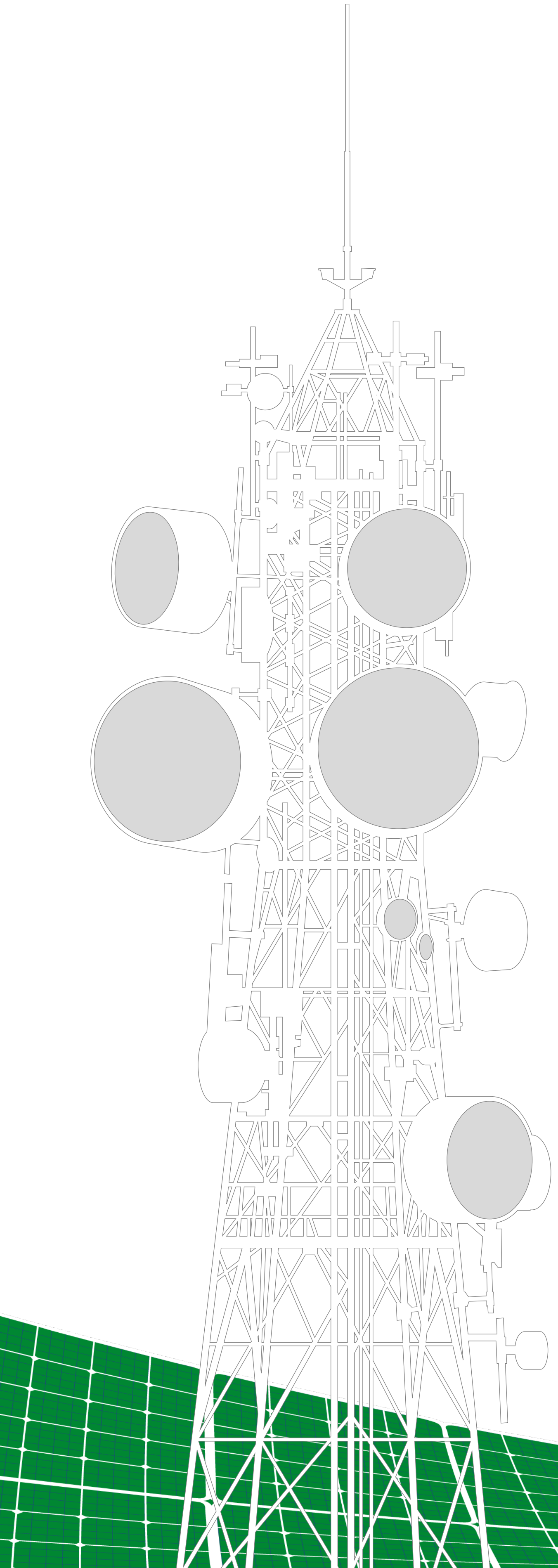
IHS

Towers of strength



IHS NETHERLANDS HOLDCO B.V.

Unaudited Interim Condensed Combined Financial Statements for the 3 month and 6 month periods ended 30 June 2020

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INFORMATION ON THE COMPANY

Information on the Company and the Group

IHS Netherlands Holdco B.V. (the "Company") and its subsidiaries form the "Restricted Group" for the purposes of the $500 million 7.125% Senior Notes due 2025 (the "2025 Notes") and the $800 million 8.0% Senior Notes due 2027 (the "2027 Notes"), together "the Notes", each issued on 18 September 2019, and listed on The International Stock Exchange (TISE). Each of the Company's subsidiaries, other than Tower Infrastructure Company Limited and IHS Towers Netherlands FinCo NG B.V., which are immaterial subsidiaries, is a Guarantor of those notes. The Company and its subsidiaries are hereinafter referred to as the "Group".

IHS Netherlands Holdco B.V. issued $800 million 9.5% Senior Notes due 2021 (the "Holdco Notes") under a Senior Notes Indenture dated 27 October 2016 between, *inter alios*, the Issuer (IHS Netherlands Holdco B.V.), the Guarantors (each of IHS Netherlands NG1 B.V., IHS Nigeria Limited, IHS Netherlands NG2 B.V., IHS Towers NG Limited, Tower Infrastructure Company Limited, and IHS Towers Netherlands FinCo NG B.V.) and the Trustee (Citibank N.A., London branch). This bond was fully redeemed on 28 October 2019 and is no longer outstanding.

The Company was incorporated on 12 May 2016 and shares in the Company were subscribed for by its now immediate parent entity, IHS Netherlands (Interco) Coöperatief U.A., as a result of which the Company became part of the "IHS Group", a group whose ultimate parent Company is IHS Holding Limited ("IHS Holding"), a private company incorporated under the laws of Mauritius.

On 13 May 2016, the Company subscribed for the entire share capital in two special purpose vehicles, IHS Netherlands NG1 B.V. ("NG1") and IHS Netherlands NG2 B.V. ("NG2").

On 15 September 2016, IHS Holding transferred the shares it held (representing 100% ownership[1]) in IHS Nigeria Limited ("IHSN") and IHS Towers NG Limited (formerly Helios Towers Nigeria Limited) ("ITNG") to NG1 and NG2 respectively.

On 18 September 2019 IHS Netherlands (Interco) Coöperatief U.A. transferred the shares it held (representing 100% ownership) in Nigeria Tower Interco B.V. ("Tower Interco") to IHS Netherlands Holdco B.V., thereby bringing INT Towers Limited ("INT"), a fully owned subsidiary of Tower Interco, into the Group.

Basis of preparation

These unaudited interim condensed combined financial statements do not constitute statutory accounts.

Since the Group as currently constituted was not fully formed until 18 September 2019, financial information on a statutory basis from 18 September to 31 December 2019 will have limited use for bondholders. Consequently, these financial statements have been prepared on a pro forma combined basis, aggregating the results of operations and financial position of the group existing previously with those of the two subsidiaries (Tower Interco and INT), acquired in September 2019 as part of a group restructuring, as if they had been part of the Group from 1 January 2018. These financial statements thus do not fully comply with International Financial Reporting Standards ("IFRS").

The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Company's audited financial statements for the year ended 31 December 2019 except the proforma combined basis adopted to show the results as if the Group were in existence from 1 January 2018 as described in more detail below.

The formation of the present Group is a transaction under common control and in the statutory accounts of the Company and Group, is accounted for following the principles of predecessor accounting in accordance with IFRS, whereby the assets acquired and liabilities assumed, of Tower Interco and INT, by the Group are recognised at their pre-combination carrying values that exist within the consolidated accounts of the IHS Group.

Proforma adjustments

In addition to incorporating the results of Tower Interco and INT for the period 1 January 2018 to 17 September 2019, proforma adjustments which impact the numbers reflected in these financial statements have been made as follows:

- IHSN charges INT for management services under a management and technical services agreement, recognising the charges as other income in its accounts, whilst INT recognises them as an expense. These intercompany charges have been eliminated from 1 January 2019.
- To reflect the carrying value, at 1 January 2019 and consequent impact of the purchase price adjustments assessed on the acquisition of INT by IHS Holding Limited in 2014, the following adjustments were made:
  - Adding property, plant and equipment of $35.2m ($54.9m in cost and $19.7m in accumulated depreciation),
  - Adding goodwill of $256.3m,
  - Adding intangible assets of $73.0m ($85.4m in cost and $12.4m in accumulated amortisation),
  - Increasing both deferred tax liabilities and deferred tax assets by $34.6m

[1] Less one share in each of IHS Nigeria Limited, IHS Towers NG Limited and INT Towers Limited which are held by a nominee shareholder, for local legal reasons.

INFORMATION ON THE COMPANY (CONTINUED)

Basis of preparation (continued)

Proforma adjustments (continued)

- For the period 1 January 2019 to 31 December 2019, the above carrying values have been adjusted to reflect:
  - Depreciation of property, plant and equipment of $4.9m,
  - Amortisation of intangible assets of $3.1m,
  - An unfavourable foreign exchange translation impact of $0.1m against goodwill
- For the period 1 January 2019 to 30 June 2019, the above depreciation and foreign exchange impacts were recognised:
  - Depreciation of property, plant and equipment of $2.4m and a net favourable foreign exchange impact on translation of $0.4m,
  - Amortisation of intangible assets of $1.5m and a net favourable foreign exchange impact on translation of $0.8m,
  - A favourable foreign exchange impact on translation of $2.5m against goodwill

A condensed combined statement of changes in equity has not been provided since the combined aggregation of the operating units' share capital and reserves is not considered to be meaningful to users.

The preparation of the unaudited interim condensed combined financial statements requires management to make estimates and assumptions that affect the reported numbers. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

DISCLAIMER

The information in this document may contain forward-looking statements. Forward-looking statements include, but are not limited to, all statements other than statements of historical fact included in the information, including, without limitation, those regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets in which it operates or intends to operate. Forward-looking statements can be identified, in some instances, by the use of words such as "target", "believe", "expect", "aim", "intend", "continue", "forecast", "seek", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof, or by the forward-looking nature of discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise. For the avoidance of doubt, the Company does not accept any liability in respect of any such forward-looking statements.

