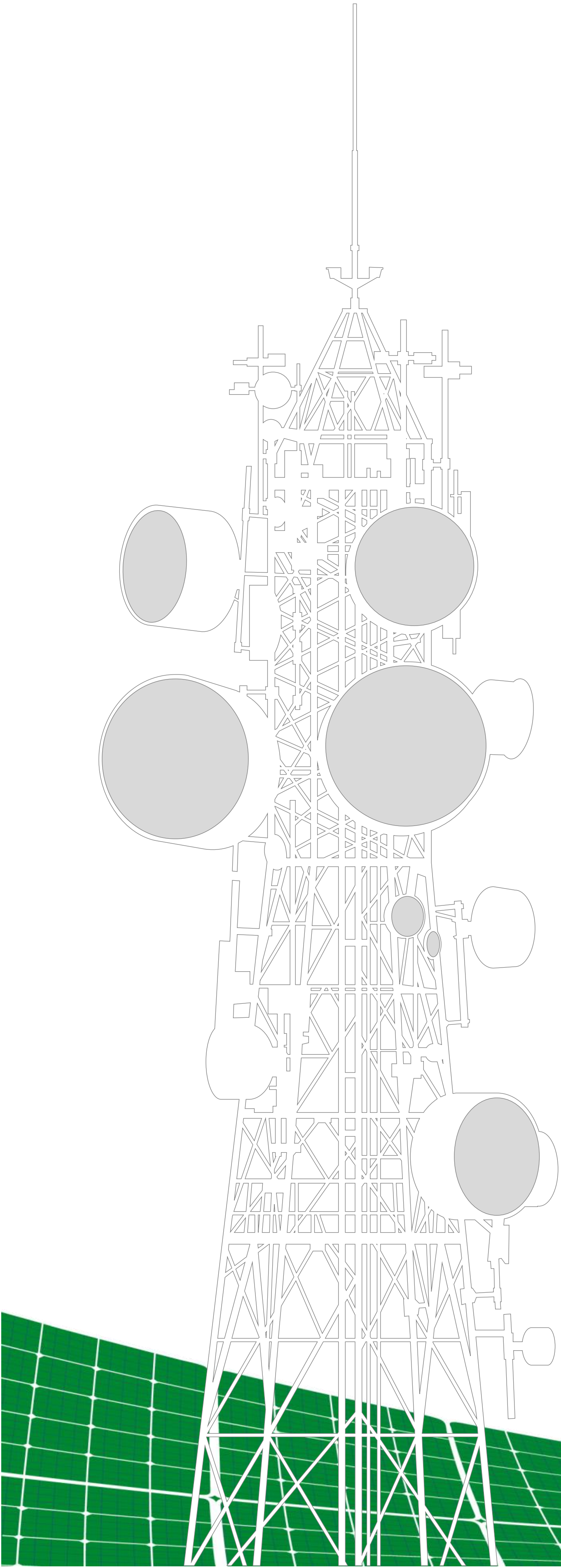
Towers of strength



IHS HOLDING LIMITED

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

DECEMBER 31, 2020

Towers of strength

CONTENTS

CORPORATE INFORMATION

Company Registration No.	111344 C1/GBL
Registered Office	1st Floor, Félix House 24 Dr Joseph Rivière Street, Port Louis, Republic of Mauritius
Board of Directors	**Directors** Mr. DARWISH Sam Mr. EL-RUFAI Bashir Ahmad Mr. FORT Bryce Louis Mr. LI KWET LIIT Christian Kien Ngok Mr. MAASDORP Paul Mr. HEUZÉ Stéphane (resigned September 2, 2020) Mrs. LAI Kathleen Mrs. SZIGETVARI Aniko Klara (resigned February 1, 2021) Mr. DENCH Andrew James Mr. BUSH John Ellis Mr. LAND Nicholas Charles Edward Mr. DARMON David (resigned September 25, 2020) Ms. BURNS Ursula Maxine (appointed July 1, 2020) Mr. DANGEARD Frank Emmanuel (appointed September 2, 2020) Mrs. BESNIER Stephanie (appointed September 25, 2020) Mrs. BAHL Deepali (appointed February 1 , 2021) **Permanent alternate directors** Mr. SAAD William (Permanent alternate director to Mr. DARWISH Sam and Mr. EL-RUFAI Bashir Ahmad) Mr. DARWISH Mohamad (Permanent alternate director to Mr. DARWISH Sam and Mr. EL-RUFAI Bashir Ahmad)
Independent Auditors	PricewaterhouseCoopers Republic of Mauritius
Bankers	Standard Bank (Mauritius) Limited EBI SA Groupe Ecobank Citibank N.A. Standard Chartered Bank

DIRECTORS' REPORT

The Directors present their audited consolidated and separate annual financial report ("annual report") on the affairs of IHS Holding Limited (the "Company") and its subsidiaries (together "the Group") together with the audited financial statements for the year ended December 31, 2020, to the members of the Company. This report discloses the state of the Company's and the Group's affairs.

Incorporation and address

IHS Holding Limited was incorporated in the Republic of Mauritius as a private limited company in 2012.

The registered office address of the Company is:
1st Floor, Félix House
24 Dr Joseph Rivière Street,
Port Louis,
Republic of Mauritius

Principal activities

The Company is the ultimate parent of a group of shared telecommunications infrastructure service providers, engaged in turnkey infrastructure deployment (construction of towers, tower equipment and related infrastructure), infrastructure managed services (maintenance of towers, tower equipment and related infrastructure) and infrastructure sharing and leasing (colocation services).

Results and dividend

The Group and Company's results for the year ended December 31, 2020 are set out on pages 11 and 69 respectively. The summarized results are presented below:

	GROUP		COMPANY	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue	1,403,149	1,231,056	-	-
Total comprehensive (loss)/income for the year	(228,271)	(418,455)	25,405	(193,916)

The directors did not recommend the payment of a dividend in the current or prior year.

Shareholding

The shareholding structure of the Company is as follows:

Shareholding range	No. of Holders	Shares	%
As at December 31, 2020			
100,000,001 - 1,000,000,000	11	2,293,016,086	1.6%
Above 1,000,000,000	16	144,758,477,862	98.4%
	27	**147,051,493,948**	**100.0%**

Shareholding range	No. of Holders	Shares	%
As at December 31, 2019			
100,000,001 - 1,000,000,000	9	2,418,010,603	1.6%
Above 1,000,000,000	14	144,633,483,345	98.4%
	23	**147,051,493,948**	**100.0%**

DIRECTORS' REPORT (CONTINUED)

Substantial interest in shares

Shareholders holding 5% or more of the issued share capital of the Company are as follows:

	2020		2019	
	Shares	**%**	**Shares**	**%**
Warrington Investment PTE Ltd	9,027,527,065	6.1	9,027,527,065	6.1
Korea Investment Corporation	10,833,401,039	7.4	10,833,401,039	7.4
Africa Telecom Towers S.C.S.	15,318,057,305	10.4	15,318,057,305	10.4
ECP IHS (Mauritius) Limited	Less than 5%	<5	20,941,813,856	14.2
Oranje Nassau Development S.A. SICAR*	22,356,969,711	15.2	22,356,969,711	15.2
Mobile Telephone Networks (Netherlands) B.V.	42,588,360,299	29.0	42,588,360,299	29.0
Towers Three Limited	12,659,123,006	8.6	-	-
	112,783,438,425	**76.7**	**121,066,129,275**	**82.3**

* At December 31, 2019, warrants over 129,929,344 shares held by Oranje Nassau Development S.A. SICAR had been exercised, paid and treated as issued in the financial statements pending confirmation of the shareholding entity to facilitate the issuance of the share certificates. At December 31, 2020 the shares were fully issued.

Property, plant and equipment

Information relating to changes in the property, plant and equipment of the Group is given in note 14 of the financial statements.

Employment of physically challenged persons

The Group has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Group's policy prohibits discrimination against disabled persons in the recruitment, training and career development process.

Employee health, safety and welfare

The safety and health of employees is of paramount importance at IHS Holding Limited. Managers, team leaders and employees are involved in the development and implementation of health and safety procedures. The Group complied with the health and safety legislations within each operating country and continues to strive for elimination of hazards in the work place.

The Group has put in place medical health insurance policies for all employees.

Fire prevention and fire-fighting equipment are installed at strategic locations within the Group's premises.

Employee training and involvement

Management values employee engagement highly. Regular joint consultative meetings are held where employees are involved in discussing issues that affect them and also provide avenues for discussing other issues of mutual benefit.

The intellectual capital of employees constitutes a valued asset of the Group and are the foundation of the Group. Our non-discriminatory recruitment process is structured to attract and retain the best talents who, through proper induction and acculturation, embrace a culture of high quality performance.

As part of our capability building strategy, all categories of staff attended carefully planned training courses and seminars to update the special skills and job requirements. This is in addition to the regular on-the-job training across all operational sites.

Donations and gifts

The Group made donations or charitable gifts during the current year of US$6,635,000 (2019: US$1,231,000). US$5,282,000 (2019:US$nil) related to Covid-19 charitable donations. The Company made donations or charitable gifts during the current year of US$1,612,000 (2019: US$ nil). All the Company donations or charitable gifts related to Covid-19 charitable donations.

Independent auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office as the auditors of the Company.

Internal financial controls

The Group has established governance structures and an internal financial control framework commensurate with its size, nature and its status as a privately owned business. We have engaged in a programme to formalize and upgrade our internal financial

DIRECTORS' REPORT (CONTINUED)

Internal financial controls (continued)

controls so that they align with best practice and are suitable for future business developments. This programme is in progress and we expect it to run through the current calendar year. At the date of this report, we have identified a number of areas where we consider that our internal financial controls would benefit from further investment, formalization and rigour in their execution. The most significant of these are in the areas of accounting for complex contractual arrangements, property leases and non-recurring revenues. The directors are committed to supporting the improvement programme and to ensuring that the Group takes the necessary steps to ensure the continued compliance of its financial reporting with IFRS and relevant laws and regulations, and that such reporting meets the needs of the users of the financial statements.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors shall keep proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company, and shall ensure that the financial statements comply with the Mauritian Companies Act 2001. They shall also safeguard the assets of the Company and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' remuneration

Total remuneration paid to the executive director for the year ended December 31, 2020 amounted to US$9,768 (2019: US$2,654,000). The executive director waived the majority of his remuneration during the year ended December 31, 2020 and equivalent Covid-19 charitable donations were made by the Group. Non-executive directors received remuneration of US$976,115 during the year (2019: US$473,000).

Audit fees

Audit fees for the year ended December 31, 2020 for the Group amounted to US$4,883,000 (2019: US$4,170,000). The fees to auditors relate to:

	GROUP		COMPANY	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Audit fees	4,883	4,170	2,293	2,126
Tax advisory	75	56	5	13
Other/consulting	1,498	2,320	1,339	72
	6,456	**6,546**	**3,637**	**2,211**

Approved by the Board of Directors and signed on its behalf by:

Name	Position	Signature	Date
Sam Darwish	Chairman and Group CEO	Sam Darwish	March 26, 2021
Christian Li	Director	Christian Li	March 26, 2021
Kathleen Lai	Director	Kathleen Lai	March 26, 2021

CERTIFICATE FROM THE CORPORATE SECRETARY

UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar all such returns as are required of IHS HOLDING LIMITED, under the Mauritian Companies Act 2001 during the financial year ended December 31, 2020.

Akash DOOLAUB   Adrien LI NIOW CHAN

for CKLB International Management Ltd
Corporate Secretary

Registered office:
1st Floor
Félix House
24 Dr Joseph Rivière Street
Port Louis
REPUBLIC OF MAURITIUS

March 26, 2021

Independent Auditor’s Report

To the Shareholders of
IHS HOLDING LIMITED

Report on the Audit of the Consolidated and Company Financial Statements

Our Opinion

In our opinion, the consolidated and company financial statements give a true and fair view of the financial position of IHS Holding Limited (the “Company”) and its subsidiaries (together the “Group”) and of the Company standing alone as at December 31, 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001*.*

What we have audited

IHS Holding Limited’s consolidated financial statements set out on pages 11 to 68 comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of income and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

IHS Holding Limited’s company financial statements set out on pages 69 to 86 comprise:

- the company statement of financial position as at December 31, 2020;
- the company statement of income and other comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the company financial statements, which include significant accounting policies and other explanatory information.

PricewaterhouseCoopers, PwC Centre, Avenue de Telfair, Telfair 80829, Moka, Republic of Mauritius
Tel: +230 404 5000, Fax:+230 404 5088, www.pwc.com/mu
Business Registration Number: F07000530

Independent Auditor's Report

To the Shareholders of
IHS HOLDING LIMITED (Continued)

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The directors are responsible for the other information. The other information comprises the corporate information, the directors' report and the certificate from the corporate secretary but does not include the consolidated and company financial statements and our auditor's report thereon.

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To the Shareholders of IHS HOLDING LIMITED (Continued)

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Responsibilities of the Directors for the Consolidated and Company Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and company financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor’s Report

To the Shareholders of
IHS HOLDING LIMITED (Continued)

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Auditor’s Responsibilities for the Audit of the Consolidated and Company Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

To the Shareholders of
IHS HOLDING LIMITED (Continued)

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor;
(b) we have obtained all the information and explanations we have required; and
(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Michael Ho Wan Kau, licensed by FRC

26 March 2021

Original has been signed by Michael Ho Wan kau

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

	Note	2020 $'000	2019 $'000
Revenue	6	1,403,149	1,231,056
Cost of sales	7	(838,423)	(810,967)
Administrative expenses	8	(236,112)	(556,285)
Loss allowance on trade receivables	8	(13,081)	(27,944)
Other income	9	16,412	7,036
Operating profit /(loss)		**331,945**	**(157,104)**
Finance income	10	148,968	36,045
Finance costs	11	(633,766)	(288,915)
Loss before income tax		**(152,853)**	**(409,974)**
Income tax expense	12	(169,829)	(13,518)
Loss for the year		**(322,682)**	**(423,492)**
Loss attributable to:			
Owners of the Company		(321,994)	(423,492)
Non-controlling interest		(688)	-
Loss for the year		**(322,682)**	**(423,492)**
Loss per share – basic	13	**(0.00)**	**(0.00)**
Loss per share – diluted	13	**(0.00)**	**(0.00)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Fair value gain through other comprehensive income		-	1
Exchange differences on translation of foreign operations		94,411	5,036
Other comprehensive income for the year, net of taxes		**94,411**	**5,037**
Total comprehensive loss for the year		**(228,271)**	**(418,455)**
Total comprehensive loss for the year attributable to:			
Owners of the Company		(227,560)	(418,455)
Non-controlling interest		(711)	-
Total comprehensive loss for the year		**(228,271)**	**(418,455)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2020 $'000	2019 $'000
Non-current assets			
Property, plant and equipment	14	1,438,040	1,537,155
Right of use assets	14	468,130	369,862
Goodwill	15	656,256	518,141
Other intangible assets	15	690,841	449,632
Fair value through other comprehensive income financial assets		8	11
Deferred income tax assets	16	13,443	4,820
Derivative financial instrument assets	18	155,196	42,604
Trade and other receivables	19	36,409	18,777
		3,458,323	**2,941,002**
Current assets			
Inventories	17	49,222	48,711
Income tax receivable	12	-	233
Derivative financial instrument assets	18	27,495	53
Trade and other receivables	19	327,187	275,907
Cash and cash equivalents	20	585,416	898,802
		989,320	**1,223,706**
TOTAL ASSETS		**4,447,643**	**4,164,708**
Current liabilities			
Trade and other payables	21	409,493	410,319
Provisions for other liabilities and charges	24	3,797	3,767
Derivative financial instrument liabilities	18	7,285	-
Income tax payable	12	48,703	30,373
Borrowings	22	186,119	105,167
Lease liabilities	23	28,246	16,834
		683,643	**566,460**
Non-current liabilities			
Trade and other payables	21	9,565	-
Borrowings	22	2,017,090	1,950,711
Lease liabilities	23	286,501	167,660
Provisions for other liabilities and charges	24	49,469	29,801
Deferred income tax liabilities	16	177,184	19,757
		2,539,809	**2,167,929**
TOTAL LIABILITIES		**3,223,452**	**2,734,389**
Stated capital	25	4,530,870	4,530,870
Accumulated losses		(2,835,390)	(2,513,396)
Other reserves	26	(485,505)	(587,155)
Equity attributable to owners of the Company		**1,209,975**	**1,430,319**
Non-controlling interest	27	14,216	-
TOTAL EQUITY		**1,224,191**	**1,430,319**
TOTAL EQUITY AND LIABILITIES		**4,447,643**	**4,164,708**

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements on pages 11 to 68 were approved and authorized for issue by the Board of Directors and were signed on its behalf by:

Name	**Position**	**Signature**	**Date**
Sam Darwish	Chairman and Group CEO	Sam Darwish	March 26, 2021
Christian Li	Director	Christian Li	March 26, 2021
Kathleen Lai	Director	Kathleen Lai	March 26, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company					
	Note	Stated capital $'000	Accumulated losses $'000	Other reserves $'000	Total S'000	Non-controlling interest $'000	Total Equity $'000
Balance at Jan 1, 2019		**4,518,502**	**(2,089,904)**	**(1,096,523)**	**1,332,075**	**-**	**1,332,075**
Issue of shares	25	12,368	-	-	12,368	-	12,368
Share-based payment expense	26	-	-	504,331	504,331	-	504,331
Total transactions with owners of the Company		**12,368**	**-**	**504,331**	**516,699**	**-**	**516,699**
Loss for the year		-	(423,492)	-	(423,492)	-	(423,492)
Other comprehensive income		-	-	5,037	5,037	-	5,037
Total comprehensive (loss)/income		-	(423,492)	5,037	(418,455)	-	(418,455)
Balance at Dec 31, 2019		**4,530,870**	**(2,513,396)**	**(587,155)**	**1,430,319**	**-**	**1,430,319**
Balance at Jan 1, 2020		**4,530,870**	**(2,513,396)**	**(587,155)**	**1,430,319**	**-**	**1,430,319**
NCI arising on business combination	32	-	-	-	-	14,927	14,927
Share-based payment expense	26	-	-	7,216	7,216	-	7,216
Total transactions with owners of the Company		**-**	**-**	**7,216**	**7,216**	**14,927**	22,143
Loss for the year		-	(321,994)	-	(321,994)	(688)	(322,682)
Other comprehensive income/(loss)		-	-	94,434	94,434	(23)	94,411
Total comprehensive (loss)/income		-	(321,994)	94,434	(227,560)	(711)	(228,271)
Balance at Dec 31, 2020		**4,530,870**	**(2,835,390)**	**(485,505)**	**1,209,975**	**14,216**	**1,224,191**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Cash from operations	30	656,699	660,025
Employee long term retirement benefits		-	(112)
Income taxes paid	12	(14,540)	(13,396)
Payment for rent		(6,838)	(4,577)
Payment for tower and tower equipment decommissioning	24	(65)	-
Net cash generated from operating activities		**635,256**	**641,940**
Cash flows from investing activities			
Purchase of property, plant and equipment - capital work in progress	14(ii)	(87,014)	(91,004)
Purchase of property, plant and equipment – others	14(ii)	(7,786)	(21,648)
Payment in advance for property, plant and equipment		(131,935)	(140,340)
Purchase of software and licenses	15	(2,464)	(5,286)
Consideration paid on business combinations, net of cash acquired	32	(542,905)	-
Proceeds from disposal of property, plant and equipment		2,227	2,403
Insurance claims received		6,264	3,607
Interest income received	10	5,101	14,732
Restricted cash transferred from other receivables		-	1,730
Net cash used in investing activities		**(758,512)**	**(235,806)**
Cash flows from financing activities			
Capital raised	25	-	12,368
Bank loans and bond proceeds received	22	232,219	1,800,000
Bank loans and bonds repaid	22	(99,903)	(1,622,317)
Fees on loans and derivative instruments		(9,403)	(61,398)
Interest paid	22	(167,938)	(171,883)
Costs paid on early loan settlement	11	-	(22,153)
Payment for the principal of lease liabilities	23	(39,153)	(58,330)
Interest paid for lease liabilities	23	(19,239)	(11,634)
Initial margin deposited on non-deliverable forwards		(28,780)	(49)
Profits received/(losses settled) on non-deliverable forwards		4,061	(2,923)
Net cash used in financing activities		**(128,136)**	**(138,319)**
Net (decrease)/increase in cash and cash equivalents		(251,392)	267,815
Cash and cash equivalents at beginning of year		898,802	633,450
Effect of movements in exchange rates on cash		(61,994)	(2,463)
Cash and cash equivalents at end of year	20	**585,416**	**898,802**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

These consolidated financial statements are the financial statements of IHS Holding Limited ('the Company') and its subsidiaries (together hereafter referred to as 'the Group' or 'IHS'). IHS Holding Limited was incorporated in the Republic of Mauritius under the Mauritian Companies Act 2001 as a private limited liability company. The Company is domiciled in the Republic of Mauritius and the address of its registered office is: 1st Floor, Félix House, 24 Dr. Joseph Rivière Street, Port Louis, Republic of Mauritius.

IHS is principally involved in providing infrastructure for the telecommunications industry. The consolidated financial statements are presented in US Dollars (US$) and all values are rounded to the nearest thousands, except where otherwise indicated.

These consolidated financial statements have been authorized for issue on March 26, 2021 by the Board of Directors.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of IHS have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and related interpretations and comply with the Mauritian Companies Act 2001.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and liabilities (including derivative financial instruments) which are recognized at fair value.

2.1.1 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2020:

- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Revised Conceptual Framework for Financial Reporting

The amendments to standards listed above did not have any material impact on the Group's financial statements.

(b) New standards, amendments and interpretations not yet adopted by the Group

Certain new accounting standards, interpretations and amendments have been published that are not effective for December 31, 2020 reporting period and have not been early adopted by the Group. They are:

- Revisions to the classification of liabilities as either current or non-current (Amendment to IAS 1)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendment to IAS 16)
- Reference to the Conceptual Framework (Amendment to IFRS 3)
- Costs which should be included in the cost of fulfilling a contract when determining whether a contract is onerous (Amendment to IAS 37)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Covid-19-Related Rent Concessions (Amendment to IFRS 16)
- Annual Improvements to IFRS Standards 2018-2020 Cycle

None of the above amendments to standards are expected to have a material effect on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.2. Consolidation

(a) Subsidiaries

The consolidated financial statements include the financial information and results of the Company and those entities in which it has a controlling interest. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases. All intercompany balances and transactions have been eliminated.

(b) Business Combinations

For acquisitions that meet the definition of a business combination, the Group applies the acquisition method of accounting where assets acquired and liabilities assumed are recorded at fair value at the date of each acquisition, and the results of operations are included with those of the Group from the dates of the respective acquisitions. Any excess of the purchase price paid by the Group over the amounts recognized for assets acquired and liabilities assumed is recorded as goodwill and any acquisition related costs are expensed as incurred. The Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The consideration transferred for the acquisition comprises the fair value of the assets transferred, liabilities incurred, equity interests issued by the Group and any contingent consideration. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the Group gains control in a business combination in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in profit or loss.

