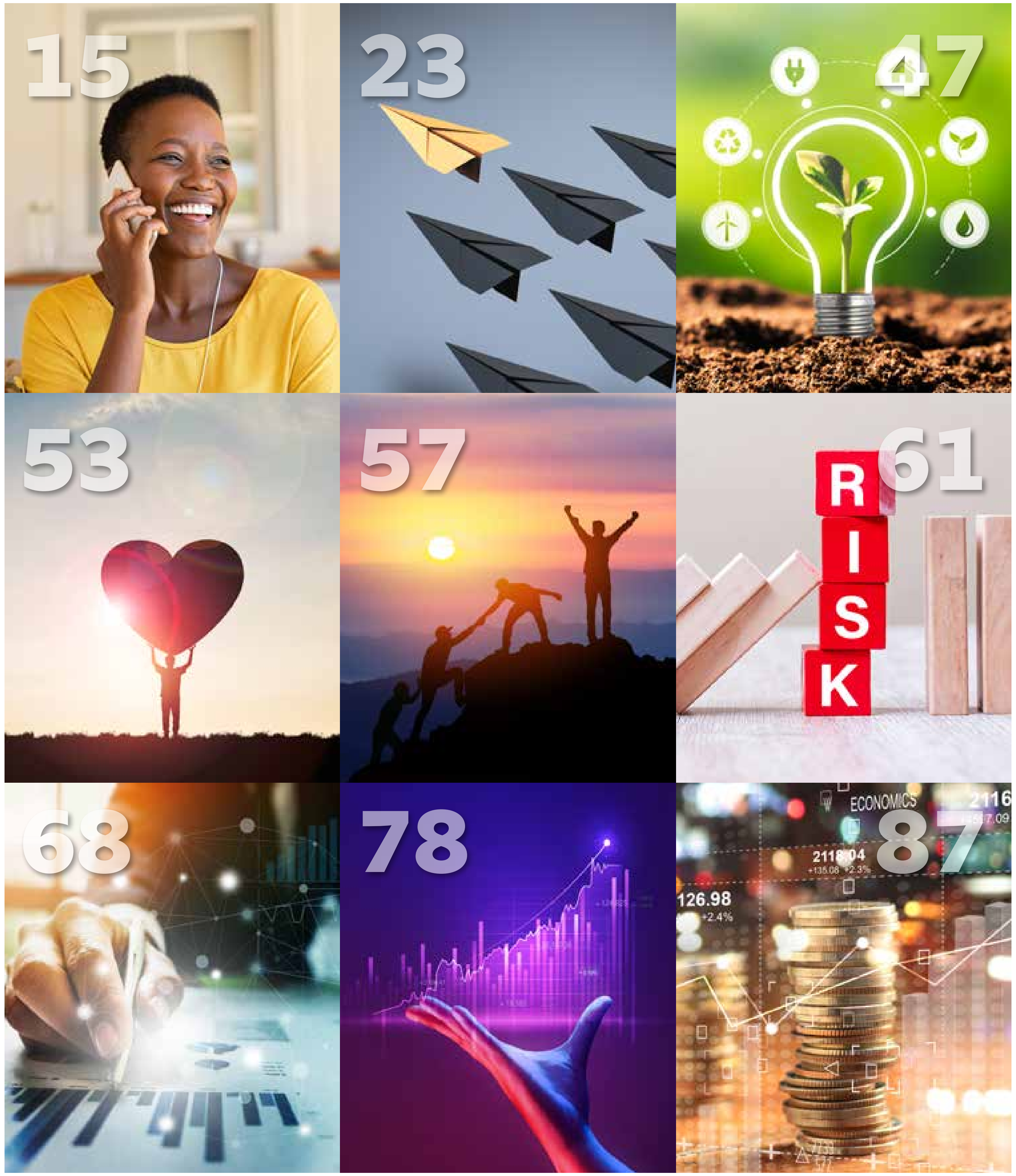
MTN RWANDACELL PLC

2021 growing together

Integrated Report and Financial Statements

growing together

MTN Rwandacell Plc
(Formerly MTN Rwandacell Limited)
Integrated Report and Financial Statements 2021



Inside the report

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About This Report

MTN Rwandacell PLC together with its subsidiary company, Mobile Money Rwanda Limited (MTN Rwanda or the Group, collectively, 'we', 'us') is pleased to present its FY2021 Integrated Report, our first report to be prepared with reference to the fundamental concepts, guiding principles and content elements of the International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) Framework. Adopting the <IR> Framework will be an evolutionary process, and as our business evolves, so will our level of reporting.

References made within this report referring to MTN Rwanda include the business and operations of Mobile Money Rwanda Limited (MMRL) – a wholly-owned subsidiary of MTN Rwanda incorporated to provide and manage mobile money services.

Scope and Boundary

The MTN Rwanda Integrated Report and Financial Statement 2021 is our statutory and regulatory reporting disclosure. This Integrated Report comprises information on our strategy (page 13) and business model (page 16), principal risks (page 61), governance (page 68), approach to operating responsibly (page 47), financial results (page 87) for the period from 1 January 2021 to 31 December 2021. Furthermore, it provides a holistic view of the Group and its future activities. Material events up to the date of publishing this Integrated Report have been included.

Although this Integrated Report is tailored primarily to our debt and equity capital providers, we also present relevant information of interest to our employees, customers, regulators, and communities.

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Framework

This Integrated Report has been prepared in compliance with global best practices and prudent accounting frameworks for our shareholders. It is aligned to the provisions of the Rwanda Utility Regulatory Authority (RURA) guidelines and the National Bank of Rwanda.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the requirements of Law n° 007/2021 of 05/02/2021 Governing Companies.

The Integrated Report is part of our commitment to transparency and accountability to our stakeholders. We continue to align to the listing requirements of the Rwanda Stock Exchange (RSE) and consider additional reporting frameworks or metrices we could use to enhance our disclosures.

Assurance

The Annual Financial Statements for MTN Rwanda were audited by PricewaterhouseCoopers Rwanda Limited in accordance with the International Standards on Auditing (ISAs).

The External Auditor's report in relation to the financial statements of MTN Rwanda is set out on page 82 to 86 of this report. Refer to our financial statements on page 87 to 142 for details on our performance.

Although we believe that these assumptions were reasonable when made, they are inherently subject to significant known and unknown risks, uncertainties, contingencies, and other essential factors that are difficult or impossible to predict and beyond its control.

The Board of Directors (the Board) acknowledges its responsibility for the integrity of MTN Rwanda's integrated report. Through the Audit and Risk Committee, the Board verified the independence of the assurance obtained from the External Auditors.

Forward-Looking Statements

The matters discussed in this Integrated Report may constitute or include forward-looking statements which reflect our beliefs and expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth and strategies.

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These forward-looking statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in the Group's records (and those of its affiliates) and other data available from third parties. Although we believe that these assumptions were reasonable when made, they are inherently subject to significant known and unknown risks, uncertainties, contingencies, and other essential factors that are difficult or impossible to predict and beyond its control.

MTN Rwandacell Plc
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About Us

MTN Rwanda operates as a subsidiary of MTN Group Limited (MTN Group), a pure-play emerging market mobile operator at the forefront of technological and digital changes in Africa and the Middle East.

We provide voice, data, wireless internet, enterprise solutions, other value-added services, and mobile money services, to business and retail customers in Rwanda, connecting them with the rest of the world. Our mobile money offering, MoMo, is offered through our subsidiary, Mobile Money Rwanda Limited (MMRL). We position ourselves as a telecommunications operator that **leads digital solutions for Rwanda's progress.**

> **We position ourselves as a telecommunications operator that leads digital solutions for Rwanda's progress.**

Our Vision

Leading digital solutions for Rwanda's progress.

Our Belief

Everyone deserves the benefits of a modern connected life.

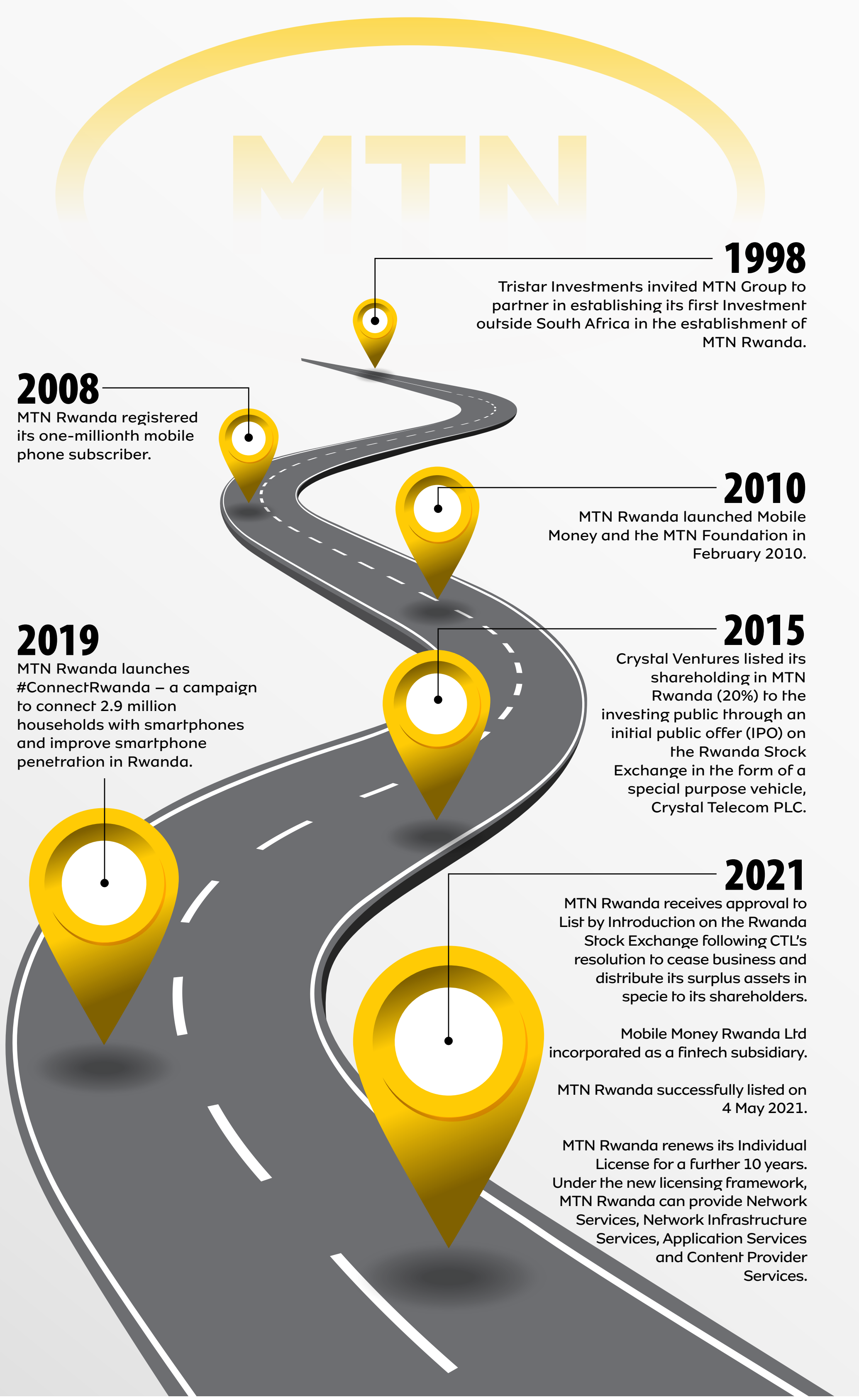
Our Values

Leadership
Integrity
Relationship
Innovation
Can Do

Vital Behaviours

Complete Candor
Complete Accountability
Get it Done
Active Collaboration

Our Journey So Far



1998
Tristar Investments invited MTN Group to partner in establishing its first Investment outside South Africa in the establishment of MTN Rwanda.

2008
MTN Rwanda registered its one-millionth mobile phone subscriber.

2010
MTN Rwanda launched Mobile Money and the MTN Foundation in February 2010.

2015
Crystal Ventures listed its shareholding in MTN Rwanda (20%) to the investing public through an initial public offer (IPO) on the Rwanda Stock Exchange in the form of a special purpose vehicle, Crystal Telecom PLC.

2019
MTN Rwanda launches #ConnectRwanda – a campaign to connect 2.9 million households with smartphones and improve smartphone penetration in Rwanda.

2021
MTN Rwanda receives approval to List by Introduction on the Rwanda Stock Exchange following CTL's resolution to cease business and distribute its surplus assets in specie to its shareholders.

Mobile Money Rwanda Ltd incorporated as a fintech subsidiary.

MTN Rwanda successfully listed on 4 May 2021.

MTN Rwanda renews its Individual License for a further 10 years. Under the new licensing framework, MTN Rwanda can provide Network Services, Network Infrastructure Services, Application Services and Content Provider Services.

1998
Our journey began in 1998, starting out as an exclusive GSM network providing voice and SMS services. Since then, we have expanded our product, services, and technology offerings.

2021 at a glance

2.1million
active data users

306
employees

6.4million
subscribers

98%
population coverage across 1,099 sites

50,000
active MoMo & Airtime Agents

240,000
ayoba users

48,000
active MoMoPay Merchants

3,800
home broadband users

3.7million
active MoMo users

Rwf 396 million
spent in Corporate Social Investment

63.8%
customer market share

MTN

MTN Rwandacell Plc
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Awards & Recognition

2020:

Innovation Funds Award from GSMA

First and only GSMA certification on Mobile Money

Best Large-Taxpayer by the Rwanda Revenue Authority

2021:

Best Large-Taxpayer by the Rwanda Revenue Authority

Best Network - Rohde & Schwarz

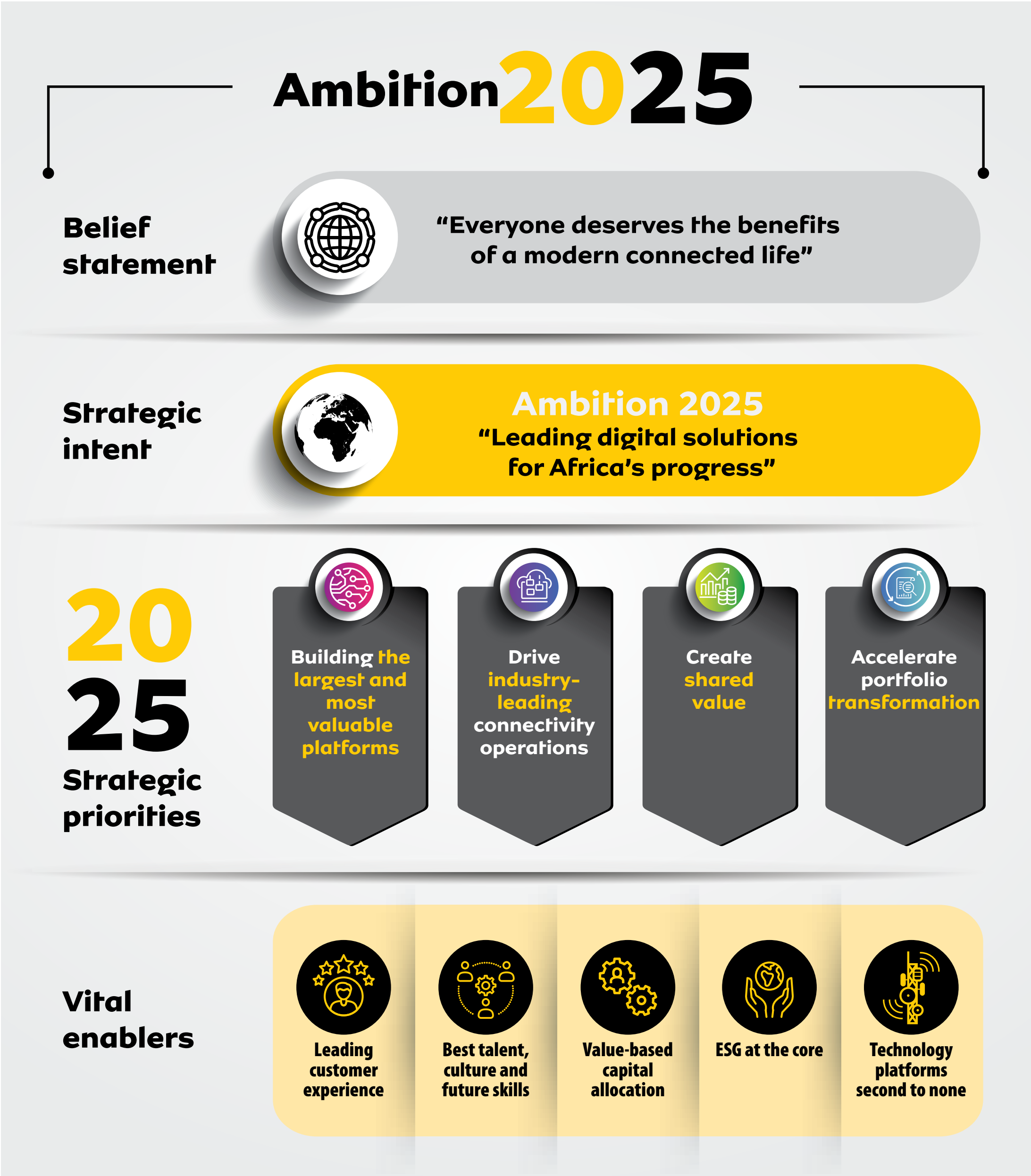
Our Performance in Numbers

Category		KPIs	FY 2019	FY 2020	FY 2021	FY 2021 vs. FY 2020 Growth (%)
Operational	GSM	GSM Subscribers	5,203,111	6,076,291	6,434,544	5.9%
		Customer Market Share (%)	54.9%	61.8%	63.8%	2.0%
	Mobile Money	Subscribers (30 day active)	2,671,018	3,287,827	3,713,000	12.9%
		Mobile Money Penetration	51.30%	54.10%	57.70%	3.6%
	Pre-paid Traffic	Voice Traffic (million minutes)	10,890,277,560	16,296,895,039	18,265,057,092	12.1%
		Data Volume (terabytes)	23,499	41,619	56,976	36.9%
	Post-paid Traffic	Voice Traffic (million minutes)	57,858,560	87,138,842	93,911,514	7.8%
		Data Volume (terabytes)	1,423	1,901	1,904	0.2%
Financial	Revenue	ARPU – Voice (Rwf)	1,155	1,117	1,115	-0.2%
		ARPU - Data (Rwf)	1,482	1,559	1,432	-8.1%
		ARPU – Fintech (Rwf)	838	763	1,043	36.7%
		Total Revenue (Rwf billions)	125.7	152.4	188.1	23.4%
	Cash Flow	Free Cash Flow (Rwf billions)	24.1	52.8	57.0	8.0%
		Capital Expenditure (Rwf billions)	18.4	21	32	50.6%
		Capex Intensity	21.6%	14.3%	17.4%	3.1%

Company Strategy

Framing Our Strategy

In 2021, MTN Group launched its Ambition 2025 Strategy with the intent of **leading digital solutions for Africa's progress**. This strategy is adopted in all the MTN operations, including MTN Rwanda. It focuses the operations on key growth areas and business operational efficiencies. This clear corporate strategy drives the business.



> **In 2021, MTN Group launched its Ambition 2025 Strategy with the intent of leading digital solutions for Africa's progress. This strategy is adopted in all the MTN operations, including MTN Rwanda.**

Strategy Scorecard

Strategic Objective Ambition 2025	What we are trying to achieve	How we performed this year	
Build the largest and most valuable platforms	**4m** ayoba users **6m** MoMo users Network as a service (NaaS) platform and Application Programming Interface (API) marketplace	**240k** ayoba users **3.7m** MoMo users	On Track
Drive industry-leading connectivity operations	**5m** active data users **20k** home broadband users **#1** Net Promoter Score	**2.1m** active data users **3.8k home** broadband users **#1** Net Promoter Score	On Track
Create shared value	Top quartile ESG ratings Reputation Index ≥ 75%	Reputation index ≥ 80%	On Track
Accelerate portfolio transformation	RSE Listed FinCo subsidiary FibreCo subsidiary	RSE listing complete FinCo subsidiary, Mobile Money Rwanda Ltd., incorporated and approved by the National Bank of Rwanda	On Track

Our Chief Executive Officer highlights additional information on the performance and progress against the strategic objectives on pages 34 to 41.

Our Investment Proposition: A Compelling Growth Story

A strong investment case supports our strategic priorities.

Strong position in an attractive market
- **63%** customer market share with **6.4m** subscribers, **3.7m** mobile money users and **2.1m** data users[1].
- Enterprise, home connectivity, wholesale and infrastructure and sharing opportunities..

Exciting demographic opportunity
- A growing youthful population.
- Low data, fintech and digital adoption.
- Partner in socioeconomic development in Rwanda.

Platforms accelerating growth

Fintech solutions

API market place

CHENOSIS

Digital services

ayoba

Network as a service (NaaS)

Enterprise services

Well-positioned for the long-term
- **1,089** 2G sites, **1,099** 3G sites and **1,488.8 km** of fibre.
- Robust distribution network with over **50k** agents.
- Strategic support and economies of scale through MTN Group.
- Strong management team and brand.

Attractive return profile
- Strong cash-flow and revenue generation track record.
- Healthy EBITDA margins.
- Dividend policy[2] pay-out ratio of **50%** of distributable net income in the medium term.

[1]We define data and MoMo subscribers as those active in the last 30 days.

[2]MTN Rwandacell PLC will target a minimum dividend pay-out ratio of 50% of its distributable net income in the medium term, other than in 2021 where a pay-out ratio of at least 30% will be targeted to take into account the impact of the renewal of MTN Rwandacell PLC's license. This will be subject to the board's recommendation and shareholder approval taking into account MTN Rwandacell PLC's cash projections, business outlook, investment plans, capital market conditions, tax regulations and funding facility covenants.

MTN

How We Create Value

MTN Rwandacell Plc (Formerly MTN Rwandacell Limited)
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Our Business Model

We incorporate various inputs, the six capitals, in delivering our strategy, key business activities, and the products and services we sell to achieve our results (outcomes). Below is a snapshot of the six capital inputs we rely on, our business model, and the value we create.

Inputs

Financial Capital

Debt and equity financing;
Rwf 57.3 billion in equity (2020: **Rwf 48.7 billion**)
Rwf 98.1 billion in debt (2020: **Rwf 29.0 billion**)

Human Capital

Our employees, their skills and motivation to innovate and be productive, our contractors, partners and suppliers.
306 permanent employees (2020: **272**)
5 temporary employees (2020: **5**)
2 expatriate employees (2020: **2**)
80% proportion of staff working remotely

Intellectual Capital

Our know-how, proprietary and licensed technology, procedures and processes, the brand power of MTN, affiliation and strategic support from MTN Group.

Social Capital

Trusted relationships with customers, communities, governments and regulators, suppliers, and industry bodies.
397 suppliers (2020: **423**)
50k agents (2020: **45k**)
48k merchants (2020: **65k**)

Natural Capital

Sustainable use of renewable and non-renewable resources, comprising spectrum, energy and land.

Manufactured Capital

Our networks and infrastructure support the connectivity of our customers.
Rwf 83.1 billion in property plant and equipment (2020: **Rwf 66.8 billion**)
Rwf 32 billion in capital expenditure (2020: **Rwf 23 billion**)

Business Model

Our business model is underpinned by ensuring customer retention, good governance, digital innovation, operational efficiency, productivity, and fostering a strong brand.

Our Vision

Leading digital solutions for Rwanda's progress.

Our Belief

Everyone deserves the benefits of a modern connected life.

Our strategy is predicated on Rwanda's growth potential, including the global telecommunications industry trends.

Building the largest and most valuable platforms

Drive industry-leading connectivity operations

Create shared value

Accelerate portfolio transformation

Refer to the Company Strategy highlights and our Chief Executive Officer's review on pages 14 and 34 respectively for more information on our strategy

Through our distribution network, we can:

- efficiently allocate capital,
- attract, recruit, develop, and retain professionals
- provide solutions and infrastructure that drive connectivity and offer reliable customer experience.

