items (net) | - | 7 |
| **Underlying profit before tax** | **308** | **177** |
| **Profit after tax (as presented above)** | **192** | **88** |
| Add: Exceptional items (net) | - | 4 |
| **Underlying profit after tax** | **192** | **92** |
| **Other comprehensive income ('OCI')** | | |
| **Items to be reclassified subsequently to profit or loss:** | | |
| Net gain due to foreign currency translation differences | 21 | 39 |
| Net loss on net investments hedge | - | (8) |
| | 21 | 31 |
| **Items not to be reclassified subsequently to profit or loss:** | | |
| Re-measurement loss on defined benefit plans | (1) | (1) |
| Tax credit on above | 0 | (0) |
| | (1) | (1) |
| **Other comprehensive income for the period** | 20 | 30 |
| **Total comprehensive income for the period** | **212** | **118** |

| | For three months ended | |
|---|---|---|
| | **30 September 2021** | **30 September 2020** |
| **Profit for the period attributable to:** | **192** | **88** |
| Owners of the Company | 160 | 70 |
| Non-controlling interests | 32 | 18 |
| **Other comprehensive loss for the period attributable to:** | **20** | **30** |
| Owners of the Company | 21 | 32 |
| Non-controlling interests | (1) | (2) |
| **Total comprehensive income for the period attributable to:** | **212** | **118** |
| Owners of the Company | 181 | 102 |
| Non-controlling interests | 31 | 16 |

# 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 the Group's 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 the Group's operating performance:

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

| APM | Closest equivalent IFRS measure | Adjustment to reconcile to IFRS measure | Table Reference (1) | Definition and purpose |
|---|---|---|---|---|
| Effective tax rate | Reported tax rate | • Exceptional items<br>• Foreign exchange rate movements<br>• One-off tax impact of prior period, tax litigation settlement and impact of tax on permanent differences | Table C | 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 period adjustment, tax settlements and impact of permanent differences on tax.<br>This provides an indication of the current on-going tax rate across the Group.<br>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.<br>Foreign exchange rate movements are specific items that are non-tax deductible in a 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.<br>One-off tax impact on account of prior period 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. |
| Underlying profit/(loss) after tax | Profit/(loss) for the period | • Exceptional items | Table D | The Group defines underlying profit/(loss) after tax as profit/(loss) for the period adjusted for exceptional items.<br>The directors view underlying profit/(loss) after tax to be a meaningful measure to analyse the Group's profitability.<br>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 E | 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.<br>This measure reflects the earnings per share before exceptional items for each share unit of the company.<br>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. |
| Operating free cash flow | Cash generated from operating activities | • Income tax paid<br>• Changes in working capital<br>• Other non-cash items<br>• Non-operating income<br>• Charity and donation<br>• Exceptional items<br>• Capital expenditures | Table F | 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 expenditures. 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. |

| APM | Closest equivalent IFRS measure | Adjustment to reconcile to IFRS measure | Table Reference [1] | Definition and purpose |
|---|---|---|---|---|
| Net debt and leverage ratio | No direct equivalent | • Borrowing<br>• Lease liabilities<br>• Cash and cash equivalent<br>• Term deposits with banks<br>• Deposits given against borrowings/ non-derivative financial instruments<br>• Fair value hedges | Table G | The Group defines net debt as borrowings including lease liabilities less cash and cash equivalents, term deposits with banks, deposits given against borrowings/non-derivative financial instruments, processing costs related to borrowings and fair value hedge adjustments.<br>The Group defines leverage ratio as net debt divided by underlying EBITDA.<br>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 H | The Group defines return on capital employed ('ROCE') as underlying EBIT divided by average capital employed.<br>The directors view ROCE as a financial ratio that measures the Group's profitability and the efficiency with which its capital is being utilised.<br>The Group defines underlying EBIT as operating profit/(loss) for the period adjusted for exceptional items.<br>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.<br>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.<br>For quarterly computations, ROCE is calculated by dividing underlying EBIT for the preceding 12 months by the average capital employed (being the average of the capital employed averages for the preceding four quarters). |

[1] Refer "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 the 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 on 31 March 2021. Reported currency percentage change is derived on the basis of the average actual periodic exchange rates for that financial period. Variances between constant currency and reported currency percentages are due to exchange rate movements between the previous financial reporting period and the current period.

**Changes to APMs**

During the period following APMs have been removed:

- Underlying revenue and adjusted effective tax rate - due to the absence of any exceptional revenue/ tax during the period,
- Free cash flows - since the Group's dividends are no longer linked to such metric.
- Restated EPS – as this is no longer valid, as there has been no significant change in the number of shares issued between the current and previous financial reporting periods.

