



IHS HOLDING LIMITED

UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED

MARCH 31, 2021

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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-RUFAl Bashir Ahmad
Mr. FORT Bryce Louis
Mr. LI KWET LIIT Christian Kien Ngok
Mr. MAASDORP Paul
Mrs. LAI Kathleen
Mrs. SZIGETVARI Aniko Klara (resigned February 1, 2021)
Mr. DENCH Andrew James
Mr. BUSH John Ellis
Mr. LAND Nicholas Charles Edward
Ms. BURNS Ursula Maxine
Mr. DANGEARD Franck Emmanuel
Mrs. BESNIER Stephanie (resigned April 30, 2021)
Mrs. BAHL Deepali (appointed February 1, 2021)
Mr. MICHIELS Jérôme Edouard Malcom (appointed May 6, 2021)

Permanent alternate directors

Mr. SAAD William (Permanent alternate director to Mr. DARWISH Sam and Mr. EL-RUFAl Bashir Ahmad)
Mr. DARWISH Mohamad (Permanent alternate director to Mr. DARWISH Sam and Mr. EL-RUFAl Bashir Ahmad)

Independent Auditors

PricewaterhouseCoopers
Republic of Mauritius

Bankers

Standard Bank (Mauritius) Limited
EBI SA Groupe Ecobank
Citigroup Incorporated
Standard Chartered Bank

CONDENSED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

	Note	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Revenue		361,650	332,589
Cost of sales	6	(189,193)	(221,862)
Administrative expenses	7	(68,041)	(79,878)
Loss allowance on trade receivables	8	(12)	(1,681)
Other income	9	3,788	120
Operating profit		108,192	29,288
Finance income	10	27,844	11,772
Finance costs	11	(150,374)	(346,937)
Loss before income tax		(14,338)	(305,877)
Income tax expense	12	(14,715)	(11,233)
Loss for the period		(29,053)	(317,110)
Loss attributable to:			
Owners of the Company		(28,704)	(316,693)
Non-controlling interest		(349)	(417)
Loss for the period		(29,053)	(317,110)
Loss per share – basic \$	13	(0.00)	(0.00)
Loss per share – diluted \$	13	(0.00)	(0.00)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(25,555)	98,883
Other comprehensive (loss)/income for the period, net of taxes		(25,555)	98,883
Total comprehensive loss for the period		(54,608)	(218,227)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(54,385)	(217,618)
Non-controlling interest		(223)	(609)
Total comprehensive loss for the period		(54,608)	(218,227)

The accompanying notes on pages 8 to 28 form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2021 \$'000	December 31, 2020 \$'000
Non-current assets			
Property, plant and equipment	14	1,424,722	1,438,040
Right of use assets	14	475,499	468,130
Goodwill	15	695,123	656,256
Other intangible assets	15	655,124	690,841
Fair value through other comprehensive income financial assets		8	8
Deferred income tax assets		12,948	13,443
Derivative financial instrument assets	16	133,510	155,196
Trade and other receivables	17	72,598	36,409
		3,469,532	3,458,323
Current assets			
Inventories		43,779	49,222
Derivative financial instrument assets	16	6,226	27,495
Trade and other receivables	17	281,742	327,187
Cash and cash equivalents		545,396	585,416
		877,143	989,320
TOTAL ASSETS		4,346,675	4,447,643
Current liabilities			
Trade and other payables	18	417,801	409,493
Provisions for other liabilities and charges	21	3,613	3,797
Derivative financial instrument liabilities	16	9,019	7,285
Income tax payable		53,163	48,703
Borrowings	19	170,618	186,119
Lease liabilities	20	27,154	28,246
		681,368	683,643
Non-current liabilities			
Trade and other payables	18	84	9,565
Borrowings	19	1,987,570	2,017,090
Lease liabilities	20	293,271	286,501
Provisions for other liabilities and charges	21	52,445	49,469
Deferred income tax liabilities		161,035	177,184
		2,494,405	2,539,809
TOTAL LIABILITIES		3,175,773	3,223,452
Stated capital	22	4,530,870	4,530,870
Accumulated losses		(2,864,094)	(2,835,390)
Other reserves	23	(509,867)	(485,505)
Equity attributable to owners of the Company		1,156,909	1,209,975
Non-controlling interest	24	13,993	14,216
TOTAL EQUITY		1,170,902	1,224,191
TOTAL EQUITY AND LIABILITIES		4,346,675	4,447,643