We ensure that we operate responsibly, working closely with our stakeholders to minimise our impact on the environment.

Refer to the stakeholder engagement section on page 50 for more information

Outputs

Our offering includes a range of consumer and enterprise solutions.

Services

Voice tariff plans
Data Bundles
Roaming
SIM registration
Home connectivity

Products

Mobile Money[1] (MoMo)
Yolo[2]

Solutions

Cloud
IoT
Mobility
Networks

[1]Reference made to mobile money services relates to services provided through Mobile Money Rwanda Limited (MMRL), a subsidiary of MTN Rwanda.

[2]YOLO is a data and voice pack for for subscribers age 35 and below.

Key Outcomes

Financial Capital

EBITDA of **Rwf 89.7 billion** (2020: **Rwf 74.5 billion**)
Profits of **Rwf 22.4 billion** (2020: **Rwf 20.2 billion**)
Declared dividends of **Rwf 10.2 billion** (2020: **Rwf 6.95 billion**)
Free cash flow of **Rwf 57.0 billion** (2020: **Rwf 52.7 billion**)

Refer to the Chief Financial Officer's report on page 42 for more information on the capital and outcomes

Human Capital

Employee remuneration at **Rwf 16.1 billion** (2020: **Rwf 12.4 billion**)
3.5% staff turnover (2020: **5.4%**)
Improved employee culture

Refer to the section on Our People and Culture on page 57 for more information

Intellectual Capital

State-of-the-art converged solutions to customers and update our customer knowledge on our projects and services
Compliance with license requirements and other laws and regulations provide our legal license to operate
Intangible assets of **Rwf 86.9 billion** (2020: **Rwf 9 million**)

Refer to the section on Risk Management and Corporate Governance on pages 61 and 68 respectively for more information

Social Capital

Rwf 396 million spent in social investment (2020: **Rwf 211 million**)
Rwf 60 billion in total taxes paid (2020: **Rwf 51 billion**)
Rwf 5.9 billion in regulatory fees (2020: **Rwf 4.9 billion**)
98.05% population coverage (2020: **96%**)
Launch of **Project Twese**, our pledge to make all MTN products and services accessible to people with disabilities

Natural Capital

15% of fleet swapped for electric vehicles
50% reduction in paper and toner consumption from digitisation campaign
3,529 total greenhouse gas emissions for scope 1 and 2 of the GHG Protocol (IHS excluded)

Refer to the section on Sustainability on page 47 for more information

Manufactured Capital

Rolled out **175** 2G sites and **174** 3G sites
1,089 total 2G sites in portfolio; **1,099** total 3G sites in portfolio
1,473 km of fibre.
>25k smartphones distributed through **#ConnectRwanda**

Value Creation and Trade-offs

Through efficient [financial capital] deployment, we were able to increase our human, intellectual, social, natural and manufactured capital.

Our business model is tailored to converting our capital inputs into services and products that create value for our customers, employees, suppliers, investment community, local communities and regulators. As we grow together, we realise that our capital inputs are limited. Given the constraints, trade-offs in deploying and utilising the available resources are inevitable. The table below highlights the trade-offs in capital deployment and creation.

Inputs	Trade-offs
Financial Capital	Sufficient financial capital allows us to grow our business. However, we are forced to balance and optimise its allocation due to constrained resources. Through efficient deployment, we were able to increase our human, intellectual, social, natural and manufactured capital.
Human Capital	The telecommunications industry is plagued by significant competitive pressures in attracting and retaining talent and a shortage of technical and specialist skills. Despite this, we are able to offer compelling incentives to our employees and third-party contractors, which positively affect our human capital. Additionally, protecting our employees and communities remained a top priority during the ongoing pandemic. By providing personal protective equipment (PPE), sanitisers, health insurance, work from home policies and increased awareness campaigns, we reduced the pandemic's impact on our employees and operations. However, these activities resulted in cash outflows which decreased our financial capital.
Intellectual Capital	Investment in intellectual capital reduced our financial capital in the short term. However, this investment increased the multiplicative ability to increase our financial, human, and manufactured capital in the long term.
Social Capital	Our social license to operate is due to increased trust from our stakeholders. To earn their trust, we deploy our human, manufactured, and financial capital through appropriate and sustainable corporate social responsibility interventions in our communities. These interventions allow us to improve the quality of life of our communities and, in turn, increase our intellectual, social, and financial capital.
Natural Capital	The use of natural capital in delivering our products and services, through regulatory fee payments for the spectrums we consume and the fees to maintain the networks, resulted in cash outflows and reduced our financial capital. Investments to reduce the environmental footprint of our fleets came at a cost to financial capital. However, these investments create energy-efficient eco-systems and minimise the impact of our operations on the environment, increasing our social and natural capital in the long term.
Manufactured Capital	Maintaining our network leadership and developing systems and processes that enable quality operations reduced our financial capital and increased our manufactured capital. The increase in our manufactured capital allows us to realise returns for our investors and provide financial capital that we can use to sustain our human, social and intellectual capital.

Maintaining our network leadership and developing systems and processes that enable quality operations reduced our financial capital and increased our manufactured capital.

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Operating Environment

10.2%

Rwanda achieved a strong economic recovery in 2021. According to January estimates from the International Monetary Fund, Rwanda's economic growth in 2021 accelerated to 10.2%. (2020: -3.4%).

While the Covid-19 pandemic shifted the operating environment, the fundamentals of our market have not changed. Rwanda continues to offer an exciting demographic opportunity comprising a growing youthful population, low data, fintech and digital adoption, and an increasing desire to live a **connected life.** The result is a compelling growth story for MTN Rwanda to foster financial inclusion, serve more customers that have no direct access to our services and bridge the digital divide.

A recovering but challenging economy

Rwanda achieved a strong economic recovery in 2021. According to January estimates from the International Monetary Fund, Rwanda's economic growth in 2021 accelerated to 10.2%. (2020: -3.4%). This reflects the broad-based recovery following the impact of the ongoing Covid-19 pandemic, which led to an economic slowdown in 2020 and the majority of 2021.

Despite the recovery, the ongoing pandemic continues to pile inflationary pressure on the economy and the cost of business, specifically on the supply chain constraints that rendered imports expensive and scarce. Additionally, consumer purchasing power declined, evidencing the scars due to increasing unemployment and commodity prices. Covid-19 prevention measures, such as lockdowns and movement restrictions, led to most institutions retaining their work-from-home and school-from-home policies into 2021, resulting in increased demand for internet and connectivity solutions.

Implications to our strategy

We accelerated our site-rollout strategy to increase coverage in response to increased internet and connectivity demand. We anticipate that the economic recovery will continue into 2022, supported by increased vaccination efforts and accommodative macroeconomic policies. Nevertheless, we are focused on ensuring that we remain cost-efficient in our operations and provide services and products across all consumer income levels.

Increasing regulatory developments

The telecommunications sector is highly regulated, and as a listed mobile network operator, we work within the frameworks created by the government and other regulatory authorities. These regulations cover our operations, predominantly as a Global System for Mobile Communications (GSM) provider and mobile money provider.

The following regulatory developments impacted our business operations:

Regulatory Enforcement Notice issued in August 2021

On 19 August 2021, the Regulatory Board of RURA (Rwanda Utilities Regulatory Authority), following a Quality-of-Service (QoS) hearing held on 23 July 2021, issued an Enforcement Notice directing MTN Rwanda to resolve all network connection issues related to poor calls connections, drop calls, and silent/garbled-speech calls. The notice also directed MTN Rwanda to comply with the regulation N° 006/R/STD-QoS/ICT/RURA/2019 of 30/01/2019 governing the QoS of Cellular Mobile Networks Services. RURA granted us a 5-month extension to resolve network issues in Kigali by 31 March 2022.

Through continued infill site rollouts, network audits and network redesign, we have significantly improved on highlighted issues in 2022 and remain in contact with RURA on the progress.

Despite the recovery, the ongoing pandemic continues to pile inflationary pressure on the economy and the cost of business, specifically on the supply chain constraints that rendered imports expensive and scarce.

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MTN Rwandacell PLC lists by introduction on Rwanda's Capital Market Exchange.

Zsmart

A new customer registration platform to facilitate the registration of new and existing customers.

Central Bank Directive on Interest on Trust Accounts released in August 2021

On 20 August 2021, the National Bank of Rwanda (BNR) prohibited the earning of interest on mobile money trust accounts as well as charging of fees between e-money and deposit accounts belonging to the same individual. These requirements are provided in the Central Bank's Directive No. 3160/2021-0025[613] of 20/08/2021 Concerning Interest on Trust Account as well as Fees and Charges on Push and Pull Transactions between Deposit Taking Financial institutions and Electronic Money Issuers.

Know-Your-Customer Regulatory Guidelines released in July 2021

In July 2021, RURA released new sim registration guidelines that limited the locations permitted to carry out SIM registrations. These guidelines came into effect on 1 September 2021 and resulted in a decline in new customer additions onto our platform. We implemented a new customer registration platform, Zsmart, to facilitate the registration of new and existing customers. Additionally, to ensure compliance, we suspended the operations of non-compliant agents and thus impacted the number of activation points to our network.

Listing shares on the Rwanda Stock Exchange (RSE) in May 2021.

MTN Rwanda made history in Rwanda by being the first mobile network operator to list on the RSE. With the successful listing, we are now guided by the requirements of the RSE and other requirements of the Capital Markets Authority (CMA), in addition to the laws governing companies, RURA and the National Bank of Rwanda. We restructured our Board composition in line with the requirements of the Capital Market Corporate Governance Code N° 09, 2012, inducting seven new directors to the Board in line with the requirements of the Capital Markets Corporate Governance Code No 09/2012 ("Corporate Governance Code").

Mobile money and fintech are positioned for accelerated growth due to limited infrastructure to support the unbanked.

MTN Rwanda incorporated a financial technology (fintech) subsidiary in March 2021.

MTN Rwanda incorporated its fintech subsidiary, Mobile Money Rwanda Ltd (MMRL) in March 2021, to provide and manage mobile money services in Rwanda. Subsequently, the National Bank of Rwanda approved the transfer of the payment service provider license from MTN Rwanda to MMRL, effective 27 April 2021.

Implications to our strategy

We continue to take the necessary steps to ensure that we adhere to the regulations set forth by the government agencies and regulators in our operations.

Evolving technological environment

While the Covid-19 pandemic may have impacted how we interact, it also accelerated the level of technology intensity. This meant that connectivity became a critical resource and placed digitalisation at the forefront of economic growth. The continued push for hybrid work and school environments created opportunities for growth for us.

A highly evolving operating environment continues to define the space as new technologies shift how we think of our operations, both short and long term. New technologies such as artificial intelligence (AI) and the internet of things (IoT) create opportunities for business growth. Mobile money and fintech are positioned for accelerated growth due to limited infrastructure to support the unbanked. Additionally, there is increased adoption of e-commerce, and the use of mobile money as existing and potential customers seek ways of transacting.

By taking a market-oriented perspective to address rapid technological innovation and changes in consumer behaviour, we continue to advance the transformation of business models through technology.

Implications to our strategy

With the increasingly high rate of technological advances, we remain conscious of the threats imposed on businesses through data leaks and cybercrimes. We continue to monitor these trends to ensure that we are able to reposition our business for future growth. We are well-positioned to capture a significant part of this growth potential through our mobile payment offerings that drive for financial inclusion. We continue to create and provide innovative services to our customers, improving productivity and creating value for our customers, shareholders and other stakeholders.

Growing competition

Rwanda's telecom market is comprised of MTN Rwanda and other key players, including but not limited to Airtel Rwanda, Canal Box and Liquid Telecom. Additionally, the competition extends beyond competing for customers and includes competing to attract and retain talent. We also note the growing number of fintech providers in the market.

Customer needs and expectations are rapidly changing in line, if not faster, than the technological advances. They expect high-quality service with quick delivery that makes their lives easier. This creates a highly competitive market where mobile operators continue to compete through aggressive pricing and product offering.

Implications to our strategy

As a company, we continue to offer quality services to our customers, ranging from data, wireless internet, mobile money services, enterprise solutions, and other value-added services at a competitive price. In the increasingly competitive market, we remain the largest operator by number of subscribers and value share at **64%** and **65%** respectively.

Refer to the Chief Financial Officer's review on page 42 for more information on our performance given the underlying operating environment.

While the Covid-19 pandemic may have impacted how we interact, it also accelerated the level of technology intensity. This meant that connectivity became a critical resource and placed digitalisation at the forefront of economic growth.

Our Leadership

The Board of Directors

Faustin K. Mbundu
Independent, Non-Executive Director
Chairperson of the Board
Appointment Date: 19 August 2021

Patience Mutesi
Independent Non-Executive Director
Member of Audit and Risk Committee, Nominating and Remuneration Committee
Appointment Date: 1 July 2021

Michael Fleischer
Independent Non-Executive Director
Member of Audit and Risk Committee, Nominating and Remuneration Committee
Appointment Date: 1 July 2021

Riaan Wessels
Non-Executive Director
Member of Audit and Risk Committee
Appointment Date: 1 July 2021

Julien Kavaruganda
Independent Non-Executive Director
Chairperson of the Nominating and Remuneration Committee
Appointment Date: 1 July 2021

Karabo Nondumo
Independent Non-Executive Director
Chairperson of Audit and Risk Committee
Appointment Date: 1 July 2021

Yolanda Cuba
Non-Executive Director
Executive Director, MTN Group Vice President: Southern & East Africa
Member of Nominating and Remuneration Committee
Appointment Date: 1 March 2020

Mitwa Ng'ambi
Executive Director
Chief Executive Officer
Appointment Date: 21 January 2020

The Board of Directors

Mark Nkurunziza
Executive Director
Chief Finance Officer
Appointment Date: 8 August 2019

Refer to the annexures contained on page 143 for more information on our Board of Directors.

Regis Rugemanshuro
Non-Executive Director
Member of Audit and Risk Committee
Appointment Date: 29 June 2020
Retirement Date: 30 June 2021

Nosipho Molope
Independent Non-Executive Director
Member of Audit and Risk Committee, Nominating and Remuneration Committee
Appointment Date: 1 April 2015
Retirement Date: 31 May 2021

Evelyn K. Rutagwenda
Non-Executive Director
Chairperson of the Board; Member of Nominating and Remuneration Committee
Appointment Date: 19 May 2017
Retirement Date: 30 June 2021

Ebenezer Asante
Non-Executive Director
Member of Nominating and Remuneration Committee
Appointment Date:
3 November 2017
Retirement Date: 28 February 2021

Ricardo Varzeilas
Non-Executive Director
Member of Audit and Risk Committee, Nominating and Remuneration Committee
Appointment Date: 17 August 2018
Retirement Date: 30 April 2021

Faustin K. Mbundu
MTN Rwandacell Plc
Chairman

Chairman's Statement

Dear Stakeholders,

Rwanda experienced high inflation, increased commodity prices, higher than expected unemployment and strains on the supply chain. These conditions, caused by the ongoing coronavirus pandemic, made for a challenging operating environment during the first half of 2021. However, towards the second half of 2021, the government of Rwanda put in place measures to promote economic stability and registered a slight growth compared to 2020.

Refer to the section on Operating Environment on page 19 for more information on our operating context

Against this challenging but recovering operating backdrop, MTN Rwanda achieved significant operational performance growth with GSM and mobile money (MoMo) subscribers increasing compared to the previous year.

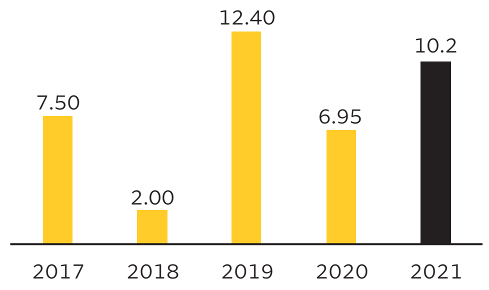
GSM Subscribers	6.4m up. 5.9%
Mobile Money Subscribers	3.7m up 12.9%
Total Revenue	Rwf 188.13b up 23.4%
EBITDA	Rwf 89.7b up 20.4%

Delivering return to our shareholders

The Board recommended a total dividend of Rwf 7.55 per share, amounting to Rwf 10.2 billion. This proposed dividend represented 50.4% of the Profit After Tax recorded for 2020.

We remain committed to targeting a minimum dividend payout ratio of 50% of the Company's distributable net income in the medium term.

Total Dividends in Rwf Billions



Refer to the Chief Executive Officer's review on page 34 and the Chief Financial Officer's review on 42 for more information on our strategic and financial performance, respectively

A broader Board and improved governance

In 2021, in line with our Ambition 2025 strategy, we successfully listed our shares on the Rwanda Stock Exchange (RSE). Through this listing, we are able to offer both local and international investors an opportunity to contribute to our journey and offer access to the Rwandan Capital Market.

The requirements set out by the Capital Market Authority underscored the need to strengthen our governance systems further, prompting the restructuring of the Board in line with the Corporate Governance Code N° 09, 2012. With this listing and admission to the RSE, we signalled our commitment to the highest standards of corporate governance to ensure transparency and accountability to our stakeholders.

During the year, we inducted seven[1] new board members and retired five directors, including our Chairperson. On behalf of our Board, I would like to thank our outgoing Board members, Evelyn Rutagwenda, Regis Rugemanshuro, Nosipho Molope, Ricardo Varzielas and Ebenezer Asante, for their invaluable contributions to MTN Rwanda.

In 2021, in line with our Ambition 2025 strategy, we successfully listed our shares on the Rwanda Stock Exchange (RSE). Through this listing, we are able to offer both local and international investors an opportunity to contribute to our journey and offer access to the Rwandan Capital Market.

50.4%

The Board recommended a total dividend of Rwf 7.55 per share, amounting to Rwf 10.2 billion. This proposed dividend represented 50.4% of the Profit After Tax recorded for 2020.

[1]Mr. Faustin Mbundu was appointed as an Independent Non-Executive Director and The Directors also elected Mr. Mbundu as the next Chairperson of the Board of Directors of MTN Rwandacell Plc on August 19, 2021.

Chairman's Statement

Our focus is to introduce initiatives anchored on training all our board members and executive management on governance processes and controls in the coming fiscal year. In addition, the Board of Directors will continue to guide the company and fulfil their fiduciary duties to all stakeholders.

I welcome Patience Mutesi, Julien Kavaruganda, Karabo Nondumo, Michael Fleischer, Riaan Wessels and Yolanda Cuba to the Board.

In addition to the changes to our Board structure, in 2021, we completed the incorporation of our financial technology (fintech) subsidiary, Mobile Money Rwanda Ltd. (MMRL). This separation was a natural step forward to accelerating portfolio transformation within the business to drive financial services acceleration. In response to the carve out, we appointed four non-executive directors to the Board of MMRL. I extend a warm welcome to John Mirenge, Shivon Byamukama, Serigne Dioum[1] and Innocent Bulindi, who bring a wealth of leadership and fintech experience. We also appointed Mitwa Ng'ambi[1] and Mark Nkurunziza, both Executive Directors of MTN Rwanda, as Directors of the subsidiary.

The current boards give us a more robust and diverse mix of gender, age, skills and expertise. Coupled with a balance of both Non-Executive and Executive Directors, we are now compliant with all the requirements of the Corporate Governance Codes.

Our focus is to introduce initiatives anchored on training all our board members and executive management on governance processes and controls in the coming fiscal year. In addition, the Board of Directors will continue to guide the company and fulfil their fiduciary duties to all stakeholders.

Refer to the Governance section on pages 68 through to 77 for more information on our leadership and governance approach.

Investing in our communities

The MTN Foundation drives our corporate social investment activities through which we dedicate up to 1% of our profit after tax (PAT) to support its initiatives.

Since its inception in 2010, MTN Foundation has invested over Rwf 1.8 billion aligned to our four focus areas – Community Health, Economic Empowerment, Education, and Government Priorities. In 2021, we contributed

Rwf 1.8 billion

Since its inception in 2010, MTN Foundation has invested over Rwf 1.8 billion aligned to our four focus areas – Community Health, Economic Empowerment, Education, and Government Priorities.

Rwf 190 million in line with our commitment to positively impact our society.

With the rise in COVID-19 cases and new variants, we continue to support government efforts to curb the spread of the virus. In 2021, MTN Rwanda supported the broader MTN Group Limited's commitment to supporting the African Union's COVID-19 vaccination programme by donating Rwf 50 million to the Rwanda Biomedical Centre (RBC). This donation facilitated the purchase of oxygen concentration monitoring tools.

Our commitment to improving our community's healthcare motivated us to participate in the 'One More Push' campaign – a campaign launched by the MTN Group – to reinforce awareness of the importance of wearing face masks properly. This campaign also encouraged the public on the need to observe preventive measures as guided by the Ministry of Health.

For our customers, we extended initiatives launched in 2020 that eased the burden of remote working by waiving home connectivity installation fees for first-time customers and zero-rating e-commerce sites. Additionally, for the first half of the year, MoMoPay merchant transactions remained accessible to MoMoPay merchants at no cost.

In 2021, we awarded Rwf 3 million to 3 youth-led enterprises under the Hack-a-thon program in partnership with Inkomoko Entrepreneur Development to facilitate economic empowerment. The 10-month program launched this year, in addition to the capital provided, equips entrepreneurs with the necessary skills and knowledge required to strengthen their capabilities to capitalise on the evolving digital world. Additionally, we are able to offer entrepreneurs access to industry

[1]Serigne Dioum and Mitwa Ng'ambi began their duties as Directors of Mobile Money Rwanda Limited in 2022 following the approval from the National Bank of Rwanda in February 24, 2022.

Chairman's Statement

experts, communication tools and visibility on our platforms.

During the year, The MTN Foundation awarded the Ministry of Education Rwf 100 million to facilitate the establishment of computer labs in technical and vocational education and training (TVET) schools. Under our education initiative, this digitisation initiative signalled our commitment to digital inclusion, working together with the government to empower citizens.

Refer to the section on our Sustainability on pages 47 through to 56 for more information on how we engage with all our stakeholders and our approach to social investment.

Outlook and appreciation

Twenty-four years following our incorporation, we still believe that everyone deserves the benefits of a modern connected life. The growing and youthful population, need for data, and technological advances make for a compelling story to invest in MTN – and invest in Rwanda.

It is an honour to be appointed as Chairman of MTN Rwanda in its first year as a listed entity. I am cognizant of the responsibility associated with this position, particularly as we continue to recover from the effects of the COVID-19 pandemic.

In the near term, we continue to monitor the ongoing COVID-19 pandemic and the implications of the Russian invasion of Ukraine. While we do not have operations in Russia or Ukraine, we heeded the call to remain responsive to our customers by extending blanket waivers on SMS, voice and data fees to and from Ukraine.

On behalf of the Board, I thank the executive team and the broader MTN staff, who continue to work tirelessly to deliver our overarching strategy of ***leading digital solutions for Rwanda's progress.***

I also acknowledge all our stakeholders, especially customers, for their continued support and engagement during the year and look forward to your continuing support as we ***grow together***.

Faustin K. Mbundu
Chairman

Twenty-four years following our incorporation, we still believe that everyone deserves the benefits of a modern connected life. The growing and youthful population, need for data, and technological advances make for a compelling story to invest in MTN – and invest in Rwanda.

Executive Management

Mitwa Ng'ambi
Executive Director
Chief Executive Officer

Chantal Umutoni Kagame
Chief Executive Officer – Mobile Money Rwanda Limited

Mark Nkurunziza
Executive Director
Chief Finance Officer

Cliff Muligande
Chief Information Officer

Eugene Gakwerere
Chief Technology Officer

Yaw Ankoma Agyapong
Chief Consumer and Digital Officer

Norman Munyampundu
Chief Sales and Distribution Officer

Enock K. Luyenzi
General Manager, Human Resources

George Kagabo
General Manager, Internal Audit & Forensics

Oscar Oboma
General Manager, Risk & Compliance

Sharon Mazimhaka
General Manager, Corporate Affairs and Company Secretary

Didas Ndoli
General Manager, Enterprise Business Unit

Mitwa Ng'ambi
Chief Executive Officer

CEO's Statement

Dear Stakeholders,

In 2021, MTN Rwanda remained resilient despite the volatile and complex business environment linked to the continued COVID-19 pandemic, emergence of new variants and redefinition of what we now know as the new normal. As a business, we continued to focus on the health and safety of our employees, our agents and merchants, our customers and our communities to ensure business continuity.