The Group has considered whether any of its business combinations represent a sale and leaseback transaction from a lessor perspective. It has been determined that since the space on towers and associated assets are able to be leased to multiple tenants without restriction, that no such arrangement of the entire tower site portfolio acquired exists.

(c) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

2.3 Segment reporting

Operating segments are components of IHS's business activities about which separate financial information is available and reported internally to the chief operating decision maker. The Group's Executive Committee has been identified as the chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments.

The Group's Executive Committee consists of: the Chief Executive Officer ("CEO"), the Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO"), the General Counsel, both Deputy CFOs, the IHS Nigeria CEO, and the Chief Human Resource Officer.

Latam and MENA are operating segments effective from February 2020 following the acquisition of IHS Brasil Cessão de Infraestruturas Limitada and IHS Kuwait Limited (refer to note 32). Effective October 2020, the Company changed the name of its Rest of Africa operating segment to SSA. Although the designation has changed, SSA currently comprises the same operations in Cameroon, Côte d'Ivoire, Rwanda and Zambia as Rest of Africa did. This reflects the way the Company's chief operating decision maker (''CODM'') is provided with financial information which aligns to internal regional management organizational reporting lines and responsibilities. All reporting to the CODM analyzes performance in this way and resources are allocated on this basis.

2. Summary of significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US Dollars.

(b) Existence of multiple official exchange rates

During the year ended December 31, 2017, the Central Bank of Nigeria introduced a new foreign exchange window, which includes the NAFEX (Nigerian Autonomous Foreign Exchange Fixing). This resulted in a situation where there are several different official exchange rates in the market, thereby requiring the Company to monitor and evaluate which exchange rate is most appropriate to apply in translating foreign currency transactions in its Nigeria businesses and in translating Naira amounts for Group reporting purposes.

Where multiple official exchange rates exist, the Group assesses the appropriate rate to use and takes into account relevant factors. In the case of translating foreign operations or foreign transactions, such factors include access to those rates in the future to meet payments or dividends. In determining whether it is appropriate to move from one official rate to another, the Group considers the available rates in official markets for settlement of transactions. Refer to note 3 for further information.

(c) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and other comprehensive income within "finance income" or "finance cost." Foreign exchange gains and losses that relate to other monetary items are presented in the statement of income and other comprehensive income within "cost of sales," "administrative expense" and "other income" as appropriate.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities designated as fair value through other comprehensive income are recognized in other comprehensive income.

The subsidiaries based in Nigeria translated their foreign currency transactions into the functional currency, Nigerian Naira, at the Nigerian Autonomous Foreign Exchange Fixing ("NAFEX") prevailing rate at the date of the transaction. Monetary items and liabilities denominated in foreign currencies were also translated at the NAFEX rate.

The NAFEX rate was between 363.2 and 410.25 during 2020 (2019: 360.4 and 364.7) and at December 31, 2020 was 410.25 (December 31, 2019: 364.7). Refer to note 3 for further information on foreign exchange rate assessment.

The results and financial position of all the Group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of income and other comprehensive income are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

The results of the subsidiaries based in Nigeria were translated into US Dollars at the NAFEX monthly average exchange rate for income and expenses and the assets and liabilities at the NAFEX closing rate at the date of the statement of financial position with rates as noted above. Refer to note 3 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.5 Revenue recognition

Our revenue is derived from fees paid by our customers for services from our colocation business and its ancillary managed services.

The colocation business involves the lease of space on IHS owned and leased towers, which are shared by various operators and data service providers. Revenue is generated on towers either from anchor tenants (original tenants on towers) or colocation tenants (subsequent tenants) when they install equipment on towers. A portion of colocation arrangements for the rental of space on the towers and other assets on tower sites, on which the use of space is dependent, is within the scope of IFRS 16 Leases. A portion of colocation arrangements for the provision of services and energy charges is within the scope of IFRS 15 'Revenue from contracts with customers' as a provision of service. The Group also offers ancillary services to manage tenant operations of existing customers on a limited basis. Revenue from such managed services is within the scope of IFRS 15 'Revenue from contracts with customers'.

In determining the amounts of colocation revenue from our contracts with customers that fall within the scope of IFRS 15 or IFRS 16, the Group considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated and revenue recognized separately.

For colocation services the Group determines the transaction price (including lease and non-lease elements) at contract inception and considers the effects of:

- Variable consideration - The contractual price may be subject to service credits, price indexation, discounts provided on site consolidation and discounts associated with site occupancy. All of these items of variable consideration are considered to relate to individual service periods of series performance obligations, or represent contingent rentals, and are therefore recognized in the future periods in which they arise rather than when estimating the transaction price at contract inception.
- The existence of significant financing components - Financing components are not expected to be significant as services and payments are generally in line over the period of the contract.
- Consideration payable to the customer (if any) - Payments to customers (such as rebates and discounts refunded to the customer and payments for exit fees) are deducted from transaction price unless they are payments for a distinct good or service supplied to the Group in return for the payments.

At the date of contract inception, the Group determines the stand-alone selling prices of the performance obligations (including the lease elements of the contract) using a combination of data on observable prices from comparable managed service arrangements, supplemented by the cost plus a margin approach. The Group allocates the transaction price to these non-lease elements of the contract and between performance obligations within the non-lease element of the contract on the basis of relative stand-alone selling price.

(a) Colocation services revenue (non-lease)

For non-lease revenue, two separate performance obligations have typically been identified, one in respect of the operation of tower infrastructure and one in respect of the provision of maintenance services and power, with each being a series of performance obligations to stand ready to deliver the required services.

The identification of these two performance obligations does not change the timing of revenue recognition of the non-lease component as both are typically satisfied over the same time period. In limited cases, contracts may provide the customer with a right to purchase additional services at a significant discount. In these cases, the material right is also identified as a performance obligation.

On initial recognition of revenue, the Group assesses the recoverability of revenue and recognizes the revenue, in respect of satisfied performance obligations, which is expected to be recovered. Amounts not expected to be recovered at the point of initial recognition are considered to be variable consideration, contingent upon the receipt of funds from the customer and are therefore subject to measurement constraints as such payments are not wholly within the control of the Group. The assessment of amounts expected to be recovered, and indirectly the variable consideration component, are closely aligned with the assumed credit risk of the customer, determined as part of the assessment of expected credit losses made in accordance with the Group's IFRS 9 expected credit loss policy as described in note 2.17.4.

(b) Colocation services revenue for which the Group is a lessor

The portion of colocation revenue, for which IHS is the lessor, is treated as a lease. Revenue from leasing arrangements, including fixed escalation clauses present in non-cancellable lease agreements is recognized on a straight line basis over the current lease term of the related lease agreements, when collectability is reasonably assured. The duration of these lease arrangements is typically between 5 and 10 years. Escalation clauses tied to the Consumer Price Index ("CPI") or other inflation based indices, are excluded from the straight line calculation, however, any fixed increases are included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.5 Revenue recognition (continued)

(b) Colocation services revenue for which the Group is a lessor (continued)

Revenue is recognized in the accounting period in which the rental income is earned and services are rendered. Amounts billed or received for services prior to being earned are deferred and reflected in deferred revenue until the criteria for recognition have been met.

(c) Managed services revenue

Revenue from managed services contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue is recognized in the accounting period in which the services are rendered by reference to the stage of completion based on the terms of each contract. Services revenues are derived under contracts or arrangements with customers that provide for billings either on a fixed price basis or a variable price basis, which includes factors such as time and expenses. Revenues are recognized as services are performed. Amounts billed or received for services prior to being earned are deferred and reflected in deferred revenue in the accompanying statement of financial position until the criteria for recognition have been met.

2.6 Embedded derivatives in revenue contracts

Certain revenue contracts and subsequent amendments include fees that are priced in US$ but are invoiced and settled in the relevant local currency of the operation using foreign exchange rates calculated in accordance with the contractual terms.

Where the contractual foreign exchange rates are reset at regular intervals in arrears, management evaluates and determines at the date of inception, or at the date of material modification, of the contracts whether the reset features are closely related to the host contracts or not.

In making the evaluation, management assessed that the US$ is a commonly used currency in the local operation, and that the reset interval was sufficiently frequent to approximate the local currency spot exchange rate given economic conditions at that time. Management also considers whether, at the time of inception or material modification, contract rates reference a liquid market exchange rate. If reference rates are assessed as liquid the embedded derivative is assessed as closely related and no accounting bifurcation is made.

Where such fees that are priced in US$ are translated to local currency at the time of billing using a fixed, pre-determined exchange rate or an exchange rate which is not referenced to a liquid market exchange rate, this results in an embedded derivative which is not closely related to the host contract and is thus bifurcated, fair valued and disclosed separately. The fair values of these embedded derivatives are determined by reference to the discounted forecast billings under the contractual rates compared to those under the forecast liquid market rates.

Upon initial recognition of the revenue embedded derivative asset or liability, the Group recognizes a contract liability or asset, respectively. The contract liability or asset is released to revenue over the shorter of the term of the contract or the term over which the conditions that result in the embedded derivative expire. The release to revenue is recognized on the same basis that those contractual conditions materialize, to match the release of the contract liability or asset to the recognition of revenue from the underlying contract.

2.7 Leases

The Group leases various assets, comprising land and building, towers, equipment and motor vehicles. The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The following sets out the Group's lease accounting policy for all leases with the exception of leases with low-value (i.e. < US$5,000) and short term of less than 12 months for which the Group has taken the exemption under the standard and are expensed to profit or loss as incurred.

(a) Lease assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use under the contract). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date (which do not form part of the lease liability value at the commencement date). Right of use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

The right-of-use assets are tested for impairment in accordance with IAS 36 "Impairment of Assets".

2. Summary of significant accounting policies (continued)

2.7 Leases

(b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of all remaining lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments where the contracts specify fixed or minimum uplifts) and variable lease payments that depend on an index or a rate.

The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

Due to the nature of our leased assets the interest rate implicit in the lease is usually not readily determinable, the Group therefore uses the incremental borrowing rate in calculating the present value of lease payments at the lease commencement date. The incremental borrowing rate is calculated using a series of inputs, including: a local currency cost of debt for each country based on local borrowing (or where not available, an inflation adjusted US$ cost of debt which encompasses the country specific adjustment), an adjustment for the duration of the referenced borrowings to arrive at an interest rate for a one-year facility, and an adjustment for the lease term based on local government, US or Eurozone bond yields, as appropriate in the context of each country's debt markets.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, less any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option under some of its leases to lease the assets for additional periods of up to 10 years. The Group applies judgement in evaluating whether it has a unilateral option to renew the lease for a further period and is reasonably certain to exercise the option to renew (note 3). That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

2.8 Cost of sales

Cost of sales is mainly comprised of power generation costs, depreciation, tower repairs and maintenance costs, operational staff and costs, site rental costs.

2.9 Administrative expenses

Administrative expenses are costs not directly related to provision of services to customers, but which support our business as a whole. These overhead expenses primarily consist of administrative staff costs (including key management compensation), office rent and related property expenses, insurance, travel costs, professional fees, depreciation and amortization of administrative assets, net (gain)/loss on disposal of property, plant and equipment and other sundry costs.

Administrative expenses also includes other corporate overhead expenses related to the Group's acquisition efforts and costs associated with new business initiatives.

2.10 Other income

Other income includes proceeds from insurance claims.

2.11 Interest income

Interest income is recognized in profit or loss and is calculated using the effective interest method as set out in IFRS 9.

2.12 Property, plant and equipment

These are mainly towers and towers equipment, land and buildings, furniture and office equipment, motor vehicles and capital work in progress that are used directly by the Group in the provision of services to customers, or for administrative purposes. The assets are carried at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets including amounts related to the cost of future decommissioning and site restoration obligations.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.12 Property, plant and equipment (continued)

The carrying amount of the replaced asset is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Towers and tower equipment	
▪ Base station equipment (including civil costs and overheads)	10-20 years
▪ Base station equipment (other equipment)	15 years
▪ Base station equipment (rectifier and solar power)	10 years
▪ Base station equipment (alarm and battery)	3-5 years
▪ Base station equipment (generator)	3 years
Land and buildings, furniture and office equipment, and motor vehicles	
▪ Office complex	40 years
▪ Furniture and office equipment	3 years
▪ Motor vehicles	4 years

Asset residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss for the period. The Group assesses its property, plant and equipment for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at the end of every reporting period. Such indicators include changes in the Group's business plans, changes in diesel prices, evidence of physical damage and technological changes and impacts of obsolescence.

2.13 Intangible assets and goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at or below the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(a) Network and customer-related intangible assets

Network-related intangible assets represent future income from leasing excess tower capacity to new tenants. Customer-related intangible assets represent customer contracts and relationships. Network and customer-related intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Network and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of network and customer-related intangible assets over their estimated useful lives of 14-20 years (2019: 14-16 years) and 5-30 years (2019: 5-30 years) respectively. The remaining amortization period for network and customer-related assets are between 6-26 years (2019: 7-10 years) and 1-27 years (2019: 1-26 years) respectively.

(b) Licenses

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over their estimated useful lives of 3-15 years (2019: 3-15 years).

(c) Computer software

Costs associated with maintaining computer software programmes are recognized as expenses as incurred. Acquired computer software licenses are capitalized at the cost incurred to acquire and bring into use the software. Amortization is calculated using the straight-line method over their estimated useful lives of three to five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.14 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired (note 3). Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.15 Long-term prepayment

Amounts paid in respect of long term rent are included in the right of use assets in accordance with our IFRS 16 accounting policy (note 2.7). Subsequent costs in enhancing the performance of the rented complexes and buildings are capitalized and amortized over the period of the rental.

2.16 Inventories

Inventories are stated at the lower of cost and estimated net realizable value. Cost comprises direct materials costs and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. If the carrying value exceeds net realizable amount, a write down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist. In other instances, where the net realizable value of an inventory item is not readily determinable, management assesses the age and the risk of obsolescence of such items in determining net realizable value of such item using an appropriate age/obsolescence factor model.

2.17 Financial assets

2.17.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.17.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.17.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group measures its debt instruments at amortized cost as assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income and other comprehensive income.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are reflected within borrowings in current liabilities in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.17 Financial assets (continued)

2.17.3 Measurement (continued)

b) Equity instruments

The Group subsequently measures all equity investments at fair value. The Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

2.17.4 Impairment

The Group evaluates each customer individually for the purpose of estimating the impairment at the reporting date rather than using a portfolio approach. The Group has limited history of losses and given the short duration of receivables, the Group uses the experienced credit judgement (ECJ) approach to estimate the impairment of trade receivables in accordance with the expected credit loss (ECL) requirement of IFRS 9.

The ECJ approach assesses the credit risk of the customer at the reporting date to evaluate the customer's capacity to meet its contractual cash flow obligations in the near term and combines this with an evaluation of the impact of changes in economic and business conditions on the customer's ability to pay.

2.18 Financial liabilities

2.18.1 Classification

The Group's financial liabilities are classified at amortized cost. Financial liabilities are recognized initially at fair value and inclusive of directly attributable transaction costs. The Group's financial liabilities are borrowings and trade and other payables.

(a) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of income and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

A day one gain or loss on a related party loan at a non-market interest rate is included in investments.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income and other comprehensive income as other income or finance costs. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in the statement of income and other comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(b) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2. Summary of significant accounting policies (continued)

2.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

All financial instruments are initially measured at fair value. Financial assets and liabilities are derecognized when the rights to receive cash flows from the investments or settle obligations have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.20 Derivative financial instruments

Derivatives are financial instruments that derive their value from an underlying price or index. A derivative instrument gives one party a contractual right to exchange financial assets and financial liabilities with another party under conditions that are potentially favorable or financial liabilities with another party under conditions that are potentially unfavorable. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

Where we have an obligation to purchase non-controlling interest that will be settled for a variable number of own shares, rather than cash, another financial asset, or a fixed number of shares, our policy is to treat this as a derivative transaction and measure it at fair value in the statement of income.

2.21 Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates or other variable (provided in the case of a non-financial variable that the variable is not specific to a party to the contract).

An embedded derivative is only separated and reported at fair value with gains and losses being recognized in the statement of income and other comprehensive income when the following requirements are met:

- where the economic characteristics and risks of the embedded derivative are not clearly and closely related to those of the host contract;
- the terms of the embedded derivative are the same as those of a stand-alone derivative; and
- the combined contract is not held for trading or designated at fair value through profit or loss.

A significant portion of the Group's contracted revenue pricing is denominated in US Dollars and the amount of local currency due is determined by reference to the US Dollar amount invoiced, translated at the spot rate or an average rate to the respective subsidiary. This represents an embedded foreign currency derivative in a host contract.

Management's judgement is that where fees that are priced in US$ are translated to local currency at the time of billing using a liquid market exchange rate, derivatives are not bifurcated as at the time the contracts are entered into. They are considered closely related to the host contract since they are denominated in a currency that is commonly used in the regions that the Group operates in (US Dollar being a relatively stable and liquid currency that is commonly used for pricing in local business transactions and trade).

Where fees priced in US$ are translated to local currency at the time of billing using a fixed, pre-determined exchange rate, or an exchange rate which is not referenced to a liquid market exchange rate, derivatives are bifurcated at the time the contracts are entered into.

2.22 Current and deferred income tax

(a) Deferred income tax

Deferred income tax is recognized in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax liabilities are not recognized if they arise from initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability, in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

2. Summary of significant accounting policies (continued)

2.22 Current and deferred income tax (continued)

(a) Deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(b) Current income tax

Current income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2.23 Employee benefits

(a) Defined contribution schemes

The Group operates a number of defined contribution plans which are funded by contributions from the Group and the employees based on the law ruling in each country. The amounts contributed by the Group is recognized as employee benefit expenses and are charged to profit or loss in the period to which the contributions relate. The Group has no further payment obligation once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

(b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(c) Other long-term employee benefits

The Group’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in the statement of income and other comprehensive income in the period in which they arise.

2.24 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. Equity settled share-based payment obligations granted to employees are measured at their fair value (at the date of grant or the date of amendment in the case of modification of terms) and the fair value is recognized as an expense in profit or loss, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions (for example, profitability, sales growth targets are expected to be met), such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date (note 3).

In the event of a modification of the terms of the share-based instruments, if the fair value of the new amended instruments is greater than the fair value of the original instruments as at the modification date, then for options vested at the modification date, the incremental fair value is recognized in profit or loss immediately and for unvested options, the incremental amount is recognized in profit or loss over the remaining vesting period.

In prior periods, and up to the 10 July 2019, the share-based compensation plans operated by the Group were classified and accounted for as cash-settled instruments. Options were measured at their fair value (at the date of grant) and the fair value was recognized as an expense in profit or loss with a corresponding liability recognized. Cash settled share-based payment liabilities were remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. At the end of each reporting period and up to 10 July 2019, the Group revised its estimates of the number of options that were expected to vest based on the non-market vesting conditions and service conditions and recognized the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to liability. Refer to note 28 for further information.

2. Summary of significant accounting policies (continued)

2.25 Decommissioning and site restoration obligations

The Group makes provision for any future cost of decommissioning of its telecommunication towers where required by regulation or land lease terms. These costs are expected to be incurred within a period of up to 20 years depending on the term of the leasehold. The Group estimates this provision using existing technology at current prices as quoted by decommissioning experts, escalated at the relevant inflation factor. The inflated decommissioning provision is subsequently discounted to present value using the Group's incremental borrowing rate for borrowings over the expected term of the leasehold. The timing of each decommissioning will depend on the term of the lease and whether or not the lessor intends to renew the rental contract. A corresponding amount is recognized as part of property, plant and equipment. This is subsequently depreciated as part of the tower. Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

3. Critical accounting estimates and judgements

The preparation of financial statements requires management to make certain judgements, accounting estimates and assumptions that affect the amounts reported for the assets and liabilities as at the end of the reporting period and the amounts reported for revenues and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. The key sources of judgment and estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities are discussed below.

In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

(a) Key accounting judgements

3.1 Going concern - Coronavirus

The COVID-19 outbreak and resulting measures taken by the federal and state governments in the countries where we operate to contain the virus have required some changes to how we operate (for example travel restrictions, increased working from home, practicing social distancing, increased hygiene measures and enhanced risk and contingency planning). During the current year however, and during the period after December 31, 2020 the financial impact on our business has not been significant as our operational teams were allowed to fulfil their responsibilities and visit sites even when local travel restrictions were in place.

However, in addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer-term impact on our business may be. The remaining duration of this pandemic remains uncertain but is expected to continue to impact the way we run our business, in particular in relation to office working and the ability to travel internationally without restriction. The below table outlines Management's assessment of and response to the main risks arising from the current uncertain situation regarding COVID-19. These risks inherently impact the significant judgements and estimates made by management.

	Assessment	Risk discussion and response
Revenue and profitability	▪ Limited impact on revenue collections thus far. ▪ Customers continue to perform, and we have not experienced significant deterioration in payments.	▪ The Group has long-term revenue contracts with its customers amounting to US$9.2 billion in contracted revenue. ▪ Our ability to collect revenue from our customers is impacted by our customers' ability to generate and collect revenues from their operations. Our customers have, in the main, seen an increased demand for their services. ▪ The impact on collections has thus far been limited and the Group remains in constant conversation with customers regarding their liquidity and ability to meet their obligations. ▪ The Group regularly reviews measures for cost savings whilst maintaining its ability to operate effectively and towards strategic goals. ▪ The Group has continued to invest in capital expenditure which supports revenue growth, albeit at lower levels than initially planned for the year ended December 31, 2020. The Group will continue to invest in capital expenditure relating to revenue growth during 2021.
Liquidity	▪ Sufficient liquidity is available. ▪ No current impact on going concern.	▪ The Group has cash and cash equivalents of US$585 million as at December 31, 2020. ▪ Management has assessed current cash reserves and the availability of undrawn facilities and continues to monitor available liquidity in the context of ongoing operational requirements and planned capital expenditure. ▪ In the context of current commitments and available liquidity, management believes that the going concern assumption remains appropriate. ▪ All of the Group's operations are cash generative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Critical accounting estimates and judgements (continued)

(a) Key accounting judgements (continued)

3.1 Going concern - Coronavirus (continued)

	Assessment	Risk discussion and response
Access to USD	▪ Moderate risk due to decreased availability.	▪ While there has been a reduction in US dollar liquidity in the Nigerian market, we were still able to source US$ dollars locally to fund our semi-annual coupons during the year, and management remain confident that we will be able to do so for the foreseeable future.
Workforce and internal controls	▪ Minimal impact to date.	▪ Employees are working remotely wherever possible or where required by local regulations. This has had a limited impact on the operation of and management oversight over internal controls which continue to operate effectively. ▪ Operational employees continue to operate in the field while observing strict safety guidelines. ▪ Our IT team monitors the increased risk of fraud, data or security breaches, loss of data and the potential for other cyber-related attacks and utilises security measures to mitigate such risks.
Supply chain	▪ Minimal impact to date.	▪ The Group works closely with suppliers and contractors to ensure availability of supplies on site, especially diesel supplies which are critical to many of our operations. ▪ Regular maintenance of our towers continues while observing strict safety guidelines for our employees and our suppliers and contractors.