Certain data included in the information are "non-IFRS measures". These non-IFRS measures may not be comparable to similarly titled financial measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although the Company believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures and ratios included in this document.

OPERATING AND FINANCIAL REVIEW

Overview

All financial information provided in this 'Operating and Financial Review' represents the combined position of the Group. A glossary of terms used is provided at the end of this document. The functional and presentation currency of the Company is the United States dollar ("USD", "US dollar" or "$").

The Group is a leading independent telecommunications tower infrastructure owner and operator in Nigeria. Its primary business is leasing tower space for communications equipment to Mobile Network Operators ("MNOs") and other customers, who in turn provide wireless, voice and data services to their end users. The Group provides its customers with opportunities to lease space on existing towers alongside current tenants, known as colocation, or to commission new towers for construction to the customer's specifications, known as build-to-suit ("BTS"). The Group also provides managed services in limited situations, such as maintenance, operations, marketing and leasing services, for certain towers owned by third parties. Services are provided based on long-term contracts with annual contractual escalations. A significant proportion of contracted tenant lease revenues are linked to US dollars.

The Group predominantly serves three of the four main Nigerian mobile network operators. As of 30 June 2020, the Group owned 16,481 towers, with a colocation rate of 1.49x, based on 24,532 tenants.

Highlights for the quarter and year to date

- Q2 and H1 revenue increased year-on-year by 7.2% and 8.7% respectively.
- Q2 and H1 Adjusted EBITDA increased year-on-year by 13.1% and 14.2% respectively.
- Added 471 lease amendments and 125 tenants in the quarter.

	3 month period ended 30 June			**6 month period ended 30 June**		
	2020 $'000	2019 $'000	Change %	**2020 $'000**	2019 $'000	Change %
Revenue	**241,590**	**225,273**	**7.2%**	**490,383**	451,267	8.7%
Operating profit	**93,303**	**59,502**	**56.8%**	**143,866**	140,912	2.1%
Profit/(loss) for the period	**6,902**	**24,216**	**(71.5%)**	**(193,541)**	78,231	(347.4%)
*Alternative measures**						
Adjusted EBITDA	**165,380**	146,181	**13.1%**	**329,773**	288,762	14.2%
Adjusted EBITDA margin	**68.5%**	**64.9%**	**3.6pt**	**67.2%**	64.0%	3.2pt

*Alternative performance measures are non-IFRS measures that are presented to provide readers with additional information that is regularly reviewed by management. They should not be viewed in isolation or as an alternative to the equivalent IFRS measure. See reconciliations of Adjusted EBITDA in note 11 to the closest equivalent IFRS measure and Non-IFRS measures definitions on page 25 for further details.

Trading results

In Q2 2020 the net decrease in number of towers was 10, resulting in a total of 16,481 live owned towers at the end of the period. Tenants increased by 125 in the quarter, giving a colocation rate of 1.49x at 30 June 2020. We also added 471 lease amendments during Q2 2020, resulting in 15,631 lease amendments at 30 June 2020.

Since our previous reporting, the definition for Lease Amendments has been revised to refer only to the installation of additional equipment or the provision of certain ancillary services for an existing tenant, for which we charge our customers a recurring lease fee. The definition thus no longer includes variable fees related to non-recurring services, additional space, or power consumption.

The revision of the definition for Lease Amendments has no impact on the revenue or Adjusted EBITDA reported in the current or previous reporting periods.

The below table reflects the impact on the number of lease amendments previously reported and the numbers which would have been reported had the revised definition been similarly applied in those periods:

	30 Sep 2019	**31 Dec 2019**	**31 Mar 2020**
Lease amendments previously reported	15,908	16,899	18,900
Adjustment	(3,500)	(3,525)	(3,740)
Revised number of lease amendments	**12,408**	**13,374**	**15,160**

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Trading results (continued)

Revenue

Revenue increased by 8.7% to $490.4m in the 6 month period ended 30 June 2020 compared to $451.3m in the 6 month period ended 30 June 2019, and by 7.2% to $241.6m in the quarter ended 30 June 2020 compared to $225.3m in the quarter ended 30 June 2019. Underlying Naira revenue increased by 14.8% and 13.1% in the quarter and 6 month period ended 30 June 2020 respectively year-on-year. The growth for the 6 month period ended 30 June 2020 compared to the 6 month period ended 30 June 2019 is mainly driven by revenue from increases in tenancies of $50.2m, the impact of escalations and foreign exchange resets in our contracts amounting to an increase of $26.2m, and a year over year increase of $13.8m in revenue benefit from reaching agreement with a customer on the application of certain contractual terms. This increase in revenue is partially offset by the reduced revenue for defaulting customers of $25.9m (as discussed in more detail below for Q2 2020), reduced revenue from managed services of $5.6m, and an unfavourable foreign exchange translation impact of $20.2m.

In the quarter ended 30 June 2020 the Group has not recognised $14.9m of revenue which is contingent upon receipt of funds from defaulting customers whereas, in the quarter ended 31 March 2020, revenue from those customers was recognised. The Group assesses the probability that such customers will not settle amounts billed and accordingly treats any component which it deems may not be collected as variable consideration, contingent upon the receipt of funds from the customer; an event which is not wholly within the control of the Group.

Costs

Cost of sales increased by 19.0% to $308.8m in the 6 month period ended 30 June 2020 from $259.4m in the prior year comparative period, and by 10.4% to $146.2m in Q2 2020 from $132.4m in Q2 2019. The increase for the 6 month period and quarter ended 30 June 2020 is mainly due to higher depreciation and amortisation, higher impairment of property, plant and equipment, higher tower maintenance costs and higher other costs of sales.

The majority of this is from increased depreciation which was higher primarily because the useful lives of batteries was re-assessed downward with effect from 1 January 2020 with the impact on the carrying value applied prospectively, as a change in estimate, from that date in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Impairment of property, plant and equipment increased due to higher numbers of decommissioning. Other cost of sales was $5.4m higher primarily due to non-recurring maintenance costs and COVID-19 related expenditure which includes procurement of protective equipment and costs to accommodate critical staff in hotels to mitigate risks to business continuity. These higher costs were partially offset by lower power generation costs.

Power generation costs for Q2 2020 decreased by 14.5% year-on-year from $42.6m in Q2 2019 to $36.4m in Q2 2020 while power generation costs for the 6 months ended 30 June 2020 decreased by 13.1% year-on-year from $87.4m in the 6 months ended 30 June 2019 to $75.9m in the 6 months ended 30 June 2020.

The movements in power generation costs are primarily driven by price. The USD denominated cost of diesel was 19.7% lower in Q2 2020 and 20.3% lower in the 6 months ended 30 June 2020 when compared to Q2 2019 and the 6 months ended 30 June 2019, respectively. The decrease in USD denominated cost of diesel is partially offset by consumption which was 7.1% higher in Q2 2020 and 9.0% higher in the 6 months ended 30 June 2020 when compared to Q2 2019 and the 6 months ended 30 June 2019, respectively. The increase in consumption is primarily driven by increased tenancies.

Administrative expenses decreased year-on-year to $42.2m in the 6 month period ended 30 June 2020 from $53.5m in the same period in 2019, and decreased from $35.7m in Q2 2019 to $6.3m in Q2 2020. The largest decrease in both the three and six month periods in administrative expenses is the decrease in the impairment of withholding tax assets. In the 6 month period ended 30 June 2020 impairment decreased to $14.7m compared to $25.9m in the 6 month period ended 30 June 2019, and decreased from an impairment of $21.6m in Q2 2019 to an impairment reversal credit of $7.9m in Q2 2020. This lower impairment and reversal of earlier impairment arose following the assessment of corporate income tax expense and resulting tax liabilities, as described in more detail on pages 9 and 10, leading to a portion of withholding tax assets being deemed to be recoverable as they can be applied against tax liabilities due.

Administrative expenses are further decreased by a lower provision for bad and doubtful debts, being $3.7m lower in Q2 2020 and $5.7m lower in the 6 months ended 30 June 2020 compared to Q2 2019 and the 6 months ended 30 June 2019 respectively. The decreases in impairment of withholding tax assets and the provision for bad and doubtful debts are partially offset by increases in staff costs and other administrative expenses, with the increase in other administrative expenses being mainly due to COVID-19 related expenditure which includes $3.3m (Q2 2019: $0.4m) in charitable contributions.

Operating profit

Operating profit of $143.9m was achieved in the 6 month period ended 30 June 2020 compared to an operating profit of $140.9m in the prior year, an increase of 2.1%. The year-on-year increase in revenue and decrease in administrative expenses were mostly offset by increases in cost of sales.