Continued business growth

In 2021, we continued working towards our Ambition 2025 strategy and delivered exceptional growth for our shareholders in line with our mid-term guidance despite the challenging operating conditions.

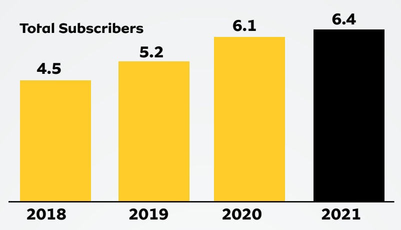
Our subscriber base grew by 5%, with over 358,000 net additions to our network. The number of active data users increased by close to 495,000 closing at 2.1 million users, while our mobile money (MoMo) users increased by 424,000 to 3.7 million in the fiscal year. This growth in customer base resulted in a 24% increase in revenues to Rwf 188.13 billion (2020: Rwf 152.4 billion).

Our earnings before interest, tax, depreciation, and amortisation (EBITDA) increased by 20.4% to Rwf 89.72 billion (2020: Rwf 74.49 billion), achieving a margin of 47.7% (2020: 49.0%). The slight softening of the margin is a result of increased data costs on the back of our campaign to increase 4G penetration as well as operational expenditure relating to the outsourcing of the Network Operating Centre (NOC).

Rwf 89.72 billion

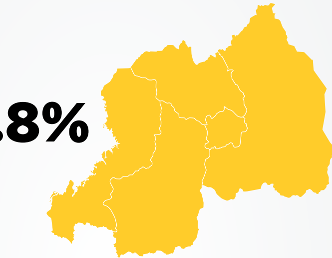
Our earnings before interest, tax, depreciation, and amortisation (EBITDA) increased by 20.4% to Rwf 89.72 billion (2020: Rwf 74.49 billion), achieving a margin of 47.7% (2020: 49.0%).

Growing Subscribers

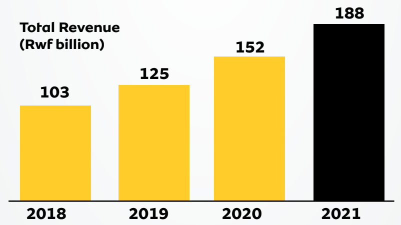


Customer Market Share

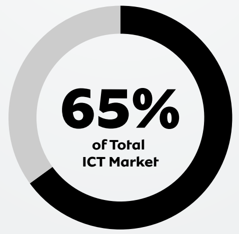
63.8%



Solid Financial Performance



Strong Value Share



Refer to the Chief Financial Officer's review on pages 42 through to 46 for more information on our financial performance.

In 2021, we continued working towards our Ambition 2025 strategy and delivered exceptional growth for our shareholders in line with our mid-term guidance despite the challenging operating conditions.

5%

Our subscriber base grew by 5%, with over 358,000 net additions to our network. The number of active data users increased by close to 495,000 closing at 2.1 million users, while our mobile money (MoMo) users increased by 424,000 to 3.7 million in the fiscal year.

growing together

CEO's Statement

We were excited to embark on implementing our new strategy, Ambition 2025, at the beginning of 2021 and have made significant progress to date. We track our performance against four strategic priorities.

The successful listing of MTN Rwanda PLC

In line with the "Portfolio Transformation" pillar of our Ambition 2025, MTN Rwanda successfully listed by introduction on the Rwanda Stock Exchange (RSE).

We became Rwanda's first telecommunications network provider to list on the bourse – a positive validation of our business model. In parallel, we refined our corporate governance controls to meet the stipulated requirements from the Capital Markets Authority.

Refer to the Chairman's Statement on page 28 for more information on the changes to our corporate governance procedures due to the listing of MTN Rwanda.

Enforcement notice and improving the Quality-of-Service (QoS)

The Covid-19 pandemic saw a dramatic shift in traffic patterns in line with the over-night change in subscriber work and life routines that strectched the network to the limit.

In 2021, while significant investments were made to expand the network, network quality had not been restored to previous levels. As a result, the Rwanda Utilities Regulatory Authority (RURA) issued an enforcement notice. The enforcement tasked us with resolving all network connection issues related to poor call connectivity.

Following this notice, we accelerated the rollout of additional sites to increase coverage. In addition, to relieve congestion, we decided to offload as much data traffic as possible to 4G and were able to realise positive improvements in the QoS. However, the offloading resulted in additional data costs and reduced our EBITDA margin for the period.

We remain in close communication with the regulator to share the improvements seen in the network to date and align on the support required for continued network improvement. We expect to see further improvement in 2022.

Zero-rating of fees on e-money and deposit accounts

In August 2021, The National Bank of Rwanda (BNR) issued a directive prohibiting the charging of fees on push and pull transactions. This directive requires us to zero-rate transfers to and from a mobile wallet and bank account belonging to the same individual.

Furthermore, the same directive prohibited the earning of interest on trust accounts and individual e-money accounts unless the e-money account is explicitly used as a savings account. We have since complied with the directives and do not foresee any material adverse impact on our performance.

KYC regulation guidelines

In a move to curb sim card related fraud, RURA directed all mobile network operators to implement changes to the SIM registration and SIM swap processes. The guidelines require our customers to visit our service centres, authorised agent shops or kiosks to acquire a new or swap a SIM card as well as have their picture captured for every SIM registration and/or SIM Swap activity they require.

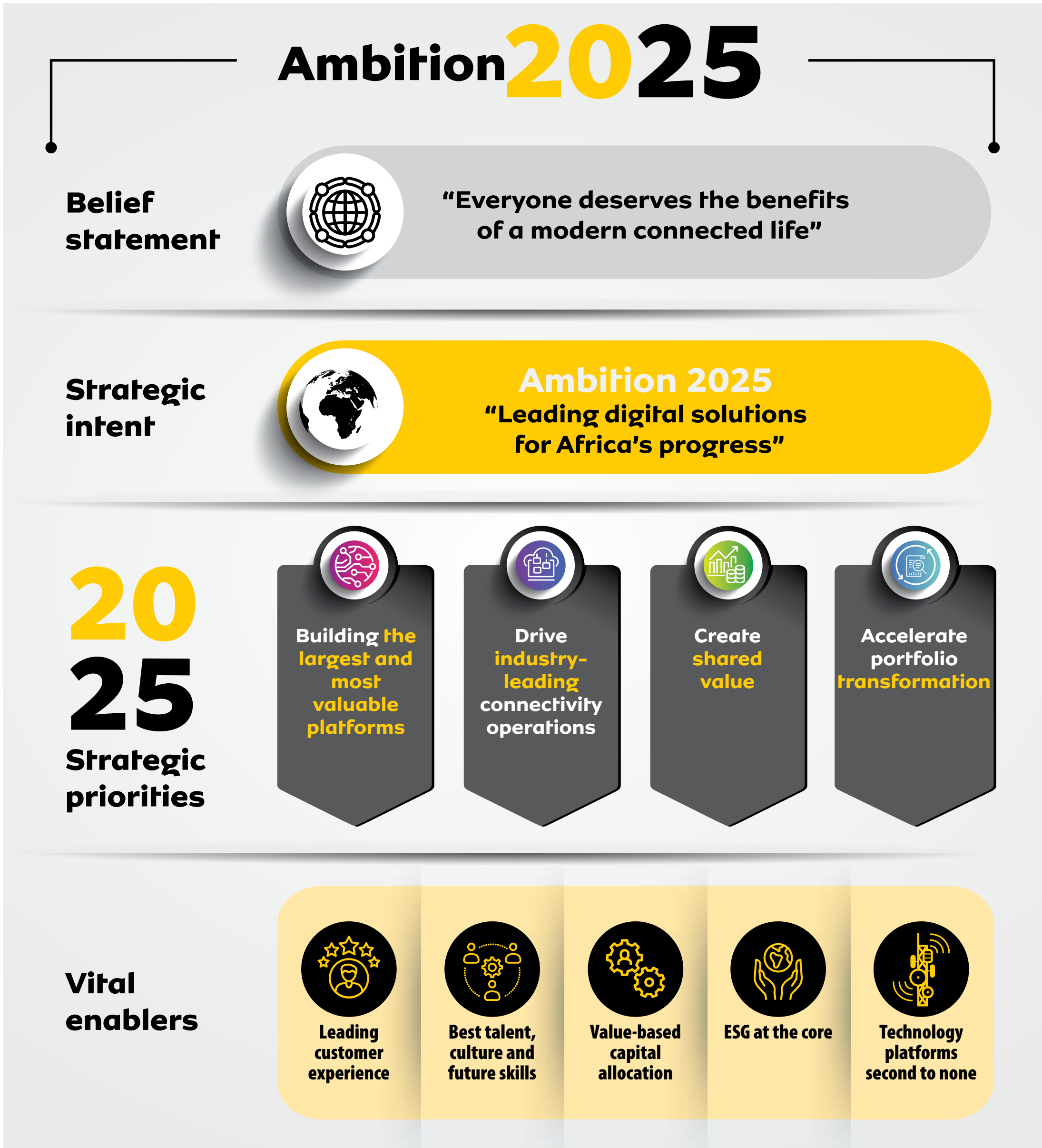
We effected these guidelines and carried out awareness campaigns across the country to sensitize our customers on the changes which came into effect in September 2021. As a result, we witnessed a sharp drop in the number of Sim-registration approved agents which drastically reduced our daily new customer additions by 17% despite the overall growth in the year.

Refer to the section on Our Operating Environment and Risk Management on pages 19 and 62, respectively, for more information on the risks these developments pose to our business and how we respond to them.

CEO's Statement

Advancing our strategy

We were excited to embark on implementing our new strategy, Ambition 2025, at the beginning of 2021 and have made significant progress to date. We track our performance against four strategic priorities.



In 2021, we maintained our track record of continued growth of our fintech and digital segments. MoMo grew by 63.6% and 12.9% in revenue and subscribers, respectively. Person to person transactions and cash out remained the main revenue growth drivers. In addition, we recorded an 11% growth in the number of agents on the MoMo platform.

Building the largest and most valuable platforms

A crucial element under Ambition 2025 is our pivot from traditional products embedded in our business to the establishment of platforms with a focus on financial technology (fintech), digital, enterprise and network as a service (Naas).

In 2021, we maintained our track record of continued growth of our fintech and digital segments. MoMo grew by 63.6% and 12.9% in revenue and subscribers, respectively. Person to person transactions and cash out remained the main revenue growth drivers. In addition, we recorded an 11% growth in the number of agents on the MoMo platform. However, the number of merchants accepting MoMo payments closed at over 48,000 due to the reinstatement of fees in September 2021.

On the Ayoba platform, we currently have over 240,000 active users since its inception in 2020.

CEO's Statement

We continue to make great strides in the home connectivity space. In 2021, we increased our home broadband penetration, reaching close to 4,000 homes in Rwanda. Furthermore, active data users grew by 31% to close the year at 2.1 million, while data usage increased by 35.3%.

Through Ayoba, we continue to offer users access to an ecosystem of digital and rich media services.

Target for 2025

- **4 million** Ayoba users
- **6 million** MoMo users
- **NaaS** Network as a service (NaaS) platform and Application Programming Interface (API) marketplace

Progress in 2021

- **240,000** Ayoba users
- **3.7 million** MoMo users

We continue to unlock economic growth through financial and digital solutions for our customers. Our focus is on expanding our mobile money portfolio to continue to meet all our customers payment requirements and support the government's drive for a cashless economy. Additionally, we are looking at integrating Ayoba with MoMo to create an all-in-one, convenient and comprehensive platform for our customers.

Drive Industry-leading connectivity operations

Under this pillar, we are focused on strengthening our networks and operations to deliver market-leading connectivity while striving to increase our efficiencies.

We expanded our network infrastructure further across Rwanda during the year, offering broader access to a modern connected life. We rolled out 175 new 2G and 174 new 3G sites and laid out 1,473 km of fibre to bring our coverage to an estimated 12 million people in the country. By the end of the 2021 fiscal year, we had achieved 98% population coverage.

We continue to make great strides in the home connectivity space. In 2021, we increased our home broadband penetration, reaching close to 4,000 homes in Rwanda. Furthermore, active data users grew by 31% to close the year at 2.1 million, while data usage increased by 35.3%.

As we execute our strategy, we never lose sight of our goal of leading in customer experience. To this end, MTN was recognised as the number 1 network in Rwanda in 2021.

Target for 2025

- **5 million** active data users
- **20k** home broadband users
- **#1** Net Promoter Score

Progress in 2021

- **2.1 million** active data users
- **3.8k** home broadband users
- **#1** Net Promoter Score

CEO's Statement

We took a significant step in our efforts to reduce our carbon footprint by launching Project Zero in December 2021. Project Zero is our commitment to contributing to the broader MTN Group's goal of achieving zero net carbon emissions by 2040. We replaced 15% of our fleet with hybrid electric cars during the year.

We are well-poised to execute our growth strategy, tapping into the increased demand for access to data as an economic and social enabler.

Create shared value

At the start of the year, we took deliberate steps to incorporate Environmental, Social and Governance (ESG) issues at the core of how we operate. The result of this is that our sustainability approach is centred on four pillars:

Eco-responsibility – reducing our environmental impact

We took a significant step in our efforts to reduce our carbon footprint by launching Project Zero in December 2021. Project Zero is our commitment to contributing to the broader MTN Group's goal of achieving zero net carbon emissions by 2040. We replaced 15% of our fleet with hybrid electric cars during the year.

Sustainable societies – supporting vibrant and successful communities

During the year, we launched the **#TweseInitiative** with a focus on making our products and services more accessible to people with disabilities. The interventions introduced under this initiative include sign language interpretation for all MTN TV ads, video calls for the hearing and speech impaired in our call centres, provision of MoMo kiosks to agents with disabilities, and improvement of physical accessibility at all our locations. We have committed to reserving a minimum of 10% of the slots available in our graduate development program for graduates living with disabilities.

Sound governance – strong governance and ethical culture

In 2021, we enhanced our governance structure to ensure we maintain all the necessary accreditations and licenses, our reputation perception, and our stakeholders' trust. The appointment of a diverse Board of Directors, of which 44% are women, created a more inclusive Board which is key to our performance.

Economic value – digital and financial innovation that enhances lives

In 2021, we invested over Rwf 396 million in social development to maximise our positive impact on our communities and broader stakeholders. Additionally, we paid out Rwf 60 billion in total taxes.

Target for 2025

≥ 75% Reputation index

Progress in 2021

≥ 80% Reputation index

As a mobile network operator, we are in a unique position in that we contribute, directly and indirectly, to each of the Sustainable Development Goals. We will continue to improve our sustainability approach and monitor our impact on the society. Additionally, we will focus on formalising the adoption of the sustainable development goals to complement the ESG framework.

Refer to the Sustainability section on page 47 for more information on how we create shared value for our stakeholders.

Accelerate portfolio transformation

In 2021, we delivered two key strategic successes in the structural transformation of our portfolio.

Firstly, after the success of our listing on the RSE, we paid out Rwf 10.2 billion in dividends to our shareholders – effectively returning 50.4% of our distributable income to the market. We remain optimistic about the growth opportunities the bourse offers as we grow together.

Secondly, in March 2021 we established MMRL as a wholly owned subsidiary of MTN Rwanda, with MMRL receiving its Payment Service Provider license from BNR in April 2021.

Our goal with MMRL is to continue to help more Rwandans access our financial services and capitalise on the shift from basic peer to peer

CEO's Statement

Our goal with MMRL is to continue to help more Rwandans access our financial services and capitalise on the shift from basic peer to peer cash services to advanced ones by providing them with innovative services and solutions in line with MTN Rwanda's desire to innovate to differentiate.

MTN Rwandacell PLC

100% ownership

Mobile Money Rwanda Limited (MMRL)

Lead in the execution of our fintech strategy giving us the flexibility to **Innovate to Differentiate**

cash services to advanced ones by providing them with innovative services and solutions in line with MTN Rwanda's desire to **innovate to differentiate**.

Since we received approval from BNR, we have instituted a board of directors, finalised tax registration and recruited key staff. We are in the process of defining and maturing the operating procedures between MTN Rwanda and MMRL.

Target for 2025

RSE listing

FinCo subsidiary

FibreCo subsidiary

Progress in 2021

Successful listing in May 2021

MMRL subsidiary incorporated in March 2021 and payment service provider license transfer effected in April 2021.

Milestones in 2021

- Established in March 2021.
- Payment service provider license transferred in April 2021.
- Board of Directors inducted.
- Recruitment of key staff.
- Tax registration.

We expect continued growth in data usage and uptake of our digital products and services as we keep tailoring our value proposition to our customer's needs.

By equipping our teams with the right tools to be effective, offering growth opportunities and creating an enabling environment, we ensure that we have an engaged and productive workforce that can deliver on our ambitious strategy.

CEO's Statement

The best talent – a vital enabler to our strategy

Our employees are the driving force behind our business. By equipping our teams with the right tools to be effective, offering growth opportunities and creating an enabling environment, we ensure that we have an engaged and productive workforce that can deliver on our ambitious strategy.

By the end of 2021, we had 313 employees, providing essential skills and motivated to innovate. We strive to create a diverse and inclusive environment for our staff, ensuring equitable access to resources and opportunities. Of the 313 employees, we had 69% male and 31% female.

In addition to gender equality, we acknowledge that we need to drive inclusion and raise awareness of persons living with disabilities – both apparent and unapparent. Working closely with our employees, our Board, and broader stakeholders, we will be reviewing our diversity and inclusivity practices.

In our efforts to ensure that we offer a safe work environment, we continued to observe the safety measures set out at the start of the pandemic. 80% of our 300+ staff transitioned to working from home, equipped with the relevant tools and services to facilitate communication and team collaboration. We also facilitated vaccinations for our staff, with more than 70% receiving two vaccine shots in 2021. These measures ensured that there were minimal disruptions to the operational performance and maintained business continuity. We also continued to provide welfare support through the provision of food hampers, financial support for junior staff, vaccination drives and wellness leave.

Refer to the section on our people and culture on page 57 for more information on our human capital strategy and initiatives during the year.

Appreciation

Following our resilient performance in 2021, we have a strong foundation and exciting growth opportunities in the year to come.

I would like to thank our Board for the sound guidance they have offered to date and my colleagues for their continued hard work and dedication to realising our strategic intent.

To our partners, customers and shareholders, we look forward to continuing our journey to growing together.

Mitwa Ng'ambi
Chief Executive Officer

In our efforts to ensure that we offer a safe work environment, we continued to observe the safety measures set out at the start of the pandemic. 80% of our 300+ staff transitioned to working from home, equipped with the relevant tools and services to facilitate communication and team collaboration.

Mark Nkurunziza
Chief Finance Officer

CFO's Statement

2021 presented a unique set of challenges, not only for us but for the broader community, but despite this, we closed out the year delivering on the targets set out at the time of our listing on the Rwanda Stock Exchange.

Group income statement

Rwf (m)	31-Dec-21	31-Dec-20	Change
Service Revenue	184,895	149,046	24.1%
Other Revenue	3,232	2,967	8.9%
Total Revenue	**188,127**	**152,013**	**23.8%**
Expenses	98,404	77,523	26.9%
EBITDA	**89,723**	**74,490**	**20.4%**
EBITDA Margin	47.7%	49.0%	-1.3%
Depreciation & Amortization	35,625	25,701	38.6%
Net Finance Costs	20,584	16,179	27.2%
Profit Before Tax	**33,514**	**32,610**	**2.8%**
Income Tax Expense	11,090	12,382	-10.4%
Profit After Tax	**22,424**	**20,227**	**10.9%**
Earnings per Share[1]	17	15	10.7%

Summarised Statement of Financial Position

Rwf (m)	31 December 2021	31 December 2020	% Change
Other property, plant, and equipment	174,391	153,889	13.3
Intangible assets and goodwill	86,865	9	>100
Other non-current prepayments	1,061	429	147.2
Current assets	154,053	134,386	14.6
Total assets	**416,369**	**288,714**	**44.2**
Total equity	57,294	48,730	17.6
Non-current liabilities	164,664	104,539	57.5
Current Liabilities	194,411	135,445	43.5
Total equity and liabilities	**416,369**	**288,714**	**44.2**
Net Tangible assets per Security	*129.1*	*113.9*	13.3

Summarised Statement of Cash Flow

Rwf (m)	31 December 2021	31 December 2020	% Change
Cash flows from operating activities	69,847	57,140	22.2%
Cash flows from investing activities	(107,902)	(22,801)	373.2%
Net cash flows from financing activities	28,080	(36,522)	-176.9%
Net increase/decrease in cash	**(9,975)**	**(2,183)**	**356.9%**
Exchange difference	(50)	32	-256.3%
Cash at the beginning of the year	22,211	24,362	-8.8%
Cash at the end of the year	**12,186**	**22,211**	**45.1%**

[1] For comparative purposes, the number of shares 1,350,886,600 applied to both periods.

CFO's Statement

Data revenue grew by 18.5% to Rwf 32.7 billion, driven by strong demand for data (2020: Rwf 27.6 billion). This momentum escalated as organisations and institutions continued to mandate remote working and learning.

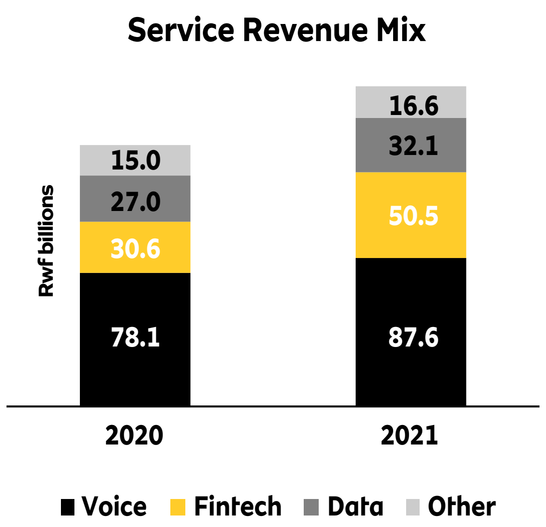
Subscriber base

	31-Dec-21	31-Dec-20	Change
Mobile Subscribers	6,434,544	6,076,291	5.9%
New Customer Acquisitions	1,909,847	2,291,882	-16.7%
Churn	1,516,136	1,423,167	6.5%
Net Churn Rate	2.0%	2.0%	0.0%
Net Additions	393,711	868,715	-54.7%
Mobile Money Subscribers	3,713,000	3,287,827	12.9%
Mobile Money Penetration	57.7%	54.1%	3.6%
Data Subscribers	2,123,083	1,627,636	30.4%

Group revenue increased by 23.8% in the period under review to Rwf 188.1 billion (2020: Rwf 152.0 billion), with service revenue up 24.1% (2020: Rwf 149.0 billion). The growing need for voice drove growth in service revenue, data and connectivity supported by the underlying customer growth. The earnings before interest, tax, depreciation and amortisation (EBITA) grew by 20.4% to Rwf 89.7 billion this year (2020: Rwf 74.5 billion). We closed out the year by delivering a profit after tax of Rwf 22.4 million, a year-on-year improvement of Rwf 2.2 million (2020: Rwf 20.2 billion). Alongside this strong performance, our Board has recommended a dividend of Rwf 4.98 per share. (2020: Rwf 7.55 per share)

Strong performance across all service segments

In 2021 we realised double-digit growth in all our main service revenue streams – voice, data and fintech.