The accompanying notes on pages 8 to 28 form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Stated capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Total \$'000	Non-controlling interest \$'000	Total Equity \$'000
Balance at Jan 1, 2020	4,530,870	(2,513,396)	(587,155)	1,430,319	-	1,430,319
NCI arising on business combination	-	-	-	-	14,195	14,195
Share-based payment expense	-	-	7,162	7,162	-	7,162
Total transactions with owners of the Company	-	-	7,162	7,162	14,195	21,357
Loss for the period	-	(316,693)	-	(316,693)	(417)	(317,110)
Other comprehensive income/(loss)	-	-	98,883	98,883	(192)	98,691
Total comprehensive (loss)/income	-	(316,693)	98,883	(217,810)	(609)	(218,419)
Balance at March 31, 2020	4,530,870	(2,830,089)	(481,110)	1,219,671	13,586	1,233,257
Balance at Jan 1, 2021	4,530,870	(2,835,390)	(485,505)	1,209,975	14,216	1,224,191
Share-based payment expense	-	-	1,191	1,191	-	1,191
Total transactions with owners of the Company	-	-	1,191	1,191	-	1,191
Loss for the period	-	(28,704)	-	(28,704)	(349)	(29,053)
Other comprehensive (loss)/income	-	-	(25,553)	(25,553)	126	(25,427)
Total comprehensive loss	-	(28,704)	(25,553)	(54,257)	(223)	(54,480)
Balance at March 31, 2021	4,530,870	(2,864,094)	(509,867)	1,156,909	13,993	1,170,902

The accompanying notes on pages 8 to 28 form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Cash flows from operating activities			
Cash from operations	26	201,586	146,701
Income taxes paid		(4,337)	(2,320)
Payment for rent		(1,845)	-
Payment for tower and tower equipment decommissioning		(9)	(5)
Net cash generated from operating activities		195,395	144,376
Cash flows from investing activities			
Purchase of property, plant and equipment – capital work in progress		(27,270)	(15,895)
Purchase of property, plant and equipment – others		(3,502)	(3,129)
Payment in advance for property, plant and equipment		(63,199)	(34,255)
Purchase of software and licenses		(250)	(796)
Consideration paid on business combinations, net of cash acquired		(77,219)	(529,818)
Proceeds from disposal of property, plant and equipment		667	365
Insurance claims received		6,513	121
Interest income received		983	1,931
Net cash used in investing activities		(163,277)	(581,476)
Cash flows from financing activities			
Bank loans and bonds repaid		(11,953)	(16,805)
Fees on loans and derivative instruments		(4,452)	(1,509)
Interest paid		(64,960)	(70,325)
Payment for the principal of lease liabilities		(13,576)	(9,701)
Interest paid for lease liabilities		(4,944)	(2,869)
Initial margin received/(deposited) on non-deliverable forwards		18,705	(31,253)
Gains received on non-deliverable forwards		26,861	236
Net cash used in financing activities		(54,319)	(132,226)
Net decrease in cash and cash equivalents		(22,201)	(569,326)
Cash and cash equivalents at beginning of period		585,416	898,802
Effect of movements in exchange rates on cash		(17,819)	12,716
Cash and cash equivalents at end of period		545,396	342,192

The accompanying notes on pages 8 to 28 form part of the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The financial information is the unaudited condensed consolidated interim financial statements (hereafter “financial information”) of IHS Holding Limited (IHS) and its subsidiaries (together hereafter referred to as the “Group”). IHS Holding Limited is a limited company incorporated and domiciled in the Republic of Mauritius. The address of its registered office is Félix House, 24 Dr Joseph Rivière Street, Port Louis, Republic of Mauritius.

The financial period represents the three months ended March 31, 2021, with the prior period representing the three months ended March 31, 2020. The financial information is presented in US Dollars (US\$) and all values are rounded to the nearest thousand, except where otherwise indicated.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial information for the three months ended March 31, 2021, has been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ (IAS 34), as issued by the International Accounting Standards Board (IASB).

The financial information does not amount to full financial statements and does not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the consolidated annual financial statements of the Group for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB, as noted within note 2.1 of the consolidated annual financial statements.

In the opinion of the Company, the accompanying financial information contains all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of March 31, 2021, and its results of operations for the three months ended March 31, 2021, and 2020, cash flows for the three months ended March 31, 2021, and 2020, and statement of changes in equity for the three months ended March 31, 2021, and 2020. The condensed balance sheet at December 31, 2020, was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements.

2.2 Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2.3 Changes in accounting policies and disclosures

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2021:

- 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

The amendments to standards listed above did not have any material impact on the financial information.

2.4 Segment reporting

Operating segments are components of IHS’ 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.

Where operating segments share similar characteristics, they have been aggregated into reportable segments, of which the Group has identified four: Nigeria, Sub Saharan Africa (“SSA”), Middle East and North Africa (“MENA”) and Latin America (“Latam”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make certain judgements, accounting estimates and assumptions that affect the amounts reported for the assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the period. The nature of the estimation means that actual outcomes could differ from those estimates.