Due to the uncertainty of COVID-19, we will continue to assess the situation, including abiding by any government-imposed restrictions, market by market. As part of their regular assessment of the Group's liquidity and financing position, the Directors have prepared detailed forecasts for a period which extends beyond 12 months after the date of approval of the financial statements. In assessing the forecasts, in addition to the impact of COVID-19 on the group's operations, the Directors have considered:

- the current economic conditions in the operating markets and how that impacts trading;
- the impact of macroeconomic factors, particularly interest rates and foreign exchange rates;
- the status of the Group's financial arrangements (see also note 22);
- mitigating actions available should business activities fall behind current expectations; and
- additional sensitivity analysis under a stressed scenario to assess the impact of a severe but plausible downside case.

Whilst inherently uncertain, and we expect some impact to our operations and performance, we currently do not believe that the COVID-19 outbreak will directly have a material adverse effect on our financial condition or liquidity for the foreseeable future. Having carefully considered this and the other factors noted above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least 12 months from the date of issuance of these financial statements and to operate within the covenant levels of its current debt facilities. The Directors therefore continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

3.2 Assessment of appropriate foreign exchange rate

The Group had been using the relevant central bank rate, being the relevant official rate in each jurisdiction for foreign currency translation. On April 24, 2017, the Central Bank of Nigeria (CBN) introduced a special foreign exchange window for investors and exporters, known as the NAFEX market.

By introducing the NAFEX window, the CBN created a situation where there are multiple differing official rates in the market. This resulted in a need for the Group to reach a judgement regarding the appropriate exchange rates for translating foreign denominated transactions and balances for Nigerian subsidiaries and for the translation of Nigerian results on consolidation. The Group considered the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates' and performed an assessment of the availability of the NAFEX rate in that market. The Group concluded that access to US Dollar in Nigeria in the future to meet payments or dividends is expected to be obtained via the more liquid NAFEX market.

From January 1, 2018, the NAFEX rate has been used for the translation of USD transactions and denominated balances in the Nigerian subsidiaries and also for consolidation purposes.

3. Critical accounting estimates and judgements (continued)

(a) Key accounting judgements (continued)

3.3 Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, less any periods covered by an option to terminate the lease, if it is reasonably certain it will be exercised.

The Group has the option under some of its leases to lease the assets for additional periods of up to 10 years. The Group applies judgement in evaluating whether it has a unilateral option to renew the lease for a further period or is otherwise provided that option under the laws governing the lease agreement and is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or for the landlord to accept a renewal, including the nature of the underlying asset, the availability of a similar asset in a similar location, and the expected business impact or relocating its towers. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its intention or ability to exercise (or not to exercise) the option to renew.

(b) Key accounting estimates

3.4 Impairment of non-financial assets

The Group assesses its non-financial assets including property, plant and equipment, goodwill, and other intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at the end of every reporting period. Such indicators include changes in the Group's business plans, changes in diesel prices, evidence of physical damage and technological changes and impacts of obsolescence. If there are rapid changes in technology of the existing telecommunication infrastructure, the Group may need to recognize significant impairment charges.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.13.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Refer to note 15 for Goodwill and intangible assets impairment considerations.

The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, the higher of the value in use and the fair value less costs of disposal. Value in use is determined on the basis of discounted estimated future net cash flows. Fair value less costs of disposal is determined on the basis of tower cash flow multiples from recent comparable transactions. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future revenue (taking into account tenancy rates), and the direct effect these have on gross profit margins in the initial five year forecast period, discount rates, terminal growth rates, valuation multiples observed in comparable transactions and cost related to the disposal of a business.

In determining value in use the Group makes estimates and assumptions concerning the future. The assumptions adopted in the computation of the value in use are considered reasonable to the circumstance of each CGU. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.5 Share-based payment valuation

The Group initially measures the cost of share-based payment transactions with employees using an option pricing model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and weighted average share price of each option and making assumptions about them.

Equity settled share-based payment obligations granted to employees are measured at their fair value (at the date of grant or the date of amendment in the case of modification of terms) and are recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. This requires a reassessment of the expectation of the likelihood of meeting the non-market performance conditions used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 28.

3. Critical accounting estimates and judgements (continued)

(b) Key accounting estimates (continued)

3.6 Regulatory accruals

The Group requires a variety of regulatory approvals and permits related to its license to operate and meets its compliance requirements in respect of individual tower sites. These charges are levied by various national and state authorities. There is uncertainty over the level of charges where rates (e.g. percentage of revenue) remain under negotiation with the relevant authorities and also over the period for which charges will apply where demands have not yet been received from authorities on a site by site basis. State authorities may also make claims on an ad-hoc basis for additional charges relating to new compliance requirements or charges significantly in excess of levels previously charged for an existing requirement. These ad-hoc claims may be made on a prospective or retrospective basis.

The Group recognizes an accrual for unbilled regulatory costs based on management estimates of the rates per permit/approval type, periods for which permits/approvals potentially relate and the probability of charges being raised resulting in a cash outflow. The most significant accrual relates to the Group's operations in Nigeria, where the amount accrued is US$28.3 million (2019: US$43.8 million). The accrual is based both on permits where rates are known amounts and those where amounts are based on management estimates including:

- the assumed percentage of maximum "claimed" liability related to "ad hoc" state level claims;
- the assumption that the risk related to potentially unpaid "regular" claims reduces over time and is accrued at 100% but reduced to 0% for balance over a certain number of years;
- assumptions regarding the risk of liabilities arising in respect of one-off site development related charges in respect of sites acquired by the group.

A 10 percentage point change in management's estimate of the amount of the potential liability that, subject to these estimates, will eventually be demanded and paid to the relevant authorities would alter the accrual at December 31, 2020 by approximately US$2.9 million (2019: US$3.5 million). Management has only considered items in the sensitivity analysis that are subject to management's rates estimate in the total amount accrued.

4. Introduction and overview of Group's risk management

The Group's activities expose it to a variety of financial risks including market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established the Executive Risk Management Committee, who is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the executive management to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is supported by various management functions that check and undertake both regular and ad hoc reviews of compliance with established controls and procedures.

4. Introduction and overview of Group's risk management (continued)

(a) Derivative instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. Derivatives do not meet the criteria for hedge accounting and are therefore classified as financial instruments through fair value through profit or loss.

- *Non-deliverable forwards* (*NDFs*) — The calculation of an NDF fair value is based on the difference between the contracted exchange rate and the anticipated spot exchange rate at the relevant period. The rate applied to represent the anticipated spot exchange rate requires judgement given the limited market liquidity in Nigeria. The Group has determined that the spot NAFEX exchange rate obtained from FMDQ OTC securities exchange is the most appropriate rate. The gain or loss at the settlement date is calculated by taking the difference between the agreed upon contract exchange rate (NGN/USD) and the spot rate at the time of settlement, for an agreed upon notional amount of funds.
- *Embedded options within listed bonds* — The bonds issued by IHS Netherlands Holdco B.V. in October 2016 and September 2019 have embedded options which allow early redemption at the option of the issuer and holder upon the occurrence of specified events. These are accounted for as derivatives at fair value through profit or loss.
- *Embedded derivatives within revenue contracts* — The embedded derivatives within revenue contracts represent the fair value of the US$ linked components of the Group's revenue contracts with customers, where such US$ linked components are translated to local currency at the time of billing using a fixed, pre-determined exchange rate or an exchange rate which is not referenced to a liquid market exchange rate. These are accounted for as derivatives at fair value through profit or loss.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group manages market risks by keeping costs low through various cost optimization programmes. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures other than the US Dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group is exposed to risks resulting from fluctuations in foreign currency exchange rates. A material change in the value of any such foreign currency could result in a material adverse effect on the Group's cash flow and future profits. The Group is exposed to foreign exchange risk to the extent that balances and transactions are denominated in a currency other than the functional currency in which they are measured.

In managing foreign exchange risk, the Group aims to reduce the impact of short-term fluctuations on earnings. The Group has no export sales, but it has customers that are either contracted using fees quoted in US Dollars or other foreign currencies, but with foreign exchange indexation. The Group's significant exposure to currency risk relates to its loan facilities that are mainly in foreign currencies. The Group manages foreign exchange risk through the use of derivative financial instruments such as currency swaps and forward contracts. The Group monitors the movement in the currency rates on an ongoing basis.

Currency exposure arising from assets and liabilities denominated in foreign currencies is managed primarily by setting limits on the percentage of net assets that may be invested in such deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Introduction and overview of Group's risk management (continued)

Sensitivity analysis

The table below shows the impact on the Group's loss if the exchange rate between the following currencies to US Dollars had increased or decreased, with all other variables held constant. The rate of change was determined by an assessment of a reasonable or probable change in the exchange rate being applied as at December 31.

	Effect on Euro $'000	Effect on Rwandan Franc $'000	Effect on Nigerian Naira $'000	Effect on Zambian Kwacha $'000	Effect on Brazilian Real $'000	Effect on Kuwaiti Dinar $'000
2020						
Rate of change	5%	5%	5%	5%	5%	5%
Effect of US Dollar weakening on loss	(18,652)	(3,522)	(114,799)	(10,808)	(14,302)	(250)
Effect of US Dollar strengthening on loss	18,652	3,522	114,799	10,808	14,302	250
2019						
Rate of change	5%	5%	5%	5%	n.a	n.a
Effect of US Dollar weakening on loss	(11,740)	(6,308)	(104,540)	(9,807)	n.a	n.a
Effect of US Dollar strengthening on loss	11,740	6,308	104,540	9,807	n.a	n.a

The impact is based on external and intercompany loans.

This analysis excludes the natural hedging arising from contracts with customers in the Nigeria, Zambia and Rwanda operations, which are either wholly or partly linked to the US Dollar exchange rate. It is, however, impracticable to incorporate the impact of this US Dollar component in the above analysis due to the complexity of the contracts and the timing of any devaluation event.

The Group is exposed to foreign exchange exposure that arises on intercompany loans denominated in US Dollars and Euro at a subsidiary level as a result of loan revaluations in local functional currency at period ends. The balances, as translated into US$, of the foreign denominated intercompany loans in the local books of the subsidiaries are:

	Nigerian Naira $'000	Rwandan Franc $'000	Zambian Kwacha $'000	Brazilian Real $'000	Kuwaiti Dinar $'000	US Dollar $'000
2020						
US Dollar loan	2,189,385	56,449	119,245	286,032	5,007	-
Euro loan	-	-	-	-	-	331,668
2019						
US Dollar loan	2,006,008	52,837	105,749	n.a	n.a	-
Euro loan	-	-	-	n.a	n.a	182,460

The summary of quantitative data about the Group's exposure to foreign exchange risk (balances excluding inter-company balances, and in currencies other than the local functional currency) is as follows:

	2020 $'000	2019 $'000
Trade receivables	18,596	11,302
Cash and cash equivalents	52,569	37,988
Trade payables	(34,351)	(9,526)
Borrowings	(258,859)	(291,988)
Net exposure	**(222,045)**	**(252,224)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Introduction and overview of Group's risk management (continued)

Sensitivity analysis (continued)

(ii) Interest rate risk

The Group's main interest rate risk arises from long term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The Group's fixed rate borrowings and receivables are carried at amortized cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. The Group manages interest rate risk through the use of derivative financial instruments such as interest rate caps or by issuing fixed rate debt.

The table below shows the impact on the Group's post tax loss if the interest rates increased or decreased by 1% (2019: 1%).

	2020 $'000	2019 $'000
Effect of 1% (2019: 1%) increase on post tax loss	5,850	3,041
Effect of 1% (2019: 1%) decrease on post tax loss	(6,035)	(2,681)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is managed on a Group basis. The Group accounts for the write-off of a trade receivable when a specific customer is assessed to be uncollectible, based on a review of their specific trading circumstances, credit quality and continuing poor payment performance of the specific customer.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was:

	2020 $'000	2019 $'000
Other receivables (note 19)	85,011	75,443
Derivative financial instrument assets (note 18)	182,691	42,657
Trade receivables (net) (note 19)	200,652	175,746
Cash and cash equivalents (note 20)	585,416	898,802
	1,053,770	**1,192,648**

No impairment allowance is recorded at December 31, 2020 in respect of cash and cash equivalents and other receivables (December 31, 2019: $nil). Derivative financial instruments are carried at fair value through profit or loss. Any fair value gains or losses are recognized in profit or loss during the period.

Credit ratings

The Group works with approved banks and financial institutions which it believes are financially sound, including by reference to their external ratings.

The credit ratings of the Group's other receivables at December 31, 2020 and 2019 are based on publicly reported Fitch ratings:

	2020 $'000	2019 $'000
Other receivables		
AA+	4,650	-
AAA	-	165
B+	-	2,512
B	4,881	2,526
B-	14,273	-
BB-	7,045	-
Not rated	54,162	70,240
	85,011	**75,443**

Refer to note 18 and note 20 for the credit ratings of derivative financial instrument assets and cash and cash equivalents respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Introduction and overview of Group's risk management (continued)

The finance department assesses the credit quality of a customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

The Group utilizes data analysis and market knowledge to determine the concentration of its risks by reference to independent and internal ratings of customers. The assessment of the concentration risk is consistent with the overall risk appetite as established by the Group.

The Group's credit concentration is based on internal ratings. The finance department classifies customers as first tier and second tier customers based on sales revenue from each customer during the period. First tier customers are the two to five customers that contributed 80% and above of total revenue and represent the major mobile network operators in our markets while second tier customers are the customers that contributed 20% and below of total revenue and typically represent ISPs or mobile operators with smaller or regional network footprints.

2020	**Internal Credit rating**		
	First tier $'000	**Second tier $'000**	**Total $'000**
Accrued Revenue	89,138	822	89,960
Not due	18,772	181	18,953
0-30 days	3,616	204	3,820
31-60 days	26,393	883	27,276
61-90 days	2,588	2,254	4,842
Over 90 days	129,056	60,545	189,601
Gross trade receivables	**269,563**	**64,889**	**334,452**
Impairment allowance	(84,219)	(49,581)	(133,800)
Net trade receivables	**185,344**	**15,308**	**200,652**

2019	**Internal Credit rating**		
	First tier $'000	**Second tier $'000**	**Total $'000**
Accrued Revenue	28,936	2,681	31,617
Not due	30,744	2,209	32,953
0-30 days	25,737	942	26,679
31-60 days	14,427	2,459	16,886
61-90 days	41,895	7,832	49,727
Over 90 days	113,755	38,018	151,773
Gross trade receivables	**255,494**	**54,141**	**309,635**
Impairment allowance	(94,874)	(39,015)	(133,889)
Net trade receivables	**160,620**	**15,126**	**175,746**

Over the term of trade receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis on a customer by customer basis. In calculating the expected credit loss for each customer, the Group considers historical loss rates, available information on the customer's financial position and adjusts for forward looking macroeconomic data

Impairment allowances, derived in accordance with the policy described in note 2.17.4, predominantly relate to provisions representing a significant proportion of the aged balances due from a small number of customers with poor payment history.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2020 $'000	**2019 $'000**
Opening balance	133,889	110,615
Increase in impairment provision	13,081	27,944
Written-off during the year	(2,106)	(5,591)
Foreign exchange	(11,064)	921
	133,800	**133,889**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Introduction and overview of Group's risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Group has various credit arrangements with some banks which can be utilized to meet its liquidity requirements. At the end of the reporting period, the Group had US$2.3 billion (2019: US$2.0 billion) utilized of US$2.6 billion (2019: US$2.1 billion) credit facilities with its financiers.

Typically, the credit terms with customers are more favorable compared to payment terms from its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyzes the Group's financial liabilities including estimated interest payments and excluding the impact of netting agreements into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year $'000	2 - 3 years $'000	4 - 5 years $'000	Over 5 years $'000	Total $'000
2020					
Trade payables (note 21)	301,813	-	-	-	301,813
Other payables (note 21)	72,286	9,565	-	-	81,851
Payroll and other related statutory liabilities (note 21)	27,476	-	-	-	27,476
Lease liabilities (note 23)	39,677	152,386	44,294	217,233	453,590
Bank and bond borrowings	292,945	601,981	949,481	1,116,712	2,961,119
	734,197	**763,932**	**993,775**	**1,333,945**	**3,825,849**
2019					
Trade payables (note 21)	338,402	-	-	-	338,402
Other payables (note 21)	46,933	-	-	-	46,933
Payroll and other related statutory liabilities (note 21)	18,870	-	-	-	18,870
Lease liabilities (note 23)	28,158	44,710	47,504	222,208	342,580
Bank and bond borrowings	244,957	666,072	597,585	1,509,813	3,018,427
	677,320	**710,782**	**645,089**	**1,732,021**	**3,765,212**

(e) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the leverage ratio to optimize market pricing, such that Net Debt (loan principal outstanding less cash and cash equivalents) to Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (Adjusted EBITDA) would be within a long term target leverage of 3.0x and 4.0x (2019: 3.0x and 4.0x), subject to various factors such as the availability and cost of capital and the potential long term return on our discretionary investments. We may fall outside of the target range in the shorter term to accommodate acquisitions or other restructurings. Adjusted EBITDA as defined by the Group is profit/(loss) for the period before income tax expense/(benefit), finance costs and income, depreciation and amortization, impairment of withholding tax receivables, business combination transaction costs, impairment of property, plant and equipment and related prepaid land rent on the decommissioning of sites, net (profit)/loss on sale of assets, share-based payment (credit)/expense, insurance claims, provisions for bad or doubtful debts related to one Key Customer as a result of its restructuring, costs relating to a potential offering and certain other items that management believes are not indicative of the core performance of its business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Introduction and overview of Group's risk management (continued)

(e) Capital risk management (continued)

The Group's net leverage ratios are shown in the table below:

	2020 $'000	2019 $'000
Bank and bond borrowings (note 22)	2,203,209	2,055,878
Lease liabilities (note 23)	314,747	184,494
Less: Cash and cash equivalents (note 20)	(585,416)	(898,802)
Net debt	1,932,540	1,341,570
Adjusted EBITDA	**819,014**	**668,614**
Net leverage ratio	2.4x	2.0x

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value at December 31, 2020 and 2019.

2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Fair value through other comprehensive income financial assets	8	-	-	8
Embedded options within listed bonds (note 18)	-	155,196	-	155,196
Non-deliverable forwards (NDF) (note 18)	-	27,495	-	27,495
Embedded derivatives within revenue contracts (note 18)	-	-	(7,285)	(7,285)
	8	**182,691**	**(7,285)**	**175,414**

2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Fair value through other comprehensive income financial assets	11	-	-	11
Embedded options (note 18)	-	42,604	-	42,604
Non-deliverable forwards (NDF) (note 18)	-	53	-	53
	11	**42,657**	**-**	**42,668**

As at the end of the reporting period, the Group has both level 1,level 2 and level 3 financial instruments.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise investment in marketable securities and classified as fair value through other comprehensive income financial assets.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise primarily of non-deliverable forwards (NDF), options embedded in the bond and share-based payments. Their fair values are determined based on mark-to-market values provided by the counterparty financial institutions or valuation techniques using observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Introduction and overview of Group's risk management (continued)

(e) Capital risk management (continued)

Fair value hierarchy (continued)

Financial instruments in level 3

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques are not based on observable market data and rely on entity or market specific estimates. If all significant inputs required to fair value an instrument are not observable, the instrument is included in level 3. Instruments included in level 3 are the bifurcated embedded derivatives within revenue host contracts.

Reconciliation of Level 3 fair value measurements of financial instruments

	Total $'000
Opening balance at January 1	-
Recognition of embedded derivatives within revenue contracts	7,575
Change in fair value	(169)
Foreign exchange translation impact	(121)
Closing balance at December 31	**7,285**

Valuation techniques and significant unobservable inputs

Type	Significant unobservable inputs	Valuation technique	Weighted average rates and probabilities	Sensitivity of the input to fair value
Bifurcated embedded derivative within revenue host contracts	▪ Forward looking CBN USD/NGN rate from the valuation date to the date the reference rate is no longer applicable. ▪ Forward looking NAFEX USD/NGN rate from the valuation date to the date the reference rate is no longer applicable. ▪ Probability that the potential discounts available to the customer will be realized at a future date	The fair value was determined as the difference between the discounted future revenue cash flows at forecast liquid market rates (NAFEX) versus at non-liquid market rate (CBN)	▪ Illiquid rate: NGN382.00/US$ 1 ▪ Liquid rate: NGN409.4/US$ 1 ▪ Probability of discount: 100%. The discount is binary.	The sensitivity is performed on the basis of an increase or decrease of 5% in the difference between the liquid and illiquid market rates. ▪ 5% increase: Increase of $5.5 million in the derivative liability. ▪ 5% decrease: Decrease of $5.5 million in the derivative liability. If the customer did not achieve a discount, this would increase the derivative liability by $0.9 million

Fair value estimation

	2020		2019	
Financial liabilities	**Carrying value $'000**	**Fair value $'000**	**Carrying value $'000**	**Fair value $'000**
Bank and bond borrowings (note 22)	2,203,209	2,230,846	2,055,878	2,063,187
	2,203,209	**2,230,846**	**2,055,878**	**2,063,187**

The fair values of non-current liabilities are based on discounted cash flows using a current borrowing rate.

The fair value of current assets and current liabilities are not materially different from their carrying values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Introduction and overview of Group's risk management (continued)

(e) Capital risk management (continued)

Financial instruments by category

The Group's financial instruments are categorized as follows:

Financial assets	Amortized cost $'000	Fair value through other comprehensive income $'000	Fair value through profit or loss $'000	Total $'000
2020				
Trade receivables (note 19)	200,652	-	-	200,652
Other receivables (note 19)	85,011	-	-	85,011
Cash and cash equivalents (note 20)	585,416	-	-	585,416
Fair value through other comprehensive income financial assets	-	8	-	8
Derivative financial instruments assets (note 18)	-	-	182,691	182,691
	871,079	**8**	**182,691**	**1,053,778**
2019				
Trade receivables (note 19)	175,746	-	-	175,746
Other receivables (note 19)	75,443	-	-	75,443
Cash and cash equivalents (note 20)	898,802	-	-	898,802
Fair value through other comprehensive income financial assets	-	11	-	11
Derivative financial instruments assets (note 18)	-	-	42,657	42,657
	1,149,991	**11**	**42,657**	**1,192,659**

Fair value through other comprehensive income financial assets (IFRS 9) are marketable securities in various financial institutions in Nigeria.