Service Revenue	Y-o-Y Growth Rate
Voice	12.1%
Data	18.9%
Fintech	65.2%
Other	10.6%

Service Revenue	Service Revenue Mix 31-Dec-21	Service Revenue Mix 31-Dec-20
Voice	46.9%	51.8%
Data	17.2%	17.9%
Fintech	27.0%	20.3%
Other	8.9%	10.0%

Voice revenue increased by 11.8%, enabled by 12.1% growth in voice traffic (pre-paid and post-paid) and 5.9% growth in subscriber base. Our expanded customer acquisition touchpoints, rural telephony initiatives and revamped customer propositions supported our growth. The average revenue per user (ARPU) under the voice category declined by 18 basis points from Rwf 1117 to Rwf 1115. Our customers lean towards data-driven platforms such as Microsoft Teams, Zoom, Google Meets and WhatsApp from the conventional voice call operations.

Data revenue grew by 18.5% to Rwf 32.7 billion, driven by strong demand for data (2020: Rwf 27.6 billion). This momentum escalated as organisations and institutions continued to mandate remote working and learning. Data subscribers increased by 30.4% prompting a 40% increase in total volume consumed. Additionally, we continued to monetise the need for data through our fibre-to-home and wireless technology offerings. In 2021, the number of home broadband users increased by over 3000 to close to 3,800.

CFO's Statement

In the near term, with the recent incorporation of Mobile Money Rwanda Limited (MMRL), we aim to adopt a separate reporting structure to offer our stakeholders completeness and comparability of our performance.

Our customers continued to adopt digital wallets and cashless transactions, shifting from the traditional cash-in and cash-out transactions. Fintech revenue recorded a growth of 65.2% to Rwf 50.5 billion (2020: Rwf 30.6 billion). This is comprised of revenue from both Mobile Money and Xtratime (our airtime lending service). The number of active Mobile Money (MoMo) users increased by 12.9% to 3.7 million users through increased adoption. To cater to the increasing customer base, we onboarded 5,000 agents, ending the year with a network of close to 50,000 agents.

In the near term, with the recent incorporation of Mobile Money Rwanda Limited (MMRL), we aim to adopt a separate reporting structure to offer our stakeholders completeness and comparability of our performance.

Seeking efficiencies to compensate for the economic environment

Our total costs increased across all our cost categories as we scale our operations. Total expenses increased by 29% due to higher cost of sales from the offload onto 4G, site rollout costs, investing in our human capital and costs relating to the improvement of our network monitoring systems. Additionally, conducting tests on our entire network resulted in unanticipated expenses, contributing to the decline in EBITDA margins. These tests were carried out in conjunction with the regulator to comply with the Enforcement Notice mentioned by our Chief Executive Officer on page 36.

To reduce the effects of rising costs, we instituted various efficiency improvement measures, including restructuring our service centre lease agreements, supplier engagement, and inventory management. Despite these measures, our EBITDA margin contracted by 1.3%.

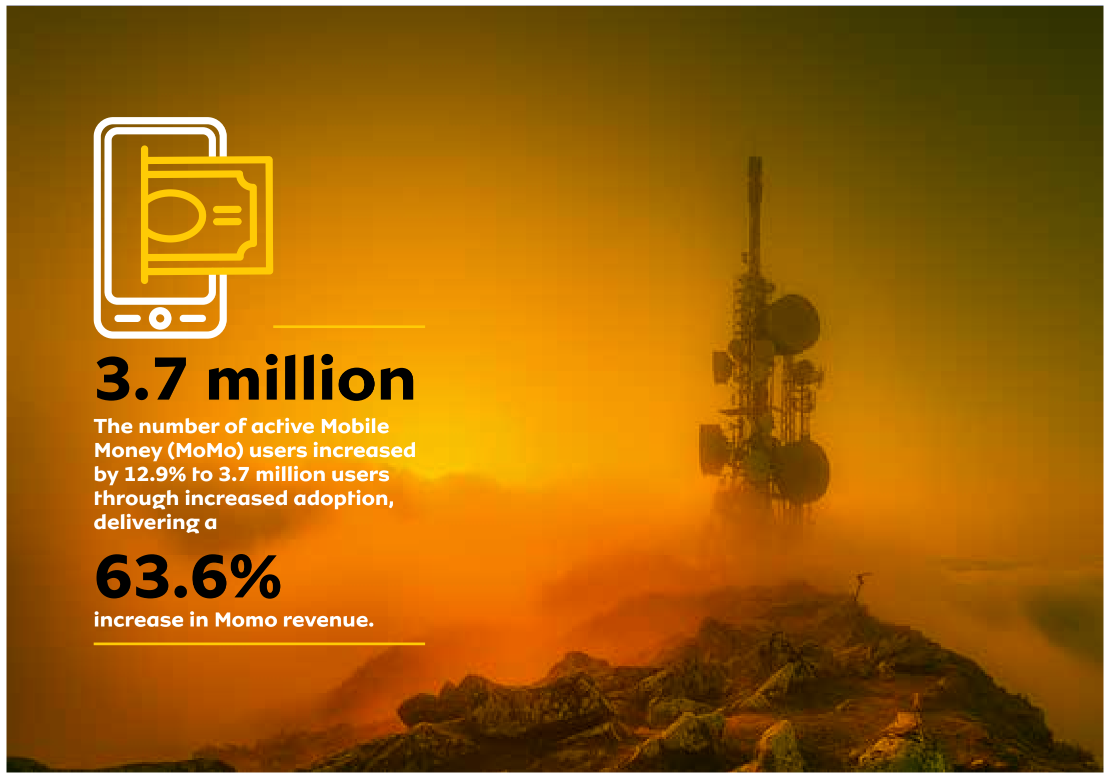
Depreciation and amortisation rose by 38.6% to Rwf 35.6 billion due to the amortisation of the license renewal costs of Rwf 91.4 billion for ten years.

Value-based capital allocation to support our growth

In our execution of Ambition 2025, we aim to realise growth in connectivity and our platforms underpinned by a disciplined approach to capital allocation. As a relatively young company, we continue to increase our capital investments to enhance our coverage and capacity. In 2021, our capital expenditure increased by 50.2% to Rwf 32.7 billion. These costs included investments in; 2G and 3G networks – 175 and 174 new sites, respectively, expanded coverage and rural telephony, fibre infrastructure – 1,472.8 km, and business support systems.

50.2%

In 2021, our capital expenditure increased by 50.2% to Rwf 32.7 billion. These costs included investments in; 2G and 3G networks – 175 and 174 new sites, respectively, expanded coverage and rural telephony, fibre infrastructure – 1,472.8 km, and business support systems.



CFO's Statement

We remain cautious about the economic environment as the effects of the COVID-19 pandemic and new variants persist. However, we anticipate that Rwanda's economy will recover, spurred by the government's recovery drive.

Rwf (m)	31-Dec-21	31-Dec-20	Change
Capital Expenditure	32,710	21,715	50.6%
Capex Intensity	17.4%	14.3%	3.1%
Free Cash Flows	57,013	52,775	8.0%

Net cash from operating activities increased by 22% to Rwf 69.8 billion, mainly driven by improved working capital management.

Despite the impact of the Covid-19 pandemic on global markets, in June 2021, we raised additional debt to finance the license renewal. As a result, net debt increased by 90% to Rwf 180.9 billion (2020: Rwf 95.4 billion), while net finance costs increased by 27.2% to Rwf 20.6 billion (2020: Rwf 16.2 billion).

We closed the year with a healthy net debt to EBITDA ratio of 0.97x and remained compliant with the financial covenants of our borrowing facilities during the year.

Rwf (m)	Threshold per loan covenants	31-Dec-21	Change
Net Debt to EBITDA	<2.5x	0.97x	Compliant
Debt service coverage ratio	>1.25x	6.31x	Compliant
Net Debt/ (Equity and shareholder loans)	<70:30	11:2	Compliant
Interest coverage ratio	>4.5x	10.68x	Compliant
Net Debt to EBITDA	<2.5x	0.97x	Compliant

50%

we target service revenue to achieve low to mid-teen growth, double-digit growth in fintech, stable margins, and a minimum payout to our shareholders of 50% of distributable income.

Outlook

We remain cautious about the economic environment as the effects of the COVID-19 pandemic and new variants persist. However, we anticipate that Rwanda's economy will recover, spurred by the government's recovery drive.

In 2022, we look to continue to finance the network coverage across the country and Quality-of-Service improvements. We look to increase our MoMo subscribers from 3.7 million to 4.3m and increase active data users from 2.1 million to 2.4 million. The increased uptake of digital payments will support the rollout of new MoMo products and further increase mobile money penetration.

On this basis, we target service revenue to achieve low to mid-teen growth, double-digit growth in fintech, stable margins, and a minimum payout to our shareholders of 50% of distributable income. This year, the Board proposed a dividend payment of 30% of distributable income as an exception in order to offset the license renewal cost.

In closing, I would like to thank the Board and our Chief Executive Officer for their continued guidance. As we enter the second year of our Ambition 2025 strategy, we remain committed to leading digital solutions for Africa's progress.

Mark Nkurunziza
Chief Finance Officer

MTN

Our Approach to Sustainability

Sustainability Review

In our 2025 strategy roadmap, we have made a conscious decision to incorporate ESG reporting as part of our fundamental strategic thinking. We recognise the role we must play as an organisation and the responsibility to our stakeholders.

As a growing organisation, we understand that financial and non-financial factors affect our business. We strive to drive value through a more integrated decision-making process using this understanding. The incorporation of ESG initiatives into our operation has led to a review of the company's stakeholder policy to ensure gender and inclusivity of the broader society, including people with disability.

The incorporation of ESG initiatives into our operation has led to a review of the company's stakeholder policy to ensure gender and inclusivity of the broader society, including people with disability

SUSTAINABLE DEVELOPMENT GOALS

We recognise our role as a telecommunications services provider and the impact we have on the wellbeing of our stakeholders, surrounding communities and the country where we operate. Aligning to the Sustainable Development Goals (SDGs) will also help us have a longer-term view of the business guided by clear and realisable goals.

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Sustainability Highlights

Focus Area	Eco Responsibility: Reduce our Environmental Impact	Sustainable Societies: Support Vibrant and Successful Communities	Sound Governance: Strong governance and ethical culture	Economic Value: Digital and financial innovation that enhances lives
SDGs we directly or indirectly contribute to	12 Responsible consumption and production 13 Climate action	4 Quality education 5 Gender equality 10 Reduced inequalities 8 Decent work and economic growth	5 Gender equality 16 Peace, justice and strong institutions	8 Decent work and economic growth 9 Industry, innovation and infrastructure 10 Reduced inequalities 17 Partnerships for the goals
Our Contribution	**15%** Swapped 15% of the fleet with hybrid electric vehicles. **50%** Reduction in paper & toner consumption from office digitization campaign. **100%** Electronic recharge of airtime. MTN SIM cards have been re-sized and sold without plastic covering.	**Project Twese** Pledged to make all MTN products and services accessible to people with disabilities. **> 25,000** Smartphones distributed via #ConnectRwanda in partnership with the Government of Rwanda. **56 women** Number of beneficiaries under Connect Women in Business Initiative **> 200** Youth beneficiaries **Education** 100 students sponsored, 200 computers donated to 10 schools	**80.1%** Strong reputation perception and trust as indicated by stakeholders and partners. **44** Appointed a diverse and competent Board of Directors of which **44%** are women.	**Rwf 60 billion** Tax contribution. **Rwf 32 billion** Spent on technology investments in our market. **12.9%** Growth in mobile money subscribers furthering financial inclusion.

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Stakeholder Engagement

Our internal and external stakeholders play an integral part in our ability to operate. As such, stakeholder engagement is fundamental to our success. We seek to understand and consider the interests of each stakeholder group in our decisions. This involves having open lines of communication with our stakeholders and keeping them informed.

This year, in-person engagement was limited due to the ongoing Covid-19 restrictions, but we continue to review these policies as restrictions are lifted. We engage with stakeholders in lots of different ways – from meetings and conferences to forums and surveys.

The table below highlights the stakeholder groups who impact and are impacted by our operations, how we engage with them and their interests.

Our internal and external stakeholders play an integral part in our ability to operate. As such, stakeholder engagement is fundamental to our success.

Stakeholder	Why They Are Important	How We Engage with Them	Interests and Concerns	Link to Our Capitals
Government and Regulator	Provide access to spectrum and licenses.	• Public forum engagement. • Personal engagement through meetings, courtesy visits and emails. • Partnerships in social-economic engagements.	• Ensuring compliance with regulations. • Maintaining network operations and quality in line with thresholds. • Conducting business with anti-competitive practices. • Customer protection on cost and data privacy. • Contribution to state revenue through taxes levied to the business.	Social Capital, Natural Capital
Customers	Purchase our products and services.	• In-person and online services offered through our service centres and customer care calls. • MyMTN App, messages and USSD. • Media engagement through social media, websites, tv and radio. • Feedback customer surveys and interviews.	• Reliable and quick network. • Exceptional customer services. • Fair pricing on products and services extended. • Privacy of information.	Manufactured Capital, Financial Capital, Intellectual Capital
Financiers and Shareholders	Provide financial capital required to operate.	• Investor interaction through investor calls. • Quarterly, half and annual results releases and reports.	• Sustainable business strategy, unlocking value for stakeholders. • Responsible capital allocation in our operations. • Adherence to corporate governance requirements.	Financial Capital, Natural Capital, Social Capital
Employees	Provide the intellectual capital that allow us to lead the delivery of a bold, new digital world to our customers.	• Internal development platforms – MTN Learn and MTN Shine. • Internal surveys and feedback assessments. • Electronic communication through third-party platforms and mailboxes. • Weekly, monthly, quarterly staff engagements.	• Knowledge sharing and transparency across the business. • Defined career paths and equitable growth opportunities. • Competitive pay structures and incentives. • Fair labour practices that promote health and safety.	Human Capital, Intellectual Capital
Suppliers	Provide inputs necessary to operate.	• Personal engagement through emails and meetings. • Tender notices and requests for proposals.	• Fair and transparent bid and tender processes. • Adherence to stipulated terms of engagement. • Ease in onboarding and timely payment of dues.	Financial Capital, Social Capital
Communities	Support the socio-economic environment in which we operate.	• Partnership on socio-economic programmes • MTN Foundation initiatives.	• Responsible and sustainable business practices that minimise the impact on the environment. • Contribution to sustainable social development.	Social Capital, Natural Capital
Agents and Merchants	The interface between our customers, crucial to our effective delivery of services.	• Training sessions on new products and services. • Survey and feedback assessments. • Field visits, cluster market engagements and agent/merchant forums. • Targeted communication through social media, tv, radio, email, website and USSD.	• Reliability as a partner. • Fair and competitive fees or share of revenue terms. • Support through operations and access to services. • Forums to raise fraud awareness and education on new standard operating procedures.	Financial Capital, Social Capital, Intellectual Capital
Media	Keep stakeholders informed on our products, services and business developments.	• Press conferences • Press releases • Media briefings and events	• Access to key financial and non-financial information.	Social Capital

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Sustainability Material Matters

This year, we embarked on an exercise to identify the most important material issues to our stakeholders. These are issues, we believe, will have the most impact on our business in the years ahead, not only financially but also non-financially, as we create long-term value for the communities in which we operate. To prioritise our material topics, we benchmarked the materiality assessments of our peers and other sustainability leaders; reviewed company governance, policy, and strategy documents; and conducted work sessions with company leadership. We also looked at our stakeholder universe, internally and externally, and through our regular engagement, we were able to determine which topics should be reported.

We identified seven material issues deemed material to our operations, and the corresponding boundaries within and external to our business.

Material Topic	Boundary	Link to Strategy
Customer experience	Our approach to these issues has a direct impact on **customers** and **communities** in which we operate.	Build the largest and most valuable platforms Drive industry-leading connectivity operations
Employee welfare	Our approach to these issues directly impacts the **employees** within our organisation.	Build the largest and most valuable platforms Create shared value
Digital inclusion	Our innovative projects impact our **customers**, **communities**, **agents and merchants**.	Build the largest and most valuable platforms Drive industry-leading connectivity operations
Education	Through our business, we have the potential to, directly and indirectly, impact the **communities** in which we operate.	Create shared value
Economic empowerment	Our approach to this topic impacts our **financiers**, **shareholders**, **community**, **employees** and **partners**.	Create shared value
Community and health	Through our business, we have the potential to, directly and indirectly, impact the **communities** in which we work.	Create shared value
Government priorities	Our business practices impact the reputation of our firm and the **government and regulators**.	Create shared value

Our Approach to Social Responsibility

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The MTN Foundation

MTN Rwanda already has a deep-rooted commitment to corporate citizenship. We play a critical role in driving financial sustainability and inclusivity in our communities through the MTN Foundation.

Established in 2010, MTN Foundation is the vehicle through which we implement our corporate social responsibility (CSR) programs. We have committed 1% of the Profit After Tax to support the Foundation's initiatives. Our objectives for the MTN Foundation are:

- To administer social investment programs as part of the core business of MTN Rwanda.
- To demonstrate MTN Rwanda's commitment to and support of community empowerment and National development.
- To foster teamwork values among MTN Rwanda staff through a proactive Employee Volunteer Association.
- To foster strategic partnerships with other National/Regional /International partners and stakeholders.

Our commitment to social change is implemented through four focus areas: **education, community and health, economic empowerment,** and **government priorities**. We do this either directly or through strategic partnerships with government entities, not-for-profit organisations and the broader community.

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Key initiatives carried out by MTN Foundation

Focus Area	Initiatives	Impact	Link to SDGs
Education	**ICT School-Connect** Launched in 2020, the ICT School-Connect program aims to enable teachers and students in secondary schools to have access to laptop computers and internet connectivity.	**1,000+** computers provided to schools across all 30 districts in Rwanda.	4 Quality Education; 9 Industry, Innovation and Infrastructure
	Scholarship Program Through a partnership with the Imbuto Foundation Scholarship Programme, the Foundation provides scholarships to students across the country. Additionally, in partnership with the Rwanda Democratization and Reintegration Commission (RDRC), the Foundation offers financial support to disabled ex-combatants families.	**140** students supported to date.	4 Quality Education; 8 Decent Work and Economic Growth
Community and Health	**Community-Based Health Insurance (CBHI)** Vulnerable families benefit from the CBHI provided by MTN Rwanda. This is in addition to the Company's annual contribution to the State's Health Subsidy program of 2.5% of revenue.	**Rwf 5.1 billion** donations made since 2019.	3 Good Health and Well-Being
	COVID-19 Response In collaboration with various organisations and government entities, both MTN Rwanda and the MTN Foundation have offered support to curb the spread of the COVID-19 pandemic. We did this through direct cash or in-kind contributions such as zero-rating our services, using our platforms to raise awareness and distribute protective wear.	Supported **1,500** families of motorists to support small businesses recovery.	3 Good Health and Well-Being; 8 Decent Work and Economic Growth
Economic Empowerment	**Connect Women in Business (CWiB)** In 2020, we launched this initiative to provide seed money to different women groups around the country to grow and accelerate their informal businesses.	**56** women savings groups supported financially and through training since inception.	1 No Poverty; 8 Decent Work and Economic Growth
	YoLo Hackathon Launched in 2021, the MTN Yolo Hackathon is a youth challenge meant to address specific challenges in the society of Rwanda by developing digital channels. It is an opportunity to create innovative financial applications and transactions using the Mobile Money API (MoMo) MTN platform.	**3** winners awarded a total of **Rwf 4 million.**	8 Decent Work and Economic Growth
Government Priorities	**Genocide Commemoration** Every year MTN joins Rwandans and friends of Rwanda to commemorate the 1994 Genocide against the Tutsi. We also contribute to socio-economic empowerment of Genocide Survivors in collaboration with the Association of Genocide Widows (AVEGA).	**Rwf 4.1 million** in donations made in support of genocide survivors.	8 Decent Work and Economic Growth; 10 Reduced Inequalities

56
women savings groups supported financially and through training since inception.

In 2021, we partnered with Inkomoko Entrepreneur Development to support Rwandan youth-led businesses on their entrepreneurship journey.

Photo Captions:
1. CWiB2021 award

2. YoLo Hackathon

3. MTN Rwanda's partnership with RTB

4. MTN Back to School Program

5. Kiosk handover to Genocide Survivor

1


2


3


4


Other CSR initiatives carried out during the year include:

- MTN Back to School Program
- WeCare

o Under WeCare, we carried out several initiatives, such as:

  - Partnership with Rwanda TVET Board (RTB) to establish 10 computer labs in Technical and Vocational Education and Training (TVET) institutions.
  - Partnership with HeHe to support agribusiness Small Medium Enterprises (SMEs) with Rwf 6 million to accelerate their e-commerce growth

5


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Our People

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Our People and Culture

As a growing company, we understand the importance of embracing new capabilities and mindsets, especially for our human capital. A focused program to define, design and develop future organisation and talent models is a vital enabler of our Ambition 2025 strategy.

Our people are the most valuable assets to our business. We acknowledge the role that our culture plays in developing an environment that drives leadership, integrity, relationship, innovation and can-do attitudes – our core values. In 2021, we made great strides in creating a positive work environment by ensuring the health and wellbeing of all our employees.

Embracing Diversity

Total Employees

2021 - 313

2020 - 279

2019 - 285

Female Representation

Our Board **4 of 9**

Our Management Team **28 of 117**

Employees **70 of 196**

Diversity in Motion: Women Excel Network

Initiated: 19th November 2019

Vision: To achieve a diverse work environment where men and women are empowered to contribute to their full potential, thereby strengthening and transforming communities.

Mission: To provide a forum for MTN Rwanda's women to educate, empower and inspire as they strive to lead Brighter lives..

WE-Net gathering in 2021.

Transformation Strategy

As a growing company, we understand the importance of embracing new capabilities and mindsets, especially for our human capital. A focused program to define, design and develop future organisation and talent models is a vital enabler of our Ambition 2025 strategy. We do this through **our People Transformation Strategy.**

Our People Transformation Strategy focuses on two key elements:

1. Talent Acquisition
2. Talent Development

Talent Acquisition

Our approach to recruiting and retaining talent is central to our success as a business. We ensure this by implementing a rigorous recruitment process to identify individuals aligned with our core values and purpose. Additionally, we provide our employees with opportunities for internal mobility to enhance their professional growth.

We are continually looking for avenues to improve inclusivity and equity in our business as it relates to our human capital. This year, we carved out 10% of the MTN Graduate

Development Programme opportunities for persons living with disabilities. This is the first step in ensuring that we are inclusive and equitable in our approach to people management.

Hiring Outcomes in 2021

	Hires	Number of Hires	% of Hires
Internal	Male	23	27.7%
	Female	15	18.1%
	Total Internal	**38**	**45.8%**
External	Male	28	33.7%
	Female	17	20.5%
	Total External	**45**	**54.2%**
Total Hires		**83**	**100.0%**

Talent Development

In response to the evolving business environment, we capitalised on our internal learning platform, MTN Learn, to upskill our employees during the year. Over 11,000 courses were completed, recording 81% participation (2020: 76%).

In addition to the courses offered, 52 targetted training sessions were held with close to 270 employees. The key themes of the training and development sessions include:

- Leadership and behaviour programs
- Programs for the technical team to improve sales through MTN Group Limited academy
- Data science academy in line with the 2025 strategy
- Enhanced fintech skills

An integral aspect of our talent development strategy is to ensure that we are able to ensure business continuity. We do this by identifying internal talent who are then coached as successors. Through this process, we are able to offer clear paths for emerging talent to be nurtured into senior positions.

52

In addition to the courses offered, 52 targetted training sessions were held with close to 270 employees.

Our approach to recruiting and retaining talent is central to our success as a business. We ensure this by implementing a rigorous recruitment process to identify individuals aligned with our core values and purpose.

Employee Wellbeing

Employee health and wellbeing are key concerns for our employees and the broader MTN organisation. During the year, we continued to observe health and safety protocols to curb the spread of COVID-19 in the workplace. We offered training sessions for our employees on preventive measures, provided access to testing facilities, and ran vaccination campaigns. In addition to these, we supported our employees who were affected by COVID-19 through consistent follow-up, enhanced medical cover and medication, and support hampers.

Employee health and wellbeing are key concerns for our employees and the broader MTN organisation. During the year, we continued to observe health and safety protocols to curb the spread of COVID-19 in the workplace.

Engagement Initiatives in 2021

Engagement with all our employees is embedded in our people management process.