In preparing these condensed consolidated interim 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, except as mentioned below, as those that applied to the consolidated financial statements for the year ended December 31, 2020.

(a) 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 period however, and during the period after March 31, 2021 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	<ul style="list-style-type: none"> ▪ Limited impact on revenue collections thus far. ▪ Customers continue to perform, and we have not experienced significant deterioration in payments. 	<ul style="list-style-type: none"> ▪ The Group has long-term revenue contracts with its customers amounting to US\$9.7 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. The Group will continue to invest in capital expenditure relating to revenue growth during 2021.
Liquidity	<ul style="list-style-type: none"> ▪ Sufficient liquidity is available. ▪ No current impact on going concern. 	<ul style="list-style-type: none"> ▪ The Group has cash and cash equivalents of US\$545 million as at March 31, 2021. ▪ 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.
Access to USD	<ul style="list-style-type: none"> ▪ Moderate risk due to decreased availability. 	<ul style="list-style-type: none"> ▪ 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 period, and management remain confident that we will be able to do so for the foreseeable future.
Workforce and internal controls	<ul style="list-style-type: none"> ▪ Minimal impact to date. 	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Minimal impact to date. 	<ul style="list-style-type: none"> ▪ 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Critical accounting estimates and judgements (continued)

(a) Going Concern – Coronavirus (continued)

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 19);
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Capital 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 financial information does not include all financial risk management information and disclosures required in annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2020.

There have been no changes in any risk management policies since December 31, 2020.

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 tables present the Group's financial instruments that are measured at fair value at December 31, 2020 and at March 31, 2021.

December 31, 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 16)	-	155,196	-	155,196
Non-deliverable forwards (NDF) (note 16)	-	27,495	-	27,495
Embedded derivatives within revenue contracts (note 16)	-	-	(7,285)	(7,285)
	8	182,691	(7,285)	175,414
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
March 31, 2021				
Fair value through other comprehensive income financial assets	8	-	-	8
Embedded options within listed bonds (note 16)	-	133,510	-	133,510
Non-deliverable forwards (NDF) (note 16)	-	6,226	-	6,226
Embedded derivatives within revenue contracts (note 16)	-	-	(9,019)	(9,019)
	8	139,736	(9,019)	130,725

At March 31, 2021 the Group had 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 investments in marketable securities 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 non-deliverable forwards (NDF) and options embedded in the 2025 Notes and 2027 Notes. 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. Capital risk management (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.

Fair value estimation

	At March 31, 2021		At December 31, 2020	
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000
Financial liabilities				
Bank and bond borrowings (note 19)	2,158,188	2,285,894	2,203,209	2,230,846
	2,158,188	2,285,894	2,203,209	2,230,846

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.

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, 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

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 (defined as 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) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment reporting (continued)

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 any amounts due on debt held at Group level as the balances are not utilized in assessing each segment's performance.

Summarized financial information for the three months ended March 31, 2021 is as follows:

2021

	Nigeria \$'000	SSA \$'000	Latam \$'000	MENA \$'000	Other \$'000	Total \$'000
Revenues from external customers	261,253	83,170	10,503	6,724	-	361,650
Adjusted EBITDA	179,923	48,619	7,470	3,057	(24,046)	215,023
Depreciation and amortization (note 6 and 7)	(59,251)	(18,974)	(5,932)	(3,195)	(1,833)	(89,185)
Net (loss)/gain on disposal of property, plant and equipment (note 7)	(336)	305	-	(5)	-	(36)
Insurance claims (note 9)	3,788	-	-	-	-	3,788
Impairment of withholding tax receivables	(15,091)	-	-	-	-	(15,091)
Business combination costs	-	-	(511)	-	(724)	(1,235)
Impairment of property, plant and equipment and prepaid land rent	-	(222)	(498)	-	-	(720)
Listing costs	-	-	-	-	(1,121)	(1,121)
Other costs (a)	-	-	-	-	(2,040)	(2,040)
Share-based payment expense (note 7)	-	-	-	-	(1,191)	(1,191)
Finance income (note 10)	27,399	145	51	17	232	27,844
Finance costs (note 11)	(40,023)	(17,027)	(34,160)	(850)	(58,314)	(150,374)
Profit/(loss) before income tax	96,409	12,846	(33,580)	(976)	(89,037)	(14,338)
Additions of property, plant and equipment and intangible assets:						
- Additions through business combinations	-	-	104,697	-	-	104,697
- Additions of property, plant and equipment and intangible assets	52,693	6,434	17,454	2,700	403	79,684
	-	-	-	-	-	-
Segment assets (at March 31, 2021)	2,098,112	967,365	678,596	144,586	458,016	4,346,675
Segment liabilities (at March 31, 2021)	755,239	494,493	277,851	95,850	1,552,339	3,175,773