Operating profit for Q2 2020 is $93.3m compared to an operating profit of $59.5m in Q2 2019, an increase of 56.8%. Q2 2020 operating profits were increased by the increase in revenue and the decrease in administrative expenses and only partially offset by the increase in cost of sales.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Trading results (continued)

Adjusted EBITDA

Q2 2020 Adjusted EBITDA increased by 13.1% year-on-year, from $146.2m in Q2 2019 to $165.4m in Q2 2020, with the Adjusted EBITDA margin increasing by 3.6pts from 64.9% to 68.5%. Adjusted EBITDA for the 6 month period ended 30 June 2020 increased to $329.8m compared to $288.8m for the comparative period, an increase of 14.2%, with the Adjusted EBITDA margin increasing by 3.2pts from 64.0% to 67.2%.

The increase in Adjusted EBITDA is primarily as a result of increased operating profits as discussed above. While operating profits only increased slightly year-on-year for the 6 months ended 30 June 2020, the costs which limited the increase are mainly non-cash depreciation and impairment expenses which do not impact Adjusted EBITDA.

Underlying Naira Adjusted EBITDA for Q2 2020 increased by 21.1% to ₦63.8 bn compared to ₦52.7 bn in Q2 2019.

Net financing cost

In H1 2020 the year-on-year net financing costs increased by $155.5m. The increase is mainly due to the combined impact of:

- an increase in interest expense of $14.1m;
- a decrease in interest income of $2.8m;
- net foreign exchange gain from non-deliverable currency forwards of $10.9m; and
- an increase in net foreign exchange loss from financing of $149.3m.

In Q2 2020 the year-on-year net financing costs decreased by $24.4m. The decrease is mainly due to the combined impact of:

- an increase in interest expense of $3.8m;
- a decrease in interest income of $0.7m;
- net foreign exchange gain from non-deliverable currency forwards of $0.6m; and
- a decrease in net foreign exchange loss from financing of $28.5m.

The interest expense (which includes intercompany interest on subordinated shareholder loans) increased by $3.8m and $14.1m in the 3 month and 6 month periods ended 30 June 2020 respectively. The variation is primarily due to the cumulative impact of effective interest rate accounting adjustments, following the repayments of subordinated shareholder loans in Q2 2019 and H1 2019 (a net gain in both periods), and higher interest rates on related party loans in 2020.

Interest income on bank deposits decreased $2.8m and $0.7m, in H1 2020 and Q2 2020 respectively, year-on-year on decreased deposit levels.

The Group had net foreign exchange gains from financing of $28.5m in the quarter ended 30 June 2020 compared to net losses in the quarter ended 30 June 2019 of $0.2m. The foreign exchange gains in the 3 month period ended 30 June 2020 result from foreign exchange revaluations on US dollar debt held by the Nigerian subsidiaries, owing to the movement in the Naira/US dollar exchange rate which moved from 392.18 at 31 March 2020, to 386.00 at 30 June 2020.

In the 6 month period ended 30 June 2020, the Naira/US dollar exchange rate moved by NGN21.64/US$1 from 364.66 at 31 December 2019 to 386.00 at 30 June 2020, compared to a movement of NGN(3.76)/US$1 in the 6 month period ended 30 June 2019, from 364.50 at 31 December 2018 to 360.74 at 30 June 2019. The H1 2020 and H1 2019 foreign exchange movements result in higher foreign exchange losses from foreign exchange revaluations on US dollar debt held by the Nigerian subsidiaries in H1 2020 of $125.9m compared to foreign exchange gains of $23.4m in H1 2019 .

The Group had net foreign exchange gains from non-deliverable forward instruments of $10.0m and $0.1m in H1 2020 and Q2 2020 respectively, compared to foreign exchange losses from non-deliverable forward instruments of $1.0m and $0.5m in H1 2019 and Q2 2019 respectively. The devaluation of the Naira exchange rate in H1 2020 (by NGN21.34/US$1) resulted in foreign exchange gains on non-deliverable forward instruments which were contracted at previously stronger Naira rates. Conversely, the appreciation of the Naira exchange rate in H1 2019 (by NGN3.76/US$1) resulted in foreign exchange losses. The gains in H1 2020 are also proportionately larger than the losses in H1 2019, as larger aggregate underlying positions of $706.0m are contracted as at 30 June 2020 compared to aggregate underlying positions of $68.0m as at 30 June 2019.

Taxation

The Group has recognised a tax expense of $37.7m for the 6 month period ended 30 June 2020 and a tax expense of $33.9m in Q2 2020, compared to a tax credit of $7.5m in the 6 month period ended 30 June 2019 and $13.5m in Q2 2019. Tax expense is comprised of corporate income tax and education tax in all periods while Q2 2020 also includes a deferred tax charge of $42.2m. The tax charge for Q2 2019 includes a tax credit in IHSN of $14.6m in respect of a reversal of an overprovision of the 2018 tax charge. IHSN, INT and ITNG have unutilised capital allowances, unclaimed foreign exchange losses and interest deductions, which partially offset their taxable income generated in the period.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Taxation (continued)

The tax expense in Q2 2020 includes an under provision for the 2019 corporate income tax and education tax charge of $10.9m and $3.0m respectively, mainly relating to IHSN and ITNG. The under provision represents the retrospective impact of the recent clarifications on application of amendments in the Nigeria Finance Act of 2019 (FA2019) which limit the deductibility of interest expense and realised foreign exchange losses for companies in Nigeria to a proportion of earnings before interest, taxes, depreciation and amortisation of the Nigerian company in that accounting period (as defined by the FA2019). This resulted in the disallowance of a significant portion of such costs incurred by IHSN and ITNG in 2019 which were previously expected to be deductible against 2019 taxable income, and which have now been carried forward to be applied against taxable income in future periods, subject to the same limitations and within a 5 year period.

Additionally, the Nigeria Finance Act of 2019 (FA2019) repealed a previous section of the Nigerian Companies Income Tax Act which allowed companies with at least 25% imported capital investment to claim exemption from minimum tax. IHSN, ITNG and INT are therefore all subject to a minimum tax from 1 January 2020 which amounts to 0.5% of their aggregate of revenue and other income. This resulted in a corporation tax charge of $0.1m and $0.1m in Q2 2020 and H1 2020 respectively in ITNG where the corporate income tax charge did not exceed the minimum tax threshold.

INT was still subject to Pioneer status in the 6 month period ended 30 June 2019 and therefore paid a levy equal to 1% of Pioneer income, which was treated as tax expense. INT's Pioneer status ended on 31 December 2019 and from 1 January 2020 INT is no longer subject to this levy. Owing to the end of INT's Pioneer status, customers of INT are now responsible for deducting revenue withholding tax equal to 10% of applicable revenues from payments to INT.

The limitations on the deductibility of interest expense and realised foreign exchange losses, as introduced by the FA2019, resulted in the recognition of lower deferred tax assets related to those carried forward deductions, such that the recognisable deferred tax assets are no longer equal to, or in excess of, deferred tax liabilities, resulting in a net deferred tax liability position at 30 June 2020. This also resulted in a deferred tax expense for Q2 2020 of $42.2m (Q2 2019: nil) upon recognition of the net deferred tax liability.

Deferred tax assets are recognised to the extent they do not exceed the sum of deferred tax liabilities, using deferred tax liabilities as an indicator (and limitation) of future taxable temporary differences which can be offset by the deductible temporary differences represented by the deferred tax assets. The pattern of unwinding of deferred tax liabilities (i.e. realisation of future taxable profits), is such that not all of the deductible temporary differences may be utilised before they exceed their 5 year utilisation period, thereby limiting the value of these deferred tax assets.

Aggregate deferred tax liabilities relating to property, plant and equipment and intangible assets have increased in the 6 month period ended 30 June 2020, while deferred tax liabilities in respect of the fair valuation of the derivatives embedded within the terms of the Notes have decreased in the same period following the change in the derivatives value in the 6 month period ended 30 June 2020 (see note 14). The net increase in deferred tax liabilities has been partially offset by the recognition of deferred tax assets, raised in respect of unutilised capital allowances and provisions, to the extent they are deemed recoverable. Tax losses and unutilised foreign exchange losses, for which no deferred tax assets had previously been recognised, have also been utilised in the period.

Cash flows and funding

Net change in cash position

There was a net increase in cash and cash equivalents in the 3 month period ended 30 June 2020 of $49.3m compared to a net decrease in the 3 month period ended 30 June 2019. This is mainly due to increased cash flows from operating activities, and lower cash outflows from financing activities and investing activities in the period. In the 6 month period ended 30 June 2020, cash increased by $21.6m compared to a net decrease of $74.7m in the 6 month period ended 30 June 2019. This is mainly due to increased cash from operating activities, a decrease in cash outflows from financing activities, offset by increased cash outflows from investing activities. As at 30 June 2020 we had $161.8m (31 Dec 2019: $140.3m) of cash and cash equivalents of which $21.9m (31 December 2019: $20.8m) was held in US dollars.

Changes in cash from operations, financing and investment

Net cash inflows from operating activities totalled $248.8m in H1 2020 compared to net cash inflows of $204.7m in H1 2019. The increase is primarily driven by increased cash operating profits, reflected in the increase in Adjusted EBITDA of $41.0m, and from a decrease in cash outflows from working capital movements of $4.0m.