During the year, our management team led various initiatives to drive transparent and open communication with all staff. These initiatives included:

- Weekly CEO Business Updates
- Global Leadership sessions with Group CEO (GLG)
- Touch Base Phone Call from EXCO to Staff
- Coffee Hangout with CEO

Other Human Resource-led initiatives included:

- Birthday Celebrations
- Learning O'clock
- HR ***Y'ello*** Feedback
- Book Club
- Leadership Inspirational Quotes
- HR Weekly Centerpiece
- Toastmasters Club
- Management Strategic Sessions
- Inspire-me sessions
- Fruit Hampers to Staff, Covid 19 Vaccination, Weekly Test.
- Quarterly Performance Reviews
- MTNR Blood Donation awareness
- No Meetings Day
- WE-NET Activities (Women in Excel Network)
- Sporty Friday
- Public Holidays Celebrations
- Regional Feedback Tours
- Competitions
- Policy Socialization
- Employees Surveys
- Staff Townhalls
- Female Rising Leaders
- Mental Health Initiatives
- Leadership Conferences

MTN

How We Manage Our Risks

Risk Management

While we are a subsidiary of the MTN Group, risk management at MTN Rwanda remains our responsibility. We are committed to building a risk-conscious, compliance-focused and ethical organisation by embedding robust risk management and compliance processes to achieve sustainable value for all stakeholders. We continue to make significant progress in implementing structures, policies, and procedures in support of this commitment.

We recognise that to provide protection for our customers and to provide them with good value for money, we need to accept certain risks on their behalf. Therefore, we are willing to take certain risks, and there may be some types of risks for which we have a strong preference (capitalising on opportunities).

The MTN Rwanda risk strategy is an integral part of the MTN Rwanda business strategy. It expresses our overall philosophy towards risk-taking, which we regard as necessary to achieve our vision and reflects the risk elements of our business strategy.

We recognise that to provide protection for our customers and to provide them with good value for money, we need to accept certain risks on their behalf. Therefore, we are willing to take certain risks, and there may be some types of risks for which we have a strong preference (capitalising on opportunities). We must, however, ensure that the risks we take are not so significant or so concentrated that they could threaten the financial security of the Group or that of the parent company in very adverse conditions.

Enterprise Risk Management

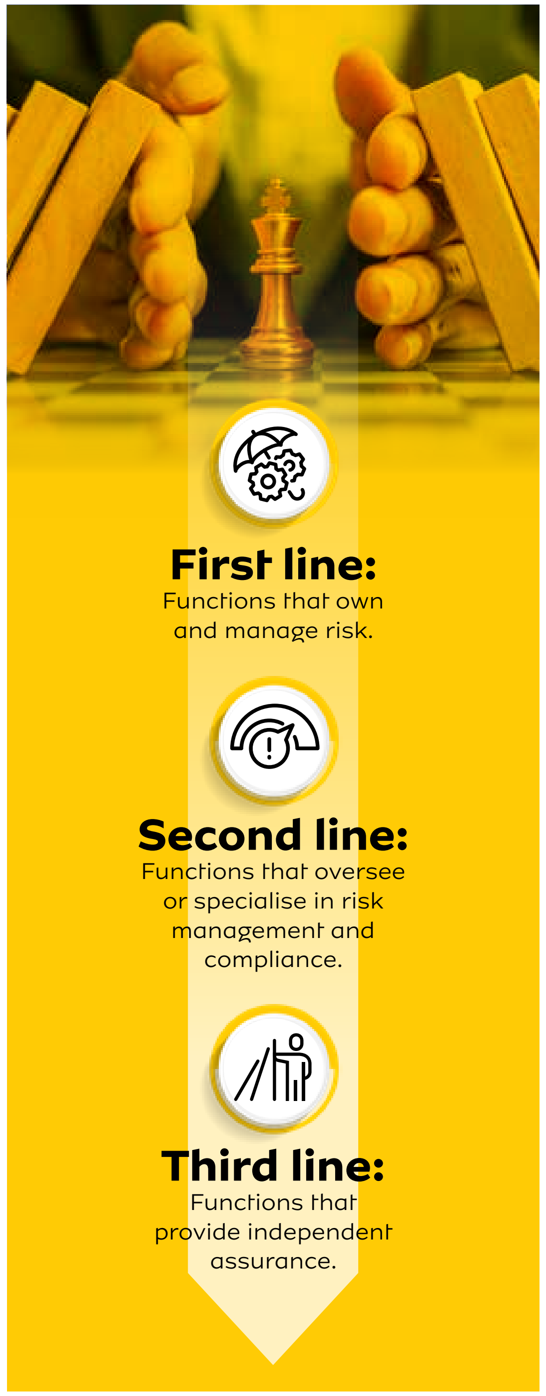
Our risk management framework aims to guide embedding risk management in our business. We are able to uniformly identify and evaluate potential events that may impact our ability to achieve the objectives we set out in our Ambition 2025 strategy.

Our risk management framework employs concepts and workflow from established risk management frameworks and standards, including ISO 31000, the COSO Framework and other leading frameworks such as ISO 27001 for Information Security and ISO 22301 for Business Continuity Management.

Governance Oversight

Our risk management framework prescribes the roles and responsibilities of management and various levels of assurance regarding risk management as per the Board and committees' charters.

Our approach to managing risk is based on the "Three Lines of Defence" combined assurance model to better identify and structure interactions and responsibilities of key internal and external stakeholders toward achieving more effective alignment, collaboration, accountability and, ultimately, objectives.



Our Board is ultimately responsible for directing risk management within MTN Rwanda by adopting our parent company's, MTN Group's, defined risk-bearing capacity, risk philosophy and risk preference.

The Audit and Risk Committee is a delegate of the Board that is charged with the oversight over the risk management, compliance and internal audit within MTN Rwanda. The Audit and Risk Committee receives and reviews risk management reports detailing the adequacy and overall effectiveness of the Company's risk management function and its implementation by management.

In its ethics oversight role, the Audit and Risk Committee focuses on five main tasks:

- Oversee the analysis of ethics risk to ensure that the Company is appropriately identifying and managing ethics-related risks.
- Review the ethics strategy to mitigate risk and ensure ethics is governed and managed appropriately.
- Monitor adherence to the Code of Ethics and other ethics-related policies.
- Hold management accountable for the Company's ethical culture.
- Receive the ethics reports.

The Audit and Risk Committee has mandated the Nominating and Remuneration Committee to have oversight and responsibility concerning the human resource elements of ethical breaches.

The Executive Management is accountable and responsible for risk management within the organisation. The Risk and Compliance function is charged with assisting the Executive Management in developing of clearly defined risk management strategy, framework, policies, procedures for approval by the Audit and Risk Committee and subsequently the Board. The risk and compliance function has a solid line reporting to the Chief Executive Officer and dotted line reporting to Board (through the Audit and Risk Committee).

Refer to our section on Governance on page 68 for more information on the broader Board and Committee responsibilities

Our Risk Management Process

The Enterprise Risk Management Process at MTN Rwanda aligns with ISO 31000 International Risk Management Standard, COSO framework and King IV. It is supported by other leading global standards, i.e., ISO 27001 as ISO 22301.

Our risk management process involves the following:

1. **Analysing the Business**

The first step of the Risk Management Process is concerned with gaining an understanding of the organisation, its activities and processes; and considering the internal and external environment in which we seek to achieve its objectives.

2. **Risk Assessment**

Risk Assessment includes the following activities:

i. Risk Identification

This activity aims to identify risks that could affect the organisation's achievement of objectives and opportunities to enhance business performance. The identification of opportunities is as important as the identification of risks. The risks and opportunities are recorded and form the basis of our risk register.

ii. Risk Analysis

The purpose of the risk analysis activity is to provide a view of the probability and impact of the risks and opportunities identified. This assists in gaining an understanding of the risk, its prioritisation and decision-making. For each risk identified, the risks are classified based on the impact of the risk, should it occur, and the probability of occurrence.

iii. Risk Evaluation

This activity includes evaluating the results of the risk assessment phase in terms of their aggregated impact. This involves comparing the risk against pre-determined criteria to determine their net effect, thus specifying the significance of the risk to the organisation's objectives. The process facilitates prioritisation and decision making relating to the treatment implementation.

The first step of the Risk Management Process is concerned with gaining an understanding of the organisation, its activities and processes; and considering the internal and external environment in which we seek to achieve its objectives.

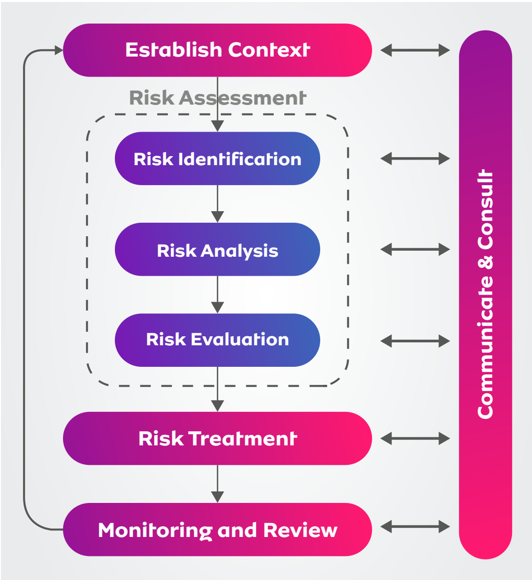
The Audit and Risk Committee receives and reviews risk management reports detailing the adequacy and overall effectiveness of the Company's risk management function and its implementation by management.

3. **Risk treatment**

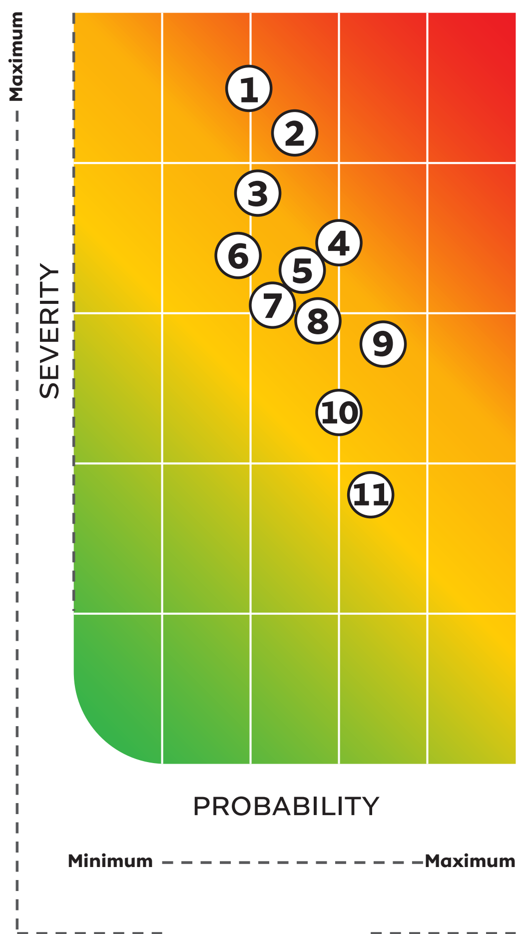
Risk treatment considers the responses and specific action plans to address the risks and opportunities identified with a risk response strategy determined for each risk identified. The response is to reduce the level of residual risk to the acceptable risk level.

4. **Risk monitoring and review**

The goal is to ensure that risks are monitored, timely escalated and reported to the right levels within the MTN structures. In order to achieve this goal, there is a filtering process for the risks identified.



The risks are prioritised based on the impact scales (Probability and Impact Scales) performed when assessing the principal risks or risks associated with the principal risks.



Risk treatment considers the responses and specific action plans to address the risks and opportunities identified with a risk response strategy determined for each risk identified.

Our risk universe facilitates the identification of risks. The risk universe is reviewed regularly to evaluate its effectiveness.

Top Risks to Value Creation

Risk Ranking 2021	Risk Ranking 2020	Risk Universe	Principal Risk	Context	Our Response	Risk Rating
1	8	Technology Risk	Network Risk	In the provision of our services, we depend on the level of network performance. From time to time, the quality of service offered may vary due to constraints within the network.	• Improvement of Quality-of-Service key performance indicators in line with regulatory threshold. • Enhancement of resilience of our networks.	Very High
2	4	Strategic Risk	Strategy and Execution Risk	Efficient execution of our strategy and initiatives is required to realise the strategic objectives set out in our Ambition 2025. Delays and unforeseen risks may significantly impact our ability to create and realise value through our operations.	• Establishment of key performance indicators in line with strategic objectives. • Comprehensive risk assessment to identify and measure potential risks. Adequate mitigation measures in place that align with Ambition 2025.	High
3	3	Compliance Risk	Compliance Risk	Non-compliance to laws, regulations and internal policies and procedures may negatively impact our business operations and financial performance.	• Proactive engagement with regulators on any proposed or implemented regulatory changes. • Monitoring compliance to policies and increased governance.	High
4	7	Technology Risk	Information Security Risk	As technology evolves, so do the level of cyber-attacks. In the event of such attacks, vulnerabilities may be exposed and negatively impact our ability to maintain confidentiality, integrity and availability of our customers' information.	• Continuous enhancement of our data governance approach to maintain the confidentiality and integrity of our customers data. • Assurance checks to ensure that our data protection policies are followed.	High
5	5	Strategic Risk	Regulatory Risk	Increased adoption of digital currencies and cashless wallets has been accompanied by considerable risks, specifically on laundering money and financing terrorist activities.	• Deployment of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Suspicious Transaction Monitoring tools to reduce fraud. • Incorporation and adherence to the know your customer (KYC) and customer due diligence (CDD) requirements of the E-money regulation. • Working closely with the regulators and enforcement agencies to identify and combat fraud.	High

Risk Ranking 2021	Risk Ranking 2020	Risk Universe	Principal Risk	Context	Our Response	Risk Rating
6	11	Financial Risk	Financial Performance and Returns Risk	We may fail to adequately respond to the economic strain caused by an uncertain operating environment, escalating costs and weakening demand.	• Drive cost efficiency within the business to improve or maintain margins. • Regular review of actual business performance against forecast to ensure the sustainability of operations. • Close monitoring of market conditions and putting in place measures, such as contracts, to limit price volatility.	High
7	2	External Risk	Competition Risk	The telecoms industry is proving to be increasingly competitive. Our ability to maintain and grow market position ahead of competitors may affect our revenues, market share and bottom-line performance.	• Identify opportunities for partnerships and collaboration with existing service providers. • Seek competitive differentiation through infrastructure improvements, strategic pricing and enhancing the customer experience.	High
8	9	Financial	Tax Risk	Amid increasing regulatory changes, specifically on tax and transfer pricing, non-compliance may limit our operations. Breaches of regulations may result in litigation, reputation damage and losses.	• Assess and develop policies to address any regulatory changes that may impact commercial operations. • Promote transparency of engagement and arm's length transactions with the parent company, MTN Group. • Third-party due diligence and research on effectiveness of policies	High
9	1	Operational Risk	Continuity Risk	The lack of business resilience to prevent or minimise the impact of major disruptions, especially from major single points of failure, may result in disruptions to our operations. Inadequate business resilience planning and management may result in disruptive incidents. The ongoing pandemic proved to be disruptive to some of our operations.	• Carry out business impact analysis to determine the potential impacts of a disruption and remedy single points of failure identified. • Implement controls and enforcing SOPs within our workspaces.	High

Risk Ranking 2021	Risk Ranking 2020	Risk Universe	Principal Risk	Context	Our Response	Risk Rating
10	12	Technology Risk	Information Technology Risk	As we continue to grow together, so does the demand for and reliance on information technology resources. Additionally, with the rollout of innovative products and services comes increased pressure on existing resources and infrastructure that may impact the timely delivery of business requirements.	• Invest in new capabilities and systems and allocate the right capabilities and resources to maximise value creation. • Migration from manual to digital platforms.	High
11	6	Operational Risk	Internal Control Environment	These risks result from our inability to maintain a control environment to mitigate issues and minimise fraud and corruption. Delays or non-closure of external and internal audit processes result in an increased probability of such risks being realised.	• Ongoing internal compliance and risk assessments. • Process standardisation in line with MTN Group practices.	Medium

Whistleblowing

The Board recognises the need for confidential reporting, i.e., whistleblowing of theft, fraud, and other risks. Employees are encouraged to report any activity they believe to be illegal or in breach of the Code of Ethics, and there is unrestricted access to an ethics mailbox that is constantly reviewed and monitored.

Our Corporate Governance

Corporate Governance

We are committed to the highest corporate governance and business ethics standards. We have instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organisation.

Governance Framework

The Board is collectively responsible to the Company's shareholders for the long-term success of the Company, its overall strategic direction and its values and governance.

The complementary roles and responsibilities of the Board and its committees are formally documented in the Company's Articles and respective board charters. The Board meets at least once every quarter to deliberate and address relevant issues which affect the Company's affairs and business.

The Chairperson is Board appointed and an independent, non-executive. The primary responsibility of the Chairperson is to ensure the effective operation of the Board and that it works towards achieving the Company's strategic objectives. The Chairperson also provides overall leadership and direction for the Board and the Company to ensure its effectiveness in all aspects of its role. The Board links the Company's governance and management functions through the Chief Executive Officer.

The Company Secretary is responsible for ensuring that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretary ensures that Board procedures are followed and reviewed regularly and provides each member with guidance as to their duties, responsibilities, and powers. The Company Secretary has both functional and administrative responsibilities.

The functional responsibility is to the Board through the Chairperson while administratively reporting to the Chief Executive Officer. The Company Secretary provides a central source of guidance and advice to the Board.

The primary responsibility of the Chairperson is to ensure the effective operation of the Board and that it works towards achieving the Company's strategic objectives.

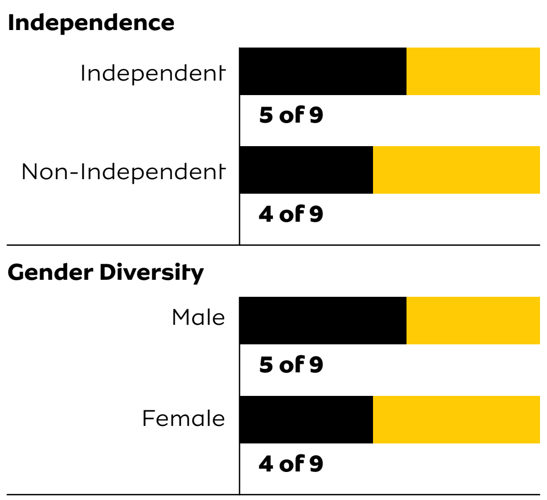
The Board has placed two standing committees, the Audit and Risk Committee and Nominating and Remuneration Committee. The committees assist the Board in discharging its responsibilities.

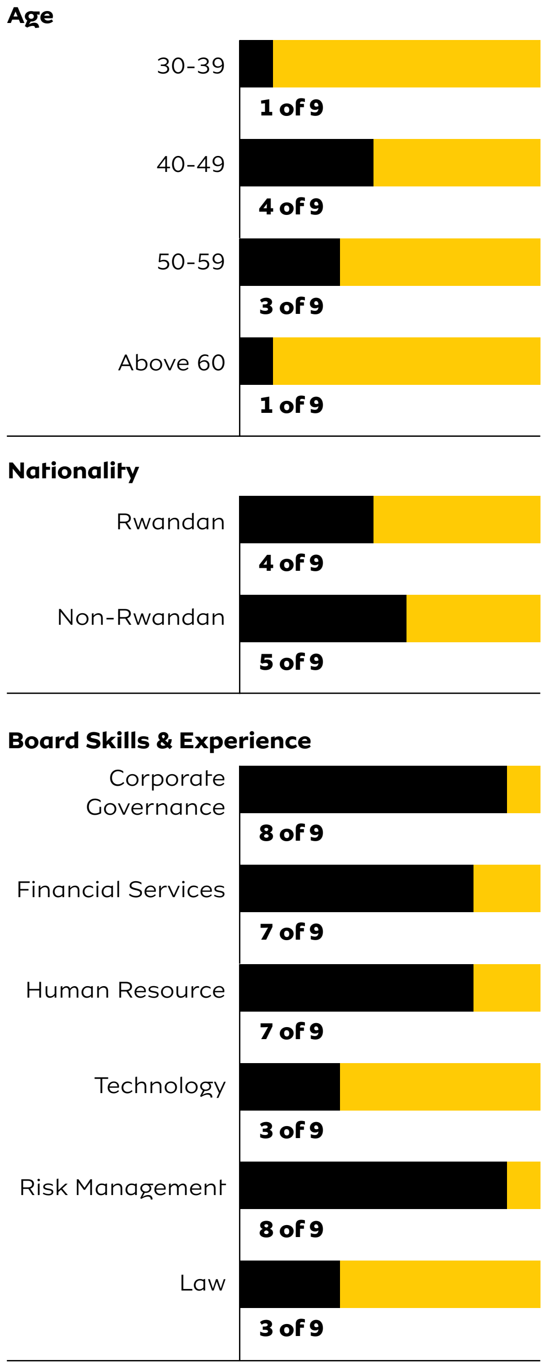
To promote objectivity, we ensure that a majority of the directors are independent directors. We also acknowledge the importance of improving the representation of women and increased inclusivity.

Refer to the Board and Committee Chairpersons' Reports on page 74 to page 77 for more information.

Board Composition

Our aim is to have a well-balanced Board with the appropriate skills, knowledge, experience, and diversity in execution of its role. To promote objectivity, we ensure that a majority of the directors are independent directors. We also acknowledge the importance of improving the representation of women and increased inclusivity.





As of 31 December 2021, the Board of Directors was comprised of nine (9) Directors.

S. No	Name of Director	Designation	Appointment Date	Cumulative Period in Position as at 31 December 2021	Nationality
1	Faustin K. Mbundu	Chairperson	19 August 2021	4 months	Rwandan
2	Patience Mutesi	Independent Non-Executive	1 July 2021	5 months	Rwandan
3	Julien Kavaruganda	Independent Non-Executive	1 July 2021	5 months	Rwandan
4	Karabo Nondumo	Independent Non-Executive	1 July 2021	5 months	South African
5	Michael Fleischer	Independent Non-Executive	1 July 2021	5 months	South African
6	Riaan Wessels	Non-Executive	1 July 2021	5 months	South African
7	Yolanda Cuba	Non-Executive	1 March 2021	9 months	South African
8	Mitwa Ng'ambi	Executive Director/ Chief Executive Officer	21 January 2020	1 year 11 months	Zambian
9	Mark Nkurunziza	Executive Director/ Chief Financial Officer	8 August 2019	2 years 4 months	Rwandan
10	Evelyn K. Rutagwenda	Chairperson	19 May 2017 Retired: 30 June 2021	4 years 1 month	Rwandan
11	Regis Rugemanshuro	Non-Executive	29 June 2020 Retired: 30 June 2021	1 year	Rwandan
12	Nosipho Molope	Independent Non-Executive	1 April 2015 Retired: 31 May 2021	6 years 2 months	South African
13	Ebenezer Asante	Non-Executive	3 November 2017 Retired: 28 February 2021	3 years 4 months	Ghanaian
14	Ricardo Varzielas	Non-Executive Director	17 August 2018 Retired: 30 April 2021	2 years 8 months	Portuguese

The details of the Board of Directors, including the Executive Directors, appear on pages 24, 25, 26, 27, 32 and 33 of the Integrated Report.

Board Appointment

Process

The Nominating and Remuneration Committee sets out the Board and Committees membership criteria. The Nominating and Remuneration Committee also assesses the skills, knowledge, and experience of the existing directors and ensures that the Board comprises qualified individuals with appropriate competencies. Prospective candidates' qualifications are reviewed, and any potential conflicts of interest are considered to develop appropriate recommendations to the Board.

Tenure in Office

There is no prescribed term for Directors to serve on the Board of Directors, however after a period of six (6) years, the Shareholders will have to consider the re-election of each Director on an annual basis to establish that the Director maintains objective judgment in his/her role and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

The Nominating and Remuneration Committee sets out the Board and Committees membership criteria.