(a) Other costs for the three months ended March 31, 2021 relates to non-recurring professional costs related to financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment reporting (continued)

Summarized financial information for the three months ended March 31, 2020 is as follows:

2020

	Nigeria \$'000	SSA \$'000	Latam \$'000	MENA \$'000	Other \$'000	Total \$'000
Revenues from external customers	248,792	76,317	4,249	3,231	-	332,589
Adjusted EBITDA	164,552	41,011	2,753	1,268	(23,397)	186,187
Depreciation and amortization (note 6 and 7)	(89,576)	(23,627)	(1,976)	(1,489)	(1,132)	(117,800)
Net gain/(loss) on disposal of property, plant and equipment (note 7)	141	(212)	-	-	-	(71)
Insurance claims (note 9)	120	-	-	-	-	120
Impairment of withholding tax receivables	(22,544)	-	-	-	-	(22,544)
Business combination costs	-	-	-	-	(6,291)	(6,291)
(Impairment of)/reversal of impairment of property, plant and equipment and prepaid land rent	(1,867)	255	-	-	-	(1,612)
Listing costs	-	-	-	-	(1,234)	(1,234)
Other costs (a)	-	-	-	-	(305)	(305)
Share-based payment expense (note 7)	-	-	-	-	(7,162)	(7,162)
Finance income (note 10)	10,317	143	74	8	1,230	11,772
Finance costs (note 11)	(174,391)	(62,249)	(41,381)	(1,324)	(67,592)	(346,937)
Loss before income tax	(113,248)	(44,679)	(40,530)	(1,537)	(105,883)	(305,877)
Additions of property, plant and equipment and intangible assets:						
- Additions through business combinations	-	-	760,246	112,878	-	873,124
- Additions of property, plant and equipment and intangible assets	21,091	9,487	2,304	8	667	33,556
Segment assets (at March 31, 2020)	<u>2,194,082</u>	<u>993,248</u>	<u>674,118</u>	<u>125,137</u>	<u>211,337</u>	4,197,922
Segment liabilities (at March 31, 2020)	<u>747,162</u>	<u>533,331</u>	<u>249,655</u>	<u>38,749</u>	<u>1,395,762</u>	2,964,659

(a) Other costs for the three months ended March 31, 2020 related to aborted transaction costs.

Geographical information:

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

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Revenue		
Nigeria	261,253	248,793
Rest of world	100,397	83,796
	<u>361,650</u>	<u>332,589</u>
	March 31, 2021 \$'000	December 31, 2020 \$'000
Non-current assets*		
Nigeria	1,652,911	1,654,318
Côte d'Ivoire	311,063	330,705
Brazil	685,983	641,253
Rest of world	600,510	626,991
	<u>3,250,468</u>	<u>3,253,267</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment reporting (continued)

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

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Customer A	68%	65%
Customer B	Less than 10%	10%
Customer C	13%	14%

6. Cost of sales

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Tower repairs and maintenance	20,202	18,764
Power generation	47,976	54,924
Short term site rental	1,957	1,974
Short term other rent	1,165	576
Vehicle maintenance and repairs	701	402
Site regulatory permits	8,076	6,170
Security services	9,276	8,336
Insurance	1,041	1,222
Staff costs	7,175	5,839
Travel costs	1,005	1,685
Professional fees	730	649
Depreciation (note 14)	77,954	109,679
Amortization (note 15)	8,252	6,147
Impairment of property, plant and equipment and prepaid land rent (note 29)	720	1,612
Other	2,963	3,883
	189,193	221,862

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

7. Administrative expenses

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Facilities short term rental and upkeep	5,639	3,775
Depreciation (note 14)	2,180	1,281
Amortization (note 15)	799	693
Travel costs	1,835	2,950
Staff costs	23,308	21,258
Key management compensation	1,938	1,155
Share-based payment expense	1,191	7,162
Professional fees	10,338	10,374
Business combination transaction costs	1,235	6,291
Impairment of withholding tax receivables*	15,091	22,544
Net loss on disposal of property, plant and equipment	36	71
Operating taxes	99	34
Other	4,352	2,290
	68,041	79,878

*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. Loss allowance on trade receivables

The loss allowance on trade receivables expense of US\$0.01 million (31 March 2020: US\$1.7 million) relates to impairment provisions made for trade accounts receivables that are assessed as doubtful in recovery and thus are impaired.