Financial liabilities	Amortized cost $'000	Fair value through profit or loss $'000	Total $'000
2020			
Bank and bond borrowings (note 22)	2,203,209	-	2,203,209
Trade payables (note 21)	301,813	-	301,813
Other payables (note 21)	72,286	-	72,286
Derivative financial instruments liabilities (note 18)	-	7,285	7,285
Lease liabilities (note 23)	314,747	-	314,747
	2,892,055	**7,285**	**2,899,340**
2019			
Bank and bond borrowings (note 22)	2,055,878	-	2,055,878
Trade payables (note 21)	338,402	-	338,402
Other payables (note 21)	46,933	-	46,933
Lease liabilities (note 23)	184,494	-	184,494
	2,625,707	**-**	**2,625,707**

The Senior Credit Facilities are secured by a negative pledge over the guarantors of the facility (refer to note 22) and the terms thereof do not permit any subsidiary in the guarantors to pledge its assets as security for the purposes of raising further financial indebtedness. The carrying value of the financial assets pledged in this manner is US$487.5 million.

The fair values of non-current liabilities are based on discounted cash flows using a current borrowing rate. The fair values of trade payable and other current liabilities are not materially different from carrying values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment reporting

The Group's Executive Committee, identified as the chief operating decision maker (CODM), reviews and evaluates the Group's performance from a business perspective according to how the geographical locations are managed. Regional and operating company management are responsible for managing performance, underlying risks, and effectiveness of operations. Regions are broadly based on a scale and geographic basis because the Group's risks and rates of return are affected predominantly by the fact that the Group operates in different geographical areas, namely Nigeria as the major market, Cameroon, Côte d'Ivoire, Rwanda and Zambia, as our Sub Saharan Africa business ("SSA"), Kuwait as our Middle East and North Africa business ("MENA") and Brazil, Colombia and Peru as our Latin America business ("Latam")

The Executive Committee reviews the Company's internal reporting to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM has identified four operating segments:

- Nigeria
- SSA (formerly referred to as Rest of Africa), which comprises operations in Cameroon, Côte d'Ivoire, Rwanda and Zambia
- Latam, which comprises operations in Brazil, Colombia and Peru
- MENA, which comprises operations in Kuwait

Latam and MENA are operating segments effective from February 2020 following the acquisition of IHS Brasil Cessão de Infraestruturas Limitada and IHS Kuwait Limited (refer to note 32).

Effective in October 2020, the Company changed its operating segments based on the internal regional management organizational reporting lines and responsibilities and the way in which the CODM analyzes performance and allocates resources. Accordingly, the segment disclosures reflect the change in operating segments retrospectively. There was no impact on the amounts reported previously as the segment was comprised of the same operations.

All operating segments are engaged in the business of leasing tower space for communication equipment to Mobile Network Operators (MNOs) and other customers (internet service providers, security functions or private corporations) and provide managed services in limited situations, such as maintenance, operations and leasing services, for certain towers owned by third parties within their respective geographic areas. However, they are managed and grouped within the four reportable segments, which are primarily distinguished by reference to the scale of operations, to the similarity of their future prospects and long-term financial performance (i.e. margins and geographic basis).

The CODM primarily uses a measure of Adjusted EBITDA (as defined in note 4(e)) to assess the performance of the business. The CODM also regularly receives information about the Group's revenue, assets and liabilities. The Group has additional corporate costs which do not meet the quantitative thresholds to be separately reported and which are aggregated in 'Other' in the reconciliation of financial information presented below. These include costs associated with centralized Group functions including Group executive, legal, finance, tax and treasury services.

There are no revenue transactions which occur between reportable segments. Intercompany finance income, finance costs and loans are not included in the amounts below.

The segment's assets and liabilities are comprised of all assets and liabilities attributable to the segment, based on the operations of the segment and the physical location of the assets, including goodwill and other intangible assets and are measured in the same way as in the financial statements. Other assets and liabilities that are not attributable to Nigeria, SSA, Latam and MENA segments consist principally of amounts excluded from specific segments including costs incurred for and by Group functions not attributable directly to the operations of the reportable segments, share-based payment and warrant obligations (warrant obligations are only applicable to the 2019 year) and any amounts due on debt held at Group level as the balances are not utilized in assessing each segment's performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment reporting (continued)

Summarized financial information for the year ended December 31, 2020 is as follows:

2020

	Nigeria $'000	SSA $'000	Latam $'000	MENA $'000	Other $'000	Total $'000
Revenues from external customers	**1,037,836**	**313,416**	**30,185**	**21,712**	**-**	**1,403,149**
Adjusted EBITDA (note 4(e))	**701,273**	**170,784**	**22,696**	**9,937**	**(85,676)**	**819,014**
Depreciation and amortization (note 7 and 8)	(293,235)	(82,404)	(18,618)	(9,333)	(5,072)	**(408,662)**
Net (gain)/loss on disposal of property, plant and equipment (note 8)	831	(65)	-	(2)	-	**764**
Insurance claims (note 9)	6,264	8,723	-	-	-	**14,987**
Impairment of withholding tax receivables	(31,533)	-	-	-	-	**(31,533)**
Business combination costs	-	-	(1,793)	-	(11,934)	**(13,727)**
Impairment of property, plant and equipment and prepaid rental	(21,343)	(6,251)	-	-	-	**(27,594)**
Listing costs	-	-	-	-	(12,652)	**(12,652)**
Other costs (a)	-	-	-	-	(310)	**(310)**
Share-based payment expense (note 8)	-	-	-	-	(8,342)	**(8,342)**
Finance income (note 10)	35,853	599	365	44	112,107	**148,968**
Finance costs (note 11)	(364,438)	(117,895)	(59,454)	(2,915)	(89,064)	**(633,766)**
Profit/(loss) before income tax	**33,672**	**(26,509)**	**(56,804)**	**(2,269)**	**(100,943)**	**(152,853)**
Additions of property, plant and equipment and intangible assets:						
- through business combinations	-	-	760,246	112,878	-	**873,124**
- In the normal course of business	195,692	61,147	31,703	8,465	3,447	**300,454**
Segment assets	2,040,911	1,043,669	682,813	142,210	538,040	**4,447,643**
Segment liabilities	747,428	532,801	266,596	92,917	1,583,710	**3,223,452**

(a) Other costs for the year ended December 31, 2020 related to aborted transaction costs.

Summarized financial information for the year ended December 31, 2019 is as follows:

2019

	Nigeria $'000	SSA $'000	Other $'000	Total $'000
Revenues from external customers	**925,704**	**305,352**	**-**	**1,231,056**
Adjusted EBITDA (note 4(e))	**559,049**	**165,626**	**(56,061)**	**668,614**
Depreciation and amortization (note 7 and 8)	(290,449)	(89,596)	(4,462)	**(384,507)**
Net loss on disposal of property, plant and equipment (note 8)	(2,427)	(3,392)	-	**(5,819)**
Insurance claims (note 9)	3,429	178	-	**3,607**
Impairment of withholding tax receivables	(44,586)	-	-	**(44,586)**
Business combination costs	-	-	(3,745)	**(3,745)**
Impairment of property, plant and equipment and prepaid land	(19,844)	(1,760)	-	**(21,604)**
Listing costs	-	-	(1,078)	**(1,078)**
Other costs (a)	-	-	(16,932)	**(16,932)**
Share-based payment expense (note 8)	-	-	(351,054)	**(351,054)**
Finance income (note 10)	5,559	1,431	29,055	**36,045**
Finance costs (note 11)	(118,756)	(75,392)	(94,767)	**(288,915)**
Profit/(loss) before income tax	**91,975**	**(2,905)**	**(499,044)**	**(409,974)**
Additions of property, plant and equipment and intangible assets	363,501	49,704	14,705	**427,910**
Segment assets	2,349,699	1,056,982	758,027	**4,164,708**
Segment liabilities	768,206	552,343	1,413,840	**2,734,389**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment reporting (continued)

(a) Other costs for the year ended December 31, 2019 included redundancy costs of US$3.2 million, aborted transaction costs of US$0.6 million, US$9.6 million of consultancy, facility set up, and other related expenses for the Group's finance transformation program and US$3.4 million related to MENA start-up costs.

Geographical information:

The following countries contribute material revenue and/or have material non-current assets in country as follows:

	2020 $'000	2019 $'000
Revenue		
Nigeria	1,037,836	925,704
Rest of world	365,313	305,352
	1,403,149	**1,231,056**
Non-current assets*		
Nigeria	1,654,318	1,991,553
Côte d'Ivoire	330,705	317,597
Cameroon	n.a as less than 10%	288,773
Brazil	641,253	-
Rest of world	626,991	276,867
	3,253,267	**2,874,790**

*Non-current assets exclude available for sale financial assets, non-current trade and other receivables and deferred tax assets.

Revenue from three tier one customers represent approximately 10% or more of the Group's total revenue:

	2020 $'000	2019 $'000
Customer A	66%	63%
Customer B	n.a as less than 10%	13%
Customer C	14%	14%

6. Revenue

The Group's revenue accrues from providing telecommunications support services. The Group provides infrastructure sharing and leasing known as colocation (which includes colocation rental revenue and colocation services) and to a limited extent, managed services.

	2020 $'000	2019 $'000
Lease component	1,026,103	889,909
Services component	377,046	341,147
	1,403,149	**1,231,056**

The following table shows unsatisfied performance obligation which represents the services component of future minimum receipts expected from customer under non-cancellable agreements in effect at December 31, as follows:

	2020 $'000	2019 $'000
Within one year	343,209	290,645
1-2 years	331,608	263,298
2-3 years	291,891	250,167
3-4 years	258,129	218,380
4-5 years	214,223	196,753
After 5 years	879,294	894,086
	2,318,354	**2,113,329**

The Group leases space on its towers under leases over periods ranging between 5 and 20 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Revenue (continued)

The lease component of future minimum receipts expected from tenants under non-cancellable agreements in effect at December 31, were as follows:

	2020 $'000	2019 $'000
Within one year	1,011,501	791,654
1-2 years	981,778	704,054
2-3 years	880,316	678,734
3-4 years	801,452	572,273
4-5 years	625,352	520,933
After 5 years	2,594,074	2,108,418
	6,894,473	**5,376,066**

Certain customer contracts allow for the cancellation of a proportion of sites during the contract term without payment of termination penalties. The minimum service and lease revenue in the tables above assumes that each customer will fully utilize this churn available to them under the contract. Where rentals are denominated in US Dollar, which is not the functional currency of the subsidiary, they have been included in the above table at the exchange rate at the end of the reporting period.

7. Cost of sales

	2020 $'000	2019 $'000
Tower repairs and maintenance	75,931	69,304
Power generation	216,030	237,640
Short term site rental	7,543	3,547
Short term other rent	3,085	2,289
Vehicle maintenance and repairs	2,754	2,108
Site regulatory permits	27,313	19,360
Security services	32,719	33,027
Insurance	4,695	5,958
Staff costs (note 8.3)	24,588	20,561
Travel costs	4,313	4,719
Professional fees	2,457	2,122
Depreciation (note 14)*	367,007	353,368
Amortization (note 15)	32,503	24,549
Impairment of property, plant and equipment and prepaid land rent (note 30)	27,594	21,604
Other	9,891	10,811
	838,423	**810,967**

Foreign exchange gains and losses on cost of sales are included in Other.

* Presented net of related indirect tax receivable in Brazil of $0.8 million. Refer to note 14.

8. Administrative expenses

	2020 $'000	2019 $'000
Facilities, short term rental and upkeep	12,872	12,881
Depreciation (note 14)	6,240	2,392
Amortization (note 15)	2,912	4,198
Travel costs	6,815	13,475
Staff costs (note 8.3)	78,376	45,523
Key management compensation (note 31.2)	13,776	20,215
Share-based payment expense (note 28)	8,342	351,054
Professional fees	38,200	15,275
Business combination transaction costs	13,727	3,745
Impairment of withholding tax receivables*	31,533	44,586
Net (gain)/loss on disposal of property, plant and equipment	(764)	5,819
Operating taxes	2,239	505
Other	21,844	36,617
	236,112	**556,285**

*Withholding tax was impaired following the Group's assessment of the recoverability of withholding tax assets based on a five year cash flow projection and an analysis of the utilization of withholding tax balances against future income tax liabilities.

Foreign exchange gains and losses on administrative expenses are included in Other.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8.1 Loss allowance on trade receivables

The loss allowance on trade receivables expense of US$13.1 million (2019: US$27.9 million) relates to impairment provisions made for trade accounts receivable that are assessed as doubtful in recovery and thus are impaired.

8.2 Staff costs are analyzed as follows:

	2020 $'000	2019 $'000
Salaries and wages	85,690	54,632
Pension contribution – employer	3,780	2,474
Other benefits	13,494	8,978
	102,964	**66,084**

Other benefits are comprised of employee related insurances, employee training costs, staff entertainment and redundancy costs.

8.3 Staff costs were classified as:

	2020 $'000	2019 $'000
Cost of sales	24,588	20,561
Administrative expenses	78,376	45,523
	102,964	**66,084**

9. Other income

	2020 $'000	2019 $'000
Insurance claims*	14,987	3,607
Other income	1,425	3,429
	16,412	**7,036**

*Includes US$8.7 million (2019:US$nil) relating to one off claim in Cameroon.

10. Finance income

	2020 $'000	2019 $'000
Interest income - bank deposits	5,101	14,732
Net foreign exchange gain arising from derivative instruments - realized	4,061	228
Net foreign exchange gain on derivative instruments - unrealized	29,151	53
Fair value gain on embedded options	110,655	17,245
Fair value gain on warrants	-	3,787
	148,968	**36,045**

11. Finance costs

	2020 $'000	2019 $'000
Interest expenses – third party loans	182,246	193,829
Unwinding of discount on decommissioning liability	2,644	1,712
Interest and finance charges paid/payable for lease liabilities	27,384	16,024
Net foreign exchange loss arising from financing - unrealized	363,953	47,291
Net foreign exchange loss arising from financing - realized	49,564	-
Net foreign exchange loss on derivative instruments - realized	-	1,594
Costs paid on early loan settlement	-	22,153
Fees on loans and financial derivatives	7,806	6,312
Fair value loss on embedded derivative within revenue contract	169	-
	633,766	**288,915**

Net foreign exchange loss arising from financing - unrealized in 2020 is primarily due to significant fluctuations in exchange rates predominantly between the Kwacha and the US Dollar, the Naira and the US Dollar rate and the Brazilian Real and the US Dollar (2019: predominantly from the Kwacha and US Dollar rate and the Naira and the US Dollar rate). This arises on commercial bank and related party loans denominated in US Dollars at subsidiary level as a result of loan revaluations in local functional currency at period ends. Refer to note 4(b) for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Income Tax Expense

	2020 $'000	2019 $'000
Current taxes on income	95,107	3,304
Deferred income taxes (note 16)	74,722	10,214
Total taxes	**169,829**	**13,518**
Reconciliation of effective tax charge		
Loss before income tax	(152,853)	(409,974)
Tax calculated at domestic tax rates applicable to profits in respective countries	(66,049)	(71,224)
Tax effects of:		
Tax incentives and income not subject to taxation	(34,932)	(39,725)
Expenses not deductible for tax purposes	82,662	88,792
Tax losses and other deductible temporary difference for which no deferred income tax asset was recognized	282,393	109,927
Prior year under/(over) provision	478	(43,280)
Recognition and utilization of previously unrecognized deferred tax assets	(100,990)	(89,452)
Other profit-related taxes	876	5,813
Foreign tax credit	(3,570)	(8,406)
Non-deductible share-based payment expense	1,082	52,136
Foreign exchange effects and other differences	7,879	8,937
Total taxes	**169,829**	**13,518**

	2020 $'000	2019 $'000
Current income tax receivables	-	233
Current income tax payables	(48,703)	(30,373)
	(48,703)	**(30,140)**

	2020 $'000	2019 $'000
The movement in the current income tax is as follows:		
At beginning of year	(30,140)	(26,415)
Additions through business combination (note 32)	(1,538)	-
Charged to profit or loss	(95,107)	(3,304)
Paid during the year	14,540	13,396
Withholding tax netting off	59,986	-
Exchange difference	3,556	(13,817)
At end of year	**(48,703)**	**(30,140)**

Deferred income tax assets are recognized for deductible temporary differences and tax losses carried forward only to the extent that the realization of the related tax benefits are expected to be met through the reversal of taxable temporary differences and future taxable profits. For those jurisdictions which have operating losses that are not expected to be utilized against future taxable profits, any deferred tax assets recognized are only to the extent of deferred tax liabilities. Refer to note 16 for deferred income tax.

13. Loss per share

The following table sets forth basic and diluted net income per common share computational data (in thousands, except per share data):

	2020 $'000	2019 $'000
Loss attributable to equity holders ($'000)	(322,682)	(423,492)
Less: allocation of loss to non-controlling interest ($'000)	(688)	-
Loss attributable to IHS common shareholders ($'000)	**(321,994)**	**(423,492)**
Basic weighted average shares outstanding ('000)	147,051,494	146,784,812
Potentially dilutive securities ('000)	11,622,854	11,455,491
Potentially dilutive weighted average common shares outstanding ('000)	158,674,348	158,240,303
Loss per share:		
Basic loss per share ($)	(0.00)	(0.00)
Diluted loss per share ($)	(0.00)	(0.00)

Potentially dilutive securities include share-based compensation, but these securities are currently anti-dilutive and thus do not impact diluted loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Property, plant and equipment

	Towers and tower equipment $'000	Land and buildings $'000	Furniture and office equipment $'000	Motor vehicles $'000	Capital work in progress $'000	Total (excluding right-of-use asset) $'000	Right-of-use asset $'000
Cost							
At January 1, 2019	**2,257,701**	**48,679**	**13,500**	**18,708**	**138,227**	**2,476,815**	**372,000**
Additions during the year	15,135	859	2,732	3,327	91,004	**113,057**	47,470
Reclassification	129,420	1,825	-	-	(131,245)	**-**	-
Transfer from advance payments	272,298	672	-	-	(10,873)	**262,097**	-
Disposals*	(106,757)	-	(187)	(1,689)	-	**(108,633)**	(6,307)
Effects of movement in exchange rates	(40,160)	(301)	(168)	(522)	(2,053)	**(43,204)**	(6,266)
At December 31, 2019	**2,527,637**	**51,734**	**15,877**	**19,824**	**85,060**	**2,700,132**	**406,897**
At January 1, 2020	2,527,637	51,734	15,877	19,824	85,060	**2,700,132**	406,897
Additions during the year	10,287	768	2,470	2,576	87,014	**103,115**	72,888
Additions through business combinations (note 32)	144,388	566	305	-	4,970	**150,229**	129,711
Reclassification	91,165	887	808	658	(93,518)	**-**	-
Transfer from advance payments	124,272	620	91	-	(2,997)	**121,986**	-
Disposals*	(23,591)	(1,203)	(95)	(1,310)	-	**(26,199)**	(15,721)
Effects of movement in exchange rates	(214,038)	(5,936)	(1,287)	(1,600)	(5,883)	**(228,744)**	(44,181)
At December 31, 2020	**2,660,120**	**47,436**	**18,169**	**20,148**	**74,646**	**2,820,519**	**549,594**
Accumulated depreciation and impairment							
At January 1, 2019	918,520	880	10,842	14,597	-	**944.839**	-
Charge for the year	313,320	296	2,145	1,869	-	**317,630**	38,130
Impairment	21,565	-	-	-	-	**21,565**	-
Disposals*	(101,100)	-	(173)	(1,457)	-	**(102,730)**	(735)
Effects of movement in exchange rates	(17,821)	(13)	(136)	(357)	-	**(18,327)**	(360)
At December 31, 2019	**1,134,484**	**1,163**	**12,678**	**14,652**	**-**	**1,162,977**	**37,035**
At January 1, 2020	1,134,484	1,163	12,678	14,652	-	**1,162,977**	37,035
Charge for the year **	315,131	331	2,547	1,959	-	**319,968**	54,089
Impairment	26,824	421	-	-	-	**27,245**	-
Disposals*	(21,435)	-	(41)	(1,294)	-	**(22,770)**	(5,594)
Effects of movement in exchange rates	(102,812)	(187)	(893)	(1,049)	-	**(104,941)**	(4,066)
At December 31, 2020	**1,352,192**	**1,728**	**14,291**	**14,268**	**-**	**1,382,479**	**81,464**
Net book value							
At December 31, 2019	**1,393,153**	**50,571**	**3,199**	**5,172**	**85,060**	**1,537,155**	**369,862**
At December 31, 2020	**1,307,928**	**45,708**	**3,878**	**5,880**	**74,646**	**1,438,040**	**468,130**

*The disposals value of right-of-use assets represents disposals due to terminated leases and the impact of remeasurement of lease assets as a result of changes in lease terms.

**The charge for the period does not agree to the charge in the consolidated statement of income and other comprehensive income due to the indirect taxes benefit of US$0.8 million (2019: US$nil) in IHS Brasil Cessão de Infraestruturas Limitada claimed through depreciation over the useful life of the asset.

Capital work-in-progress comprises mainly of tower and tower equipment still under construction and not yet available for use. The Group transfers such assets to the appropriate class once they are available for use. There were no qualifying borrowing costs capitalized during the year.

The impairment in the year ended December 31, 2020 relates to towers on certain sites made dormant following the consolidation of customer equipment between sites, such towers being no longer in use and with no installed customer equipment, and to a US$5.7 million impairment in Cameroon following a fire at a warehouse site. The impairment in the year ended December 31, 2019 relates to towers on certain sites made dormant following the consolidation of customer equipment between sites and to certain sites in Cameroon that were vandalized and inaccessible and are thus not in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Property, plant and equipment (continued)

It was determined that the recoverable amount was nil and therefore the carrying amount was written down to the recoverable amount. The impairment loss has been recognized in cost of sales in the consolidated statement of income and other comprehensive income.

The carrying value of the "Towers and tower equipment" asset category includes assets amounting to US$21.8 million related to asset retirement obligations arising from legislative requirements and the terms of lease agreements included in Lease liabilities (note 23).