# Reconciliation between GAAP and Alternative Performance Measures

### Table A: Underlying EBITDA and margin

| Description | Unit of measure | Half year ended | |
|---|---|---|---|
| | | Sep-21 | Sep-20 |
| **Operating profit** | **$m** | 732 | 472 |
| **Add:** | | | |
| Depreciation and amortisation | $m | 366 | 328 |
| Charity and donation | $m | 0 | 5 |
| Exceptional items | $m | - | 7 |
| **Underlying EBITDA** | **$m** | 1,098 | 812 |
| **Revenue** | **$m** | 2,272 | 1,815 |
| **Underlying EBITDA margin (%)** | % | 48.3% | 44.7% |

### Table B: Underlying profit / (loss) before tax

| Description | Unit of measure | Half year ended | |
|---|---|---|---|
| | | Sep-21 | Sep-20 |
| **Profit / (loss) before tax** | **$m** | **567** | 281 |
| Exceptional items (net) | $m | (4) | 7 |
| **Underlying profit / (loss) before tax** | **$m** | **563** | 288 |

### Table C: Effective tax rate

| Description | Unit of measure | Half year ended | | | | | |
|---|---|---|---|---|---|---|---|
| | | Sep-21 | | | Sep-20 | | |
| | | Profit before taxation | Income tax expense | Tax rate % | Profit before taxation | Income tax expense | Tax rate % |
| **Reported effective tax rate** | **$m** | **567** | **232** | **41.0%** | **281** | **136** | **48.5%** |
| Adjusted for: | | | | | | | |
| Exceptional items (provided below) | $m | (4) | | | 7 | 10 | |
| Foreign exchange rate movements for non-DTA operating companies & holding companies | $m | 24 | | | 36 | | |
| One-off adjustment | $m | (12) | (5) | | | 6 | |
| Tax on Permanent Difference (net) | $m | | (2) | | | 0 | |
| **Effective tax rate** | **$m** | **575** | **225** | **39.2%** | **324** | **152** | **46.9%** |
| **Exceptional items** | | | | | | | |
| 1. Deferred tax asset recognition | $m | | | | | 10 | |
| 2. Gain on sale of tower assets | $m | (4) | | | | | |
| 3. Employee restructuring | $m | | | | 7 | | |
| **Total** | **$m** | **(4)** | | | **7** | **10** | |

### Table D: Underlying profit / (loss) after tax

| Description | Unit of measure | Half year ended | |
|---|---|---|---|
| | | Sep-21 | Sep-20 |
| **Profit / (loss) after tax** | **$m** | **335** | 145 |
| Exceptional items | $m | (4) | (3) |
| **Underlying profit / (loss) after tax** | **$m** | **331** | 142 |

### Table E: Earnings per share before exceptional items

| Description | Unit of measure | Half year ended | |
|---|---|---|---|
| | | Sep-21 | Sep-20 |
| **Profit for the period attributable to owners of the company** | **$m** | **285** | **112** |
| Operating and Non-operating exceptional items | $m | (4) | 7 |
| Tax exceptional items | $m | | (10) |
| Non-controlling interest exceptional items | $m | | 4 |
| **Profit for the period attributable to owners of the company- before exceptional items** | **$m** | **281** | **113** |
| Weighted average number of ordinary shares in issue during the financial period. | Million | 3,755 | 3,758 |
| **Earnings per share before exceptional items** | **Cents** | **7.5** | **3.0** |

### Table F: Operating free cash flow

| Description | Unit of measure | Half year ended | |
|---|---|---|---|
| | | Sep-21 | Sep-20 |
| **Net cash generated from operating activities** | **$m** | **922** | **744** |
| Add: Income tax paid | $m | 190 | 122 |
| **Net cash generation from operation before tax** | **$m** | **1,112** | **866** |
| **Less: Changes in working capital** | | | |
| (Increase)/Decrease in trade receivables | $m | 22 | (1) |
| Decrease/(Increase) in inventories | $m | (5) | 3 |
| Increase/(Decrease) in trade payables | $m | (7) | 7 |
| Increase in mobile money wallet balance | $m | (56) | (80) |
| Decrease in provisions | $m | 18 | 0 |
| Increase in deferred revenue | $m | (22) | (9) |
| Decrease in income received in advance | $m | - | 1 |
| Increase in other financial and non-financial liabilities | $m | (14) | (3) |
| Increase in other financial and non-financial assets | $m | 57 | 21 |
| **Operating cash flow before changes in working capital** | **$m** | **1,105** | **805** |
| Other non-cash adjustments | $m | (7) | (5) |
| Charity and donation | $m | 0 | 5 |
| Exceptional items | $m | - | 7 |
| **Underlying EBITDA** | **$m** | **1,098** | **812** |
| Less: Capital expenditure | $m | (245) | (216) |
| **Operating free cash flow** | **$m** | **853** | **596** |

### Table G: Net debt and leverage

| Description | Unit of measure | As at Sep-21 | As at Sep-20 |
|---|---|---|---|
| Long term borrowing, net of current portion | $m | 1,866 | 1,859 |
| Short-term borrowings and current portion of long-term borrowing | $m | 766 | 1,462 |
| Add: Processing costs related to borrowings | $m | 3 | 4 |
| Add/(less): Fair value hedge adjustment | $m | (18) | (24) |
| Less: Cash and cash equivalents | $m | (698) | (409) |
| Less: Term deposits with banks | $m | (15) | (663) |
| Less: Deposits given against borrowings/ non-derivative financial instruments | $m | (143) | - |
| Add: Lease liabilities | $m | 1,366 | 1,230 |
| **Net debt** | **$m** | **3,127** | **3,459** |
| **Underlying EBITDA (LTM)** | **$m** | **2,078** | **1,607** |
| **Leverage (LTM)** | **times** | **1.5** | **2.2** |