9. Other income

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Insurance claim	3,788	120
	3,788	120

10. Finance income

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Interest income - bank deposits	983	1,931
Net foreign exchange gain on derivative instruments - unrealized	-	9,605
Net foreign exchange gain on derivative instruments - realized	26,861	236
	27,844	11,772

11. Finance costs

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Interest expenses – third party loans	39,970	47,378
Unwinding of discount on decommissioning liability	885	434
Interest and finance charges paid/payable for lease liabilities	7,188	5,379
Net foreign exchange loss arising from financing - unrealized	38,456	207,109
Net foreign exchange loss on derivative instruments - unrealized	21,488	-
Net foreign exchange loss arising from financing - realized	16,562	42,131
Fair value loss on embedded options on bond	21,686	42,604
Fair value loss on embedded options on revenue contracts	1,707	-
Bank and loan facility fees	2,432	1,902
	150,374	346,937

Net foreign exchange loss arising from financing (unrealized) in 2021 is primarily due to fluctuations in exchange rates predominantly between the Zambian Kwacha, Brazilian Real and the US Dollar. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Taxation

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Current taxes on income	21,469	5,894
Deferred income taxes	(6,754)	5,339
Total taxes	14,715	11,233

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):

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Loss attributable to equity holders (\$'000)	(29,053)	(317,110)
Less: allocation of loss to non-controlling interest (\$'000)	(349)	(417)
Loss attributable to IHS common shareholders (\$'000)	(28,704)	(316,693)
Basic weighted average shares outstanding ('000)	147,051,494	147,051,494
Potentially dilutive securities ('000)	11,649,550	11,461,873
Potentially dilutive weighted average common shares outstanding ('000)	158,701,044	158,513,367
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 options, 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	Land and buildings	Furniture and office equipment	Motor vehicles	Capital work in progress	Total (excluding right-of-use asset)	Right-of-use asset
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
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	144,388	566	305	-	4,970	150,229	129,711
Reclassification	91,165	887	808	658	(93,518)	-	-
Transfer from/(to) 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
At January 1, 2021	2,660,120	47,436	18,169	20,148	74,646	2,820,519	549,594
Additions during the period	2,004	35	1,441	1,744	27,270	32,495	21,682
Additions through business combinations	21,067	560	110	-	1,039	22,777	17,700
Reclassification	19,464	543	-	-	(20,007)	-	-
Transfer from advance payments	11,966	1,943	-	-	11,346	25,257	-
Disposals*	(1,723)	-	(28)	(240)	-	(1,991)	(2,237)
Effects of movement in exchange rates	(40,227)	(79)	(202)	(329)	(1,825)	(42,662)	(17,669)
At March 31, 2021	2,672,671	50,440	19,490	21,323	92,470	2,856,394	569,070
Accumulated depreciation and impairment							
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
At January 1, 2021	1,352,192	1,728	14,291	14,268	-	1,382,479	81,464
Charge for the period**	64,004	75	1,151	561	-	65,791	14,361
Impairment	720	-	-	-	-	719	1
Disposals*	(1,055)	-	-	(215)	-	(1,270)	(746)
Effects of movement in exchange rates	(15,683)	-	(160)	(204)	-	(16,048)	(1,508)
At March 31, 2021	1,400,178	1,804	15,282	14,410	-	1,431,672	93,572
Net book value							
At December 31, 2020	1,307,928	45,708	3,878	5,880	74,646	1,438,040	468,130
At March 31, 2021	1,272,494	48,636	4,208	6,913	92,470	1,424,722	475,499

*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 condensed consolidated statement of income and other comprehensive income due to the indirect taxes benefit (US\$17,000) 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.

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, 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	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
At January 1, 2021	656,507	732,434	73,552	15,796	22,091	1,500,380
Additions during the period	-	-	-	1	249	250
Additions through business combinations	64,220	-	-	-	-	64,220
Exchange difference	(25,353)	(26,716)	(2,016)	(638)	(48)	(54,771)
At March 31, 2021	695,374	705,718	71,536	15,159	22,292	1,510,079
Accumulated amortization						
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
At January 1, 2021	251	109,715	19,022	6,456	17,839	153,283
Charge for the period	-	6,916	1,050	241	843	9,051
Exchange difference	-	(1,958)	(285)	(277)	(20)	(2,501)
At March 31, 2021	251	114,673	19,787	6,420	18,702	159,833
Net book value						
At December 31, 2020	656,256	622,719	54,530	9,340	4,252	1,347,097
At March 31, 2021	695,123	591,045	51,749	8,740	3,590	1,350,247

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. 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 amounts for the derivative instruments are as follows, at December 31, 2020 and at March 31, 2021:

	March 31, 2021 \$'000	December 31, 2020 \$'000
Derivative instruments		
Non-deliverable forwards	125,413	652,088
Embedded options within listed bonds	1,450,000	1,450,000
Embedded derivatives within revenue contracts	N/A*	N/A*
	<u>1,575,413</u>	<u>2,102,088</u>

*This is N/A as it is a non-financial contract

The fair value asset/(liability) balances are as follows:

	March 31, 2021 \$'000	December 31, 2020 \$'000
Derivative instruments		
Non-deliverable forwards	6,226	27,495
Embedded options within listed bonds	133,510	155,196
Embedded derivatives within revenue contracts	(9,019)	(7,285)
	<u>130,717</u>	<u>175,406</u>

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

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Derivative instruments		
Non-deliverable forwards	21,488	9,605
Embedded options within listed bonds	21,686	42,604
Embedded derivatives within revenue contracts	1,707	-
	<u>44,881</u>	<u>52,209</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Trade and other receivables

	March 31, 2021 \$'000	December 31, 2020 \$'000
Current		
Trade receivables	310,639	334,452
Less: impairment provisions	(149,709)	(133,800)
Net trade receivables*	160,930	200,652
Other receivables**	67,847	85,011
Prepaid land rent	1,501	1,588
Other prepaid expense	17,314	16,538
Advance payments	27,502	18,766
Loan receivable	1,581	-
Withholding tax	1,790	800
VAT receivables	3,277	3,832
	281,742	327,187
Non-current		
Accrued income and lease incentive	14,476	15,481
Payment in advance for property, plant and equipment	58,122	20,928
	72,598	36,409

*The fair value is equal to their carrying amount.

**Included in other receivables is margins on NDF's.

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 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 Group does not secure any collateral for its trade receivables.

18. Trade and other payables

	March 31, 2021 \$'000	December 31, 2020 \$'000
Current		
Trade payables	313,676	301,813
Deferred revenue	11,757	2,224
Withholding tax payable	5,613	5,694
Payroll and other related statutory liabilities	21,480	27,476
Other payables	65,275	72,286
	417,801	409,493
Non-current		
Other payables	84	9,565
	84	9,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

	March 31, 2021 \$'000	December 31, 2020 \$'000
Non-current		
Senior Notes	1,428,908	1,428,398
Bank borrowings	555,862	588,692
External loan*	2,800	-
External debt	1,987,570	2,017,090
Current		
Senior Notes	4,243	32,352
Bank borrowings	166,375	153,767
External debt	170,618	186,119
Total borrowings	2,158,188	2,203,209

*The external loan relates to a loan payable in Centennial Towers Colombia, S.A.S. to Centennial Towers of Colombia Ltd. Centennial Towers of Colombia Ltd was acquired as part of the Centennial Towers Brasil Cooperatief U.A. acquisition in April 2021. Refer to note 29 (a). As at March 31, 2021 Centennial Towers Brasil Cooperatief U.A. was not part of the Group and therefore the loan is classified as an external loan. The loan is interest free and payable in December 2021.

External debt

External debt at March 31, 2021 is made up of the following:

	Currency	Maturity date	Interest rate	2021 \$'000
Senior notes				
IHS Netherlands Holdco B.V.	US Dollar	2027	8.00%	927,840
IHS Netherlands Holdco B.V.	US Dollar	2025	7.13%	505,311
Bank borrowings				
INT Towers Limited	Nigerian Naira	2024	2.5%+ 3M NIBOR	344,308
INT Towers Limited	US Dollar	2024	4.25%+ 3M LIBOR	104,995
IHS Côte d'Ivoire S.A.	CFA Franc	2022	6.00%	47,184
IHS Côte d'Ivoire S.A.	Euro	2022	3.75%+ 3M EURIBOR	35,779
IHS Zambia Limited	US Dollar	2027	5% + 3M LIBOR	92,513
IHS Rwanda Limited	US Dollar	2022	6.5% + 3M LIBOR	11,532
IHS Brasil Cessão de Infraestrutura Limitada	Brazilian Real	2021	3.85%+CDI	35,236
IHS Kuwait Limited	Kuwait Dinari	2029	2% + 3M KIBOR	50,688

IHS Zambia Limited

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

On March 30, 2021 IHS Rwanda Limited fully repaid the RWF loan facility. No new loans were obtained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Lease liabilities

	March 31, 2021 \$'000	December 31, 2020 \$'000
Current	27,154	28,246
Non-current	293,271	286,501
Total lease liabilities	320,425	314,747

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\$18.5 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.

At the period end, 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
March 31, 2021						
Lease liabilities	320,425	583,059	38,216	84,444	78,251	382,148
December 31, 2020						
Lease liabilities	314,747	453,590	39,677	152,386	44,294	217,233

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 March 31, 2021 is 11 years.