Net cash inflows from operating activities totalled $101.8m in the Q2 2020 compared to net cash inflows of $81.3m in Q2 2019. The primary drivers of this increase are an increase in Adjusted EBITDA of $19.2m as discussed above and a decrease in cash outflow from working capital of $0.9m.

In H1 2020 the Group had net cash outflows from investing activities of $73.9m compared to net cash outflows of $55.0m in H1 2019. This increase in cash outflows is primarily driven by higher amounts spent on property, plant and equipment (including advance payments) of $78.3m compared to $63.3m in H1 2019, an increase of $15.0m. The net outflows from financing activities in H1 2020 are further increased by lower amounts of interest income received owing to lower deposit levels.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Cash flows and funding (continued)

Changes in cash from operations, financing and investment (continued)

Net cash used in investing activities decreased from $43.5m in the 3 month period ended 30 June 2019 to $29.2m in the 3 month period ended 30 June 2020. The decrease is primarily driven by lower amounts spent on property, plant and equipment (including advance payments) of $33.1m in 2020 compared to $47.3m in the comparative period; a decrease in cash outflows of $14.2m.

In H1 2020 we had a net cash outflow from financing activities of $140.0m (H1 2019: net outflow of $226.2m) and in Q2 2020 we had a net cash outflow from financing activities of $20.4m (Q2 2019: net outflow of $106.3m). The decrease in cash outflows in H1 2020 and Q2 2020 is primarily driven by:

- a decrease in third party interest and principal repayments of $11.3m and $49.5m respectively;
- a decrease in related party interest and principal repayments of $87.6m and $33.0m respectively;
- a decrease in finance lease repayments of $19.0m and $7.0m respectively; offset by
- an increase in net cash outflows from margin deposits for non-deliverable forwards of $32.5m and $4.3m respectively.

Indebtedness

At 30 June 2020, the book value of total outstanding loans and borrowings was $2.5bn (31 Dec 2019: $2.5bn), of which $704.4m (31 Dec 2019: $688.1m) is in the form of subordinated shareholder loans from the Company's immediate and ultimate parent entities (with a principal value including capitalised interest of $699.6m (31 Dec 2019: $683.8m)).

For more information on borrowings, see note 15.

At 30 June 2020, lease liabilities arising on land leases total $31.4m (31 Dec 2019: $33.2m). For more information on lease liabilities, see note 16.

Events after the reporting period

On 23 July 2020 the Company announced that its affiliates INT Towers Limited, IHS Nigeria Limited and IHS Towers NG Limited (together "IHS") have reached an agreement with MTN Nigeria Communications Plc ("MTN Nigeria") to expand the scope of the current service contract and amend the currency conversion provision for Tower services.

IHS has concluded a renegotiation of certain terms of its tower rental agreements with MTN Nigeria. These include an increased focus on rural connectivity and fiber access. Furthermore, the changes will result in updated pricing for future technology upgrades and backhaul in the network, whilst agreeing to move the reference rates for conversions to Naira from the Central Bank of Nigeria's official rate ("CBN") to the prevailing market rate, which is currently more aligned to the Nigerian Autonomous Foreign Exchange rate ("NAFEX").

The effective date of the agreement with MTN is 1 April 2020 and thus results in additional amounts to be billed to MTN Nigeria during Q2 2020, which will be billed during Q3 2020. The agreement with MTN Nigeria was concluded after 30 June 2020 and as such, is a non-adjusting post balance sheet event under IAS 10, and the financial impact of any amendments to Q2 2020 billing resulting from the agreement will be reflected in the results for Q3 2020.

The estimated revenue and Adjusted EBITDA impact of the amended currency conversion provision is expected to be $31.5m in H2 2020, including the impact of the amendments to Q2 billing discussed above. This estimate assumes that the CBN and NAFEX rates remain at the closing rates at 30 June 2020 and MTN tenancies remain at the number as presently invoiced.

On 31 July 2020, the Company announced that it had successfully completed the placing of an additional $150 million in aggregate principal amount across its 2027 Notes and 2025 Notes, split as $140 million in aggregate principal amount of its 2027 Notes and $10 million in aggregate principal amount of its 2025 Notes. The proceeds will be used for general corporate purposes.

There were no other disclosable events after the reporting period.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the three month and six month periods ended 30 June 2020

	Note	3 month period ended		6 month period ended	
		30 Jun 2020 $'000	30 Jun 2019 $'000	30 Jun 2020 $'000	30 Jun 2019 $'000
Revenue	3	**241,590**	**225,273**	**490,383**	**451,267**
Cost of sales	4	(146,218)	(132,444)	(308,817)	(259,443)
Gross profit		**95,372**	**92,829**	**181,566**	**191,824**
Administrative expenses	5	(6,289)	(35,658)	(42,212)	(53,469)
Other income	6	4,220	2,331	4,512	2,557
Operating profit		**93,303**	**59,502**	**143,866**	**140,912**
Finance income	7	34,985	4,236	45,302	30,400
Finance costs	8	(62,577)	(56,275)	(277,480)	(107,078)
Changes in fair value through profit or loss	9	17,251	3,221	(25,353)	6,530
Profit/(loss) before taxation		**82,962**	**10,684**	**(113,665)**	**70,764**
Taxation	10	(76,060)	13,532	(79,876)	7,467
Profit/(loss) for the period		**6,902**	**24,216**	**(193,541)**	**78,231**
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
Changes in fair value of available-for-sale financial assets		(3)	(1)	(3)	-
Exchange differences on translation		(10,148)	(4,447)	30,567	(3,803)
Other comprehensive (loss)/income for the period		**(10,151)**	**(4,448)**	**30,564**	**(3,803)**
Total comprehensive (loss)/income for the period		**(3,249)**	**19,768**	**(162,977)**	**74,428**

As noted in the basis of preparation on page 4, the combined statements of comprehensive income include adjustments which reflect the carrying value at 1 January 2018 and the subsequent impact of the purchase price adjustments assessed on the acquisition of INT by IHS Holding Limited in 2014.

The notes are an integral part of these combined financial statements.

COMBINED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Note	At 30 Jun 2020 $'000	At 31 Dec 2019 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	896,600	1,054,220
Right of use assets	12	202,475	215,965
Intangible assets	13	666,421	714,489
Investments		7	11
Derivative financial instruments	14	17,251	42,604
Trade and other receivables		43,952	12,992
		1,826,706	**2,040,281**
Current assets			
Inventories		41,184	43,317
Trade and other receivables		171,233	130,092
Amounts due from related parties	19	833	2,204
Derivative financial instruments	14	9,340	53
Cash and cash equivalents		161,820	140,250
		384,410	**315,916**
Total assets		**2,211,116**	**2,356,197**
LIABILITIES			
Current liabilities			
Trade and other payables		253,333	280,888
Income tax payable		8,591	5,576
Borrowings	15	30,500	31,272
Lease liabilities	16	5,338	6,050
Amounts due to related parties	19	8,111	4,194
Provisions for liabilities and other charges	17	3,794	3,768
		309,667	**331,748**
Non-current liabilities			
Borrowings	15	1,754,113	1,770,989
Lease liabilities	16	26,032	27,172
Amounts due to related parties	19	704,357	688,095
Provisions for liabilities and other charges	17	5,116	5,586
Deferred tax liabilities		42,203	-
		2,531,821	**2,491,842**
Total liabilities		**2,841,488**	**2,823,590**
Net liabilities		**(630,372)**	**(467,393)**

As noted in the basis of preparation on page 4, the combined statement of financial position includes adjustments which reflect the carrying value at 1 January 2018 and the subsequent impact of the purchase price adjustments assessed on the acquisition of INT by IHS Holding Limited in 2014.

The notes are an integral part of these combined financial statements.