Board Restructure in 2021

In the year ended 31 December 2021, the following changes were effected on the Board:

S. No	Name of Director	Designation	Change
1	Faustin K. Mbundu	Chairperson	Appointed: 19 August 2021
2	Yolanda Cuba	Non-Executive	Appointed: 1 March 2021
3	Patience Mutesi	Independent Non-Executive	Appointed: 1 July 2021
4	Julien Kavaruganda	Independent Non-Executive	Appointed: 1 July 2021
5	Karabo Nondumo	Independent Non-Executive	Appointed: 1 July 2021
6	Michael Fleischer	Independent Non-Executive	Appointed: 1 July 2021
7	Riaan Wessels	Non-Executive	Appointed: 1 July 2021
8	Evelyn K. Rutagwenda	Chairperson	Retired: 30 June 2021
9	Regis Rugemanshuro	Non-Executive	Retired: 30 June 2021
10	Nosipho Molope	Independent Non-Executive	Retired: 31 May 2021
11	Ebenezer Asante	Non-Executive	Retired: 28 February 2021
12	Ricardo Varzielas	Non-Executive Director	Retired: 30 April 2021

Shareholder Mapping

The shares listed on the Rwanda Stock Exchange represent 100% of the total issued shares in the share capital of MTN Rwanda. 270,177,320 shares, representing 20% of the total issued shares, form the free float.

Top 10 Shareholders

Below is a list of the top ten (10) shareholders as at 31 December 2021

	As at 31 December 2021			As at 31 December 2020		
Name	Total Shares	Ownership (%)	Rank	Total Shares	Ownership (%)	Rank
MTN International (Mauritius) Limited[1]	742,987,630	55.00%	1	742,987,630	55%	1
MTN REL (Mauritius) Limited[1]	337,721,650	25.00%	2	337,721,650	25%	2
Crystal Telecom PLC[2]	-	-	-	270,177,320	20%	3
Rwanda Social Security Board	81,053,000	6.00%	3	-	-	-
337 Frontier Capital LP T126 A	64,517,500	4.78%	4	-	-	-
Development Bank of Rwanda (BRD) ltd	27,017,000	2.00%	5	-	-	-
Conrad N Hilton Foundation-T126b	13,429,200	0.99%	6	-	-	-
The Vanderbilt University - T133	13,255,200	0.98%	7	-	-	-
Standard Chartered Bank (Mauritius) Ltd- T113aw	7,839,800	0.58%	8	-	-	-
Societe Hostels 2020 Ltd	5,000,000	0.37%	9	-	-	-
Zigama CSS	4,761,000	0.15%	10	-	-	-

[1]Represent holdings of MTN Group in MTN Rwandacell PLC.
[2]Crystal Telecom PLC (CTL) ceased business and these shares form the 20% free float of MTN Rwandacell PLC.

Shareholder Mapping by Volume

	As at 31 December 2021			As at 31 December 2020		
Volume	Total Shares	%	Number of Holders	Total Shares	%	Number of Holders
1-500	41,620	0.00%	159	-	-	-
501 – 5,000	2,254,500	0.17%	932	-	-	-
5,001 – 10,000	2,614,900	0.19%	289	-	-	-
10,001 – 100,000	16,363,300	1.21%	464	-	-	-
100,001 – 1,000,000	24,190,500	1.79%	72	-	-	-
> 1,000,001	1,305,421,780	96.63%	15	1,350,886,600	100.00%	3
Total	**1,350,886,600**	**100.00%**	**1,931**	**1,350,886,600**	**100.00%**	**3**

Directors' Remuneration

Non-Executive Directors are remunerated for their membership of the Board and its committees. We are in the process of instituting and localizing the MTN Group Limited policy on Non-Executive Director Remuneration.

The following were the amounts paid to the directors during the year:

	2021	2020
	Rwf'000	Rwf'000
Directors' fees		
Mr. Faustin Mbundu	4,189	-
Michael Fleisher*	-	-
Adriaan Wessels**	-	-
Patience Mutesi	8,567	-
Julien Kavaruganda	8,063	-
Yolanda Cuba**	-	-
Karabo Nondumo*	-	-
Mark Nkurunziza	103,140	99,320
Mitwa Ng'ambi	355,217	333,369
Evelyn Kamagaju Rutagwenda	8,706	17,244
Regis Rugemanshuro	7,465	7,491
Nosipho Molope*	-	-
Ricardo Varzielas**	-	-
Ebenezer Asante**	-	-
Richard Tusabe	-	3,517
	495,347	**460,941**

*Directors' remuneration attributable to service provided to the company by the MTN Group Limited nominated independent directors during the year was Rwf'000 84,334 (2020: Rwf'000 41,764). These amounts are paid out of the management fee disclosed in Note 31(iii).
**Directors that are employees of MTN Group Limited are not separately remunerated.

Executive Directors remuneration is performance driven and includes performance bonuses and share options. They do not receive fees or sitting allowance for their role on the Board.

MTN Rwandacell Plc
(Formerly MTN Rwandacell Limited)
Integrated Report and Financial Statements 2021

Faustin K. Mbundu
Chairman: Board of Directors

Chairpersons' Report on Board Activities

During the financial period 2021, the Board convened six times this year.

- Ordinary meetings on 2 March 2021, 22 July 2021, and 2 November 2021.
- Special meetings on 31 May 2021, 8 July 2021 and 23 October 2021.

Attendance

			Number of Meetings	
S. No	**Name of Director**	**Designation**	**Eligible to Attend**	**Attended**
1	Faustin K. Mbundu[a]	Chairperson	1	1
2	Patience Mutesi[b]	Independent Non-Executive	3	3
3	Julien Kavaruganda[b]	Independent Non-Executive	3	3
4	Karabo Nondumo[b]	Independent Non-Executive	3	3
5	Michael Fleischer[b]	Independent Non-Executive	3	3
6	Riaan Wessels[b]	Non-Executive	3	3
7	Yolanda Cuba[c]	Non-Executive	3	3
8	Mitwa Ng'ambi	Executive Director	4	4
9	Mark Nkurunziza	Executive Director	4	4
10	Evelyn K. Rutagwenda[d]	Chairperson	1	1
11	Regis Rugemanshuro[d]	Non-Executive	1	1
12	Nosipho Molope[e]	Independent Non-Executive	1	1
13	Ebenezer Asante[f]	Non-Executive	-	-
14	Ricardo Varzielas[g]	Non-Executive Director	-	-

[a] Appointed to the Board on 19 August 2021.
[b] Appointed to the Board on 1 July 2021.
[c] Appointed to the Board on 1 March 2021.
[d] Stepped down from the Board on 30 June 2021.
[e] Stepped down from the Board on 31 May 2021.
[f] Stepped down from the Board on 28 February 2021.
[g] Stepped down from the Board on 30 April 2021.

Activities in 2021

Below are the key matters that the Board deliberated during the year:

1. Approval of financial statements for the year ended 31 December 2020.
2. Approval of Mobile Money Rwanda Limited (MMRL) CEO and proposed Board of Directors.
3. Appointment of additional directors onto the MMRL Board of Directors – Serigne Dioum, approved in 2022 by the National Bank of Rwanda.
4. Approval of change in listing price and approval of listing fees.
5. Approval to include MTN Appendix on outgoing shareholder (CTL's) circular into their shareholders as part of the listing process.
6. Recommendation of items to be tabled at the Annual General Meeting (AGM):
   i. financial statements,
   ii. renewal of auditors,
   iii. reappointment of Directors,
   iv. appointment of new Directors,
   v. resignation of outgoing Directors,
   vi. amendment to Articles of Association to increase the maximum number of Directors from 9 to 10.
7. Recommendation of dividend approval to shareholders at the AGM.
8. Approval of license renewal.
9. Approval of syndicated loan for payment of license fees.
10. Approval of interim and quarter results.
11. Election of new Chairperson.
12. Approval of budget and business plan for 2022 – 2024.
13. Approval of updated charters for Committees and Board Directors.
14. Decision to have one committee for Nominating and Remuneration.

Faustin K. Mbundu
Chairman: Board of Directors

Karabo Nondumo
Chairperson: Audit and Risk Committee

Audit and Risk Committee Chair's Report

Who We Are

The Audit and Risk Committee has an independent role in overseeing and making recommendations on:

- the appointment of the external auditor.
- external audit process.
- risk management.
- compliance.
- internal audit.

The committee holds sufficient meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of three (3) meetings per year.

Attendance

During the financial period 2021, the committee convened six times this year.

- Ordinary meetings on 2 March 2021, 22 July 2021, and 2 November 2021.
- Special meetings on 31 May 2021, 8 July 2021 and 23 October 2021 to approve items to be tabled during the Annual General Meeting and the third-quarter 2021 results respectively.

		Number of Meetings	
S. No	**Name of Director**	**Eligible to Attend**	**Attended**
1	Patience Mutesi[a]	3	3
2	Karabo Nondumo[a]	3	3
3	Michael Fleischer[a]	3	3
4	Riaan Wessels[a]	3	3
5	Regis Rugemanshuro[b]	2	2
6	Nosipho Molope[c]	2	2
7	Ricardo Varzielas[d]	-	-

[a] Appointed to the Board on 1 July 2021.
[b] Stepped down from the Board on 30 June 2021.
[c] Stepped down from the Board on 31 May 2021.
[d] Stepped down from the Board on 30 April 2021.

Activities in 2021

Below are the key matters that the Audit and Risk Committee deliberated during the year:

1. Recommendation to Board of financial statements of year ended 31 December 2020.
2. Approval of change in listing price and approval of listing fees.
3. Approval to include MTN Appendix on outgoing shareholder circular into their shareholders as part of the listing process.
4. Recommendation of the items to be tabled at the AGM:
   i. reappointment of auditors,
   ii. dividend payment.
5. Approval of interim and quarter end results.
6. Election of new Chairperson.
7. Approval of charter.

Karabo Nondumo
Chairperson: Audit and Risk Committee

MTN Rwandacell Plc
(Formerly MTN Rwandacell Limited)
Integrated Report and Financial Statements 2021

Nominating and Remuneration Committee Chair's Report

Who We Are

The Nominating and Remuneration Committee is constituted to:

- improve the efficiency of the Board in discharging its duties relating to any approval of senior management
- formulate a remuneration philosophy and human resources strategy to ensure that the Company employs and retains the best human capital possible relevant to its business needs as well as maximises the potential of its employees.
- ensure that sound corporate governance principles are adhered to.
- The committee is ultimately accountable to the Board.

Attendance

During the financial period 2021, the Committee convened three times; on 2 March 2021, 22 July 2021, and 2 November 2021.

		Number of Meetings	
S. No	**Name of Director**	**Eligible to Attend**	**Attended**
1	Patience Mutesi[a]	2	2
2	Julien Kavaruganda[a]	2	2
3	Michael Fleischer[a]	2	2
4	Yolanda Cuba[b]	2	2
5	Evelyn K. Rutagwenda[c]	1	1
6	Nosipho Molope[d]	2	2
7	Ebenezer Asante[e]	-	-
8	Ricardo Varzielas[f]	-	-

[a] Appointed to the Board on 1 July 2021.
[b] Appointed to the Board on 1 March 2021.
[c] Stepped down from the Board on 30 June 2021.
[d] Stepped down from the Board on 31 May 2021.
[e] Stepped down from the Board on 28 February 2021
[f] Stepped down from the Board on 30 April 2021.

Activities in 2021

Below are the key matters that the Nominating and Remuneration Committee deliberated during the year:

1. Election of new Chairperson and election of members.
2. Approval of updated charter.
3. Approval of performance bonus and annual salary increment for 2021.

Julien Kavaruganda
Chairperson: Nominating and Remuneration Committee

Julien Kavaruganda
Chairperson: Nominating and Remuneration Committee

Consolidated Financial Statements and Notes

MTN Rwandacell Plc

(Formerly MTN Rwandacell Limited)

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2021

Contents

Directors' Report
For the year ended 31 December 2021

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2021 which disclose the state of affairs of MTN Rwandacell Plc (the "Company" and together with its subsidiary Company together the "Group"). On 3 February 2021 the company changed its name from MTN Rwandacell Limited to MTN Rwandacell Plc. The Company was listed on the Rwanda Stock Exchange on 4 May 2021.

Principal activity
The principal activity of the Group is to provide fintech services, mobile and fixed telecommunication services.

Staffing
The number of persons employed by the Group at 31 December 2021 was 313 (2020: 279 employees)

Results and dividends
The Group made a profit for the year ended 31 December 2021 of Rwf 22,423 million (2020: Rwf 20,226 million). During the year ended 31 December 2021, the Company declared a dividend of Rwf 10,200 million (2020: Rwf 6,950 million).

Shareholding
The shareholders of MTN Rwandacell Plc as at 31 December 2021 were: MTN International (Mauritius) Limited (55 %), MTN REL (Mauritius) Limited (25%) and Public (20%), whose shares are listed on the Rwanda Stock Exchange.

Directors
The directors who held office during the year and to the date of this report were:

Mr. Faustin Mbundu	Chairperson/Appointed on 19 Aug 2021	Non-executive
Michael Fleisher	Appointed on 1 July 2021	Non-executive
Adriaan Wessels	Appointed on 1 July 2021	Non-executive
Patience Mutesi	Appointed on 1 July 2021	Non-executive
Julien Kavaruganda	Appointed on 1 July 2021	Non-executive
Yolanda Cuba	Re-appointed on 30 June 2021	Non-executive
Karabo Nondumo	Appointed on 1 July 2021	Non-executive
Mark Nkurunziza	Re-appointed on 30 June 2021	Executive
Mitwa Ng'ambi	Re-appointed on 30 June 2021	Executive
Evelyn Kamagaju Rutagwenda	Resigned on 30 June 2021	Non-executive
Regis Rugemanshuro	Resigned on 30 June 2021	Non-executive
Nosipho Molope	Resigned on 31 May 2021	Non-executive
Ricardo Varzielas	Resigned on 30 April 2021	Non-executive
Ebenezer Asante	Resigned on 28 February 2021	Non-executive

Auditor
The Company's auditor, PricewaterhouseCoopers Rwanda Limited, continues in office in accordance with Law No. 007/2021 of 5/02/2021 Governing Companies.

By order of the Board

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Sharon Mazimhaka
Company Secretary

March 2022

Statement of Directors' Responsibilities
For the year ended 31 December 2021

Law No. 007/2021 of 5/02/2021 Governing Companies requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its profit or loss for the financial year. It also requires the directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. The directors are also responsible for safeguarding the assets of the Group.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 5/02/2021 Governing Companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

The accompanying financial statements on pages 88 to 142 were authorised for issue by the board of directors on _____________ 2022 and were signed on its behalf by:

....

DIRECTOR DIRECTOR

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REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MTN RWANDACELL PLC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the financial statements of MTN Rwandacell Plc (the "Company" together with its subsidiary company together the "Group") give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of Law No.007/2021 of 5/02/2021 Governing Companies.

What we have audited

MTN Rwandacell Plc's consolidated financial statements set out on pages 88 to 142 comprise:

- the Group and Company statement of financial position as at 31 December 2021;
- the Group and Company statement of comprehensive income for the year then ended;
- the Group and Company statement of changes in equity for the year then ended;
- the Group and Company statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 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 IESBA International Code of Ethics for Professional Accountants (including International Independence Standards). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers Rwanda Limited, 5th Floor, Blue Star House, 35 KG 7 Ave, Kacyiru
PO Box 1495, Kigali, Rwanda
Tel: +250 (252) 588203/ 4/5/6 , www.pwc.com/rw

Directors: M Karanja M Nyabanda B Kimacia P Ngahu

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MTN RWANDACELL PLC (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. The matter below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	
Recognition of revenue from contracts with customers As explained in note 2b of the consolidated financial statements the Group has several revenue streams driven by different contractual arrangements with customers. The determination of the quantum and timing of revenue recognition is complicated by the multiple information technology systems, tariff structures and pricing models for the various products to customers. Variations in the configurations of systems or accounting processes for the individual products could result in materially different revenue recognition outcomes.	**How key audit matter was addressed in the audit** We have evaluated the Group's accounting policies and process for revenue recognition. We tested the design and operating effectiveness of the controls over the integrity of the Information Technology systems used in the processing and recording of revenue transactions, including the general and application controls on the revenue billing systems. We tested the reconciliation of the revenue information from the billing systems to the general ledger at the year end. On a sample basis we tested individual transactions for accuracy and occurrence of revenue transactions, authorisation of rate changes and input of information into the billing system during the year. We compared the reported revenue against expected revenue based on volume and tariff rates for the various products. We traced the revenue amounts on a sample basis to source systems and other supporting documents. We evaluated and tested the adequacy of the relevant disclosures in the financial statement.

Other information

The directors are responsible for the other information. The other information comprises Directors' Report and Statement of Directors' Responsibilities which we obtained prior to the date of this auditors report, and the other information that will be included in the integrated report which is expected to be made available to us after that date but does not include the consolidated financial statements and our auditor's report thereon.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MTN RWANDACELL PLC (continued)

Other information (continued)

Our opinion on the consolidated 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

When we read the other information that will be included in the integrated report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to directors.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Law No.007/2021 of 5/02/2021 Governing Companies, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the ability of the Group 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 or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 Group's internal control.

- 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MTN RWANDACELL PLC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 in the consolidated financial statement. 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.

We also provide the directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MTN RWANDACELL PLC (continued)

Report on other legal and regulatory requirements

Law No.007/2021 of 5/02/2021 Governing Companies requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books;

iii. We have communicated to the Group's Board of Directors, through a separate management letter, internal control matters identified in the course of our audit including our recommendations in relation to those matters;

iv. We have no relationship, no interests and debt in the Group; and

v. In our opinion according to the best of the information and explanations given to us as shown by the accounting and other documents of the Group, the financial statements comply with Article 127 of Law No. 007/2021 of 5/02/2021 Governing Companies.

For PricewaterhouseCoopers Rwanda Limited, Kigali

Moses Nyabanda
28 March 2022

Director

MTN

Consolidated Financial Statements and Notes
For the year ended
31 December 2021

Consolidated and Company statement of comprehensive income
For the year ended 31 December 2021

		Group and Company	
	Notes	2021 Rwf'000	2020 Rwf'000
Revenue	5(a)	186,883,922	150,787,399
Other income	5(b)	1,242,830	1,225,644
Total income		**188,126,752**	**152,013,043**
Direct network operating costs		(17,340,220)	(12,405,250)
Government and regulatory costs		(5,910,889)	(4,994,799)
Cost of handsets and other accessories		(3,358,822)	(3,184,204)
Interconnection and roaming fees		(5,625,074)	(3,820,275)
Employee benefits expense	6	(16,137,717)	(12,426,423)
Sales, distribution and marketing costs		(28,732,233)	(22,732,150)
Other operating expenses		(21,110,988)	(16,915,711)
Impairment and write-down of financial assets		(187,852)	(1,048,383)
Depreciation	20 (a)	(19,509,258)	(14,962,683)
Depreciation – right of use asset	20 (b)	(11,534,323)	(11,264,385)
Amortisation	19	(4,581,264)	(36,859)
Government grant	34	-	566,668
Operating profit	7	**54,098,112**	**48,788,589**
Finance income	8	1,901,591	1,118,744
Finance costs	8	(22,485,746)	(17,298,102)
Profit before income tax		**33,513,957**	**32,609,231**
Income tax expense	9	(11,090,344)	(12,382,459)
Profit for the year		**22,423,613**	**20,226,772**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**22,423,613**	**20,226,772**
Attributable to:			
Equity holders of the company		**22,423,613**	**20,226,772**
			Restated
Basic earnings per share	35	17	15
Diluted earnings per share	35	17	15

The notes on pages 92 to 142 are an integral part of these financial statements.

Consolidated and Company statement of financial position
As at 31 December 2021

		Group	Company	
	Notes	2021 Rwf'000	2021 Rwf'000	2020 Rwf'000
ASSETS				
Non-current assets				
Indefeasible rights of use assets (IRUs)	16	8,230,572	8,230,572	6,963,134
Intangible assets	19	86,864,513	86,864,513	9,448
Property, plant and equipment	20(a)	83,082,391	83,082,391	66,825,277
Right of use assets	20(b)	84,139,019	84,139,019	80,530,138
Investment in subsidiary	37	-	200,000	-
Intercompany loan	37	-	500,000	-
Total non-current assets		**262,316,495**	**263,016,495**	**154,327,997**
Current assets				
Current income tax	9	2,474,259	2,474,259	-
Indefeasible rights of use assets (IRUs)	16	1,158,019	1,158,019	995,567
Restricted cash	17(b)	86,769,068	-	66,269,879
Cash and cash equivalents	17(a)	12,185,937	11,485,937	22,211,731
Deposits with financial institutions	18	10,220,458	10,220,458	3,642,250
Inventories	21	1,506,956	1,506,956	1,129,941
Trade and other receivables	22	39,738,185	39,738,185	40,136,497
Total current assets		**154,052,882**	**66,583,814**	**134,385,865**
Total assets		**416,369,377**	**329,600,309**	**288,713,862**
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	11	1,350,887	1,350,887	15,000
Retained earnings		55,941,514	55,941,514	45,053,788
Shareholders loans	12	-	-	3,660,000
Other reserves	13	1,500	1,500	1,500
Total equity		**57,293,901**	**57,293,901**	**48,730,288**
Liabilities				
Non-current liabilities				
Deferred income tax	14	14,916,513	14,916,513	14,159,020
Borrowings	15	83,367,212	83,367,212	23,999,135
Lease liabilities	25	66,380,689	66,380,689	66,380,689
Total non-current liabilities		**164,664,414**	**164,664,414**	**104,538,844**
Current liabilities				
Deferred revenue	5(c)	3,117,051	3,117,051	2,615,113
Current income tax	9	-	-	3,534,936
Borrowings	15	7,273,625	7,273,625	5,021,585
Trade and other payables	23(a)	60,261,395	60,261,395	34,504,112
Mobile money payables	23(b)	86,769,068	-	66,269,879
Provisions	24	878,094	878,094	1,332,101
Lease liabilities	25	28,618,910	28,618,910	22,167,004
Shareholder loan		915,000	915,000	-
Bank overdraft		6,577,919	6,577,919	-
Total current liabilities		**194,411,062**	**107,641,994**	**135,444,730**
Total liabilities		**359,075,476**	**272,306,408**	**239,983,574**
Total equity and liabilities		**416,369,377**	**329,600,309**	**288,713,862**

The notes on pages 92 to 142 are an integral part of these financial statements

Consolidated and company statement of changes in equity

For the year ended 31 December 2021

Group and Company

	Notes	Ordinary share capital	Shareholders loans	Retained earnings	Other reserves	Total equity
		Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
At 1 January 2020		15,000	3,660,000	31,777,016	1,500	35,453,516
Total profit and comprehensive income for the year		-	-	20,226,772	-	20,226,772
Transactions with owners:						
Dividends paid	10	-	-	(6,950,000)	-	(6,950,000)
At 31 December 2020		**15,000**	**3,660,000**	**45,053,788**	**1,500**	**48,730,288**
At 1 January 2021		15,000	3,660,000	45,053,788	1,500	48,730,288
Total profit and comprehensive income for the year				22,423,613		22,423,613
Transactions with owners:						
Repayment in shareholder loan	12	-	(3,660,000)	-	-	(3,660,000)
Allocation of shares	11	1,335,887	-	(1,335,887)		-
Dividends paid	10	-	-	(10,200,000)	-	(10,200,000)
At 31 December 2021		**1,350,887**	**-**	**55,941,514**	**1,500**	**57,293,901**

The notes on pages 92 to 142 are an integral part of these financial statements

Consolidated and Company statement of cash flows

For the year ended 31 December 2021

	Notes	Group 2021 Rwf'000	Company 2021 Rwf'000	Company 2020 Rwf'000
Cash flows from operating activities				
Cash generated from operations	30	85,094,045	85,094,045	62,835,240
Interest received	8	800,546	800,546	718,118
Interest paid		(44,250)	(44,250)	(97,789)
Tax paid	9	(16,002,906)	(16,002,906)	(6,315,472)
Net cash generated from operating activities		**69,847,435**	**69,847,435**	**57,140,097**
Cash flows from investing activities				
Purchase of property, plant and equipment	20(c)	(37,094,855)	(37,094,855)	(22,583,362)
Deposit placements with financial institutions		(6,820,458)	(6,820,458)	(218,263)
Non-current prepayments		(631,925)	(631,925)	-
Payment for GSM Network License		(63,354,280)	(63,354,280)	-
Investment in subsidiary	37	-	(200,000)	-
Loan to subsidiary	37	-	(500,000)	-
Net cash used in investing activities		**(107,901,518)**	**(108,601,518)**	**(22,801,625)**
Cash flows from financing activities				
Principal elements of leases payments	25	(22,276,982)	(22,276,982)	(18,592,607)
Dividends paid	10	(10,200,000)	(10,200,000)	(6,950,000)
Bank overdraft	15	6,577,919	6,577,919	-
Increase in borrowing	15	64,000,000	64,000,000	-
Repayment of principal	15	(5,823,333)	(5,823,333)	(5,932,138)
Repayment of interest	15	(4,197,586)	(4,197,586)	(5,046,819)
Net cash generated/(used) in financing activities		**28,080,018**	**28,080,018**	**(36,521,564)**
Net increase/decrease in cash and cash equivalents		(9,974,065)	(10,674,065)	(2,183,092)
Cash and cash equivalents at beginning of the year		22,211,731	22,211,731	24,362,837
Exchange gains on cash and cash equivalents		(51,729)	(51,729)	31,986
Cash and cash equivalents at end of the year	17(a)	**12,185,937**	**11,485,937**	**22,211,731**

The notes on pages 92 to 142 are an integral part of these financial statements

Consolidated financial statements
For the year ended 31 December 2021

Notes

1. General information

The company is incorporated in Rwanda as a Public liability company and listed on the Rwanda Stock Exchange. The address of its registered office is:

MTN Centre
Nyarutarama
P.O Box 264, Kigali
Rwanda

The company is controlled by MTN International (Mauritius) Limited. Its parent and ultimate holding company is MTN Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange. The principal activity of the Company is providing mobile telecommunication services and fintech services.