21. Provisions for other liabilities and charges

Decommissioning and site restoration provision

	March 31, 2021 \$'000	December 31, 2020 \$'000
At January 1	53,266	33,568
Additions through business combinations	3,075	15,437
Increase in provisions	1,723	8,315
Payments for tower and tower equipment decommissioning	(9)	(65)
Unwinding of discount	884	2,644
Effects of movement in exchange rates	(2,882)	(6,633)
At end of period	56,058	53,266
Analysis of total decommissioning and site restoration provisions:		
Non-current	52,445	49,469
Current	3,613	3,797
	56,058	53,266

This provision relates to the probable obligation that the Group may incur on the leased land on which its towers are sited. 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)

22. 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, 2020	130,492,567	4,223,335	4,231,856	16,558,927	299,405	299,014
At December 31, 2020	130,492,567	4,223,335	4,231,856	16,558,927	299,405	299,014
At January 1, 2021	130,492,567	4,223,335	4,231,856	16,558,927	299,405	299,014
At March 31, 2021	<u>130,492,567</u>	<u>4,223,335</u>	<u>4,231,856</u>	<u>16,558,927</u>	<u>299,405</u>	<u>299,014</u>

23. Other reserves

	Fair value through other comprehensive income reserve \$'000	Restructuring reserve \$'000	Share-based payment reserve \$'000	Loss on transactions between owners \$'000	Foreign exchange translation reserve \$'000	Total \$'000
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	<u>(6)</u>	<u>4,019</u>	<u>511,547</u>	<u>(840,359)</u>	<u>(160,706)</u>	<u>(485,505)</u>
At January 1, 2021	(6)	4,019	511,547	(840,359)	(160,706)	(485,505)
Other comprehensive income	-	-	-	-	(25,553)	(25,553)
Recognition of share-based payment expense	-	-	1,191	-	-	1,191
At March 31, 2021	<u>(6)</u>	<u>4,019</u>	<u>512,738</u>	<u>(840,359)</u>	<u>(186,259)</u>	<u>(509,867)</u>

24. Non-controlling interest

	31 March 2021 \$'000	31 March 2020 \$'000
Balance at January 1	14,216	-
NCI arising on business combination	-	14,195
Loss for the period	(349)	(417)
Other comprehensive income/(loss)	126	(192)
At end of period	<u>13,993</u>	<u>13,586</u>

In February 2020, the Group, via IHS GCC KW Holding Limited ('HoldCo') 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Share-based payment obligations

The total charge to the profit and loss for the 3 months ended March 31, 2021 was US\$1.2 million (3 months ended March 31, 2020: \$7.2 million)

26. Cash from operations

	Three months ended March 31, 2021 \$'000	Three months ended March 31, 2020 \$'000
Reconciliation:		
Loss before taxation	(14,338)	(305,877)
Adjustments:		
Depreciation of property, plant and equipment (note 6 and 7)	80,134	110,960
Amortization of intangible assets (note 6 and 7)	9,051	6,840
Impairment of property, plant and equipment and prepaid land rent (note 6)	720	1,612
Net impairment losses on financial and contract assets (note 8)	12	1,681
Impairment of withholding tax receivable (note 7)	15,091	22,544
Amortization of prepaid site rent	1,862	574
Net loss on disposal of plant, property and equipment (note 7)	36	71
Insurance income (note 9)	(3,788)	(120)
Finance expense (note 11)	150,374	346,937
Finance income (note 10)	(27,844)	(11,772)
Share-based payment expense (note 7)	1,191	7,162
Operating profit before working capital changes	212,501	180,612
Changes in working capital		
Decrease in inventory	4,296	9,300
Increase in trade and other receivables	(7,634)	(62,259)
(Decrease)/increase in trade and other payables	(7,577)	19,048
Net movement in working capital	(10,915)	(33,911)
Cash from operations	201,586	146,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. 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 occurring in January 2021 and March 2021. Had these businesses been acquired on January 1, 2021, the amount of revenue and loss for the period ended March 31, 2021 for the Group would have been approximately US\$363 million and US\$30 million, respectively.

Skysites Holdings S.A.

IHS Holding Limited acquired 100% of the share capital of Skysites Holdings S.A. ("Skysites"), a telecommunications services provider, with related passive infrastructure and ground leases on January 6, 2021. The acquisition is consistent with the Group's strategy to expand in selected geographic areas.

The accounting for the business combination is incomplete for valuation of all assets and liabilities. The amounts recognized in the financial statements for the business combination thus have been determined only provisionally.

The provisional goodwill of US\$33.6 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.

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 condensed consolidated statement of income and other comprehensive income.