(i) Depreciation expense has been included in cost of sales and administrative expenses in the statement of income and other comprehensive income as below:

	2020 $'000	**2019 $'000**
Cost of sales (note 7)	367,007	353,368
Administrative expense (note 8)	6,240	2,392
	373,247	**355,760**

(ii) Analysis of additions to property, plant and equipment

	2020 $'000	**2019 $'000**
Additions through cash - capital work in progress	87,014	91,004
Additions through decommissioning estimates	8,315	405
Additions through right of use assets	72,888	47,470
Additions through cash - others	7,786	21,648
	176,003	**160,527**

(iii) Analysis of right of use assets

The carrying value of right of use assets at December 31, 2020 are comprised of vehicles of US$1.3 million (2019:US$0.3 million) and land and building assets, the majority being leased land on which our towers are situated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill and other intangible assets

	Goodwill $'000	Customer-related intangible assets $'000	Network - related intangible assets $'000	Licenses $'000	Software $'000	Total $'000
Cost						
At January 1, 2019	530,910	503,442	43,841	14,876	15,639	1,108,708
Additions during the year	-	-	-	19	5,267	5,286
Exchange difference	(12,518)	(6,452)	(285)	(303)	(4)	(19,562)
At December 31, 2019	**518,392**	**496,990**	**43,556**	**14,592**	**20,902**	**1,094,432**
At January 1, 2020	518,392	496,990	43,556	14,592	20,902	1,094,432
Additions during the year	-	-	-	4	2,460	2,464
Additions through business combinations (note 32)	232,030	324,290	36,831	-	33	593,184
Disposals	-	-	-	(1)	(475)	(476)
Exchange difference	(93,915)	(88,846)	(6,835)	1,201	(829)	(189,224)
At December 31, 2020	**656,507**	**732,434**	**73,552**	**15,796**	**22,091**	**1,500,380**
Accumulated amortization and impairment						
At January 1, 2019	251	71,501	13,106	4,284	10,061	99,203
Charge for the year	-	19,468	2,950	877	5,452	28,747
Exchange difference	-	(1,084)	(101)	(94)	(12)	(1,291)
At December 31, 2019	**251**	**89,885**	**15,955**	**5,067**	**15,501**	**126,659**
At January 1, 2020	251	89,885	15,955	5,067	15,501	126,659
Charge for the year	-	26,921	4,070	871	3,553	35,415
Disposals	-	-	-	-	(475)	(475)
Exchange difference	-	(7,091)	(1,003)	518	(740)	(8,316)
At December 31, 2020	**251**	**109,715**	**19,022**	**6,456**	**17,839**	**153,283**
Net book value						
At December 31, 2019	**518,141**	**407,105**	**27,601**	**9,525**	**5,401**	**967,773**
At December 31, 2020	**656,256**	**622,719**	**54,530**	**9,340**	**4,252**	**1,347,097**

Network related intangible assets represent future income from leasing excess tower capacity to new tenants. Customer related intangible assets represent customer contracts and relationships.

Amortization expense has been included in cost of sales and administrative expenses in the statement of income and other comprehensive income:

	2020 $'000	2019 $'000
Cost of sales (note 7)	32,503	24,549
Administrative expenses (note 8)	2,912	4,198
	35,415	**28,747**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill and other intangible assets (continued)

15.1 Allocation of goodwill

Management reviews the business performance based on the geographical location of business. It has identified IHS Nigeria Limited, INT Towers Limited, IHS Towers NG Limited, IHS Cameroon S.A., IHS Côte d'Ivoire S.A., IHS Rwanda Group, IHS Zambia Group, IHS Kuwait Limited and IHS Latam Group as the main CGUs. IHS Nigeria Limited, INT Towers Limited and IHS Towers NG Limited CGUs related to the Nigeria operating segment, IHS Cameroon S.A, IHS Côte d'Ivoire S.A, IHS Zambia Group and IHS Rwanda Group CGUs related to the SSA operating segment, IHS Kuwait Limited CGU related to the MENA operating segment, and IHS Latam Group CGU related to the Latam operating segment. Goodwill is monitored by management at CGU level. The following is a summary of goodwill allocation for each CGU.

	Opening balance $'000	Additions $'000	Effects of movements in exchange rates $'000	Closing balance $'000
2020				
IHS Nigeria Limited	71,297	-	(7,923)	63,374
INT Towers Limited	256,149	-	(28,434)	227,715
IHS Towers NG Limited	51,460	-	(5,719)	45,741
IHS Cameroon S.A.	43,933	-	4,237	48,170
IHS Côte d'Ivoire S.A.	21,787	-	2,101	23,888
IHS Zambia Group	60,529	-	(20,622)	39,907
IHS Rwanda Group	12,986	-	(667)	12,319
IHS Kuwait Limited	-	13,143	(1)	13,142
IHS Latam Group	-	218,887	(36,887)	182,000
	518,141	**232,030**	**(93,915)**	**656,256**
2019				
IHS Nigeria Limited	71,328	-	(31)	71,297
INT Towers Limited	256,261	-	(112)	256,149
IHS Towers NG Limited	51,483	-	(23)	51,460
IHS Cameroon S.A.	44,910	-	(977)	43,933
IHS Côte d'Ivoire S.A.	22,272	-	(485)	21,787
IHS Zambia Group	70,780	-	(10,251)	60,529
IHS Rwanda Group	13,625	-	(639)	12,986
	530,659	**-**	**(12,518)**	**518,141**

The recoverable amount of each CGU, except for the IHS Latam Group CGU, was determined based on value in use calculations. The recoverable amount of the IHS Latam Group CGU was determined based on fair value less costs of disposal.

(a) Recoverable amounts based on value in use

These calculations used pre-tax cash flow projections based on the financial budgets approved by management covering a five-year period. Within the five-year period, revenue growth rates are based on past experience and expected future developments in the Group's CGUs. The weighted average growth rates used are consistent with the forecasts included in industry reports. Cash flows beyond the five-year period were valued using the estimated terminal growth rates stated below. The terminal growth rates did not exceed the long-term average growth rate for the infrastructure business in which each CGU operates.

The key assumptions to which the value-in-use calculations are most sensitive are:

- revenue assumptions (taking into account tenancy rates), and the direct effect these have on gross profit margins in the five year forecast period;
- discount rates;
- gross margins; and
- terminal growth rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill and other intangible assets (continued)

15.1 Allocation of goodwill (continued)

	Discount rate	Terminal growth rate	Tenancy Ratio*	Gross margins excluding depreciation & amortization*
2020				
IHS Nigeria Limited	22.6%	2.7%	2.59x-4.55x	67.8%-82.1%
INT Towers Limited	22.5%	2.7%	2.87x-5.22x	73.7%-79.9%
IHS Towers NG Limited	23.2%	2.7%	2.80x-3.02x	64.4%-69.9%
IHS Cameroon S.A.	13.8%	3.2%	2.61x-3.16x	55.9%-61.0%
IHS Côte d'Ivoire S.A.	10.0%	3.2%	3.44x-4.56x	57.5%-61.6%
IHS Zambia Group	32.2%	3.2%	2.21x-2.93x	68.4%-75.8%
IHS Rwanda Group	17.0%	3.2%	2.13x-2.60x	65.9%-69.8%
IHS Kuwait Limited	5.0%	2.8%	1.00x-1.46x	45.3%-59.2%
2019				
IHS Nigeria Limited	15.8%	3.2%	2.35x-3.90x	69.8%-77.1%
INT Towers Limited	16.5%	3.2%	2.46x-3.90x	60.8%-71.9%
IHS Towers NG Limited	16.2%	3.2%	3.29x-3.80x	60.9%-65.4%
IHS Cameroon S.A.	13.2%	3.2%	3.33x-4.22x	53.8%-57.9%
IHS Côte d'Ivoire S.A.	10.3%	3.2%	2.39x-3.49x	56.1%-59.9%
IHS Zambia Group	21.8%	3.2%	2.05x-2.58x	62.6%-73.0%
IHS Rwanda Group	16.3%	3.2%	2.05x-2.37x	68.6%-70.0%

* Tenancy ratios and gross margins (excluding depreciation & amortization) disclosed are for the forecast period 2021 – 2025. The tenancy ratios refer to the average number of tenants per tower that is owned or operated across a tower portfolio at a given point in time.

In 2020, the Group applied various terminal growth rates between 2.5% and 3.2%. The rates applied represent the median rate from three different sources and represent a conservative growth rate across the regions. In 2019 the local long term inflation forecasts were not available and hence the terminal growth rate is based on the US inflation forecast and the discount rate applied is adjusted to reflect this approach.

Management have considered and assessed reasonably possible changes for key assumptions and have identified those individual instances that would cause the carrying amount to exceed the recoverable amount resulting in an impairment:

Sensitivity analysis

	IHS Nigeria Limited	INT Towers Limited	IHS Towers NG Limited	IHS Cameroon S.A.	IHS Côte d'Ivoire S.A.	IHS Zambia Group	IHS Rwanda Group	IHS Kuwait Limited
% Rise in discount rate	Increase by 26.2 pp	Increase by 28.2 pp	Increase by 3.4.pp	Increase by 1.6 pp	Increase by 5.7 pp	Increase by 4.0 pp	Increase by 8.4 pp	Increase by 5.0 pp
Decrease in tenancy ratio	Decrease by an average of 1.79x over 4 years	Decrease by an average of 2.10x over 4 years	Decrease by an average of 0.31x over 4 years	Decrease by an average of 0.22x over 4 years	Decrease by an average of 1.11x over 4 years	Decrease by an average of 0.20x over 4 years	Decrease by an average of 0.65x over 4 years	Decrease by an average of 0.42x over 4 years
Gross margin (excluding depreciation and amortization)	Decrease by an average of 41.7 pp over 4 years	Decrease by an average of 43.0 pp over 4 years	Decrease by an average 8.1pp over 4 years	Decrease by an average of 6.3 pp over 4 years	Decrease by an average of 22.2 pp over 4 years	Decrease by an average of 7.2 pp over 4 years	Decrease by an average of 21.7 pp over 4 years	Decrease by an average of 35.2 pp over 4 years
Decrease in terminal growth rate	Decrease to less than 0%	Decrease to less than 0%	Decrease to less than 0%	Decrease to less than 0%	Decrease to less than 0%	Decrease to less than 0%	Decrease to less than 0%	Decrease to less than 0%

(b) Recoverable amount based on fair values less costs of disposal

The recoverable amount of the IHS Latam Group CGU was based on fair value less costs of disposal.

Fair value less costs of disposal is determined on the basis of tower cash flow multiples observed or derived from information available relating to recent comparable transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill and other intangible assets (continued)

15.1 Allocation of goodwill (continued)

(b) Recoverable amount based on fair values less costs of disposal (continued)

The key assumptions to which the fair value less costs of disposals calculation are most sensitive are:

- monthly tower cash flow for the Latam Group CGU determined on the basis of contractual revenues and gross margin percentage for existing towers at December 31, 2020;
- tower cash flow multiples determined from analysis of information available relating to recent comparable transactions; and
- estimated costs of disposal based on management's experience of previously completed business combinations.

The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

Valuation technique	**Significant unobservable inputs**	**Sensitivity of the input to fair value** (movement in input value which would cause the carrying amount to exceed the recoverable amount resulting in an impairment)
Recent transactions, Tower cash flow market multiples	▪ Monthly tower cash flow: US$1.6 million ▪ Multiple: 22.0x ▪ Costs of disposal: 1.2% of enterprise value	▪ Decrease by US$16,000 ▪ Decrease by 0.01x ▪ Increase by 0.83% of enterprise value

As can be seen from the analysis above, the valuation derived from the fair value calculation exceeds the carrying amount by a very small margin. Should market participant sentiment alter in future such that the market is viewed as less attractive, it is likely that the comparable transaction multiple would fall and that would result in an impairment.

16. Deferred income tax

	2020 $'000	2019 $'000
Deferred income tax assets	13,443	4,820
Deferred income tax liabilities	(177,184)	(19,757)
Net deferred tax liabilities	**(163,741)**	**(14,937)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority and are classified on a net basis within either deferred tax assets or deferred tax liabilities. These net country amounts are aggregated according to their asset or liability position and presented as then aggregated in the statement of financial position:

	2020 $'000	2019 $'000
Deferred income tax assets		
Property, plant and equipment	2,117	3,334
Intangible assets	(8,486)	(8,116)
Provisions	13,665	5,170
Tax losses	3,203	3,505
Other	2,944	927
Total	**13,443**	**4,820**
Deferred income tax assets		
to be recovered after 12 months	(222)	(350)
to be recovered within 12 months	13,665	5,170
	13,443	**4,820**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred income tax (continued)

	2020 $'000	2019 $'000
Deferred income tax liabilities		
Property, plant and equipment	(155,198)	(109,394)
Intangible assets	(183,401)	(113,606)
Provisions	52,478	24,110
Unrealized derivative income	(58,461)	(11,697)
Timing differences on loans	32,407	-
Unrealized foreign exchange	25,948	53,634
Tax losses	9,150	83,618
Unutilized capital allowances	97,220	52,973
Other	2,673	605
Total	**(177,184)**	**(19,757)**
Deferred income tax liabilities		
to be realized after 12 months	(171,201)	(32,170)
to be realized within 12 months	(5,983)	12,413
	(177,184)	**(19,757)**

The Group has recognized deferred tax with respect to losses of US$12.4 million. Of this amount, US$1.1 million and US$1.0 million will expire on December 31, 2021, and December 31, 2024 respectively.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Net deferred income tax	**Property, plant and equipment $'000**	**Provisions/ share-based payments obligation $'000**	**Intangible assets $'000**	**Loans and derivatives $'000**	**Unrealized exchange differences /tax losses $'000**	**Total $'000**
At January 1, 2019	**(106,538)**	**43,389**	**(129,777)**	**(2,150)**	**187,640**	**(7,436)**
Tax (charge)/income	(2,692)	(12,375)	5,719	(9,547)	8,681	(10,214)
Effects of movement in exchange rates	3,170	(1,735)	2,337	-	(1,059)	2,713
At December 31, 2019	**(106,060)**	**29,279**	**(121,721)**	**(11,697)**	**195,262**	**(14,937)**
At January 1, 2020	(106,060)	29,279	(121,721)	(11,697)	195,262	(14,937)
Additions through business combinations (note 32)	(3,378)	2,182	(103,638)	-	6,165	(98,669)
Tax (charge)/income	(46,364)	35,089	11,030	(16,444)	(58,033)	(74,722)
Effects of movement in exchange rates	2,721	(407)	22,442	2,087	(2,256)	24,587
At December 31, 2020	**(153,081)**	**66,143**	**(191,887)**	**(26,054)**	**141,138**	**(163,741)**

The Group has recognized deferred income tax assets based on a five year profit projection in which the Group is expected to make a taxable profits. The Group has US$1.6 billion (2019: US$1.3 billion) in deductible temporary differences for which no deferred tax is recognized. Of this amount, US$383.8 million (2019: nil) and US$195.6 million (2019: nil) will expire on December 31, 2024 and December 31, 2025 respectively.

At the end of the reporting period, there were no material temporary differences associated with undistributed earnings of subsidiaries, and accordingly no deferred tax liabilities have been recognized.

17. Inventories

	2020 $'000	2019 $'000
Stock of materials	**49,222**	**48,711**

Inventories held for resale are measured at lower of cost and net realizable value. Inventory consumables are held at cost less provision for impairment. During the year, an inventory write-down expense of US$4.7 million was recognized (2019:US$ nil). The value of inventory recognized as an expense during the year is US$216.3 million (2019: US$237.9 million).

18. Derivative financial instruments

The derivative instruments have been classified as fair value through profit or loss. The instruments are measured at fair value with the resultant gains or losses recognized in the statement of income and other comprehensive income. The related net foreign exchange gain/(loss) is included in finance income (note 10) and finance costs (note 11).

The underlying contractual notional amount for the derivative instruments is as follows, as of December 31, of each of the following years:

	2020 $'000	2019 $'000
Derivative instruments		
Non-deliverable forwards	652,088	100,795
Embedded options within listed bonds	1,450,000	1,300,000
Embedded derivatives within revenue contracts	-*	-
	2,102,088	**1,400,795**

*This is n.a as it is a non-financial contract

The fair value balances are as follows:

	2020 $'000	2019 $'000
Derivative instruments		
Non-deliverable forwards	27,495	53
Embedded options within listed bonds	155,196	42,604
Embedded options within revenue contracts	(7,285)	-
	175,406	**42,657**

The change in fair value of the derivative instruments has been recorded in the statement of income and other comprehensive income as follows:

	2020 $'000	2019 $'000
Derivative instruments		
Non-deliverable forwards	29,151	53
Embedded options within listed bonds	110,655	17,245
Embedded options within revenue contracts	(169)	-
	139,637	**17,298**

The credit ratings of the Group's derivative financial instrument assets at December 31, 2020 and 2019 based on publicly reported Fitch ratings were:

	2020 $'000	2019 $'000
Derivative financial instrument assets		
AA+	7,500	-
B+	-	(30)
B	3,590	83
B-	10,938	-
BB-	5,467	-
Not rated	155,196	42,604
	182,691	**42,657**

Refer to note 4(a) for further information on the derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Trade and other receivables

	2020 $'000	2019 $'000
Current		
Trade receivables	334,452	309,635
Less: impairment provisions	(133,800)	(133,889)
Net trade receivables*	200,652	175,746
Other receivables**	85,011	75,443
Prepaid land rent	1,588	6,317
Other prepaid expenses	16,538	6,884
Advance payments	18,766	4,615
Withholding tax receivables	800	4,648
VAT receivables	3,832	2,254
	327,187	**275,907**
Non-current		
Accrued income and lease incentive	15,481	-
Payment in advance for property, plant and equipment	20,928	18,777
	36,409	**18,777**

*The fair value is equal to their carrying amount.

**Other receivables are margins on non-deliverable forward contracts

Included in trade receivables is US$90.0 million (2019: US$31.6 million) relating to accrued revenue of which US$23.2 million (2019: US$8.5 million) relates to contract assets, with the remainder being accrued lease rental income.

Payment in advance for property, plant and equipment relates to the future supply of tower and tower equipment. All non-current receivables are due within twenty years (2019: ten years) from the end of the reporting period. All current trade and other receivables are due within 12 months from the end of the reporting period. The Group does not secure any collateral for its trade receivables. Refer to note 4 (c) for further information on trade and other receivables.

Prepaid land rent is capitalized to the right of use asset insofar as it relates to leases accounted for under IFRS 16. The prepaid land rent for leases that are exempt from being accounted for under IFRS 16 under the Group's accounting policy are accounted for as short-term prepayments.

20. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank	585,416	898,802
Cash and cash equivalents	**585,416**	**898,802**

The credit ratings of the Group's principal banking partners at December 31, 2020 and 2019, based on publicly reported Fitch ratings as shown below. The Group regularly monitors its credit risk with banking partners and did not incur any losses during 2020 nor 2019 as a result of bank failures.

	2020 $'000	2019 $'000
Cash and cash equivalents		
AAA (F1+)	15,413	29,295
AA+	9,407	-
AA	115,810	-
A+	30,576	16,450
A (F1)	216,700	696,005
A-	25,559	-
BBB+	6,349	-
BBB-	25	-
BB+	-	5,392
BB	6,663	-
BB-	18,469	-
B+	2,809	29,384
B	46,757	105,621
B-	90,564	-
Not rated	315	16,655
	585,416	**898,802**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Trade and other payables

	2020 $'000	2019 $'000
Current		
Trade payables	301,813	338,402
Deferred revenue*	2,224	2,691
Withholding tax payables	5,694	3,423
Payroll and other related statutory liabilities	27,476	18,870
Other payables	72,286	46,933
	409,493	**410,319**
Non-current		
Other payables	9,565	-
	9,565	**-**

*Included in deferred revenue is US$0.6 million (2019: US$0.7 million) which relates to contract liabilities. The contract liabilities relating to December 31, 2019 were fully recognized in revenue during the year end December 31, 2020.

The non-current other payables relate to the contingent consideration due at a future date as a result of the IHS Kuwait Limited business combination. Refer to note 32.

22. Borrowings

	2020 $'000	2019 $'000
Non-current		
Senior Notes	1,428,398	1,273,900
Bank borrowings	588,692	676,811
External debt	**2,017,090**	**1,950,711**
Current		
Senior Notes	32,352	28,738
Bank borrowings	153,767	76,429
External debt	**186,119**	**105,167**
Total borrowings	**2,203,209**	**2,055,878**

Reconciliation of cash and non-cash changes

	2020 $'000	2019 $'000
Opening balance – January 1	**2,055,878**	**1,897,774**
Additions through business combination (note 32)	46,356	-
Interest expense (note 11)	182,246	193,829
Interest paid	(167,938)	(171,883)
Bank loans and bond proceeds received	232,219	1,800,000
Bank loans and bonds repaid	(99,903)	(1,622,317)
Transaction costs	(5,561)	(58,044)
Foreign exchange	(40,088)	16,519
Closing balance – December 31	**2,203,209**	**2,055,878**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Borrowings (continued)

22.1 External debt

External debt is made up of the following:

	Currency	Maturity date	Interest rate	2020 $'000	2019 $'000
Senior notes					
IHS Netherlands Holdco B.V.	US Dollar	2027	8.00%	946,352	800,830
IHS Netherlands Holdco B.V.	US Dollar	2025	7.125%	514,398	501,808
Bank borrowings					
INT Towers Limited	Nigeria Naira	2024	2.5%+ 3M NIBOR	342,995	386,406
INT Towers Limited	US Dollar	2024	4.25%+ 3M LIBOR	104,532	102,120
IHS Cameroon S.A.	CFA Franc	2020	6.50%	-	11,532
IHS Cameroon S.A.	Euro	2020	3.75%+ 3M EURIBOR	-	4,447
IHS Côte d'Ivoire S.A.	CFA Franc	2022	6%	54,266	63,087
IHS Côte d'Ivoire S.A.	Euro	2022	3.75%+ 3M EURIBOR	41,172	47,672
IHS Zambia Limited	US Dollar	2025	5-5.5% + 3M LIBOR	96,287	113,170
IHS Rwanda Limited	Rwandan Franc	2021	16%	650	2,773
IHS Rwanda Limited	US Dollar	2022	6.5% + 3M LIBOR	13,804	22,033
IHS Brasil Cessão de Infraestruturas Limitada	Brazil Real	2021	3.85%+CDI	38,613	-
IHS Kuwait Limited	Kuwaiti Dinar	2029	2% + 3M KIBOR	50,140	-

i. Senior Notes

IHS Netherlands Holdco B.V.

The US$800 million, 9.5% Senior Notes due 2021 (the "2021 Notes"), issued by IHS Netherlands Holdco B.V. on October 27, 2016 were fully redeemed at a premium on October 28, 2019 and are no longer outstanding.

At December 31, 2020, the Company is the "issuer" of the US$510 million 7.125% Senior Notes due 2025 (the "2025 Notes") and US$940 million 8.0% Senior Notes due 2027 (the "2027 Notes") (together the "Notes") which are listed on The International Stock Exchange (TISE).

IHS Netherlands Holdco B.V. initially issued US$500 million in aggregate principal amount of the 2025 Notes and US$800 million in aggregate principal amount of the "2027 Notes pursuant to a Senior Notes Indenture dated September 18, 2019 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, INT Towers Limited and Nigeria Tower Interco B.V.) and the Trustee (Citibank N.A., London branch).

On July 31, 2020 the Company issued an additional US$150 million in aggregate principal amount across its 2027 Notes and 2025 Notes, split as US$140 million in aggregate principal amount of its 2027 Notes and US$10 million in aggregate principal amount of its 2025 Notes.

Tower Infrastructure Company Limited, which is an immaterial subsidiary, is not a Guarantor to these notes. The 2025 Notes and 2027 Notes are the senior obligations of the Issuer and rank equal in right of payment with all of the issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes.

The 2025 Notes and 2027 Notes have a tenor of five and a half years and eight years respectively, from September 18, 2019, interest is payable semi-annually in arrear on March 18 and September 18 of each year, beginning on March 18, 2020 and the principal is repayable in full on maturity.