For Rwanda Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income in these financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the Group's consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

i) Changes in accounting policy and disclosures

A. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the requirements of Law No.007/2021 of 5/02/2021 Governing Companies. The Group has adopted all new accounting pronouncements that became effective in the current reporting period.

The financial statements have been prepared on the historical cost basis.

Amounts are rounded to the nearest thousand with the exception of the number of ordinary share capital (note 11). The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in note 4.

The notes to the financial statement have been presented for Group and Company unless specified otherwise.

i) New and amended standards adopted by the Group

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

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to have a material effect to the Group's financial statements.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
A. Basis of preparation (continued)
(i) Changes in accounting policy and disclosures (continued)

ii) New amended standards not yet adopted by the Group

The below new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact to the Group in the current or future reporting periods and on foreseeable future transactions.

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17. **(Published May 2017)**	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. The fulfilment cash flows are remeasured on a current basis each reporting period.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
A. Basis of preparation (continued)
(i) Changes in accounting policy and disclosures (continued)
ii) New amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the IFRS Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The IFRS Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
A. Basis of preparation (continued)
(i) Changes in accounting policy and disclosures (continued)
ii) New amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. • IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
A. Basis of preparation (continued)
(i) Changes in accounting policy and disclosures (continued)
ii) New amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

(ii) Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of MTN Rwandacell Plc has appointed the Group Executive Committee (CODM) which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the Group's executive committee.

The Group has identified reportable segments that are used by the Group Executive Committee to make key operating decisions, allocate resources and assess performance. The reportable segments are largely grouped according to the operations primarily Fintech and Telecommunication business segments which are used to examine the Group's performance.

The Group's underlying operations and product lines are clustered as follows:

- Telecommunication services. This comprises of data, voice, SMS, value added services rich media services, and airtime lending.
- Fintech services. Finance technology (Fintech) relates to mobile money services.

The Group executive committee primarily uses a measure of adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA, see below) to assess the performance of the operating segments.

Interest income, finance cost, borrowings, network assets, licences, borrowings, IRUs and right of use assets are not allocated to segments, as this type of activity is driven by the central function, which manages the cash position of the group.

B. Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. Depending on whether certain criteria are met, revenue is recognised;

- over time, in a manner that best reflects the delivery of the Company's performance obligations; or
- at a point in time, when control of the goods or services is transferred to the customer.

The Group applies the five-step model as per IFRS 15 - Revenue from contracts with customers, to determine when to recognise revenue and at what amount. The following approach is used:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
B. Revenue recognition (continued)

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group accounts for a contract with a customer only when; there is evidence of an arrangement, the company can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

The Group principally generates revenue from providing mobile telecommunications services, such as network services (comprising of data, voice and SMS), digital services, interconnect and roaming services, as well as from sale of mobile devices. Products and services may be sold separately or in bundled packages. The typical length of a contract for a post-paid bundled package is 24 months.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells mobile devices and network services separately.

The main categories of revenue and the basis of recognition are as follows:

Network services

Voice and SMS services enable both prepay and postpay customers to make calls and send text respectively within and outside the network. Prepay customers top up their phones by either buying prepay cards from dealers, other retail outlets, by using mobile money or borrowing credit through emergency top up service. They can also receive airtime from other subscribers. Postpay customers subscribe to various tariffs and are billed at the end of the month based on a fixed charge or usage. Revenue from prepay voice customers is recognised on usage.

Mobile data enables both prepay and post pay customers access the internet. Prepay customers top up their lines by purchasing credit or bundles in advance whereas Post pay customers are availed credit based on the tariff subscribed. Mobile data has a wide range of propositions available as per customers' requirements. The data bundles are deferred on purchase and recognised as revenue on usage. The validity of purchased but un-utilised data bundles is extended upon additional purchase of data bundles and the company prompts the subscriber in advance before unutilised bundles expire and are consequently unavailable for use. The Group has in place Data Manager tool that gives subscribers power to control data bundle usage and allows them to restrict browsing out of bundle which avoids instances of higher pricing when browsing the internet.

A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

Network services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the MTN network and transmitted as data representing a digital signal on the network. The transmission of voice, data and SMS all consume network bandwidth and therefore, irrespective of the nature of the communication, the subscriber ultimately receives access to the network and the right to consume network bandwidth. Network services are, therefore viewed as a single performance obligation represented by capacity on the MTN network.

Mobile money revenue

Mobile money is a mobile money transaction service allowing customers to deposit, transfer and withdraw money or pay for goods and services using a mobile phone. Mobile money is available to all MTN subscribers (Prepay and Postpay). Registration is free and available at any mobile money agent countrywide. Revenue from this service is earned largely from transfer and withdrawal transactions performed by customers. A graduated tariff depending on the funds being transacted is applied on all transactions which are cumulatively reported as mobile money transaction commission revenue.

In line with the financial inclusion strategy Group has partnered with NCBA to offer MoKash services. These services enable customers to save and get loans. Revenue is shared among the partners on the basis of the facility fee and other charges to customers based on a pre-determined revenue share matrix.

Digital services

Digital services include value-added services, rich media services and airtime lending. Customers either pay in advance for these services or pay monthly in equal instalments over the contractual period. A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

The Group recognises revenue from these services as they are provided. Revenue is recognised based on actual units of digital services provided during the reporting

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Notes (continued)

2. Summary of significant accounting policies (continued)
B. Revenue recognition (continued)
Digital services (continued)

period as a proportion of the total units of digital services to be provided. The customer receives and uses the benefits of these services simultaneously. Units of digital services outside of postpaid contracts are recognised as the service is provided.

ICT

The Group has in place its Home Fibre i.e. Fibre To The Home (FTTH) and Fibre to the Building (FTTB) services that enable fast, reliable and unlimited internet access from the comfort of a customer's home/premises. This service is open and available to all customers residing within areas that have the Group's fibre infrastructure ready and have applied to have their homes /premises connected to the Group's fibre grid. The price charged is based on the bandwidth and speed contracted by the customer. The price is charged upfront for a standard period of 30 days and the customer can renew the subscription by making a payment. The amount charged is deferred and recognized as revenue proportionately over the subscription period.

Interconnect and roaming

The Group has signed interconnect agreements with both local and foreign partners. This allows customers from either network to originate or terminate calls to each other's network. Revenue is earned and recognised when partners' calls are terminated to the Group's network i.e. the service is rendered.

The Group has roaming agreements with roaming partners that enable customers to make and receive calls when travelling around the world. The agreed charges differ per partner. When visitors roam on Group's network, revenue is earned by billing the visiting customers' network while revenue from Group's customers is earned from customer billing for voice, SMS and data usage while roaming on other networks. Revenue is recognised on billing.

Payment for interconnect and roaming is generally received on a monthly basis. The Group has considered historical payment patterns (i.e. customary business practice) in assessing whether the contract contains a significant financing component. For contracts containing a significant financing component, the company reduces interconnect and roaming revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

Mobile devices

The Group sells a range of mobile devices. The Group recognises revenue when customers obtain control of mobile devices, being when the customers take possession of the devices. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, customers usually pay monthly in equal instalments over a period of 24 months.

The Group assesses these contracts including handsets to determine if they contain a significant financing component. The Group does not expect to have any material financing component in the contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Capitalisation of subscriber acquisition costs

The Group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent's commission on post-paid contracts and SIM activation costs on prepaid contracts. However, the Group has not capitalised these expenses as contract costs because they are not material to the financial statements.

Simcard

This represents connection revenue which arises from first time activation of a sim-card bought by a subscriber. It is the amount paid by the subscriber to obtain a sim-card.

Other income

This includes, among others, site rentals. Site rental revenue is billed monthly and is based on the number of sites and equipment hosted per site. Revenue is recognized systematically over the lease period.

C. Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency that best reflects the primary economic environment in which the Group operates (the functional currency). The Group financial statements are presented in Rwanda francs, which is the functional and presentation currency of the Group.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
C. Functional currency and translation of foreign currencies (continued)

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

D. Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Property, plant and equipment acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition or construction of the assets, any other costs directly attributable to bringing the assets to the location and condition for their intended use and the present value of estimated decommissioning costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Property, plant and equipment under construction are measured at initial cost and depreciated from the date the assets are available for use in the manner intended by management over their estimated useful lives. Assets are transferred from capital work-in-progress to an appropriate category of property, plant and equipment when commissioned and ready for their intended use.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The Group capitalises general and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is deemed to be an asset which takes more than 12 months to acquire, construct or produce. Borrowing costs include general and specific borrowings directly attributable to the acquisition, construction or production of qualifying assets. Other borrowing costs are expensed in profit or loss.

Asset exchange transactions are transactions where one or more items of property, plant and equipment are acquired in exchange for non-monetary assets, or a combination of monetary and non-monetary assets. In circumstances whereby the Group enters into an asset exchange transaction, the Group determines whether such an exchange has commercial substance. Commercial substance depends on the extent to which the Company's future cash flows are expected to change as a result of the transaction. A transaction has commercial substance if the difference in either of the points below is significant relative to the fair value of the assets exchanged:

- the configuration of the cash flows of the asset received differs from the configuration of the cash flows of the asset given up; or
- the entity-specific value of the part of the operations affected by the transaction changes as a result of the exchange.

Property, plant and equipment acquired in an exchange transaction is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up. Any consideration paid or payable is included in the cost of the asset received.

In instances whereby the Group receives assets for no consideration, the Group accounts for these at cost in accordance with IAS 16 *Property, Plant and Equipment*, being zero value.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated using the straight line method to write down their cost to their residual values over their estimated useful lives. In determining residual values, the Company uses historical sales and management's best estimate based on market prices of similar items.

Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

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Notes (continued)

2. Summary of significant accounting policies (continued)
D. Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment are as follows:

Buildings	Over the period of the lease
Leasehold improvements	3 to 5 years
Network infrastructure	2 to 20 years
Information systems	4 to 8 years
Furniture and fittings	4 to 6 years
Motor vehicles	4 years
Office equipment	4 to 6 years

Useful lives and residual values are reviewed on an annual basis and the effects of any changes in estimates are accounted for on a prospective basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

An asset's carrying amount is written down immediately to its estimated 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 sales proceeds and the carrying amount of the asset, and is included in operating profit.

E. Impairment of non – financial assets

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

F. Intangible assets

Intangible assets with an indefinite useful life or not yet available for use

Intangible assets with an indefinite useful life or not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Property, plant and equipment and intangible assets with finite useful lives

The Group annually reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

Amortisation is calculated on a straight-line basis to write off the cost of intangible assets over their estimated useful lives. The estimated useful lives are as below:

Network licenses	10 years
Software	4 years

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset, and is included in profit or loss.

Costs associated with maintaining intangible assets are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable intangible assets controlled by the Group, and that will probably generate economic benefits, are capitalised when all the criteria for capitalisation are met.

Expenditure that enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and added to the original cost of the assets. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

G. Accounting for leases

The Group's leases include network infrastructure (including tower space and land), retail stores, and vehicles. Rental contracts are typically made for fixed

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Notes (continued)

2. Summary of significant accounting policies (continued)
G. Accounting for leases (continued)

periods varying between 1 to 10 years but may have renewal periods as described below.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. rentals for executive staff) and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less.

The Group defines low value leases as leases of assets for which the value of the underlying asset when it is new is US$5 000 or less and is not considered fundamental to its network. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group defines low value leases as leases of assets for which the value of the underlying asset when it is new is US$5 000 or less and is not considered fundamental to its network.

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any incentives receivable.
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date.
- Amounts that are expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Decommissioning costs.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not

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Notes (continued)

2. Summary of significant accounting policies (continued)
G. Accounting for leases (continued)
Renewal and termination options (continued)

terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised.

Factors considered include how far in the future an option occurs, the Group's business planning cycle of three to five years and past history of terminating/not renewing leases. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the Group and the lessor to terminate the lease without a termination penalty. In determining whether the company has an economic incentive to not exercise the termination option, the company considers the broader economics of the contract and not only contractual termination payments.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

H. Indefeasible right of use (IRU) arrangements

The Group enters into long-term service contracts under which it purchases capacity from fibre networks. The purchase involves making prepayments to acquire indefeasible right of use (IRU) for a fixed period of time. The prepayment is amortised and recognised in the profit or loss on a straight-line basis over the life of the contract.

The Group applies the principles of IFRS16, leases in order to assess whether its IRU arrangements constitute or contain leases. The requirements to be met in order to conclude that an IRU arrangement constitutes or contains a lease are as follows:

- the provision of a service in terms of the IRU arrangement should be dependent on the use of one or more specific assets; and
- the IRU arrangement must convey a right to use these assets.

The Group applies its principal accounting policies for leases to account for IRU arrangements which constitute or contain leases. All other IRU arrangements that do not constitute or contain leases are treated as service level agreements; the costs are expensed as incurred.

I. Inventories

Inventory mainly comprises items of handsets, SIM cards and accessories held for sale and consumable items. Inventories are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where appropriate, an impairment provision is raised in respect of obsolete and defective inventories.

J. Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 270 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance. Details about the Group's impairment polies and the calculation of the loss allowance are provided in note 3

K. Income tax expense

The tax expense for the year comprises current income tax, deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity. For these items the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generate taxable income, and any adjustment to tax payable in respect of previous years. Directors periodically evaluates positions taken in tax returns with respect to situations in which

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
K. Income tax expense (continued)
Current income tax (continued)

applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements for financial reporting purposes. Deferred income tax is not recognised if the temporary difference arises from goodwill or from the 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 nor loss. Deferred income tax is measured at tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

L. Borrowings

Borrowings are accounted for as financial liabilities. Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent that it is not probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

M. Cash and cash equivalents

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 shown within borrowings in current liabilities in the balance sheet.

N. Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Bonus provision

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall company performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the Group annual results have been approved.

Regulatory and fiscal provisions

The Group is involved in various regulatory and other matters specific to the Group's operations. These matters may not necessarily be resolved in a manner that is favourable to the Group. The Group has therefore recognised provisions in respect of these matters based on estimates and the probability of whether an outflow of economic benefits will be required.

O. Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's directors. Proposed dividends are shown as a separate component of equity until declared.

P. Trade payables

Trade payables are accounted for as financial liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
P. Trade payables (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Other payables are stated at their nominal values.

Q. Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new ordinary shares or share options are recognised in equity as a deduction net of tax from the proceeds.

R. Finance income and costs

Finance income

Finance income comprises interest income on funds invested for the short term and gains on foreign exchange transactions. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs

Finance costs comprise interest expense on borrowings, interest in respect of lease liabilities, losses on foreign exchange transactions and unwinding of the discount on provisions. All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

S. Contingent liabilities

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities also represent present obligations that arise from past events but are not recognised because an outflow of resources is not probable or a reliable estimate cannot be made. The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised.

T. Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

U. Employee benefits

(i) Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is expensed in that reporting period. A liability is recognised for accumulated leave when there is a present legal or constructive obligation as a result of past service rendered by employees.

(ii) Share-based payment transactions

MTN Group, the Company's ultimate holding company, operates two staff incentive schemes, the MTN Group Performance Share Plan and the MTN Group Share Appreciation Rights scheme which applies to MTN Rwandacell Plc as a subsidiary of the Group.

These schemes are accounted for as cash settled share based payments to employees at subsidiary level. Cash settled share-based payments are measured at fair value (excluding the effect of no-market-based vesting conditions) at valuation date which is each financial year end.

(iii) Retirement benefit obligations

The Group operates a defined contribution plan. A defined contribution plan is a post-employment benefit plan (such as a pension plan) under which the Group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due.

The Group established a defined contribution plan to which employees contribute 40% of the premiums and the employer contributes the remaining 60%.

(iv) Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to retrenchment or whenever an employee

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
U. Employee benefits (continued)
(iv) Termination benefits (continued)

accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the Group recognises costs for a restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets that includes the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

V. Financial instruments

Financial instruments comprise trade and other receivables (excluding prepayments), deposits with financial institutions, cash and cash equivalents, restricted cash, borrowings, other non-current liabilities (excluding provisions), bank overdrafts, and trade and other payables.

Accounting for financial instruments

Financial Instruments are accounted for under IFRS 9 on the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and liabilities are classified as current if expected to be realised or settled within 12 months; if not, they are classified as non-current.

Offsetting financial instruments

Offsetting of financial assets and liabilities arises when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Financial instrument classification

The Group classifies its financial instruments into the following categories:

- Financial assets at amortised cost; and
- Financial liabilities at amortised cost.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

2. Summary of significant accounting policies (continued)
V. Financial instruments (continued)

Categories of financial instruments for Group and Company

	Assets (Rwf'000)			Liabilities (Rwf'000)		
	Amortised cost	**FVTPL**	**FVOCI**	**Amortised cost**	**FVTPL**	**Total carrying amounts**
2021						
Current financial assets						
Trade and other receivables	26,467,080	-	-	-	-	26,467,080
Mobile money deposits	86,769,068	-	-	-	-	86,769,068
Deposits with financial institutions	10,220,458	-	-	-	-	10,220,458
Cash and cash equivalents	12,185,937	-	-	-	-	12,185,937
	135,642,543	-	-	-	-	135,642,543
Non-current financial liabilities						
Borrowings	-	-	-	83,367,212	-	83,367,212
Lease liabilities	-	-	-	66,380,689	-	66,380,689
Current financial liabilities						
Trade and other payables	-	-	-	53,009,146	-	53,009,146
Lease liabilities	-	-	-	28,618,910	-	28,618,910
Mobile money payables	-	-	-	86,769,068	-	86,769,068
Borrowings	-			7,273,625	-	7,273,625
Overdraft				6,577,919	-	6,577,919
Shareholder loan				915,000	-	915,000
	-	-	-	332,911,569	-	332,911,569
2020						
Current financial assets						
Trade and other receivables	40,136,497	-	-	-	-	40,136,497
Mobile money deposits	66,269,879	-	-	-	-	66,269,879
Cash and cash equivalents	25,853,981	-	-	-	-	25,853,981
Deposits with financial institutions	3,642,250	-	-	-	-	3,642,250
	135,902,607	-	-	-	-	135,902,607
Non-current financial liabilities						
Borrowings	-	-	-	23,999,135	-	23,999,135
Lease liabilities	-	-	-	66,380,689	-	66,380,689
Current financial liabilities						
Trade and other payables	-	-	-	34,504,112	-	34,504,112
Lease liabilities	-	-	-	22,167,004	-	22,167,004
Mobile money payables	-	-	-	66,269,879	-	66,269,879
Borrowings	-	-	-	5,021,585	-	5,021,585
Shareholder loans	-	-	-	3,660,000	-	3,660,000
	-	-	-	131,622,580	-	131,622,580

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Notes (continued)

2. Summary of significant accounting policies (continued)
V. Financial instruments (continued)

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition.

Subsequent measurement

Subsequent to initial recognition, financial instruments are measured as described below.

Financial assets

Financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

De-recognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's trade and other receivables are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial. See note 3 for further details.

W. Shareholder loan

Shareholder loans are equity loans and are accounted for as financial liabilities. The loans recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost.

X. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Y. Mobile Money (MoMo) deposits and payables

Mobile money ("MoMo") deposits indicated on the statement of financial position as restricted cash are balances that are held with banks for and on behalf of MoMo customers. MoMo regulations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group's cash and cash equivalents and that these are ring-fenced to settle MoMo customers' obligations. These regulations specify the types of permissible liquid instruments that these deposits may be invested in.

The Group earns transactional fees and also earns interest on these MoMo balances. The interest earned is not considered a revenue of MTN and is thus not co-mingled with the Group's cash and cash equivalent and is accounted for as part of the MoMo deposits and payable. Transactional fees are however part of revenue. Transactional fees are recognised over time as the transactions occur. The Group accounts for fees paid to agents as a commission expense and interest paid to customers in operating expenses.

Cash flows that relate to interest received, transaction fees earned and operating expenses incurred are classified as operational cash flows. Cash flows that relate to the principal MoMo deposit balances and corresponding liabilities are reflective of customer transactions and, consequently, are not recorded on the company's statement of cash flows.

MoMo involves the issuing of electronic money in return for cash. MoMo enables an active mobile phone subscriber to load a MoMo wallet, with a balance which is recorded electronically for immediate or later use.

The Group utilises MoMo agents to facilitate customer activities i.e. depositing cash and loading and storing the mobile money in wallets. The Group also performs the activities of a MoMo agent through its branches. Any monetary value stored on a MoMo wallet is supported by an equivalent mobile money deposit held with a bank or multiple banks.

The Group provides (under licence) the platform to administer the MoMo wallet and the MoMo service generally. The company opens bank accounts in which the mobile money deposits and interest earned on the cash balances is held.

MoMo is a regulated service offering. MoMo regulations govern the manner in which mobile money services are conducted as well as the rights and obligations of all parties to the mobile money service offering.

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Notes (continued)

2. Summary of significant accounting policies (continued)

Z. Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3. Financial risk management

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Market risk

(i) Foreign exchange risk

The Group operates locally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from recognised assets and liabilities.

The Group aims to manage exposure to fluctuations in foreign currency exchange rates by keeping a proportion of its cash balance in foreign currency. As a policy, the Group does not utilise forward contracts or other methods of hedging foreign exchange risk that are speculative in nature.

Included in the Group statement of financial position are the following amounts denominated in currencies other than the functional currency of the reporting entity

	2021 Rwf'000	2020 Rwf'000
Current assets		
US Dollar	3,783,503	7,137,700
	3,783,503	**7,137,700**
Current liabilities		
US Dollar	4,070,453	9,613,464
	4,070,453	**9,613,464**

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss and equity of an instantaneous 5% strengthening or weakening in the Rwandan Francs against all other currencies, from the rate applicable at 31 December, for each class of financial instrument with all other variables, in particular interest rates, remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of the US Dollar. This analysis considers the impact of changes in foreign exchange rates on profit.