COMBINED CASH FLOW STATEMENTS

For the three and six month periods ended 30 June 2020

	Note	3 month period ended 30 Jun 2020 $'000	3 month period ended 30 Jun 2019 $'000	6 month period ended 30 Jun 2020 $'000	6 month period ended 30 Jun 2019 $'000
Cash flows from operating activities					
Cash generated from operations	18	101,807	85,691	248,990	209,540
Payment for rent*		-	(265)	-	(521)
Income taxes paid		(10)	(4,084)	(220)	(4,273)
Net cash flows generated from operating activities		**101,797**	**81,342**	**248,770**	**204,746**
Cash flows from investing activities					
Purchase of property, plant and equipment		(399)	(616)	(1,260)	(1,140)
Construction of property, plant and equipment		(9,045)	(9,990)	(20,170)	(19,597)
Payments in advance for property, plant and equipment		(23,696)	(36,731)	(56,896)	(42,605)
Purchase of software and licences		-	(1)	(108)	(94)
Proceeds from the sale of property, plant and equipment		558	20	558	241
Insurance claims received		2,463	2,330	2,584	2,334
Interest income received		873	1,558	1,349	4,186
Restricted cash transferred from other receivables		-	(20)	-	1,710
Net cash used in investing activities		**(29,246)**	**(43,450)**	**(73,943)**	**(54,965)**
Cash flows from financing activities					
Fees on loans and financial derivatives		(680)	(839)	(1,663)	(1,233)
Principal repayment to third parties		-	(7,476)	-	(17,888)
Principal repayment to related parties		-	(23,440)	(11,479)	(86,174)
Payment of lease liabilities		(5,311)	(12,302)	(11,849)	(30,809)
Payment of margin deposit for non-deliverable forwards		2	4,252	(31,251)	1,233
Foreign exchange derivative gains received/(losses paid)		102	(526)	338	(526)
Interest paid to third parties		(13,383)	(55,292)	(79,371)	(73,194)
Interest paid to related parties		(1,100)	(10,698)	(4,722)	(17,589)
Net cash used in financing activities		(20,370)	(106,321)	(139,997)	(226,180)
Increase/(decrease) in cash and cash equivalents		**52,181**	**(68,429)**	**34,830**	**(76,399)**
Cash and cash equivalents at beginning of the period		112,507	282,382	140,250	288,621
Exchange (losses)/gains on cash and cash equivalents		**(2,868)**	**10**	**(13,260)**	**1,741**
Cash and cash equivalents at period end		161,820	213,963	161,820	213,963

*Payment for rent represents amounts paid on short-term leases.

±*Payment of lease liabilities includes the payment for principal of the lease liabilities and the interest on lease liabilities.

As noted in the basis of preparation on page 4, the combined cash flow statements include adjustments which reflect the carrying value at 1 January 2018 and the subsequent impact of the purchase price adjustments assessed on the acquisition of INT by IHS Holding Limited in 2014.

The notes are an integral part of these combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

IHS Netherlands Holdco B.V. is a private Company with limited liability incorporated under the laws of the Netherlands on 12 May 2016.

The Company owns 100% of the shares in IHS Netherlands NG1 B.V. (NG1), IHS Netherlands NG2 B.V (NG2) and Nigeria Tower Interco B.V. (Tower Interco) who in turn own 100%[2] of the shares in IHS Nigeria Limited (IHSN), IHS Towers NG Limited (ITNG) and INT Towers Limited (INT) respectively. IHS Netherlands Holdco B.V. therefore indirectly owns 100% of IHS Nigeria Limited and IHS Towers NG Limited and INT Towers Limited, the three main operating subsidiaries of the Company.

These unaudited interim condensed combined financial statements ("financial statements") as at and for the 3 month and 6 month periods ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). They include the combined statements of comprehensive income, the combined statement of financial position, the combined statements of cash flows, and the accompanying selected notes.

The Group is principally involved in the managing and leasing of telecommunications infrastructure to telecommunications and other service providers.

2. BASIS OF PREPARATION

These financial statements do not constitute statutory accounts. These financial statements include the combined financial information of IHSN, ITNG, NG1, NG2, IHS Netherlands FinCo NG B.V., Tower Infrastructure Company Limited, INT, Tower Interco, and the Company.

The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Group's audited consolidated financial statements for the year ended 31 December 2019 except for the proforma combined basis adopted to show the results as if the Group were in existence from 1 January 2018 as described in more detail on pages 4 to 5. The disclosures made in these financial statements are not complete disclosures as required by International Financial Reporting Standards "IFRS" (IAS 34).

The preparation of the unaudited condensed combined financial statements requires management to make estimates and assumptions that affect the reported numbers. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.1 FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency of the Company is the US dollar. Unless otherwise indicated, financial information presented in US dollar has been rounded to the nearest thousand.

The functional currency for IHS Nigeria Limited, IHS Towers NG Limited and INT Towers Limited is Nigerian Naira ("₦" or "NGN"). The financial statements were translated to US dollar (the reporting currency) at ₦386.00 (31 December 2019: ₦364.66) per US dollar for the combined statement of financial position, and monthly average rates ranging from ₦384.72 to ₦386.33 per US dollar (Q2 2019: ₦360.42 to ₦363.82) for the combined statements of comprehensive income and combined statements of cash flows.

2.2 APPROVAL

These interim condensed combined financial statements were authorised and approved for issue on 4 August 2020.

3. REVENUE

The Group's revenue accrues primarily from providing telecommunication support services. The Group provides services in respect of telecommunication towers ranging from infrastructure sharing and leasing (colocation) and managed services. For the sale of colocation and managed services, revenue is recognised in the accounting period in which the services are rendered.

[2] Less one share in each of IHS Nigeria Limited IHS Towers NG Limited and INT Towers Limited which are held by a nominee shareholder, for local legal reasons

4. COST OF SALES BY NATURE

	3 month period ended		6 month period ended	
	30 Jun 2020 $'000	30 Jun 2019 $'000	**30 Jun 2020 $'000**	30 Jun 2019 $'000
Tower repairs and maintenance	**14,064**	11,463	**27,425**	23,314
Power generation	**36,427**	42,587	**75,938**	87,395
Regulatory permits	**2,383**	2,255	**5,151**	4,515
Site rent	**304**	480	**970**	542
Security services	**5,421**	5,753	**11,151**	11,068
Staff costs	**3,451**	3,535	**6,952**	6,955
Depreciation and amortisation	**74,209**	61,101	**163,202**	118,023
Impairment of property, plant and equipment	**5,531**	2,453	**7,399**	2,453
Impairment of prepaid land rent	**106**	39	**106**	39
Other expenses†	**4,322**	2,778	**10,523**	5,139
	146,218	**132,444**	**308,817**	**259,443**

† Other expenses include non-site rent, vehicle maintenance and repairs, insurance, travel, accommodation and logistics costs, professional fees and other non-routine and sundry costs.

5. ADMINISTRATIVE EXPENSES

	3 month period ended		6 month period ended	
	30 Jun 2020 $'000	30 Jun 2019 $'000	**30 Jun 2020 $'000**	30 Jun 2019 $'000
Staff costs	**6,162**	5,113	**12,659**	10,788
Rent	**94**	546	**539**	1,056
Repairs and maintenance	**871**	622	**1,640**	1,358
Travel cost	**579**	524	**1,270**	1,192
Professional fees	**849**	588	**1,757**	1,410
Depreciation and amortisation	**515**	257	**1,081**	406
Impairment of withholding tax assets	**(7,887)**	21,620	**14,657**	25,937
Loss on disposal of property, plant and equipment	**492**	1,209	**521**	1,213
Other expenses	**4,614**	5,179	**8,088**	10,109
	6,289	**35,658**	**42,212**	**53,469**

Included in 'Other expenses' for the 6 month periods ended 30 June 2020 and 2019 are allowances for doubtful debts of $1.8m and $7.5m respectively and charitable contributions in relation to COVID-19 of $3.3m and $0.4m respectively.

6. OTHER INCOME

Other income for the three month and 6 month periods ended 30 June 2020 comprises income from insurance claims of $2.5m and $2.6m respectively (Q2 2019: $2.3m and H1 2019: $2.3m); and income from disposal of property, plant and equipment of $0.9m and $1.1m respectively (Q2 2019: nil and H1 2019: $0.2m).

NOTES TO THE COMBINED FINANCIAL STATEMENTS

7. FINANCE INCOME

	3 month period ended		6 month period ended	
	30 Jun 2020	30 Jun 2019	**30 Jun 2020**	30 Jun 2019
	$'000	$'000	**$'000**	$'000
Interest income - bank deposits	**873**	1,558	**1,349**	4,186
Foreign exchange gains from non-deliverable forward exchange contracts	**128**	19	**9,969**	19
Foreign exchange gains arising from financing	**33,984**	2,659	**33,984**	26,195
	34,985	**4,236**	**45,302**	**30,400**

8. FINANCE COSTS

	3 month period ended		6 month period ended	
	30 Jun 2020	30 Jun 2019	**30 Jun 2020**	30 Jun 2019
	$'000	$'000	**$'000**	$'000
Interest expense	**55,261**	51,488	**113,938**	99,855
Interest on lease liabilities	**984**	1,168	**2,012**	2,711
Foreign exchange losses from non-deliverable forward exchange contracts	-	500	-	999
Foreign exchange losses arising from financing	**5,652**	2,809	**159,867**	2,809
Fees on loans and financial derivatives	**680**	310	**1,663**	704
	62,577	**56,275**	**277,480**	**107,078**

9. CHANGES IN FAIR VALUE THROUGH THE PROFIT OR LOSS

	3 month period ended		6 month period ended	
	30 Jun 2020	30 Jun 2019	**30 Jun 2020**	30 Jun 2019
	$'000	$'000	**$'000**	$'000
Embedded derivatives in bond – change in fair value	**17,251**	3,221	**(25,353)**	6,530
	17,251	**3,221**	**(25,353)**	**6,530**

10. TAXATION

	3 month period ended		6 month period ended	
	30 Jun 2020	30 Jun 2019	**30 Jun 2020**	30 Jun 2019
	$'000	$'000	**$'000**	$'000
Company income tax	**(29,378)**	13,136	**(30,708)**	8,182
Education tax	**(4,515)**	404	**(7,001)**	(707)
Capital gains tax	-	(8)	**-**	(8)
Deferred taxes	**(42,167)**	-	**(42,167)**	-
	(76,060)	**13,532**	**(79,876)**	**7,467**

Tax expense is comprised of corporate income tax and education tax in all periods. The tax expense for Q2 2019 includes a tax credit in IHSN of $14.6m in respect a reversal of an overprovision of the 2018 tax charge. IHSN, INT and ITNG have unutilised capital allowances, unclaimed foreign exchange losses and interest deductions, which partially offset their taxable income generated in the period.