## Table H: Return on capital employed

| Description | Unit of measure | Half year ended | |
|---|---|---|---|
| | | Sep-21 | Sep-20 |
| **Operating profit (preceding 12 months)** | **$m** | **1,379** | **978** |
| **Less:** | | | |
| Exceptional items | $m | (21) | (10) |
| **Underlying EBIT (preceding 12 months)** | **$m** | **1,358** | **968** |
| **Average capital employed [1]** | **$m** | **6,728** | **6,676** |
| **Return on capital employed** | **%** | **20.2%** | **14.5%** |

[1] Average capital employed is calculated as average of capital employed at closing and opening of the relevant period.

**INDEPENDENT REVIEW REPORT TO AIRTEL AFRICA PLC**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of cash flows, the interim condensed consolidated statement of changes in equity and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

**Use of our report**

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

**Deloitte LLP**

Statutory Auditor

London, United Kingdom

27 October 2021

# Glossary

## Technical and Industry Terms

| | |
|---|---|
| **4G data customer** | A customer having a 4G handset and who has used at least 1MB on any of the Group's GPRS, 3G & 4G network in the last 30 days. |
| **Airtel Money (mobile 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 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** | Total number of active subscribers who have enacted any mobile money usage event in last 30 days. |
| **Airtel Money customer penetration** | The proportion of total Airtel Africa active mobile customers who use mobile money services. Calculated by dividing the mobile money customer base by the Group's total customer base. |
| **Airtel Money transaction value** | Any financial transaction performed on Airtel Africa's mobile money platform. |
| **Airtel 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. 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). 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 previous financial years at a fixed 'constant currency' exchange rate, which is done to measure the organic performance of the Group. Growth rates for reporting regions and service segments are in constant currency as it better represents the underlying performance of the business. Constant currency growth rates for prior periods are calculated using closing exchange rates as at the end of prior period. |
| **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 the 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 1MB 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** | 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. |
| **Free cash flow** | Free cash flow is defined as operating free cash flow less cash interest, income tax paid 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, videoconferencing, 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. |
| **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 feature 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 & downloaded) by customers on the Group's GPRS, 3G and 4G network during the relevant period. |
| **Underlying EBIT** | Defined as operating profit/(loss) for the period adjusted for 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 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 |
| **ARPU** | Average revenue per user |
| **bn** | Billion |
| **bps** | Basis points |
| **CAGR** | Compound annual growth rate |
| **Capex** | Capital expenditure |
| **CSR** | Corporate social responsibility |
| **DTA** | Deferred Tax Asset |
| **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 |
| **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) |
| **LTM** | Last 12 months |
| **m** | Million |
| **MB** | Megabyte |
| **MI** | Minority interest (non-controlling interest) |
| **NGO** | Non-governmental organisation |
| **OpCo** | Operating company |
| **P2P** | Person to person |
| **PAYG** | Pay-as-you-go |
| **QoS** | Quality of service |
| **RAN** | Radio access network |
| **SIM** | Subscriber identification module |
| **Single RAN** | Single radio access network |
| **SMS** | Short messaging service |
| **TB** | Terabyte |
| **Telecoms** | Telecommunications |
| **UoM** | Unit of measure |
| **USSD** | Unstructured supplementary service data |

# Risk Factors

The Group's business and the industry in which it operates, together with all other information contained in this document, including, in particular, the risk factors summarised below. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and financial condition.

**Principal risks summarised**

1. We operate in a competitive environment with the potential for aggressive competition by existing players, or the entry of new players, which could both put a downward pressure on prices, adversely affecting our revenue and profitability.
2. 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.
3. An inability to invest and upgrade our network and IT infrastructure could affect our ability to compete effectively in the market.
4. Cybersecurity threats through internal or external sabotage or system vulnerabilities could potentially result in customer data breaches and/or service downtimes.
5. 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 impact profitability.
6. Shortages of skilled telecommunications professionals in some markets and the inability to identify and develop successors for key leadership positions could both lead to disruptions in the execution of our corporate strategy.
7. Our internal control environment is subject to the risk that controls may become inadequate due to changes in internal or external conditions, new accounting requirements, delays, or inaccuracies in reporting.
8. Our telecommunications networks are subject to the risks of technical failures, aging infrastructure, human error, wilful acts of destruction or natural disasters.
9. Our multinational footprint means we are exposed to the risks of currency fluctuations including the availability of funds for repatriation to the Group company triggered by adverse macroeconomic conditions in the markets where we operate.
10. We operate in a diverse and dynamic legal, tax and regulatory environment. A failure to comply with relevant laws and regulations could lead to penalties, sanctions, and reputational damage.
11. Disruptions and uncertainties caused by the Covid-19 pandemic may impact the Group's ability to operate its business effectively and to achieve its objectives.