Negative covenants of the Notes, among other things, restrict the ability of IHS Netherlands Holdco B.V. and its subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make certain restricted payments and investments, including dividends or other distributions;
- create or incur certain liens;
- enter into agreements that restrict the ability of restricted subsidiaries to pay dividends;
- transfer or sell certain assets;
- merge or consolidate with other entities; and
- enter into certain transactions with affiliates.

22. Borrowings (continued)

22.1 External debt (continued)

In addition, IHS Netherlands Holdco B.V. must provide to the Trustee, and to holders of the 2025 Notes and 2027 Notes, certain annual and quarterly reports.

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 value of these options are disclosed in note 18.

In September 2019, the Group undertook a refinancing of its 2021 Notes and Nigerian loan facilities as detailed below.

IHS Towers Netherlands FinCo NG B.V.

The US$250 million, 8.375% Guaranteed Senior Notes due 2019, issued by IHS Towers Netherlands FinCo NG B.V on July 15, 2014 (the “FinCo Notes”), were all fully repaid at maturity on July 15, 2019 and are no longer outstanding. IHS Towers Netherlands FinCo NG B.V. was subsequently liquidated on December 26, 2020.

ii. Bank borrowings

Bank borrowings is made up of the following:

IHS Nigeria Limited and INT Towers Limited

On September 18, 2019, both the NGN credit facility previously held by IHS Nigeria Limited, which had an outstanding balance of ₦29.0 billion at December 31, 2018, and the US$800 million loan facility previously held by INT Towers Limited were fully repaid with the proceeds of the Senior Credit Facilities.

Senior Credit Facilities

IHS Netherlands Holdco B.V., IHS Nigeria, IHS Towers NG Limited and INT Towers entered into a facilities agreement dated September 3, 2019, or the ‘Senior Credit Facilities’, between, among others, IHS Netherlands Holdco B.V. as holdco and guarantor, IHS Nigeria Limited, IHS Towers NG Limited and INT Towers Limited as borrowers and guarantors and each of IHS Netherlands NG1 B.V., IHS Nigeria, IHS Netherlands NG2 B.V., IHS Towers NG Limited, Nigeria Tower Interco B.V. and INT Towers Limited as guarantors. The Senior Credit Facilities were entered into as part of a wider refinancing exercise (that also included the issuance of the 2025 Notes and 2027 Notes, as described above) of our Nigeria Group debt. The Senior Credit Facilities are governed by English law. The Senior Credit Facilities also include customary negative and affirmative covenants (subject to certain agreed exceptions and materiality carve-outs) and, financial covenants as described below (all terms are as defined in the Senior Facilities):

- Leverage Ratio: the ratio of Net Financial Indebtedness on the last day of the relevant last twelve month testing period to EBITDA for that twelve month testing period shall be no greater than (a) 4.0x in respect of the test periods from December 31, 2019 to and ending on September 30, 2020 and (b) 3.75x in respect of the test periods from December 31, 2020 onwards.
- Interest Coverage Ratio the ratio of EBITDA for the relevant twelve month testing period to Net Cash Finance Interest Adjusted For Leases in respect of that twelve month testing period, shall be no less than. 2.5:1.

These financial covenants are tested on each quarter date (being each of March 31, June 30, September 30 and December 31 of each financial year of the group) from December 31, 2019 onwards (except where compliance is required at any time and where testing is required upon incurrence) in arrear based on the previous 12 months, by reference to the financial statements delivered and/or each compliance certificate delivered. The financial covenants remain subject to the ability of IHS Netherlands Holdco B.V. to cure any breach up to a maximum of four times.

The interest rate per annum applicable to loans made under the Senior Credit Facilities is equal to: (a) in relation to the U.S. dollar facility, LIBOR (subject to a zero floor) plus a margin of 4.25% per annum (subject to a margin ratchet where the level of margin may be increased (up to a maximum of 4.50%) or decreased subject to certain tests, including the relevant leverage ratio of our group) and had an original principal amount of US$110.0 million; and (b) in relation to the Naira facility, NIBOR (subject to a zero floor) plus a margin of 2.50% per annum and had an original principal amount of ₦141.3 billion (approximately US$344 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Borrowings (continued)

22.1 External debt (continued)

Senior Credit Facilities (continued)

Each facility under the Senior Credit Facilities will terminate on the date falling 60 months after the date of the first utilization of that facility. The Senior Credit Facilities will be repayable in instalments. In addition to voluntary prepayments, the Senior Credit Facilities requires mandatory cancellation, and if applicable, prepayment in full or in part in certain circumstances.

IHS Cameroon S.A.

IHS Cameroon S.A. had a FCFA42 billion (2019: FCFA42 billion) and €43 million (2019: €43 million) loan facility as at December 31, 2019. The facility was fully drawn down as at December 31, 2019. The loans were fully repaid on June 15, 2020. No new loans were obtained.

IHS Côte d'Ivoire S.A.

IHS Côte d'Ivoire S.A. had a FCFA44.6 billion (2019: FCFA44.6 billion) and €52 million (2019: €52 million) loan facility as at December 31, 2020. The facility was fully drawn down as at December 31, 2020 and December 31, 2019.

IHS Zambia Limited

On July 3, 2020 IHS Zambia Limited made a one-off payment of US$6.0 million and extended the term of the remaining fully drawn down loan facility of US$95.6 million. The term was extended by 12 months for both the development finance institution (''CDC'') and commercial banks (''non-CDC'') lenders and the principal payments were also deferred by 12 months. US$40.0 million of the facility for non-CDC lenders now matures in July 2023 and US$56.0 million for CDC lenders now matures in July 2025.

On March 4, 2021 IHS Zambia Limited made a one-off payment of US$0.6 million and extended the term of the remaining fully drawn down loan facility of US$95.0 million. The lenders were replaced with the development finance institution (''IFC'') and commercial bank (''SCB''). The maturity was extended to December 2027 for both lenders and the principal payments were also deferred by 24 months.

IHS Rwanda Limited

IHS Rwanda Limited had fully drawn down US$28.39 million and RWF8.7 billion loan facilities as at December 31, 2020.

IHS Brasil Cessão de Infraestruturas S.A.

IHS Brasil Cessão de Infraestruturas S.A. had a fully drawn down R$30 million and R$170 million with Banco Safra and Itau BBA respectively, as at December 31, 2020. Both loans were issued at 3.85%+CDI and are repayable in full by June 2021. The loans have no financial covenants.

IHS Kuwait Limited

On April 19, 2020 IHS Kuwait Limited obtained a loan facility for KWD 26 million which matures in April 2029 and has an annual interest rate of 2.00% + 3M KIBOR. On August 9, 2020, August 23, 2020 and October 15, 2020 KWD 13.5 million , KWD 0.9 million and KWD 1.4 million respectively was drawn down.

Except for facilities in IHS Nigeria Limited, INT Towers Limited, IHS Towers Nigeria Limited and IHS Brasil Cessão de Infraestruturas Limitada the Group has pledged all assets as collateral for the bank borrowings in each relevant jurisdiction.

The Group is in compliance with the restrictive debt covenants related to the listed bonds and covenants related to external borrowings as at the year end.

23. Lease liabilities

See accounting policy in note 2.7 Leases

	2020 $'000	2019 $'000
Current	28,246	16,834
Non-current	286,501	167,660
Total lease liabilities	**314,747**	**184,494**

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 the period, payments to the value of US$58.4 million (2019: US$ 69.9 million) were made in respect of recognized lease liabilities. These lease liabilities are unwound using incremental borrowing rates which represent the credit risk of the lessee entity and the length of the lease agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Lease liabilities (continued)

Reconciliation of cash and non-cash changes

	2020 $'000	2019 $'000
At January 1	**184,494**	**204,065**
Additions through business combinations (note 32)	131,651	-
Additions through new leases or remeasurements	65,070	47,469
Interest and finance charges for lease liabilities (note 11)	27,384	16,024
Payments for the principal of lease liabilities	(39,153)	(58,330)
Interest paid for lease liabilities	(19,239)	(11,634)
Remeasurements or terminations*	(15,380)	(8,018)
Effects of movement in exchange rates	(20,080)	(5,082)
Closing balance – December 31	**314,747**	**184,494**

*This value represents disposals due to terminated leases and the impact of remeasurement of lease liabilities as a result of changes in lease terms.

Amount recognized in the statement of income

	2020 $'000	2019 $'000
Interest on lease liabilities (note 11)	27,384	16,024
Expenses relating to short term leases and low value assets (note 7)	7,543	3,547
Depreciation for right of use assets (note 14)	54,089	38,130
Total for the year ended	**89,016**	**57,701**

As at December 31 the contractual maturities of the lease liabilities were as follows:

	Carrying value $'000	Total contractual cash flows $'000	Within 1 year $'000	2 - 3 years $'000	4 - 5 years $'000	Over 5 years $'000
2020						
Lease liabilities	314,747	453,590	39,677	152,386	44,294	217,233
2019						
Lease liabilities	184,494	342,580	28,158	44,710	47,504	222,208

Lease obligation contractual cash flows are disclosed with the same renewal expectation assumption assessed for lease accounting under IFRS 16. The average remaining lease term remaining at December 31, 2020 is 14.5 years.

24. Provisions for other liabilities and charges

Decommissioning and site restoration provision

	2020 $'000	2019 $'000
At January 1	33,568	33,010
Additions through business combinations (refer to note 32)	15,437	-
Increase in provisions	8,315	405
Payments for tower and tower equipment decommissioning	(65)	-
Unwinding of discount	2,644	1,712
Effects of movement in exchange rates	(6,633)	(1,559)
At December 31	**53,266**	**33,568**
Analysis of total decommissioning and site restoration provisions**:**		
Non-current	49,469	29,801
Current	3,797	3,767
	53,266	**33,568**

This provision relates to the probable obligation that the Group may incur to dismantle and remove assets from tower sites. The amount recognized initially is the present value of the estimated amount that will be required to decommission and restore the leased sites to their original states, discounted using the current borrowing rates of individual operations within the Group. The amount provided for each site has been discounted based on the respective lease terms attached to each site.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Provisions for other liabilities and charges (continued)

The provisions have been created based on the decommissioning experts' estimates and management's experience of the specific situations. Assumptions have been made based on the current economic environment, current construction requirements, technology, price levels and expected plans for remediation. Management believes that these assumptions are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual decommissioning or restoration costs will however, ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the lease term is terminated without renewal. This, in turn, will depend upon technological changes in the local and international telecommunication industries which are inherently uncertain.

The discount rates applied have been in line with the weighted average borrowing rate for the respective operating entities in the periods the assets were constructed/acquired. Below is the discount rate applied by each operating entity:

Discount rates	Nigerian entities %	IIHS Cameroon S.A. %	IHS Côte d'Ivoire S.A. %	IHS Zambia Limited %	IHS Rwanda Limited %	IHS Brasil Cessão de Infraestruturas S.A. %	IHS Kuwait Limited %
2020	11.2	5.5	8.0	5.5	16.0	6.8	4.8
2019	17.0	5.5	8.0	7.6	16.0	-	-

Based on the simulation performed, the impact on accumulated losses of a 1% (2019: 1%) shift in discount rate is given below:

	Increase/ (decrease) on accumulated losses 2020 $'000	2019 $'000
Effect of 1% increase in discount rate	(767)	(448)
Effect of 1% decrease in discount rate	815	488

25. Stated capital

	Class A shares Number of shares 000's	Stated capital $'000	Stated capital net of issue costs $'000	Class B shares Number of shares 000's	Stated capital $'000	Stated capital net of issue costs $'000
At January 1, 2019	**130,147,167**	**4,220,967**	**4,219,488**	**16,558,927**	**299,405**	**299,014**
Issued on exercise of warrants*	345,400	12,368	12,368	-	-	-
December 31, 2019	**130,492,567**	**4,233,335**	**4,231,856**	**16,558,927**	**299,405**	**299,014**
At December 31, 2020	**130,492,567**	**4,233,335**	**4,231,856**	**16,558,927**	**299,405**	**299,014**

* In September and November 2019, exercise notices for 345,400,314 out of the available 658,642,396 warrants were exercised for gross cash settlement. The remaining warrants, having then passed their term, lapsed. All warrant obligations were consequently derecognized.

In addition to Class A and B shares, the Company has Class C shares, which shall only be issued pursuant to an approved employee stock plan. Summarized below are the terms of the shares.

- Class A and B shares are at no par value.
- Class A and B shares rank pari passu in all respects except that Class B shares shall accrue no voting rights.
- Class C shares shall accrue no rights to vote.

There is no limit over the number of equity shares that can be authorized. All Class A and B shares issued were fully paid up as at December 31, 2020, (2019: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Other reserves

	Fair value through other compre-hensive income reserve $'000	Restruct-uring reserve $'000	Share-based payment reserve $'000	Loss on transactions between owners $'000	Foreign exchange translation reserve $'000	Total $'000
At January 1, 2019	**(7)**	**4,019**	**-**	**(840,359)**	**(260,176)**	**(1,096,523)**
Other comprehensive income	1	-	-	-	5,036	5,037
Recognition of share-based payment expense	-	-	504,331	-	-	504,331
At December 31, 2019	**(6)**	**4,019**	**504,331**	**(840,359)**	**(255,140)**	**(587,155)**
At January 1, 2020	(6)	4,019	504,331	(840,359)	(255,140)	(587,155)
Other comprehensive income	-	-	-	-	94,434	94,434
Recognition of share-based payment expense	-	-	7,216	-	-	7,216
At December 31, 2020	**(6)**	**4,019**	**511,547**	**(840,359)**	**(160,706)**	**(485,505)**

Fair value through other comprehensive income reserve

This reserve holds accumulated gains and losses on fair value movements of fair value through other comprehensive income financial assets. This is a non-distributable reserve.

Share-based payment reserve

This reserve represents the cumulative amounts charged in respect of unsettled options issued to employees of the Group. This is a non-distributable reserve.

Restructuring reserve

This reserve is the excess of consideration over net assets acquired in business combinations under common control arising from Group restructuring. This is a non-distributable reserve.

Loss on transactions between owners

This reserve is the accumulated loss arising from transactions between parent and non-controlling interest shareholders. It is a non-distributable reserve.

Foreign exchange translation reserve

This reserve is the accumulated exchange gains and losses arising from the translation of foreign operations from those operations' functional currencies to the Group's reporting currency. It is a non-distributable reserve.

27. Non-controlling interest

	2020 $'000
Balance at January 1	-
NCI arising on business combination (note 32)	14,927
Loss for the period	(688)
Other comprehensive loss	(23)
Balance at December 31	**14,216**

In February 2020, the Group, via IHS GCC KW Holding Limited ("IHS GCC KW") a subsidiary of the Group, entered into an agreement to purchase 1,620 towers from Mobile Telecommunications Company K.S.C.P. ('Zain'). As part of the agreement, Zain subscribed for shares in IHS GCC KW representing 30 per cent of the share capital of IHS GCC KW by issuing a loan note to IHS GCC KW. Refer to note 32 for further information on the business combination.

28. Share-based payment obligations

The terms of the IHS share-based payment plans for employees were amended on July 10, 2019.

Prior to July 10, 2019, IHS maintained four share-based payment plans for employees. The long-term incentive plan 1 (the "LTIP1"), long-term incentive plan 2 (the "LTIP2"), long-term incentive plan 2B ("LTIP 2B") and long-term incentive plan 3 ("LTIP3") are granted in three tranches, each with a different exercise price, and provided for the grant of stock options exercisable for Class A or B ordinary shares. The exercise price represented the higher of two fixed per share amounts, one of which increased by a fixed percentage per number of years that had passed since the grant date. The options either vested in 25% portions, starting on the grant date (i.e. immediately) and every grant anniversary date thereafter until fully vested (i.e. every year until the end of) the third year) or in 33% portions, starting on the first grant anniversary date and every grant anniversary date thereafter until fully vested (i.e. every year until the end of the third year). Once vested, the options were not exercisable until the occurrence of a liquidity event (i.e. sale or listing). However, terminated employees with vested options could be cash-settled as applicable. The options were valid for seven or twelve years, after which they expired. Upon the occurrence of a liquidity event, all unvested options immediately vested and became exercisable.

Prior to July 10, 2019, the Company's LTIP1, LTIP2, LTIP2B and LTIP3 plans could be cash or equity settled, as applicable. However, the Company had a constructive obligation to settle in cash and thus the options were accounted for as cash-settled instruments pursuant to IFRS 2, and accordingly, a liability equal to the portion of the services received was recognized at its current fair value determined at each statement of financial position date.

On July 10, 2019 the terms of the share option plans were amended such that the exercise prices of the share option were removed and the number of shares options an option holder will receive was reduced on a pro-rata basis (taking into account their relative values). The amended terms are:

- On a liquidity event (sale or IPO), the options will be converted and replaced with a fixed pool of shares.
- In the event of a Sale option holders will receive the entirety of their options in shares.
- In the event of an IPO:
  - Option holders will be awarded two thirds (66.7%) of their options as shares.
  - Option holders will further be entitled to receive up to an additional 33.3% of their shares subject to achieving the performance conditions below:
    - 50% issued annually if the Group achieves 5% Adjusted EBITDA growth and Adjusted funds from operations ("AFFO") growth compared to the prior 12 month period where AFFO is defined as the profit/(loss) for the period, before income tax expense/(benefit), finance costs and income, depreciation and amortization, impairment of property, plant and equipment and prepaid land rent, net (profit)/loss on sale of assets, share-based payment (credit)/expense, insurance claims, exceptional items income, exceptional items expense and other non-operating income and expenses, amortization of prepaid site rent, adjusted to take into account interest paid, interest income received, revenue withholding tax, income taxes paid, lease payments made, amortization of prepaid site rent, maintenance capital expenditures and corporate capital expenditures
    - 50% issued annually on a sliding scale basis for Adjusted EBITDA growth and AFFO growth between 5 and 10% compared to the prior 12 month period.

The amendment also resulted in a change in classification from cash-settled to equity-settled. Accordingly, the liability that existed before July 10, 2019 was derecognized and the revised value of the vested share options recognized in equity. The value of the unvested portion will be recognized in the profit or loss over the vesting term with the corresponding credit being recognized in equity.

No share options expired during the year. No share options are exercisable at the end of the period.

(i) Movement in the share-based payment obligation liability:

	2019 $'000
At January 1	156,756
Credit to profit or loss under cash settled classification	(25,922)
De-recognition of liability on amendment	(130,834)
At December 31	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Share-based payment obligations (continued)

The total charge to the profit or loss in the year is analyzed as follows:

	2020 $'000	2019 $'000
Credit under cash settled classification to the date of amendment	-	(25,922)
Immediate charge on amendment for options vested at date of amendment	-	363,302
Expense under equity settled classification from date of amendment	8,342	13,674
	8,342	**351,054**

(ii) Movements in the number of share options outstanding

	2020			
	Incentive plan 1 000's	**Incentive plan 2 000's**	**Incentive plan 2B 000's**	**Incentive plan 3 000's**
Authorized	1,899,881	7,680,139	2,300,230	27,990
Issued				
At January 1	1,829,620	7,680,139	2,305,751	25,611
Issued	74,437	-	-	2,379
Forfeited	(29,758)	(5,182)	(8,282)	-
At December 31	**1,874,299**	**7,674,957**	**2,297,469**	**27,990**

	2019			
	Incentive plan 1 000's	**Incentive plan 2 000's**	**Incentive plan 2B 000's**	**Incentive plan 3 000's**
Authorized	1,899,881	7,680,139	2,305,751	27,989
Issued				
At January 1	6,597,597	14,079,163	4,176,106	344,330
Forfeited	(25,000)	-	-	-
Reduction on amendment of terms	(4,742,977)	(6,399,024)	(1,870,355)	(318,719)
At December 31	**1,829,620**	**7,680,139**	**2,305,751**	**25,611**

The weighted average exercise price is as follows:

	2020				2019			
	Incentive plan 1 $	**Incentive plan 2 $**	**Incentive plan 2B $**	**Incentive plan 3 $**	**Incentive plan 1 $**	**Incentive plan 2 $**	**Incentive plan 2B $**	**Incentive plan 3 $**
At January 1	Nil	Nil	Nil	Nil	0.038519	0.042788	0.042606	0.056345
Issued	Nil	Nil	Nil	Nil	-	-	-	-
Forfeited	Nil	Nil	Nil	Nil	0.05634	-	-	-
At December 31	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Share-based payment obligations (continued)

(iii) The valuation assumptions used to carry out the valuation of the scheme

The share option plans have been valued using a Black Scholes model, an approach that is commonly used for similar IFRS 2 valuations.

Valuation assumptions

At the modification date of July 10, 2019, since the exercise price term was amended to $Nil and dividends were not expected to be paid in the near future, the options were deep in the money and the Black Scholes model returns the value of the share price for the value of the option. The share price assumption used was $0.04407. A forfeiture rate of 10% and 5% was assumed for the LTIP1 and LTIP2 plans respectively and 0% for LTIP2B and LTIP3. No dividend was taken into account in performing the valuation since IHS Holding Limited has never paid dividends and there is very minimal likelihood that dividends will be paid in the near future.

On March 9, 2020 60,114,007 options were issued. They were valued at US$2.2 million at issue using a share price assumption of US$0.042402. Forfeiture rates of 0%, 5% and 10% were assumed for the Group's various long term incentive plans. No dividend was taken into account in performing the valuation since IHS Holding Limited has never paid dividends and there is very minimal likelihood that dividends will be paid in the near future.

On July 14, 2020 16,702,254 options were issued. They were valued at US$0.7 million at issue using a share price assumption of US$0.044270. Forfeiture rates of 0%, 5% and 10% were assumed for the Group's various long term incentive plans. No dividend was taken into account in performing the valuation since IHS Holding Limited has never paid dividends and there is very minimal likelihood that dividends will be paid in the near future.

(iv) Exercise prices and weighted-average remaining contractual life

Share options were originally granted at dates between June 2014 and September 2018 with a contractual life of 12 years.

The weighted-average remaining contractual life shown in the tables below is simply the period of time from the year end date to the expiry date of each of the options.

At December 31, 2020 following the amendment to terms on July 10, 2019, all share options had a $Nil exercise price.

	2020		2019	
Year of grant	Weighted average remaining contractual life	Number of options in force at year end	Weighted average remaining contractual life	Number of options in force at year end
2014	0.49	1,569,421,769	1.42	1,592,220,346
2015	6.18	7,616,436,422	7.23	7,616,436,422
2017	8.12	2,558,434,629	9.10	2,578,858,065
2018	9.20	53,605,980	10.46	53,605,980
2020	6.41	76,816,261	-	-
		11,874,715,061		**11,841,120,813**

29. Warrant obligations

The Group awarded warrants to some institutional investors in 2012 which were valid for seven years. These warrants were issued in four different tranches, each of which had a different exercise price based on a multiple of the share price at the issue date. All the awarded warrants vested immediately on the grant date and were immediately exercisable over the lifetime of the warrant. Prior to the occurrence of a liquidity event, any warrant exercises would be gross settled by IHS. Following a liquidity event, warrant holders could choose for the warrants to be gross or net settled by IHS.