The tax expense in Q2 2020 includes an underprovision for the 2019 corporate income tax and education tax charge of $10.9m and $3.0m respectively, mainly relating to IHSN and ITNG. The underprovision represents the retrospective impact of the application of recent clarifications of amendments in the Nigeria Finance Act of 2019 (FA2019) which limit the deductibility of interest expense and realised foreign exchange losses for companies in Nigeria to a proportion of earnings before interest, taxes, depreciation and amortisation of the Nigerian company in that accounting period (as defined by the FA2019). This resulted in the disallowance of a significant portion of such costs incurred by IHSN and ITNG in 2019 which were previously expected to be deductible against 2019 taxable income, and which have now been carried forward to be applied against taxable income in future periods, subject to the same limitations and within a 5 year period.

Additionally, the Nigeria Finance Act of 2019 (FA2019) repealed a previous section of the Nigerian Companies Income Tax Act which allowed companies with at least 25% imported capital investment to claim exemption from minimum tax. IHSN, ITNG and INT are therefore all subject to a minimum tax from 1 January 2020 which amounts to 0.5% of their aggregate of revenue and other income. This resulted in a corporation tax charge of $0.1m and $0.1m in Q2 2020 and H1 2020 respectively in ITNG, which is the only company in the Group where the corporate income tax charge did not exceed the minimum tax threshold.

The education tax charge represents a 2% charge on the taxable profits of IHSN, ITNG and INT, before the application of any assessed losses brought forward. As a result of the limitations on the deductibility of losses related to realised foreign exchange losses and interest expense, introduced by the FA2019, the value of deferred tax assets deemed to be recoverable no longer exceed the value of deferred tax liabilities, resulting in a $42.2m deferred tax expense for the current period.

11. NON-IFRS PERFORMANCE MEASURES RECONCILIATIONS

Reconciliation of (loss)/profit for the period to Adjusted EBITDA	3 month period ended		6 month period ended	
	30 Jun 2020	30 Jun 2019	**30 Jun 2020**	30 Jun 2019
	$'000	$'000	**$'000**	$'000
Profit/(loss) for the period	**6,902**	24,216	**(193,541)**	78,231
Add back:				
Tax charge/(credit)	76,060	(13,532)	79,876	(7,467)
Change in fair value through the profit or loss	(17,251)	(3,221)	25,353	(6,530)
Finance costs	62,577	56,275	277,480	107,078
Finance income	(34,985)	(4,236)	(45,302)	(30,400)
Depreciation and amortisation	74,724	61,358	164,283	118,429
Impairment of property, plant and equipment and prepaid land rent	5,637	2,492	7,505	2,492
Net (gain)loss on disposal of property, plant and equipment	(397)	1,209	(538)	992
(Reversal of impairment)/impairment of withholding tax assets	(7,887)	21,620	14,657	25,937
Adjusted EBITDA	**165,380**	**146,181**	**329,773**	**288,762**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Tower equipment	Land and buildings	Right-of-use assets	Furniture and office equipment	Motor Vehicles	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At 1 January 2019	1,481,046	46,549	-	9,307	9,376	80,379	1,626,657
Additions during the period	2,941	781	245,552	2,100	1,777	56,679	309,830
Disposals	(96,178)	-	(3,483)	(17)	(409)	-	(100,087)
Transfers from/(to) advanced payments	269,935	672	-	-	-	(1,299)	269,308
Reclassifications	76,302	885	-	-	-	(77,205)	(18)
Effect of movement in exchange rates	(2,187)	(35)	(649)	(15)	(12)	(419)	(3,317)
At 31 December 2019	**1,731,859**	**48,852**	**241,420**	**11,375**	**10,732**	**58,135**	**2,102,373**
At 1 January 2020	**1,731,859**	**48,852**	**241,420**	**11,375**	**10,732**	**58,135**	**2,102,373**
Additions during the period	**631**	**249**	**13,607**	**709**	**302**	**29,832**	**45,330**
Disposals	**(1,422)**	**-**	**(2,217)**	**-**	**(32)**	**-**	**(3,671)**
Transfers from advanced payments	**13,235**	**409**	**-**	**-**	**-**	**-**	**13,644**
Reclassifications	**17,689**	**551**	**-**	**-**	**-**	**(17,975)**	**265**
Effect of movement in exchange rates	**(96,048)**	**(2,734)**	**(13,640)**	**(648)**	**(604)**	**(2,644)**	**(116,318)**
At 30 June 2020	**1,665,944**	**47,327**	**239,170**	**11,436**	**10,398**	**67,348**	**2,041,623**
Accumulated depreciation							
At 1 January 2019	(620,713)	(814)	-	(7,369)	(7,430)	-	(636,326)
Charge for the period	(242,435)	(282)	(26,198)	(1,211)	(1,227)	-	(271,353)
Disposals	92,686	-	553	15	409	-	93,663
Impairment	(19,805)	-	-	-	-	-	(19,805)
Effect of movement in exchange rates	1,418	2	190	14	9	-	1,633
At 31 December 2019	**(788,849)**	**(1,094)**	**(25,455)**	**(8,551)**	**(8,239)**	**-**	**(832,188)**
At 1 January 2020	**(788,849)**	**(1,094)**	**(25,455)**	**(8,551)**	**(8,239)**	**-**	**(832,188)**
Charge for the period	**(140,097)**	**(149)**	**(13,919)**	**(755)**	**(462)**	**-**	**(155,382)**
Disposals	**1,184**	**-**	**1,375**	**-**	**-**	**-**	**2,559**
Impairment	**(6,954)**	**-**	**(445)**	**-**	**-**	**-**	**(7,399)**
Effect of movement in exchange rates	**47,088**	**64**	**1,749**	**493**	**468**	**-**	**49,862**
At 30 June 2020	**(887,628)**	**(1,179)**	**(36,695)**	**(8,813)**	**(8,233)**	**-**	**(942,548)**
Net book value							
At 31 December 2019	943,010	47,758	215,965	2,824	2,493	58,135	1,270,185
At 30 June 2020	**778,316**	**46,148**	**202,475**	**2,623**	**2,165**	**67,348**	**1,099,075**

Property, plant and equipment assets include adjustments to reflect the purchase price adjustments assessed on the inclusion of Nigeria Tower Interco and INT in the Restricted Group from 1 January 2018 (see basis of preparation on page 4).

NOTES TO THE COMBINED FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

	Goodwill $'000	Software and licences $'000	Customer related intangible assets $'000	Network related intangible assets $'000	Total $'000
Cost					
At 1 January 2019	379,073	7,681	378,282	34,814	799,850
Additions during the period	-	783	-	-	783
Effect of movement in exchange rates	(168)	(4)	(165)	(15)	(352)
At 31 December 2019	**378,905**	**8,460**	**378,117**	**34,799**	**800,281**
At 1 January 2020	378,905	8,460	378,117	34,799	800,281
Additions during the period	-	108	-	-	108
Effect of movement in exchange rates	(20,948)	(474)	(20,797)	(1,924)	(44,143)
At 30 June 2020	**357,957**	**8,094**	**357,320**	**32,875**	**756,246**
Accumulated amortisation					
At 1 January 2019	-	(6,073)	(51,387)	(9,480)	(66,940)
Charge for the period	-	(1,312)	(15,367)	(2,344)	(19,023)
Effect of movement in exchange rates	-	14	136	21	171
At 31 December 2019	**-**	**(7,371)**	**(66,618)**	**(11,803)**	**(85,792)**
At 1 January 2020	**-**	**(7,371)**	**(66,618)**	**(11,803)**	**(85,792)**
Charge for the period	-	(376)	(7,397)	(1,128)	(8,901)
Effect of movement in exchange rates	-	418	3,768	682	4,868
At 30 June 2020	**-**	**(7,329)**	**(70,247)**	**(12,249)**	**(89,825)**
Net book value					
At 31 December 2019	378,905	1,089	311,499	22,996	714,489
At 30 June 2020	**357,957**	**765**	**287,073**	**20,626**	**666,421**

Intangible assets include adjustments to reflect the purchase price adjustments assessed on the inclusion of Nigeria Tower Interco and INT in the Restricted Group from 1 January 2018 (see basis of preparation on page 4).