	<u>2021</u>
	<u>\$'000</u>
Gross consideration	40,611
Less: non-cash consideration	(8,569)
Less: cash in business at the date of acquisition	(2,775)
Foreign exchange loss incurred	1,560
Net cash consideration	<u>30,827</u>
Identifiable assets acquired and liabilities assumed:	
Towers and tower equipment	11,417
Land	15
Furniture and office equipment	11
Capital work in progress	535
Right of use asset	9,675
Trade and other receivables	713
Trade and other payables	(1,132)
Provisions for other liabilities and charges	(2,548)
Lease liabilities	(10,071)
Total identifiable net assets acquired	<u>8,614</u>
Goodwill	<u>29,222</u>
Revenue — post-acquisition	957
Loss — post-acquisition	(253)

Centennial Towers Colombia, S.A.S.

IHS Holding Limited acquired 100% of the share capital of Centennial Towers Colombia, S.A.S. ("Centennial"), a telecommunications services provider, with related passive infrastructure and ground leases on March 19, 2021. The acquisition is consistent with the Group's strategy to expand in selected geographic areas.

The accounting for the business combination is incomplete for valuation of all assets and liabilities. The amounts recognized in the financial statements for the business combination thus have been determined only provisionally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Business Combinations (continued)

The provisional goodwill of US\$35.0 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.

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 condensed consolidated statement of income and other comprehensive income.

	<u>2021</u>
	<u>\$'000</u>
Gross consideration	47,051
Less: cash in business at the date of acquisition	(659)
Net cash consideration	<u>46,392</u>
Identifiable assets acquired and liabilities assumed:	
Towers and tower equipment	9,650
Land	546
Furniture and office equipment	99
Capital work in progress	504
Right of use asset	8,025
Trade and other receivables	3,095
Trade and other payables	(3,388)
Provisions for other liabilities and charges	(527)
Lease liabilities	(6,610)
Total identifiable net assets acquired	<u>(11,394)</u>
Goodwill	<u>34,998</u>
Revenue — post-acquisition	-
Profit/(loss) — post-acquisition	-

28 Capital commitments and contingent liabilities

28.1 Capital commitments

The Group was committed to the supply of property, plant and equipment of approximately US\$133.8 million at March 31, 2021 (December 31, 2020: US\$109.9 million).

28.2 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 (December 31, 2020: US\$2.6 million).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Events after the reporting period

(a) Acquisition of Centennial Towers Brasil Cooperatief U.A (“Centennial”)

On April 8, 2021 the Company (via its subsidiary IHS Netherlands BR B.V.) completed 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 Brasil Cooperatief U.A. which comprises 602 sites for a consideration of approximately US\$96.0 million. The Group expects to account for this acquisition as a business combination under IFRS 3.

(b) Acquisition of a controlling interest in FiberCo Soluções de Infraestrutura Limitada (“FiberCo”)

On May 5, 2021, the Company has signed agreements with TIM S.A. (“TIM”) to acquire a controlling interest in FiberCo. Under the agreements the Company will own a 51% stake and TIM the remaining 49%. Upon completion, FiberCo’s asset base will include TIM’s secondary network infrastructure, covering 3.5 million Fiber-to-the-Home and 3.5 million Fiber-to-the-Cabinet households, resulting in a total of 6.4 million households covered (allowing for 0.6 million of overlapping coverage). FiberCo will be responsible for the deployment of new fiber infrastructure for TIM, and the operation and maintenance of all such fiber infrastructure. TIM will be an anchor tenant across the network under a long-term master services agreement.

The transaction remains subject to customary antitrust and regulatory approvals, such as the Agência Nacional de Telecomunicações — ANATEL and the Conselho Administrativo de Defesa Econômica — CADE.

(c) IHS Brasil Participacoes Facilities

On May 21, 2021 IHS Brasil Participacoes Ltda entered into a credit agreement with Itaú Unibanco S.A., with a total commitment of BRL 300 million (approximately \$57 million), (“the Itaú IHS Brasil Participacoes Ltda Facility”). The Itaú IHS Brasil Participacoes Ltda Facility is guaranteed by IHS Brasil Cessao de Infraestrutura S.A. and contains customary information and negative covenants. The covenants include that IHS Brasil Participacoes maintains specified net debt to EBITDA and interest cover ratios. The Itaú IHS Brasil Participacoes Ltda Facility was issued at an interest rate of 3.65% plus CDI. The Itaú IHS Brasil Participacoes Ltda Facility contains restrictions on the total debt allowed, dividends, intercompany loans and capital reductions. The Itaú IHS Brasil Participacoes Ltda Facility will expire in May 2029. This facility was fully drawn down in May 2021.

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