In September and November 2019, exercise notices for 345,400,314 out of the available 658,642,396 warrants were received. The remaining warrants, having then passed their term, lapsed. All warrant obligations were consequently derecognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Cash from operations

	2020 $'000	2019 $'000
Reconciliation:		
Loss before income tax	(152,853)	(409,974)
Adjustments:		
Depreciation of property, plant and equipment (note 7 and 8)	373,247	355,760
Amortization of intangible assets (note 15)	35,415	28,747
Impairment of property, plant and equipment and prepaid land rent (note 7)	27,594	21,604
Loss allowance on trade receivables (note 8.1)	13,081	27,944
Impairment of withholding tax receivables (note 8)	31,533	44,586
Amortization of prepaid site rent	4,459	3,355
Net (gain)/loss on disposal of plant, property and equipment (note 8)	(764)	5,819
Insurance claim income (note 9)	(14,987)	(3,607)
Interest expense (note 11)	633,766	288,915
Interest income (note 10)	(148,968)	(32,258)
Fair value gain on warrants revaluation (note 10)	-	(3,787)
Share-based payment expense (note 28)	8,342	351,054
Impairment/write-off of inventory	4,599	-
Operating profit before working capital changes	**814,464**	**678,158**
Changes in working capital		
Increase in inventory	(8,482)	(27,069)
Increase in trade and other receivables	(130,265)	(21,093)
(Decrease)/increase in trade and other payables	(19,018)	30,029
Net movement in working capital	(157,765)	(18,133)
Cash from operations	**656,699**	**660,025**

IHS Towers of strength

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Related parties

31.1 Subsidiaries

IHS Holding Limited ('the Parent') is the ultimate parent of the following related parties at the year-end:

Entity name	Principal activity	Country of incorporation	Ownership interests held by the Group 2020	Ownership interests held by the Group 2019
IHS Holding Limited (ultimate parent)	Holding company	Mauritius	-	-
IHS Mauritius Cameroon Limited	Holding company	Mauritius	100%	100%
IHS Mauritius Côte d'Ivoire Limited	Holding company	Mauritius	100%	100%
IHS Mauritius Netherlands Limited	Holding company	Mauritius	100%	100%
IHS Mauritius Zambia Limited	Holding company	Mauritius	100%	100%
IHS Mauritius Rwanda Limited	Holding company	Mauritius	100%	100%
IHS Africa (UK) Limited	Provision of management services	United Kingdom	100%	100%
IHS Netherlands Cöoperatief U.A.	Holding company	Netherlands	100%	100%
IHS Netherlands Holdco B.V.	Provision of finance	Netherlands	100%	100%
IHS Netherlands NG1 B.V.	Holding company	Netherlands	100%	100%
IHS Netherlands NG2 B.V.	Holding company	Netherlands	100%	100%
IHS Towers Netherlands FinCo NG B.V.	Provision of finance	Netherlands	**	100%
IHS Nigeria Limited	Operating*	Nigeria	100%	100%
INT Towers Limited	Operating*	Nigeria	100%	100%
IHS Towers NG Limited	Operating*	Nigeria	100%	100%
Tower infrastructure Company Limited	Operating*	Nigeria	100%	100%
IHS Côte d'Ivoire S.A.	Operating*	Côte d'Ivoire	100%	100%
IHS Cameroon S.A.	Operating*	Cameroon	100%	100%
IHS Zambia Limited	Operating*	Zambia	100%	100%
IHS Rwanda Limited	Operating*	Rwanda	100%	100%
Rwanda Towers Limited	Operating*	Rwanda	100%	100%
IHS Kuwait Limited	Operating*	Kuwait	100%	-
IHS Brazil Participações Limited	Holding company	Brazil	100%	-
IHS Brasil Cessão de Infraestruturas S.A.	Operating*	Brazil	100%	-
IHS Towers Colombia S.A.S	Operating*	Colombia	100%	-
Cell Site Solutions Peru S.A.C.	Operating*	Peru	100%	-
CSS Fiber Cessão de Infraestruturas Limitada	Non-operating*	Brazil	100%	-
San Gimignano Imoveis e Adminsitracao Limitada	Provision of land management*	Brazil	100%	-
Nigeria Tower Interco B.V.	Holding company	Netherlands	100%	100%
IHS Netherlands GCC B.V.	Holding company	Netherlands	100%	100%
IHS Netherlands KW B.V.	Holding company	Netherlands	100%	100%
IHS Netherlands KSA B.V.	Holding company	Netherlands	100%	100%
IHS GCC Limited	Provision of management services	United Arab Emirates	100%	100%
IHS Netherlands Connect B.V.	Holding company	Netherlands	100%	100%
IHS GCC KW Holding Limited	Provision of management services	United Arab Emirates	100%	100%
IHS FinCo Management Limited	Provision of finance	United Arab Emirates	100%	100%
IHS Kuwait Limited	Operating*	Kuwait	70%	-
Global Independent Connect Limited	Operating*	Nigeria	100%	100%
IHS KSA Limited	Operating*	Kingdom of Saudi Arabia	100%	100%
IHS SSC FZE	Provision of management services	United Arab Emirates	100%	100%
IHS Netherlands ETH B.V	Holding company	Netherlands	100%	100%
IHS Netherlands BR B.V	Holding company	Netherlands	100%	100%
IHS Netherlands PHP B.V	Holding company	Netherlands	100%	100%

*All operating subsidiaries provide telecommunication support services as their principal activity.

** IHS Towers Netherlands FinCo NG B.V. was liquidated at December 31, 2020.

The shares of the Parent are widely owned by various investors. No investor has the full controlling right over the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Related parties (continued)

31.2 Key management personnel

The compensation paid or payable to key management for employee services is shown below:

	2020 $'000	2019 $'000
Key management compensation		
Short-term employee benefits	13,671	20,154
Post-employment benefits	105	61
	13,776	20,215
Share-based payments	6,029	343,285
	19,805	**363,500**

Key management during in the year ended December 31, 2020 included members of the Executive team (Sam Darwish, William Saad, Adam Walker, Mustafa Tharoo, David Ordman, Mohamad Darwish, Ayotade Oyinlola, and Steve Howden), the Chairman of the Board and Non-Executive Directors.

In the prior year, James Goodwin and Ted Manvitz also formed part of the Executive team for part of the year but left the Company during 2019 and termination benefits of $3.2 million (included in short term benefits above) were paid to them.

There were no other material transactions or balances between the Group and its key management personnel or members of their close family.

32. Business Combinations

For acquisitions that meet the definition of a business combination, the Group applies the acquisition method of accounting where assets acquired and liabilities assumed are recorded at fair value at the date of each acquisition, and the results of operations are included with those of the Group from the dates of the respective acquisitions. There were two acquisitions in the period, and both occurred in February 2020. Had these businesses been acquired on January 1, 2020, the amount of revenue and loss for the period ended December 31, 2020 for the Group would have been approximately US$1.4 billion and US$316 million, respectively.

IHS Kuwait Limited

On February 11, 2020 IHS GCC KW Holding Limited ('IHS GCC KW'), a subsidiary of IHS Holding Limited completed the first stage of the acquisition of 1,620 towers from Mobile Telecommunications Company K.S.C.P. ('Zain') comprising 1,022 towers.

On October 24, 2020 IHS GCC KW completed the second stage of the acquisition of 1,620 towers from Zain comprising 140 towers.

The remaining towers are managed and operated under a Managed Services agreement until such time as these towers can legally be transferred. IHS GCC KW transferred the purchase right to IHS Kuwait Limited for the Construction, Erection and Maintenance of Wired and Wireless Communication and Radar Towers and Stations / With Limited Liability ('IHS Kuwait') who operates the towers as a standalone business. As part of the agreement, IHS Kuwait also assumed existing supplier contracts and land leases, allowing it to apply the Group business processes and deliver services immediately after the assignment of the towers. As part of the agreement, Zain subscribed for shares in IHS GCC KW representing 30 per cent of the share capital of IHS GCC KW by issuing a loan note to IHS GCC KW. The acquisition is consistent with the Group's strategy to expand in selected geographic areas.

The goodwill of US$13.1 million arising from the acquisition is attributable to the entry into a new geographical market for IHS, the application of the Group's expertise and processes which is anticipated to deliver additional value from the acquired assets through high service levels, and value in customer related intangible assets beyond their contractual life.

The following table summarizes the consideration paid and the fair value of assets and liabilities acquired at the acquisition date, and the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of income and other comprehensive income/(loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Business Combinations (continued)

	2020 $'000
Gross consideration	117,367
Less: consideration received in exchange for a retained 30% interest (by Zain) in IHS GCC KW	(14,927)
Net consideration for 70% controlling interest in the acquired towers	**102,440**
Less: contingent and deferred consideration (note payable to Zain)*	(25,202)
Net cash consideration for 70% controlling interest	**77,238**
Identifiable assets acquired and liabilities assumed:	
Towers and tower equipment	33,061
Right of use assets	10,372
Customer-related assets	41,878
Network-related assets	14,424
Trade and other receivables	14,318
Trade and other payables	(1,249)
Lease liabilities	(8,580)
Total identifiable net assets acquired (at 100%)	**104,224**
Goodwill	**13,143**

Determination of non-controlling interest	
Total identifiable net assets acquired (at 100%)	104,224
Shareholder funding provided by the Group and external debt **	(48,730)
Settlement for lease prepayment funded post acquisition	(5,738)
Total identifiable net assets acquired for purposes of non-controlling interest	**49,756**
Non-controlling interest portion of above at 30%	14,927

* Contingent and deferred consideration consists of US$25.2 million of consideration due at a future date which is recognized at fair value on the date of acquisition. The deferred consideration is payable within 18 months from the completion of the transaction. The contingent consideration is potentially payable within 24 months from the completion of the transaction, or earlier, should the Group enter into other tower acquisitions in MENA.

**This was shareholder funding provided by the Group and recorded as short term liabilities in IHS GCC KW. These funds were loaned to IHS Kuwait to fund the acquisition of the towers from Zain. This short term liability was subsequently replaced by external debt (refer to note 22).

The Group recognized the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

	2020 $'000
Revenue — post-acquisition	21,713
Loss — post-acquisition	(2,466)

IHS Brasil Cessão de Infraestruturas S.A.

IHS Holding Limited acquired 100% of the share capital of IHS Brasil Cessão de Infraestruturas Limitada, a telecommunications infrastructure services provider, with related passive infrastructure and ground leases on February 18, 2020. The acquisition is consistent with the Group's strategy to expand in selected geographic areas.

The goodwill of US$218.9 million arising from the acquisition is attributable to the entry into a new geographical market for IHS, and value in customer related intangible assets beyond their contractual life. None of the goodwill recognized is currently expected to be deductible for income tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Business Combinations (continued)

The following table summarizes the consideration paid and the fair value of assets and liabilities acquired at the acquisition date, and the amounts of revenue and profit of the acquiree since the acquisition date included in the consolidated statement of income and other comprehensive income.

	2020
	$'000
Cash consideration	506,778
Less: cash in business at the date of acquisition	(41,111)
Net cash consideration	**465,667**
Identifiable assets acquired and liabilities assumed:	
Towers and tower equipment	111,327
Land and buildings	566
Furniture and office equipment	305
Capital work in progress	4,970
Right of use assets	119,339
Customer-related assets	282,412
Network-related assets	22,407
Other intangible assets	33
Deferred tax assets	8,347
Trade and other receivables	14,615
Trade and other payables	(24,123)
Income tax payable	(1,538)
Borrowings	(46,356)
Provisions for other liabilities and charges	(15,437)
Lease liabilities	(123,071)
Deferred tax liabilities	(107,016)
Total identifiable net assets acquired	**246,780**
Goodwill	**218,887**
Revenue — post-acquisition	30,185
Loss — post-acquisition	(296)

There was no contingent consideration on acquisition.

33 Capital commitments and contingent liabilities

33.1 Capital commitments

The Group was committed to the supply of property, plant and equipment of about US$109.9 million as at December 31, 2020 (2019: US$97.6 million).

33.2 Contingent liabilities

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 US$2.6 million at the end of the reporting period (2019: US$2.1million).

Based on legal advice received, the Group's liability is not likely to crystallize, thus no provisions have been made in these financial statements.

34. Events after the reporting period

(a) Acquisition of Skysites Holdings S.A.

On January 6, 2021, the Company (via its subsidiary IHS Brasil Participações Ltda) completed the acquisition of Skysites Holdings S.A. ("Skysites"), specialist provider of small cells and urban telecommunications infrastructure in Brazil, for an initial consideration of US$33.6 million. Under the terms of the agreement, the Company has acquired 100% of SkySites. Skysites' operations, which comprise approximately 1,000 sites, along with exclusive access to tens of thousands of premium real estate locations in urban settings, which will be fully integrated into the Group. The Group expects to account for this acquisition as a business combination under IFRS 3.

(b) Acquisition of Centennial Towers Colombia, S.A.S. and Centennial Towers Basil Cooperatief U.A ("Centennial")

On March 19, 2021 the Company (via its subsidiary IHS Netherlands BR B.V.) completed the acquisition of Centennial Towers Colombia, S.A.S. and is finalizing the completion of the acquisition of Centennial Towers Brasil Cooperatief U.A. Centennial has extensive expertise in providing mobile network operators with a wide range of infrastructure solutions including build to suit towers, rooftops, distributed antenna systems and site colocation and leasing. Under the terms of the agreement, the Company has acquired 100% of Centennial Towers Colombia, S.A.S. which comprises 217 sites in Colombia for a consideration of approximately US$45 million. Under the terms of the agreement, the Company will also acquire 100% of Centennial Towers Brasil Cooperatief U.A. which includes 602 sites in Brazil. The Group expects to account for this acquisition as a business combination under IFRS 3.

(c) IHS Zambia Limited re-financing

On March 4, 2021 IHS Zambia Limited made a one-off payment of US$0.6 million and extended the term of the remaining fully drawn down loan facility of US$95.0 million. The lenders were replaced with the development finance institution (''IFC'') and commercial bank (''SCB''). The maturity was extended to December 2027 for both lenders and the principal payments were also deferred by 24 months

There were no other events after the reporting period that are disclosable in accordance with IAS 10 "Events after the reporting period".

COMPANY STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

	Note	2020 $'000	2019 $'000
Administrative expenses	3	(132,102)	(439,927)
Other income		3,478	122
Operating loss		**(128,624)**	**(439,805)**
Finance income	4.1	158,266	263,592
Finance costs	4.2	(3,454)	(11,025)
Profit/(loss) before income tax		**26,188**	**(187,238)**
Income tax charge	5	(783)	(6,678)
Profit/(loss) for the year		**25,405**	**(193,916)**

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

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2020 $'000	2019 $'000
Assets			
Non-current assets			
Furniture and office equipment	6	112	-
Intangible assets	7	2,680	3,207
Investments	8	4,628,378	2,118,717
Loans receivable from related parties	9	228,772	2,112,256
		4,859,942	**4,234,180**
Current assets			
Trade and other receivables	9	55,901	78,356
Cash and cash equivalents	10	135,115	675,277
Income tax receivable	5	1,018	-
Loans receivable from related parties	9	44,080	-
		236,114	**753,633**
TOTAL ASSETS		**5,096,056**	**4,987,813**
Liabilities			
Current liabilities			
Trade and other payables	11	103,873	28,215
Income tax payable	5	-	36
		103,873	**28,251**
TOTAL LIABILITIES		**103,873**	**28,251**
Equity attributable to owners of the Company			
Stated capital	12	4,530,870	4,530,870
Accumulated losses		(225,733)	(251,138)
Other reserves	13	687,046	679,830
Total equity		**4,992,183**	**4,959,562**
TOTAL EQUITY AND LIABILITIES		**5,096,056**	**4,987,813**

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

Refer to notes 2 to 19 to the company financial statements.

The financial statements on pages 69 to 86 were approved and authorized for issue by the Board of Directors and were signed on its behalf by:

Name	Position	Signature	Date
Sam Darwish	Chairman and Group CEO	Sam Darwish	March 26,2021
Christian Li	Director	Christian Li	March 26,2021
Kathleen Lai	Director	Kathleen Lai	March 26,2021

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company			
		Stated capital $'000	**Accumulated losses $'000**	**Other reserves $'000**	**Total $'000**
Balance at January 1, 2019		**4,518,502**	**(57,222)**	**175,499**	**4,636,779**
Issue of shares	12	12,368	-	-	12,368
Recognition of share-based payment expense	13	-	-	504,331	504,331
Loss for the year		-	(193,916)	-	(193,916)
Balance at December 31, 2019		**4,530,870**	**(251,138)**	**679,830**	**4,959,562**
Balance at January 1, 2020		4,530,870	(251,138)	679,830	4,959,562
Recognition of share-based payment expense	13	-	-	7,216	7,216
Profit for the year		-	25,405	-	25,405
Balance at December 31, 2020		**4,530,870**	**(225,733)**	**687,046**	**4,992,183**

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

COMPANY STATEMENT OF CASH FLOWS

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Cash used in operations	16	(38,528)	(100,633)
Income taxes paid	5	(1,837)	(2,539)
Net cash used in operating activities		**(40,365)**	**(103,172)**
Cash flows from investing activities			
Purchase of furniture and office equipment	6	(136)	-
Purchase of software and licenses	7	(1,662)	(3,132)
Investment in subsidiaries		(19,751)	-
Loan disbursed to subsidiaries		(521,947)	(35,000)
Loan repayment received from subsidiaries		43,988	579,172
Interest income received	4.1	1,425	7,228
Net cash (used in)/generated from investing activities		**(498,083)**	**548,268**
Cash flows from financing activities			
Capital raised	12	-	12,368
Loan facility fees		(1,714)	(1,706)
Net cash (used in)/generated from financing activities		**(1,714)**	**10,662**
Net (decrease)/increase in cash and cash equivalents		(540,162)	455,758
Cash and cash equivalents at beginning of year		675,277	219,519
Cash and cash equivalents at end of year	10	**135,115**	**675,277**

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The separate financial statements of the Company are presented as required by the Mauritius Companies Act 2001. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB) and related interpretations and the Mauritian Companies Act 2001.

Where required, equivalent disclosures are given in the consolidated financial statements. The separate financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments that are measured at fair value.

The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

2. Introduction and overview of Company's risk management

The Company's activities expose it to a variety of financial risks including market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Executive Risk Management Committee, who is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the executive management to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is supported by various management functions that check and undertake both regular and ad hoc reviews of compliance with established controls and procedures.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Credit risk is managed on a Group basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was:

	2020 $'000	**2019 $'000**
Loans to related parties (note 17.1)	272,852	2,112,256
Other receivables (note 9)	810	28,309
Amounts receivable from related parties (note 17.2)	50,069	47,755
Cash and cash equivalents (note 10)	135,115	675,277
	458,846	**2,863,597**

All of the financial assets in the table above are neither past due nor impaired.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Introduction and overview of Company's risk management (continued)

(a) Credit risk (continued)

Credit ratings

For banks and financial institutions, only independently rated parties with a minimum rating of "B" are accepted. The credit ratings of the Company's other receivables at December 31, 2020 and 2019 are based on publicly reported Fitch ratings:

	2020 $'000	2019 $'000
AA		
Cash and cash equivalents	115,811	-
A		
Cash and cash equivalents	7	205,341
BB+		
Cash and cash equivalents	-	440,937
B		
Cash and cash equivalents	19,297	28,987
Not rated		
Loans to related parties	272,852	2,112,256
Other receivables	810	28,309
Amounts receivable from related parties	50,069	47,755
Cash and cash equivalents	-	12
	458,846	**2,863,597**

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's liquidity is managed in conjunction with that of the Group – please refer to note 4 in the Group accounts.

The table below analyses the Company's financial liabilities including estimated interest payments and excluding the impact of netting agreements into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Total contractual cash flows $'000	Within 1 year $'000	2 - 3 years $'000	4 – 5 years $'000	6 - 10 years $'000
2020					
Trade and other payables (note 11)	16,834	16,834	-	-	-
Amount payable to related parties (note 11)	87,039	87,039	-	-	-
	103,873	**103,873**	-	-	-
2019					
Trade and other payables (note 11)	14,263	14,263	-	-	-
Amount payable to related parties (note 11)	13,952	13,952	-	-	-
	28,215	**28,215**	-	-	-

(c) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's capital structure is monitored in conjunction with that of the Group - please refer to note 4 of the Group accounts.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Introduction and overview of Company's risk management (continued)

(c) Capital risk management (continued)

Financial instruments by category

Financial assets	**2020 $'000**	**2019 $'000**
Loans to related parties (note 9/17.1)	272,852	2,112,256
Other receivables (note 9)	810	28,309
Amounts receivable from related parties (note 9/17.2)	50,069	47,755
Cash and cash equivalents (note 10)	135,115	675,277
	458,846	**2,863,597**

Financial liabilities	**2020 $'000**	**2019 $'000**
Trade and other payables (note 11)	16,834	14,263
Amounts payable to related parties (note 17.2)	87,039	13,952
	103,873	**28,215**

The fair values of trade payable and other current liabilities are not materially different from carrying values.

3. Administrative expenses

	2020 $'000	**2019 $'000**
Repairs and maintenance	6,706	3,265
Insurance	1,218	681
Depreciation (note 6)	24	8
Amortization (note 7)	2,189	3,642
Rent	347	144
Audit fee	2,293	2,126
Staff costs (note 3.1)	8,566	6,432
Key management compensation (17.3)	7,516	14,549
Travel costs	2,928	9,214
Professional fees	22,426	2,920
Share-based payment expense (note 14)	7,216	347,575
Business combination transaction costs	12,134	3,745
Facility fees on issued notes	-	6,976
Others*	58,539	38,650
	132,102	**439,927**

* US$52.5 million (2019:US$25.9 million) included in this amount relates to service fees recharged to the Company from other entities in the Group.

Foreign exchange gains and losses on administrative expenses are included in others.