NOTES TO THE COMBINED FINANCIAL STATEMENTS

14. DERIVATIVE FINANCIAL INSTRUMENTS

	30 Jun 2020	31 Dec 2019
	$'000	$'000
Current		
Non-deliverable forward exchange contracts	9,340	53
Non-current		
Embedded derivatives within listed bonds	17,251	42,604
	26,591	**42,657**

The embedded derivatives represent the fair value of the put and call options embedded within the terms of the 2025 Notes and 2027 Notes. The call options give the Group the right to redeem the bond instruments at a date prior to the maturity date (18 March 2025 and 18 September 2027 respectively), in certain circumstances and at a premium over the initial notional amount.

The put option provides the holders with the right (and the Group with an obligation) to call the 2025 Notes and 2027 Notes before their redemption date in the event of a change in control (as defined in the terms of the 2025 Notes and the 2027 Notes, which also includes a major asset sale), and at a premium over the initial notional amount.

The non-deliverable forward exchange contracts (NDFs) give IHS the right to receive a margin gain or loss equal to the Naira to US dollar exchange rate at a future date compared to the agreed fixed exchange rate in the contract; these are measured at fair value. As at the reporting date, the Group had NDF assets carried at $9.3m (31 December 2019: $0.1m)).

15. BORROWINGS

	30 Jun 2020	31 Dec 2019
	$'000	$'000
Current		
Bank borrowings	2,074	2,534
Bond borrowings	28,426	28,738
	30,500	**31,272**
Non-current		
Bank borrowings	468,747	483,717
Bond borrowings	1,285,366	1,287,272
	1,754,113	**1,770,989**
Total third party borrowings	**1,784,613**	**1,802,261**
Subordinated shareholder loans (note 19)	704,357	688,095
All borrowings	**2,488,970**	**2,490,356**

Bank borrowings referred to above have been granted pursuant to a senior credit facilities agreement entered into on the 3 September 2019 (the “Senior Credit Facilities”) which include a Naira and a USD tranche (the “NGN Tranche” and the “USD Tranche”) for which IHSN, ITNG and INT are joint borrowers and guarantors. The NGN Tranche has an original principal amount of ₦141.3 billion provided by a consortium of lenders, has a five-year term, was issued at NIBOR plus a 2.5% margin and is due to be repaid in full by September 2024. The USD Tranche has an original principal amount of USD110.0 million provided by a consortium of lenders, has a five-year term, was issued at Libor plus a 4.25% margin and is due to be repaid in full by September 2024.

The NGN credit facility previously held by IHSN and which had an outstanding balance of ₦25.0 billion at 30 June 2019, was fully repaid with the proceeds of the Senior Credit Facilities.

Prior to repayment, the facility accrued interest at an annual interest rate of NIBOR plus a 2.5% payable quarterly in arrear and was due to be repaid in full by 31 December 2021.

15. BORROWINGS (continued)

Bond borrowings

IHS Netherlands Holdco B.V.

IHS Netherlands Holdco B.V. issued $800 million 9.5% Senior Notes due 2021 (the "Holdco Notes") under a Senior Notes Indenture dated 27 October 2016 between, *inter alios*, the Issuer (IHS Netherlands Holdco B.V.), the Guarantors (each of IHS Netherlands NG1 B.V., IHSN, IHS Netherlands NG2 B.V., ITNG, Tower Infrastructure Company Limited, and IHS Towers Netherlands FinCo NG B.V.) and the Trustee (Citibank N.A., London branch). The Holdco Notes were fully redeemed on 28 October 2019 and are no longer outstanding.

IHS Netherlands Holdco B.V. issued $500 million 7.125% Senior Notes due 2025 (the "2025 Notes") and $800 million 8.0% Senior Notes due 2027 (the "2027 Notes") pursuant to a Senior Notes Indenture dated 18 September 2019 between, *inter alios,* the Issuer (IHS Netherlands Holdco B.V.), the Guarantors (each of IHS Netherlands NG1 B.V., IHSN, IHS Netherlands NG2 B.V., ITNG, INT Towers Limited and Nigeria Tower Interco B.V) and the Trustee (Citibank N.A., London branch). The 2025 Notes and 2027 Notes are listed on The International Stock Exchange (TISE).

The 2025 Notes and 2027 Notes have a tenor of five and a half years and eight years respectively, from the relevant date of issue, interest is payable semi-annually in arrear and the principal is repayable in full on maturity.

The 2025 Notes and 2027 Notes have early redemption features whereby IHS Netherlands Holdco B.V. has the right to redeem the relevant notes before the maturity date, and the holders hold a right to request the early settlement of the Notes, in certain circumstances. The values of the respective call and put options are disclosed in note 14.

IHS Towers Netherlands FinCo NG B.V.

The original $250 million 8.375% Guaranteed Senior Notes due 2019 (the "FinCo Notes") issued by IHS Towers Netherlands FinCo NG B.V have all been fully repaid at maturity on 15 July 2019. Prior to repayment, during the current and comparative periods covered by these financial statements, an aggregate principal amount of $13.065 million remained outstanding and accrued interest at an annual interest rate of 8.375% payable semi-annually in arrear on 15 January and 15 July.

Subordinated shareholder loans

As at 30 June 2020, the Group had loans from IHS Holding Limited and IHS Netherlands (Interco) Coöperatief U.A. with principal values (including capitalised interest) of $623.1m and $76.5m respectively (31 December 2019: $603.9m and $80.0m respectively).

Undiscounted contractual cash flows

As at 30 June 2020, the undiscounted contractual cash flows of the Group's borrowings were as follows:

	Carrying value $'000	Total contractual cash flows $'000	Less than 1 year $'000	Between 2 and 3 years $'000	Between 4 and 5 years $'000	Over 5 years $'000
Bank borrowings	470,821	620,903	47,697	312,702	260,504	-
Bond borrowings	1,313,792	1,958,125	99,625	199,250	699,250	960,000
Subordinated shareholder loans	704,357	1,640,735	-	-	-	1,640,735
	2,488,970	**4,219,763**	**147,322**	**511,952**	**959,754**	**2,600,735**

16. LEASE LIABILITIES

	30 Jun 2020 $'000	31 Dec 2019 $'000
Current	5,338	6,050
Non-current	26,032	27,172
Total lease liabilities	**31,370**	**33,222**

Lease liabilities represent the net present value of future payments due under long term land leases for leasehold land on which our towers are located and for other leasehold assets such as warehouses and offices. During Q2 2020 and H1 2020, payments to the value of $5.3m and $11.8m respectively (Q2 2019: $12.3m and H1 2019: $30.8m respectively) were made in respect of recognised lease liabilities. These lease liabilities are unwound using discount rates which represent the credit risk of the lessee entity and the length of the lease agreement.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

17. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

	30 Jun 2020 $'000	31 Dec 2019 $'000
Current	3,794	3,768
Non-current	5,116	5,586
Total decommissioning provision	**8,910**	**9,354**

The provision is for decommissioning and relates to the probable obligation that the Group may incur on the leased land on which its tower equipment is constructed. The amount is recognised initially at the present value of the estimate of the amount that will be required to decommission and restore the leased sites to the original states, discounted using the effective borrowing rate of the Group. The amount provided for each site has been discounted based on the respective lease terms attached to each site.

18. CASH GENERATED FROM OPERATIONS

Reconciliation:	**3 month period ended**		**6 month period ended**	
	30 Jun 2020 $'000	30 Jun 2019 $'000	**30 Jun 2020 $'000**	30 Jun 2019 $'000
Profit/(loss) before taxation	**82,962**	**10,684**	**(113,665)**	**70,764**
Adjusted for:				
Depreciation of property, plant and equipment	**70,399**	56,547	**155,382**	108,630
Impairment of property, plant and equipment	**5,531**	2,453	**7,399**	2,453
Amortisation of intangible assets	**4,325**	4,811	**8,901**	9,799
Impairment of prepaid land rent	**106**	39	**106**	39
Amortisation of prepaid land rent	**102**	205	**676**	289
Net (gain)/loss on sale of property, plant and equipment	**(397)**	1,209	**(538)**	992
Impairment of receivables	**-**	3,743	**1,821**	7,472
(Reversal of impairment)/impairment of withholding tax assets	**(7,887)**	21,620	**14,657**	25,937
Finance costs	**62,577**	56,275	**277,480**	107,078
Fair value (gain)/loss through profit or loss	**(17,251)**	(3,221)	**25,353**	(6,530)
Finance income	**(34,985)**	(4,236)	**(45,302)**	(30,400)
Insurance claims income	**(2,463)**	(2,331)	**(2,584)**	(2,335)
Operating profit before working capital changes	**163,019**	**147,798**	**329,686**	**294,188**
(Increase)/ decrease in inventories	(9,075)	(25,820)	151	(33,330)
Increase in trade and other receivables (excluding prepaid rent)	(8,962)	(38,029)	(89,694)	(24,392)
(Decrease)/increase in trade and other payables	(44,188)	873	3,459	(31,982)
Net movement in amounts with related parties	1,013	869	5,388	5,056
Net working capital changes	**(61,212)**	**(62,107)**	**(80,696)**	**(84,648)**
Cash generated from operations	**101,807**	**85,691**	**248,990**	**209,540**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS

	30 Jun 2020	31 Dec 2019
Current	**$'000**	$'000
Amounts due from:		
IHS Holding Limited	**502**	502
Global Independent Connect Limited	**-**	1,371
IHS Netherlands (Interco) Coöperatief U.A.	**331**	331
	833	**2,204**
Amounts due to:		
IHS Holding Limited	**8,055**	4,137
IHS Netherlands (Interco) Coöperatief U.A.	**56**	57
	8,111	**4,194**
Non-current		
Amounts due to:		
IHS Holding Limited	**625,040**	607,471
IHS Netherlands (Interco) Coöperatief U.A.	**79,317**	80,624
	704,357	**688,095**

Non-current amounts due to IHS Holding Limited represent shareholder loans as disclosed in note 15.