3.1 Staff costs are analyzed as follows:

	2020 $'000	**2019 $'000**
Salaries and wages	6,492	4,747
Other benefits	2,074	1,685
	8,566	**6,432**

Other benefits are comprised of employee related insurances, employee training costs, staff entertainment and hiring costs.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Finance income and costs

4.1 Finance income

	2020 $'000	2019 $'000
Interest income - bank deposits	1,425	7,228
Interest income - related party loans	123,755	252,577
Fair value gain on warrants	-	3,787
Net foreign exchange gain arising from financing- unrealized	33,086	-
	158,266	**263,592**

4.2 Finance costs

	2020 $'000	2019 $'000
Net foreign exchange loss arising from financing- realized	467	-
Net foreign exchange loss arising from financing - unrealized	-	8,606
Loan facility fees	2,987	2,419
	3,454	**11,025**

5. Income Tax Expense

	2020 $'000	2019 $'000
Current taxes on income	783	1,973
Deferred income taxes	-	4,705
Total taxes	**783**	**6,678**
Reconciliation of effective tax charge		
Profit/(loss) before income tax	26,188	(187,238)
Tax calculated at tax rates of 15% (2019: 15%)	3,928	(28,086)
Tax effects of:		
Expenses not deductible for tax purposes	9,671	5,945
Income not taxable	(10,328)	(19,488)
Tax losses and deductible temporary difference for which no deferred income tax asset was recognized	-	4,706
Prior year over provision of income tax	-	(129)
Foreign tax credit	(3,570)	(8,406)
Non-deductible share-based payment expense	1,082	52,136
Total tax charge	**783**	**6,678**
Current income tax receivable/(payable)	1,018	(36)
	1,018	**(36)**

The movement in the current income tax is as follows:

	2020	2019
At beginning of year	(36)	(602)
Charged to profit or loss	(783)	(1,973)
Paid during the year	1,837	2,539
At end of year	**1,018**	**(36)**

Towers of strength

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

6. Furniture and office equipment

	2020 $'000	2019 $'000
Cost		
At beginning of year	89	89
Additions during the year	136	-
At end of year	225	89
Accumulated depreciation		
At beginning of year	89	81
Charge for the year	24	8
At end of year	113	89
Carrying value at December 31	**112**	**-**

7. Intangible assets

	Software licenses	
	2020 $'000	2019 $'000
Cost		
At beginning of year	10,338	7,206
Additions during the year	1,662	3,132
At end of year	**12,000**	**10,338**
Accumulated amortization		
At beginning of year	7,131	3,489
Charge for the year	2,189	3,642
At end of year	**9,320**	**7,131**
Net book value at December 31	**2,680**	**3,207**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

8. Investments

The amounts recognized in the statement of financial position are as follows:

	2020 $'000	2019 $'000
Investments in subsidiaries	4,628,378	2,118,717

The investments in subsidiaries include the cost of the investment and the day one gain or loss on loans to subsidiaries.

	Type of investment	Country of incorporation	% of interest held	$'000
2020				
IHS Nigeria Limited	Indirect	Nigeria	100%	347,119
IHS Towers NG Limited	Indirect	Nigeria	100%	12,526
IHS Mauritius Cameroon Limited	Direct	Mauritius	100%	15,082
IHS Mauritius Côte d'Ivoire Limited	Direct	Mauritius	100%	145,562
IHS Mauritius Netherlands Limited	Direct	Mauritius	100%	942,350
IHS Mauritius Rwanda Limited	Direct	Mauritius	100%	30,249
IHS Mauritius Zambia Limited	Direct	Mauritius	100%	58,622
IHS Cameroon S.A.	Indirect	Cameroon	100%	113,885
IHS Zambia Towers Limited	Indirect	Zambia	100%	37,350
IHS Netherlands NG1 B.V.	Indirect	Netherlands	100%	184,439
IHS Netherlands NG2 B.V.	Indirect	Netherlands	100%	231,665
IHS FinCo Management Limited	Direct	Netherlands	100%	1,232,395
IHS Netherlands (Interco) Coöperatief U.A	Indirect	Netherlands	100%	1,030,685
IHS Netherlands BR B.V.	Indirect	Netherlands	100%	241,857
IHS Zambia Limited	Indirect	Zambia	100%	4,592
				4,628,378
2019				
IHS Nigeria Limited	Indirect	Nigeria	100%	347,119
IHS Towers NG Limited	Indirect	Nigeria	100%	10,408
IHS Mauritius Cameroon Limited	Direct	Mauritius	100%	15,082
IHS Mauritius Côte d'Ivoire Limited	Direct	Mauritius	100%	75,250
IHS Mauritius Netherlands Limited	Direct	Mauritius	100%	10
IHS Mauritius Rwanda Limited	Direct	Mauritius	100%	30,249
IHS Mauritius Zambia Limited	Direct	Mauritius	100%	58,622
IHS Cameroon S.A.	Indirect	Cameroon	100%	97,788
IHS Zambia Towers Limited	Indirect	Zambia	100%	37,350
IHS Netherlands NG1 B.V.	Indirect	Netherlands	100%	184,439
IHS Netherlands NG2 B.V.	Indirect	Netherlands	100%	231,665
IHS FinCo Management Limited	Direct	Netherlands	100%	50
IHS Netherlands (Interco) Coöperatief U.A	Indirect	Netherlands	100%	1,030,685
				2,118,717

Indirect investment are entities controlled by the direct subsidiaries of the Company.

Refer to note 17.1 for further information of the impact of the loan restructuring on investments.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

9. Trade and other receivables

	2020 $'000	2019 $'000
Current		
Other receivables	810	28,309
Prepaid expenses	5,022	2,292
Amounts receivable from related parties (note 17.2)	50,069	47,755
Loans to related parties (note 17.1)	44,080	-
	99,981	**78,356**
Non-current		
Loans to related parties (note 17.1)	228,772	2,112,256

All non-current receivables are due within ten years (2019: ten years) from the end of the reporting period. All current trade and other receivables are due within the 12 months from the end of the reporting period.

The fair value of other receivables is equal to their carrying amount, except for the non-current loans to related parties. The loans to related parties are carried at amortized cost on the statement of financial position. Management is of the opinion that the carrying values of these instruments materially approximate their fair values.

The Company does not secure any collateral for its other receivables. Refer to note 2 (a) for further information on trade and other receivables.

10. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank	**135,115**	**675,277**

11. Trade and other payables

	2020 $'000	2019 $'000
Trade payables	16,611	14,045
Payroll and other statutory liabilities	223	218
Amounts payable to related parties (note 17.2)	87,039	13,952
	103,873	**28,215**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

12. Stated capital

	Class A shares			Class B shares		
	Number of shares 000's	Stated capital $'000	Stated capital net of issue costs $'000	Number of shares 000's	Stated capital $'000	Stated capital net of issue costs $'000
At January 1, 2019	**130,147,167**	**4,220,967**	**4,219,488**	**16,558,927**	**299,405**	**299,014**
Issued on exercise of warrants*	345,400	12,368	12,368	-	-	-
At December 31, 2019	**130,492,567**	**4,233,335**	**4,231,856**	**16,558,927**	**299,405**	**299,014**
At January 1, 2020	130,492,567	4,233,335	4,231,856	16,558,927	299,405	299,014
At December 31, 2020	**130,492,567**	**4,233,335**	**4,231,856**	**16,558,927**	**299,405**	**299,014**

* In September and November 2019, exercise notices for 345,400,314 out of the available 658,642,396 warrants were exercised for gross cash settlement. The remaining warrants, having then passed their term, lapsed. All warrant obligations were consequently derecognized.

There is no limit over the number of equity shares that can be authorized.

In addition to Class A and B shares, the Company has Class C shares, which shall only be issued pursuant to an approved employee stock plan. Summarized below are the terms of the shares.

- Class A and B shares are at no par value.
- Class A and B shares rank pari passu in all respects except that Class B shares shall accrue no voting rights.
- Class C shares shall accrue no rights to vote.

All Class A and B shares issued were fully paid up as at December 31, 2020 (2019: same).

13. Other reserves

	2020 $'000	2019 $'000
At January 1	679,830	175,499
Recognition of share-based payment expense	7,216	504,331
At December 31	**687,046**	**679,830**

Share-based payment reserve

This reserve represents the cumulative amounts charged in respect of unsettled options issued to employees of the company. This is a non-distributable reserve.

14. Share-based payment obligations

The terms of the IHS share-based payment plans for employees were amended on July 10, 2019.

Prior to July 10, 2019, IHS maintained four share-based payment plans for employees. The long term incentive plan 1 (the "LTIP1"), long term incentive plan 2 (the "LTIP2"), long-term incentive plan 2B ("LTIP 2B") and long-term incentive plan 3 ("LTIP3") are granted in three tranches, each with a different exercise price, and provide for the grant of stock options exercisable for Class A or B ordinary shares. The exercise price represented the higher of two fixed per share amounts, one of which increased by a fixed percentage per number of years that had passed since the grant date. The options either vested in 25% portions, starting on the grant date (i.e. immediately) and every grant anniversary date thereafter until it fully vested (i.e. every year until the end of) the third year) or in 33% portions, starting on the first grant anniversary date and every grant anniversary date thereafter until fully vested (i.e. every year until the end of the third year). Once vested, the options are were not exercisable until the occurrence of a liquidity event (i.e. sale or listing). However, terminated employees with vested options could be cash settled as applicable. The options were valid for seven or twelve years, after which they expired. Upon the occurrence of a liquidity event, all unvested options immediately vested and became exercisable.

Prior to July 10, 2019, the Company's LTIP1, LTIP2, LTIP2B and LTIP3 plans could be cash or equity settled, as applicable. However, the Company had a constructive obligation to settle in cash and thus the options are were accounted for as cash settled instruments pursuant to IFRS 2, and accordingly, a liability equal to the portion of the services received was recognized at its fair value determined at each statement of financial position date.

On July 10, 2019 the terms of the share option plans were amended such that the exercise prices of the share option were removed and the number of shares options an option holder will receive was reduced on a pro-rata basis (taking into account their relative values). The amended terms are:

- On a liquidity event (sale or IPO), the options will be converted and replaced with a fixed pool of shares.
- In the event of a Sale option holders will receive the entirety of their options in shares.
- In the event of an IPO:
  - Option holders will be awarded two thirds (66.7%) of their options as shares.
  - Option holders will further be entitled to receive up to an additional 33.3% of their shares subject to achieving the performance conditions below:
    - 50% issued annually if the Group achieves 5% Adjusted EBITDA growth and Adjusted funds from operations ("AFFO") growth compared to the prior 12 month period where AFFO is defined as the profit/(loss) for the period, before income tax expense/(benefit), finance costs and income, depreciation and amortization, impairment of property, plant and equipment and prepaid land rent, net (profit)/loss on sale of assets, share-based payment (credit)/expense, insurance claims, exceptional items income, exceptional items expense and other non-operating income and expenses, amortization of prepaid site rent, adjusted to take into account interest paid, interest income received, revenue withholding tax, income taxes paid, lease payments made, amortization of prepaid site rent, maintenance capital expenditures and corporate capital expenditures.
    - 50% issued annually on a sliding scale basis for Adjusted EBITDA growth and AFFO growth between 5 and 10% compared to the prior 12 month period.

The amendment also resulted in a change in classification from cash-settled to equity-settled. Accordingly, the liability that existed before July 10, 2019 was derecognized and the revised value of the vested share options recognized in equity. The value of the unvested portion will be recognized in the profit or loss over the vesting term with the corresponding credit being recognized in equity.

No share options expired during the year. No share options are exercisable at the end of the period.

(i) Movement in the share-based payment obligation liability:

	2019 $'000
At January 1	156,756
Credit to profit or loss under cash settled classification	(25,922)
De-recognition of liability on amendment	(130,834)
At December 31	-

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

14. Share-based payment obligations (continued)

The total charge to the profit or loss in the year is analyzed as follows:

	2020 $'000	2019 $'000
Credit under cash settled classification to the date of amendment	-	(25,922)
Immediate charge on amendment for options vested at date of amendment	-	359,823
Expense under equity settled classification from date of amendment	7,216	13,674
	7,216	**347,575**

(ii) Movements in the number of share options outstanding

	2020			
	Incentive plan 1	**Incentive plan 2**	**Incentive plan 2B**	**Incentive plan 3**
	000's	**000's**	**000's**	**000's**
Authorized	1,899,881	7,680,139	2,300,230	27,990
Issued				
At January 1	1,829,620	7,680,139	2,305,751	25,611
Issued	74,437	-	-	2,379
Forfeited	(29,758)	(5,182)	(8,282)	-
At December 31	**1,874,299**	**7,674,957**	**2,297,469**	**27,990**

	2019			
	Incentive plan 1	**Incentive plan 2**	**Incentive plan 2B**	**Incentive plan 3**
	000's	**000's**	**000's**	**000's**
Authorized	1,899,881	7,680,139	2,305,751	27,989
Issued				
At January 1	6,597,597	14,079,163	4,176,106	344,330
Forfeited	(25,000)	-	-	-
Reduction on amendment of terms	(4,742,977)	(6,399,024)	(1,870,355)	(318,719)
At December 31	**1,829,620**	**7,680,139**	**2,305,751**	**25,611**

The weighted average exercise price is as follows:

	2020				2019			
	Incentive plan 1 $	**Incentive plan 2 $**	**Incentive plan 2B $**	**Incentive plan 3 $**	**Incentive plan 1 $**	**Incentive plan 2 $**	**Incentive plan 2B $**	**Incentive plan 3 $**
Issued								
At January 1	Nil	Nil	Nil	Nil	0.038519	0.042788	0.042606	0.056345
Issued	Nil	Nil	Nil	Nil	-	-	-	-
Forfeited	Nil	Nil	Nil	Nil	0.05634	-	-	-
At December 31	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(iii) Valuation assumptions used to carry out the valuation of the scheme.

At the modification date of July 10, 2019, since the exercise price term was amended to $Nil and dividends were not expected to be paid in the near future, the options were deep in the money and the Black Scholes model returns the value of the share price for the value of the option. The share price assumption used was $0.04407. A forfeiture rate of 10% and 5% was assumed for the LTIP1 and LTIP2 plans respectively and 0% for LTIP2B and LTIP3. No dividend was taken into account in performing the valuation since IHS Holding Limited has never paid dividends and there is very minimal likelihood that dividends will be paid in the near future.

On March 9, 2020 60,114,007 options were issued. They were valued at US$2.2 million at issue using a share price assumption of US$0.042402. Forfeiture rates of 0%, 5% and 10% were assumed for the Company's various long term incentive plans. No dividend was taken into account in performing the valuation since IHS Holding Limited has never paid dividends and there is very minimal likelihood that dividends will be paid in the near future.

On July 14, 2020 16,702,254 options were issued. They were valued at US$0.7 million at issue using a share price assumption of US$0.044270. Forfeiture rates of 0%, 5% and 10% were assumed for the Company's various long term incentive plans. No dividend was taken into account in performing the valuation since IHS Holding Limited has never paid dividends and there is very minimal likelihood that dividends will be paid in the near future.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

14. Share-based payment obligations (continued)

(v) Exercise prices and weighted-average remaining contractual life

Share options were originally granted at dates between June 2014 and September 2018 with a contractual life of 12 years.

The weighted-average remaining contractual life shown in the tables below is simply the period of time from the year end date to the expiry date of each of the options.

At December 31, 2020 following the amendment to terms on July 10, 2019, all share options had a $Nil exercise price.

	2020		2019	
Year of grant	**Weighted average remaining contractual life**	**Number of options in force at year end**	**Weighted average remaining contractual life**	**Number of options in force at year end**
2014	0.49	1,569,421,769	1.42	1,592,220,346
2015	6.18	7,616,436,422	7.23	7,616,436,422
2017	8.12	2,558,434,629	9.10	2,578,858,065
2018	9.20	53,605,980	10.46	53,605,980
2020	6.41	76,816,261		-
		11,874,715,061		**11,841,120,813**

15. Warrant obligations

(i) Key elements

The Company awarded warrants to some institutional investors in 2012 which were valid for seven years. These warrants were issued in four different tranches, each of which had a different exercise price based on a multiple of the share price at the issue date. All the awarded warrants vested immediately on the grant date and were immediately exercisable over the lifetime of the warrant. Prior to the occurrence of a liquidity event, any warrant exercises would be gross settled by IHS. Following a liquidity event, warrant holders could choose for the warrants to be gross or net settled by IHS.

In September and November 2019, exercise notices for 345,400,314 out of the available 658,642,396 warrants were received. The remaining warrants, having then passed their term, lapsed. All warrant obligations were consequently derecognized.

16. Cash from operations

	2020 $'000	2019 $'000
Reconciliation:		
Profit/(loss) before income tax	26,188	(187,238)
Adjustments:		
Depreciation of property, plant and equipment (note 6)	24	8
Amortization of intangible assets (note 7)	2,189	3,642
Interest income (note 4.1)	(158,266)	(259,805)
Finance costs (note 4.2)	3,454	11,025
Share-based payment expense (note 14)	7,216	347,575
Fair value gain on warrants revaluation	-	(3,787)
Operating loss before working capital changes	**(119,195)**	**(88,580)**
Changes in working capital		
Decrease/(increase) in trade and other receivables	24,770	(27,939)
Increase in trade and other payables	1,536	2,867
Increase in related party payables/receivables	54,361	13,019
Net movement in working capital	80,667	(12,053)
Cash used in operations	**(38,528)**	**(100,633)**

Towers of strength

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

17. Related parties

17.1 Loans with related parties

Balances due to and from related parties are interest bearing loans. These are recognized at amortized cost.

Loans to related parties (note 9)	2020 $'000	2019 $'000
IHS Cameroon S.A.	142,076	111,302
IHS Mauritius Cameroon Limited	130,776	111,871
IHS Mauritius Côte d'Ivoire Limited	-	149,822
IHS Mauritius Netherlands Limited	-	973,204
IHS Nigeria Limited	-	494,625
IHS Mauritius Rwanda Limited	-	52,837
IHS Mauritius Zambia Limited	-	71,075
IHS Towers NG Limited	-	45,063
Zambian Towers Limited	-	34,673
INT Towers Limited	-	67,784
	272,852	**2,112,256**

Loan restructuring

On September 15, 2020 the Company undertook a restructuring and simplification of the intercompany loan arrangements within the Group. The Company assigned all related party loans receivable by it, except for the loans to IHS Mauritius Cameroon Limited and IHS Cameroon Limited, to IHS Finco Management Limited ('Finco') a subsidiary within the Group.

The restructuring encompassed the following:

1. Loans receivable were assigned to the Company by the following subsidiaries in settlement of their loan obligations to the Company on September 15, 2020:

	Amount assigned $'000	Amount settled $'000	Shortfall on settlement* $'000
IHS Mauritius Netherlands Limited	79,882	(986,060)	(906,178)
IHS Mauritius Rwanda Limited	55,362	(55,362)	-
IHS Mauritius Zambia Limited	74,661	(74,661)	-
IHS Mauritius Côte d'Ivoire Limited	-	(70,312)	(70,312)
	209,905	**(1,186,395)**	**(976,490)**

*The shortfall on settlement was recognized as an increase in investments in subsidiaries by the Company.

Each of the instruments were fair valued at the date of settlement.

2. Subsequent to the above loans receivable to the Company were assigned to Finco in exchange for capital contributions on September 15, 2020 as follows:

	Amount assigned $'000
IHS Mauritius Rwanda Limited	55,362
IHS Mauritius Zambia Limited	116,722
IHS Mauritius Côte d'Ivoire Limited	60,578
IHS Nigeria Limited	528,549
IHS Brazil Participações Limited	279,030
Global Independent Connect Limited	3,500
IHS Towers NG Limited	48,154
INT Towers Limited	140,450
Total investment in Finco (note 8)	**1,232,345**

The principal terms of the remaining loans are as follows as at December 31, 2020:

Subsidiary	Currency	Rate per annum in %	Interest chargeable frequency	Repayable in full by
IHS Mauritius Cameroon Limited	Euro	6	Annually	n/a*
IHS Mauritius Cameroon Limited	Euro	5	Annually	n/a*
IHS Cameroon S.A.	Euro	Nil	Annually	n/a*

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

17. Related parties (continued)

17.1 Loans with related parties (continued)

The principal terms of the loans as at December 31, 2019:

Subsidiary	Currency	Rate per annum in %	Interest chargeable frequency	Repayable in full by
IHS Nigeria Limited	USD	9.5	n/a	2029
IHS Towers NG Limited	USD	9.5	n/a	2029
IHS Towers Nigeria Limited	USD	9.5	n/a	2029
IHS Mauritius Zambia Limited	USD	Nil	n/a	2024
Zambian Towers Limited	USD	Nil	n/a	2024
IHS Mauritius Rwanda Limited	USD	Nil	n/a	2024
IHS Mauritius Netherlands Limited	USD	5.811	Annually	2020**
IHS Mauritius Netherlands Limited	USD	6.036	Quarterly	2020**
IHS Mauritius Cote d'Ivoire Limited	Euro	Nil	n/a	2020**
IHS Mauritius Cameroon Limited	Euro	6	Annually	n/a*
IHS Mauritius Cameroon Limited	Euro	5	Annually	n/a*
IHS Cameroon S.A.	Euro	Nil	n/a	n/a*

* term is indefinite duration until such time as borrower is able to finance repayments from its operating activities.

** The carrying value of these loans continues to be classified as non-current assets because the Company expects that it will not call on these loans when they become repayable and they are thus not recoverable within one year.

17.2 Amounts receivable from and amounts payable to related parties

From time to time, the Company makes payments on behalf of its subsidiaries and vice versa. Below are the year end balances arising therefrom at end of the reporting period.

(i) Amounts receivable by IHS Holding Limited from related parties (note 9)	2020 $'000	2019 $'000
IHS Cameroon S.A.	5,336	4,200
IHS Côte d'Ivoire Limited	4,022	3,223
IHS Mauritius Cameroon Limited	97	86
IHS Mauritius Côte d'Ivoire Limited	97	86
IHS Mauritius Rwanda Limited	86	75
IHS Mauritius Zambia Limited	5,086	5,075
IHS Netherlands Holdco B.V.	1,686	1,534
IHS Towers Netherlands FinCo NG B.V.	-	248
Nigeria Tower Interco B.V.	99	99
IHS Finco Management Limited	45	-
IHS GCC Limited	8,153	2,561
IHS Mauritius Netherlands Limited	74	63
IHS Netherlands Coöperatief U.A.	262	262
IHS Rwanda Limited	549	211
IHS GCC KW Holding Limited	1	16,278
IHS Netherlands BR B.V.	2,779	-
IHS Netherlands GCC B.V.	101	101
IHS Nigeria Limited	19,213	12,318
IHS Africa (UK) Limited	1,349	1,335
ITNG Limited	248	-
IHS Brazil Participações Limited	781	-
IHS KSA Limited	5	-
	50,069	**47,755**

(ii) Amounts payable to related parties by IHS Holding Limited (note 11)	2020 $'000	2019 $'000
IHS Nigeria Limited	11,246	10,057
INT Towers Limited	264	264
IHS Towers NG Limited	238	238
IHS Netherlands Coöperatief U.A.	55	55
IHS Africa (UK) Limited	8,214	1,531
IHS Finco Management Limited	57,467	50
IHS GCC Limited	7,622	1,757
IHS GCC KW Holding Limited	49	-
IHS SSC FZE Limited	1,884	-
	87,039	**13,952**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

17 Related parties (continued)

17.3 Key management personnel

The compensation paid or payable to key management for employee services is shown below:

	2020 $'000	2019 $'000
Key management compensation		
Short-term employee benefits	7,516	14,549
	7,516	14,549
Share-based payments	892	321,126
	8,408	**335,675**

18. Capital commitments and contingent liabilities

The Company had no contingent liabilities in respect of legal claims arising in the ordinary course of business or commitments for capital expenditure as at the period end (2019: nil).

19. Events after the reporting period

There were no other events after the reporting period that are disclosable in accordance with IAS 10 “Events after the reporting period”.