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group had contractual, non-cancellable capital commitments of $93.9m for full turnkey site build and upgrade of existing sites as at 30 June 2020.

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. The Group reviews these matters in consultation with internal and external legal counsel to determine on a case by case basis whether a loss from each of these matters is probable, possible or remote.

The Group's contingent liabilities in respect of litigations and claims amounted to $0.7m at the end of the reporting period. Based on legal advice received, the Group's liability is not likely to crystallise, thus no provisions have been made in these financial statements.

21. EVENTS AFTER THE REPORTING PERIOD

On 23 July 2020 the Company announced that its affiliates INT Towers Limited, IHS Nigeria Limited and IHS Towers NG Limited (together "IHS") have reached an agreement with MTN Nigeria Communications Plc ("MTN Nigeria") to expand the scope of the current service contract and amend the currency conversion provision for Tower services.

IHS has concluded a renegotiation of certain terms of its tower rental agreements with MTN Nigeria. These include an increased focus on rural connectivity and fiber access. Furthermore, the changes will result in updated pricing for future technology upgrades and backhaul in the network, whilst agreeing to move the reference rates for conversions to Naira from the Central Bank of Nigeria's official rate ("CBN") to the prevailing market rate, which is currently more aligned to the Nigerian Autonomous Foreign Exchange rate ("NAFEX").

The effective date of the agreement with MTN is 1 April 2020 and thus results in additional amounts to be billed to MTN Nigeria during Q2 2020, which will be billed during Q3 2020. The agreement with MTN Nigeria was concluded after 30 June 2020 and as such, is a non-adjusting post balance sheet event under IAS 10, and the financial impact of any amendments to Q2 2020 billing resulting from the agreement will be reflected in the results for Q3 2020.

The estimated revenue and Adjusted EBITDA impact of the amended currency conversion provision is expected to be $31.5m in H2 2020, including the impact of the amendments to Q2 billing discussed above. This estimate assumes that the CBN and NAFEX rates remain at the closing rates at 30 June 2020 and MTN tenancies remain at the number as presently invoiced.

On 31 July 2020, the Company announced that it had successfully completed the placing of an additional $150 million in aggregate principal amount across its 2027 Notes and 2025 Notes, split as $140 million in aggregate principal amount of its 2027 Notes and $10 million in aggregate principal amount of its 2025 Notes. The proceeds will be used for general corporate purposes.

There were no other disclosable events after the reporting period.

NON-IFRS MEASURES AND GLOSSARY

Adjusted EBITDA, Adjusted EBITDA margin and other non-IFRS financial measures are used by Group management to monitor the underlying performance of the business and the operations. Adjusted EBITDA, Adjusted EBITDA margin and other non-IFRS financial measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted EBITDA, Adjusted EBITDA margin and other non-IFRS financial measures as reported by us to Adjusted EBITDA, Adjusted EBITDA margin and other non-IFRS financial measures as reported by other companies. Adjusted EBITDA, Adjusted EBITDA margin and the other non-IFRS financial measures described in this document are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of any regulatory authority and will not be subject to review by a regulatory authority; compliance with such requirements may require us to make changes to the presentation of this information.

Adjusted EBITDA: Profit or loss for the period excluding the impact of finance income, finance cost, fair value through profit or loss, depreciation and amortization, impairments of fixed assets and land rent, profit or loss on disposal of assets, impairment of withholding taxes, share-based payment expense, and provision for or benefit from income taxes, less other income plus other expenditures that management considers sufficiently large and unusual as to distort comparisons from one period to the next. Adjusted EBITDA is a component of the calculation that has been used by our lenders to determine compliance with certain covenants under our debt facilities. Adjusted EBITDA is not intended to be an alternative measure of operating income or gross profit margin as determined in accordance with IFRS.

Adjusted EBITDA margin: Adjusted EBITDA divided by revenue, expressed as a percentage.

Capital expenditure (“Capex”): the additions of property, plant and equipment (including advance payments for such additions) and the purchase of software, as presented in the statement of cash flows.

Colocation Rate: Refers to the average number of tenants per tower that is owned or operated across a tower portfolio at a given point in time.

Consolidated Net Leverage: Aggregate outstanding net indebtedness on a consolidated basis (excluding subordinated shareholder debt).

Consolidated Net Leverage Ratio: Ratio of consolidated net leverage to consolidated EBITDA for the most recently ended four consecutive fiscal quarters.

Group: IHS Netherlands Holdco B.V. and each of its direct and indirect subsidiaries.

Lease Amendments: Refers to the installation of additional equipment on a site or the provision of certain ancillary services for an existing Tenant, for which we charge our customers a recurring lease fee.

Gross Debt: Borrowings as stated on the statement of financial position plus lease liabilities as stated on the statement of financial position.

LTM Adjusted EBITDA: Adjusted EBITDA for the last twelve months

Net Debt: Gross debt less cash and cash equivalents at a stated statement of financial position date.

Tenants: Refers to the number of distinct customers that have leased space on each tower that we own across our portfolio.

Towers: Refers to ground-based towers, in-building solutions, rooftop and wall-mounted towers and cells-on-wheels, each of which are constructed to support wireless transmission equipment. We measure the number of Towers in our portfolio at a given time by counting the number of Towers that we own or operate with at least one Tenant. The number of Towers in our portfolio excludes any towers for which we provide managed services.

SUMMARY OF UNAUDITED QUARTERLY RESULTS

For the respective quarters ended:

Statement of profit or loss	30 Jun 2020 $'000	31 Mar 2020 $'000	31 Dec 2019 $'000	30 Sep 2019 $'000
Revenue	**241,590**	**248,793**	**241,780**	**232,657**
Cost of sales	(146,218)	(162,599)	(195,030)	(146,734)
Gross profit	**95,372**	**86,194**	**46,750**	**85,923**
Administrative expenses	(6,289)	(35,923)	(42,466)	(28,660)
Other income	4,220	292	351	1,729
Operating profit	**93,303**	**50,563**	**4,635**	**58,992**
Finance income	34,985	10,317	1,380	7,833
Finance cost	(62,577)	(214,903)	(79,157)	(106,822)
Changes in fair value though profit or loss	17,251	(42,604)	20,011	(9,293)
Profit/(loss) before taxation	**82,962**	**(196,627)**	**(53,131)**	**(49,290)**
Taxation	(76,060)	(3,816)	(1,626)	8,603
Profit/(loss) for the period	**6,902**	**(200,443)**	**(54,757)**	**(40,687)**
Adjusted EBITDA reconciliation:				
Profit/(loss) for the period	**6,902**	**(200,443)**	**(54,757)**	**(40,687)**
Add back:				
Tax charge/(benefit)	76,060	3,816	1,626	(8,603)
Changes in fair value though profit or loss	(17,251)	42,604	(20,011)	9,293
Finance cost	62,577	214,903	79,157	106,822
Finance income	(34,985)	(10,317)	(1,380)	(7,833)
Depreciation and amortisation	74,724	89,559	107,614	64,333
Impairment of property, plant and equipment and prepaid land rent	5,637	1,868	10,651	6,701
Net (profit)/loss on disposal of property, plant and equipment	(397)	(141)	85	1,349
(Reversal of impairment)/impairment of withholding tax receivable	(7,887)	22,544	4,920	13,729
Adjusted EBITDA	**165,380**	**164,393**	**127,905**	**145,104**
Adjusted EBITDA margin	68.5%	66.1%	52.9%	62.4%
Capital expenditure in quarter:				
Purchase of property, plant and equipment	(399)	(861)	(5,556)	(2,404)
Construction of property, plant and equipment	(9,045)	(11,125)	(22,038)	(22,479)
Purchase of software and licences	-	(108)	(689)	-
Advance payments for property, plant and equipment	(23,696)	(33,200)	(73,432)	(16,651)
Total capital expenditure	**(33,140)**	**(45,294)**	**(101,715)**	**(41,534)**