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Notes (continued)

3. Financial risk management (continued)
(i) Foreign exchange risk (continued)

A change in the foreign exchange rates to which the Group and Company are exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below;

	2021			2020		
	Increase/(decrease) in profit before tax			(Decrease)/Increase in profit before tax		
	Change in exchange rate %	Weakening in functional currency Rwf '000'	Strengthening in functional currency Rwf '000'	Change in exchange rate %	Weakening in functional currency Rwf '000'	Strengthening in functional currency Rwf '000'
US dollar	5	(14,348)	14,348	4	(99,031)	99,031

(ii) Interest rate risk

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. In the current year there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured as previous years.

Interest rate risk is the risk borne by an interest-bearing asset or liability, due to variability of interest rates.

During 2021, the Group's fixed rate borrowings and receivables were 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.

(iii) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The Group does not have any significant concentrations of credit risk. The Group credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

With the exception of post-paid and dealer trade receivables, no collateral is held for any of the above assets. Some post-paid subscribers are required to pay a security deposit before being connected onto the Group's network. Dealer debtors are also required to present post-dated cheques and bank guarantees before being granted credit. The Group does not grade the credit quality of receivables.

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December is made up as follows:

	Group	Company	
	2021	2021	2020
	Rwf'000	Rwf'000	Rwf'000
Deposits with financial institutions (note 18)	10,220,458	10,220,458	3,642,250
Cash and cash equivalents (note 17(a))	12,185,937	11,485,937	22,211,731
Trade and other receivables - gross (note 22)	26,158,159	26,158,159	31,902,632
Restricted cash (note 17(b))	86,769,068	-	66,269,879
Receivables from related parties (note 31)	2,630,816	2,630,816	5,834,484
	137,964,438	**50,495,370**	**129,860,976**

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Notes (continued)

3. Financial risk management (continued)

Impairment of financial assets at amortised cost

Expected credit loss on receivables from related companies is immaterial. Expected credit loss on cash and cash equivalent amounted to Rwf 22 million.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been analysed based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect forward looking information to the extent that there is a strong correlation between the forward-looking information and the expected credit losses. The Group has identified the GDP of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The default rates as at 31 December 2021 were determined as follows for trade receivables:

The loss rate is applied after adjusting for subsequent receipts

Default rate	Current	More than 30 days past due	More than 60 days past due but less than 90	Government debtors less than 90 days pas due	More than 90 days past due	Government debtors over 90 days
31 December 2021	3.40%	5.80%	8%	1.48%	100%	100%
31 December 2020	6.30%	10.00%	13.40%	0.453%	100%	100%

The loss allowance as at 31 December 2021 and 2020 was determined as follows for trade receivables:

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Government debtors	Total
Gross carrying amount – trade and other receivables (Rwf '000)	21,528,134	779,466	275,812	2,023,715	1,551,032	26,158,159
Loss allowance (Rwf '000)	642,443	195,227	21,825	783,654	678,746	2,321,895

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Government debtors	Total
Gross carrying amount – trade receivables and other receivable (Rwf'000)	15,393,067	3,483,609	309,847	11,738,212	990,836	31,915,571
Loss allowance (Rwf'000)	133,030	69,890	22,379	2,184,387	341,622	2,799,262

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Notes (continued)

3. Financial risk management (continued)
Trade receivables (continued)

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Deposits with financial institutions, cash at bank, restricted cash

Deposits with financial institutions, cash at bank and restricted cash are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for these financial assets as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss rate assigned to these has been determined to be 0.17% which is the probability of default assigned to a B+ investment grade by Standard & Poors rating agency.

Application of expected credit loss on receivables from related companies is immaterial. Expected credit loss on cash and cash equivalent amounted to Rwf 22 million. No ECL on restricted cash since its fully collateralised.

(iv) Fair value

The Group adopted the amendment to IFRS 7 for financial instruments that are measured at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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 Group had no financial instruments at fair value as at 31 December 2021 and 31 December 2020. As such, there were no movements between levels in 2021 and 2020.

(v) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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For the year ended 31 December 2021

Notes (continued)

3. Financial risk management (continued)
(v) Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	Rwf'000	Rwf'000	Rwf'000	Rwf'000	
At 31 December 2021:					
- Borrowings	23,792,292	29,120,004	58,383,144	27,706,667	139,002,106
- Bank overdraft	6,577,919	-	-	-	6,577,919
- Shareholder loan	915,000	-	-	-	915,000
- Lease liabilities	24,202,543	23,853,094	122,620,778	-	170,676,415
- Trade and other payables	59,733,598	-	-	-	59,733,598
- Mobile money payables	86,769,068	-	-	-	86,769,068
	201,990,420	**52,973,098**	**181,003,922**	**27,706,667**	**463,674,106**
At 31 December 2020:					
- Borrowings	10,348,424	17,595,063	13,901,184	-	41,844,671
- Lease liabilities	19,176,334	19,328,413	57,440,628	1,637,196	97,582,571
- Trade and other payables	31,915,514	-	-	-	31,915,514
- Mobile money payables	66,312,573	-	-	-	66,312,573
	127,752,845	**36,923,476**	**71,341,812**	**1,637,196**	**237,655,329**

(vi) Financial instruments by category

	2021	2020
	Rwf'000	Rwf'000
Financial assets at amortised cost		
Trade and other receivables (note 22)	23,836,264	29,103,371
Deposits with financial institutions (note 18)	10,220,458	3,642,250
Cash and cash equivalents (note 17)	12,185,937	22,211,731
Restricted cash (note 17)	86,769,068	66,269,879
Receivables from related parties (note 31)	2,630,816	5,834,484
	135,642,543	**127,061,715**
Financial liabilities at amortised cost		
Borrowings (note 15)	98,133,755	29,020,720
Trade and other payables (note 23)	60,261,395	34,504,112
Shareholder loan	915,000	-
Overdraft	6,577,919	-
Obligations under finance leases	94,999,599	88,547,693
Mobile money payables	86,769,068	66,269,879
	347,656,736	**218,342,404**

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Notes (continued)

3. Financial risk management (continued)

(vii) Capital risk management

Capital includes borrowings, share capital and equity attributable to the equity holders of the Company.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Where funding is not available to the operation locally or in specific circumstances where it is more efficient to do so, funding is sourced centrally and on-lent by the MTN Group. The Group's policy is to borrow using a mixture of long term and short-term capital market issues and borrowing facilities from the local and international capital markets as well as multi-lateral organisations together with cash generated to meet anticipated funding requirements.

Consistent with others in the industry, the Group monitors capital on the basis of the target gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

(vi) Financial instruments by category

The gearing ratios at 31 December 2021 and 2020 were as follows:

	2021	2020
	Rwf'000	Rwf'000
Lease liability (note 2a)	94,999,599	88,547,693
Borrowings (note 15)	98,133,755	29,020,720
Total borrowings	193,133,354	117,568,413
Less: cash and cash equivalents (note 17)	(12,185,937)	(22,211,731)
Net debt	180,947,417	95,356,682
Total equity	57,293,901	49,806,953
Total capital	230,748,399	145,163,635
Gearing ratio	78.42%	65.69%

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Notes (continued)

4. Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected.

(i) Critical accounting estimates and assumptions

Impairment of financial assets

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3(iii) above.

Sensitivity analysis on impairment of trade receivables

	2021	
	(Decrease)/Increase in provisions	
	Upward change in default rate Rwf '000'	Downward change in default rate Rwf '000'
50% change in default rate	1,160,948	1,160,948
100% change in default rate	2,321,895	2,321,895

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The company applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the company's business planning cycle of three to five years and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee

For the network leases, management has adopted a further extension of 5years post expiry of the current lease contract in 2024. A sensitivity analysis of exercising all extension options in the contract for a further 20 year period from 2024 would result in an increase in recognised lease liabilities and right-of-use-assets of Rwf 16,231 million and annual depreciation for right of use reducing from the current Rwf 10,242million to Rwf 4,084 million.

(ii) Critical judgements in applying the Group's accounting policies

Interconnect revenue recognition

Due to the receipt of interconnect revenue in certain instances not being certain at transaction date, the Group has resolved only to recognize interconnect revenue relating to these instances as the cash is received.

Income taxes

The Group exercises significant judgement in determining its provision for income taxes when dealing with calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

Accounting for Mobile Money (MoMo) deposits and payables

Limited accounting guidance exists in IFRS relating to mobile money customers' balances held with banks. The Group previously recognised MoMo balances based on its assessment of the risks and rewards relating to the underlying financial asset. The Group's exposure to credit risk on the financial assets held with the various banks was considered a key factor in the overall evaluation as any credit risk assumed potentially exposed the company to refund MoMo customers in the event of any bank failure.

As a result of this, judgement was made to recognise all MoMo liabilities, representing the obligation which exists in the ordinary course to refund the customer for deposits made, and the related MoMo balances held with the banks on the statement of financial position. For further details of the Group's MoMo policy refer to note 2(Z).

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For the year ended 31 December 2021

Notes (continued)

4. Critical accounting judgements, estimates and assumptions (continued)
(ii) Critical judgements in applying the Group's accounting policies (continued)

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the Group's asset base. Therefore, the judgements made in determining their estimated useful lives and residual values are critical to the Group's financial position and performance. Useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis.

Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

The estimated useful lives of property, plant and equipment are shown under note 2D above.

There were no significant changes in the useful lives and residual values of items of property, plant and equipment during the current year.

5. Revenue

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major service and product lines:

	2021	2020
	Rwf'000	**Rwf'000**
Airtime and subscription	81,747,336	72,638,223
Data	32,148,103	27,048,677
ICT	7,622,626	6,741,034
SMS	4,249,392	3,642,178
Interconnect and roaming	5,853,977	5,502,156
Mobile money commissions	50,533,699	30,591,497
Digital	1,453,756	1,601,886
Handsets and accessories	2,697,037	2,336,965
Short-code fees	4,396	7,087
Itemised billing	39,291	47,748
Simcard	534,309	629,948
	186,883,922	**150,787,399**
(b) Sundry income relates to;		
IHS land rental income	1,242,830	1,225,644
	1,242,830	**1,225,644**

(c) Liabilities related to contracts with customers

	2021	2020
	Rwf'000	**Rwf'000**
Contract liabilities - deferred revenue	**3,117,051**	**2,615,113**

Deferred revenue represents unused activated airtime subscriber balances for prepaid products. Contract liabilities increased due to an increase in prepaid sales.

Revenue is recognised in profit or loss account as calls are made using the unused activated airtime.

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For the year ended 31 December 2021

Notes (continued)

5. Revenue (continued)

(d) Revenue recognised in respect of contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities;

	2021	2020
	Rwf'000	Rwf'000
Revenue recognised that was included in deferred revenue at start of year	2,615,113	3,017,020

6. Employee benefits expenses

	2021	2020
	Rwf'000	Rwf'000
Salaries and wages	8,232,908	7,548,533
Share option granted to directors and employees	3,385,095	57,000
Pension fund contributions	290,603	258,560
Rwanda Social Security Board contributions	423,244	383,655
Medical	364,565	363,253
Bonus provision	1,299,999	1,827,585
Other	2,141,303	1,987,837
	16,137,717	**12,426,423**

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Notes (continued)

7. Operating profit

The following disclosable items have been included in arriving at operating profit:

	2021	2020
	Rwf'000	Rwf'000
Directors' emoluments		
- Directors' fees	60,426	30,652
Employee benefits expense (note 6)	16,137,717	12,426,423
Profit on disposal of property, plant and equipment	-	-
Expected credit loss on trade receivables (note 22)	187,852	1,048,383
Expected credit loss on cash at bank (note 17)	-	-
Expected credit loss on deposits held in financial institutions (note 18)	-	-
Bad debt write-off	-	-
Inventories expensed	2,789,322	3,184,204
Write down / write (back) of inventories	11,152	11,319
Management fees paid to related parties (Note 31)	8,263,242	7,758,472
Auditors' remuneration		
- Audit fees	311,118	237,895
- Fees for other services	18,000	29,700
- Expenses	14,972	18,410
Licence fees	5,910,888	4,994,799
Dealers' commissions	4,200,320	5,197,445
Advertising, promotions and sponsorships	2,333,083	1,969,519
Distribution costs	532,635-	610,946
Utilities	1,992,766	771,752
Fees paid for professional and consulting services	3,075,378	2,271,368
Depreciation (note 20)	19,509,258	14,962,683
Depreciation-right of use asset (note 20)	11,534,323	11,264,385
Amortisation (note 19)	4,581,264	36,859
Tax penalties	-	140,275
	80,931,081	**66,965,489**

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Notes (continued)

8. Finance income/ (costs)

	2021	2020
	Rwf'000	Rwf'000
Finance costs:		
Interest expense and other charges on borrowings	(8,402,743)	(5,160,860)
Finance costs on leases	(13,240,596)	(11,511,726)
Realised foreign exchange losses	(206,465)	(151,831)
Unrealised foreign exchange losses	(635,942)	(473,685)
	(22,485,746)	**(17,298,102)**
Finance income:		
Interest income from banks	800,546	718,118
Realised foreign exchange gains	903,595	58,377
Unrealised foreign exchange gains	197,450	342,249
	1,901,591	**1,118,744**

9. Income tax expense

	2021	2020
	Rwf'000	Rwf'000
Current income tax	10,332,851	10,775,293
Deferred income tax charge /(credit) (note 14)	757,493	1,607,165
	11,090,344	**12,382,459**

The tax on the Group's and the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2021	%	2020	%
	Rwf'000		Rwf'000	
Profit before income tax	33,513,957		32,609,231	
Statutory tax rate	30%		30%	
Tax at standard rate	10,054,187	30	9,782,769	30
Tax effects of:				
Income not subject to tax				
- Expenses not deductible for tax purposes:				
Management fees recharge	1,406,268		1,095,632	
Other expenses	462,757		1,830,150	
- Under provision in prior years deferred tax	(832,868)		(326,092)	
Total income tax expense	**11,090,344**		**12,382,459**	
Effective tax rate		33.1		37.7

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Notes (continued)

9. Income tax expense (continued)

Income tax paid is as follows:

	2021	2020
	Rwf'000	Rwf'000
At beginning of the year	3,534,936	3,111,279
Income tax charge for the year	(11,090,344)	(12,382,459)
Deferred income tax credit	757,493	1,607,165
Withholding tax	(138,742)	(2,186,393)
At the end of the year	22,939,563	3,534,936
Total tax paid	**(16,002,906)**	**(6,315,472)**

10. Dividends

	2021		2020	
	Dividend		Dividend	
	per share	Total	per share	Total
	Rwf'000	Rwf'000	Rwf'000	Rwf'000
Dividends declared	**7.55**	**10,200,000**	**4,633**	**6,950,000**

Payment of dividends is subject to withholding tax at a rate of either 10% or 12% depending on the residence of the respective shareholders.

11. Share capital

	Number of shares	Ordinary share capital
	000	Rwf'000
Authorised:		
Ordinary shares each with a par value of Rwf 1	**1,350,886.6**	**1,350,886.6**
Issued and fully paid:		
1,500 ordinary shares each with a par value of Rwf 10,000 at 1 January 2020, 31 December 2020, and 1,350,886,600 ordinary shares each with a par value of Rwf 1 and 31 December 2021	1,350,886,600	1,350,886,600

During the year and as part of the listing to the Rwanda Stock Exchange on 4 May 2021, the stated share capital of the Company increased from Rwf15,000,000 to Rwf 1,350,886,600 divided into 1,350,886,600 shares of Rwf 1 each. The new shares allotted to the existing shareholders of the Company in proportion to their existing shareholding in the Company without corresponding flow of resources.

12. Shareholder loans

	2021	2020
	Rwf'000	Rwf'000
Crystal Telecom Limited	-	732,000
MTN International (Mauritius) Limited	-	2,013,000
MTN REL Limited	-	915,000
	-	**3,660,000**

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Notes (continued)

12. Shareholder loans (continued)

The loans do not have fixed repayment terms and are repayable only at the option of the Company. During the board meeting held on 2 March 2021, the Board approved the repayment of all shareholder loans.The Loans were reclassed from Equity to current liabilities and since then Crystal Telecom Limited and MTN International Mauritius have been paid by 31 December 2021.The outstanding due to MTN REL of Rwf 915m is due to be paid by end of Q1 2022.

13. Other reserves

	2021	2020
	Rwf'000	Rwf'000
Balance at beginning and at end of year	1,500	1,500

In 2009, Law No. 7/2009 relating to companies replaced the Law Governing Commercial Enterprises in Rwanda. The Law Governing Commercial Enterprises in Rwanda required companies to transfer 5% of their profit after tax to a statutory reserve. Under the law, the obligation ceased when the enterprise's reserves were equivalent to 10% of its share capital. This reserve is not distributable.

14. Deferred income tax

Because of the uncertainty in estimating the extent to which the Group's deferred income tax assets and liabilities will crystallise within 12 months from the year end, the Group's entire net deferred income tax liability has been classified as a non-current liability.

Deferred income tax is calculated using the enacted income tax rate of 30% (2020: 30%). The movement on the deferred income tax account is as follows:

	2021	2020
	Rwf'000	Rwf'000
At start of year	14,159,020	12,551,855
Charge/(credit) to profit or loss	757,493	1,607,165
At end of year	**14,916,513**	**14,159,020**

Deferred income tax assets and liabilities and the deferred income tax charge in profit or loss are attributable to the following items:

Year ended 31 December 2021	1 January 2021	Charge/ (credit) to profit or loss	31 December 2021
	Rwf'000	Rwf'000	Rwf'000
Deferred income tax liabilities:			
Accelerated tax depreciation	15,556,208	2,017,715	17,573,923
Deferred income tax assets:			
Provisions	(1,397,188)	(1,260,222)	(2,657,410)
Net deferred income tax liability	**14,159,020**	**757,493**	**14,916,513**

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Notes (continued)

14. Deferred income tax (continued)

Year ended 31 December 2020	1 January 2020	Charge/ (credit) to profit or loss	31 December 2020
	Rwf'000	Rwf'000	Rwf'000
Deferred income tax liabilities:			
Accelerated tax depreciation	13,891,589	1,664,619	15,556,208
Deferred income tax assets:			
Provisions	(1,339,734)	(57,454)	(1,397,188)
Net deferred income tax liability	**12,551,855**	**1,607,165**	**14,159,020**

15. Borrowings

	2020	2019
	Rwf'000	Rwf'000
Non-current bank loans		
i) Syndicate I:		
- Tranche A	19,367,212	23,999,135
-Tranche B	-	-
ii) Syndicate II:	64,000,000	-
Current bank loans		
i) Syndicate I:		
- Tranche A	6,114,500	5,450,825
-Tranche B	-	-
ii) Syndicate II:	2,220,287	-
iii) Bank overdraft	6,577,919	-
iv) Shareholder loan	915,000	-
	99,194,918	29,449,960
Capitalised transaction costs	(1,061,163)	(429,240)
Total borrowings	**98,133,755**	**29,020,720**

The movement in borrowings is as follows:

At start of year	29,020,720	34,964,706
Agency fees	(761,708)	-
Interest expense	8,274,666	4,947,668
Amortisation of transaction costs	128,077	87,303
Principal repayments	(5,823,333)	(5,932,138)
Interest repayments	(4,197,586)	(5,046,819)
New loan facility *(syndicate II)*	64,000,000	-
Bank overdraft	6,577,919	-
Shareholder loan	915,000	-
At end of year	**98,133,755**	**29,020,720**

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Notes (continued)

15. Borrowings (continued)

i) **2018 syndicate loan**

The Group obtained a syndicated loan of Rwf 50bn split into two tranches;

i) Tranch A of Rwf 35bn had been fully drawn down and the outstanding balance as at 31 December 2021 is Rwf 23 billion. The loan attracts interest of 15% and final payment is expected by November 2025. It is repayable in 12 semi-annual instalments following an 18 months grace period which commenced on signing date. The first draw down date was December 2018.

ii) The Tranche B of Rwf 15 billion has not been drawn down and is available for draw down to finance working capital.

Interest on the tranche A and B loan is based on a base rate; being the BNR discount rate, which was 9.5% agreed at the contractual date plus a marginal rate of 5.5% per annum.

The loan is a secured by a negative pledge over all existing and future assets of the Company.

i) **2018 syndicate loan (continued)**

The currency, interest rates, and outstanding principal as at 31 December 2021 under each participating bank are as follows:

Bank	Currency	Interest rate p.a	2021 Rwf'000	2020 Rwf'000
Bank Populaire du Rwanda Plc	Rwf	15%	3,320,000	4,150,000
COGEBANQUE Plc	Rwf	15%	3,000,000	3,750,000
Bank of Kigali Plc	Rwf	15%	3,333,333	4,166,666
Equity Bank Rwanda Plc	Rwf	15%	2,656,000	3,320,000
KCB Bank Rwanda Plc	Rwf	15%	2,666,666	3,333,333
Ecobank Rwanda Plc	Rwf	15%	4,333,333	5,367,861
I&M Bank Rwanda Plc	Rwf	15%	3,984,000	4,980,000
			23,293,332	**29,067,860**

ii) **2021 Syndicate loan**

The Company obtained a second syndicated loan of Rwf 64 billion as contractually agreed upon on 27 July 2021 to facilitate the payment of the GSM licence. The loan had been fully drawn down as at 31 December 2021.

Interest on the loan is based on a base rate; being the BNR discount rate, which was 9.5% agreed at the contractual date plus a marginal rate of 5.5% per annum.

The first principal instalment was paid on 28 January 2022 after a six-month moratorium. The final repayment is due in 28 July 2028.

The loan is a secured by a negative pledge over all existing and future assets of the Company.

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Notes (continued)

15. Borrowings (continued)

ii) **2021 Syndicate loan** (continued)

The currency, interest rates and outstanding principal as at 31 December 2021 under each participating bank are as follows:

Bank	Currency	Interest rate p.a	2021 Rwf'000
Banque Populaire du Rwanda PLC	Rwf	15%	5,500,000
ECOBANK Rwanda Plc	Rwf	15%	5,500,000
COGEBANQUE Plc	Rwf	15%	4,000,000
Bank of Kigali Plc	Rwf	15%	15,000,000
I&M Bank (Rwanda) Plc	Rwf	15%	7,000,000
Equity Bank Rwanda Plc	Rwf	15%	9,000,000
KCB Bank Rwanda Ltd	Rwf	15%	5,000,000
Guaranty Trust Bank (Rwanda) PLC	Rwf	15%	3,500,000
Access Bank Rwanda PLC	Rwf	15%	4,500,000
NCBA Rwanda PLC	Rwf	15%	5,000,000
			64,000,000

iii) **Short-term borrowing and overdraft**

The short-term borrowing relates to the shareholder loan for MTN REL that was previously sitting in Equity now reclassed to current liabilities. Repayment is expected by end of Q1 2022 and it's a non-interest-bearing facility. The overdraft was a stop gap measure to prefund the Mobile Money Push/Pull account with Bank of Kigali Plc for a 2 months period.

The section below sets out an analysis of net debt and the movements in net debt.

None of the borrowings was in default at any time during the year. The Group complied with the financial covenants of its borrowing facilities during the reporting period.

	Threshold per loan covenants	Status as at 31 December 2021	Conclusion
Net Debt to EBITDA	<2.5x	0.97x	Compliant
Debt service coverage ratio	>1.25x	6.31x	Compliant
Net Debt/ (Equity and shareholder loans)	<70:30	11:2	Compliant
Interest coverage ratio	>4.5x	10.68x	Compliant

As per the loan agreement, The financial ratios do not take the treatment of leases under IFRS 16.

Capitalised transaction costs relate to costs that are directly attributable to the acquisition of the above borrowing facilities.

The carrying amount of the borrowings approximates to their fair values since the interest payable on the borrowings is close to current market rates. The effective interest rates for the borrowings were 15% in the period.

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Notes (continued)

15. Borrowings (continued)
iii) Short-term borrowing and overdraft (continued)

The section below sets out an analysis of net debt and the movements in net debt.

Net debt	2021	2020
	Rwf'000	Rwf'000
Cash and cash equivalents	12,185,937	22,211,731
Current borrowings (including overdrafts)	(14,766,544)	(10,978,975)
Non-current borrowings	(83,367,212)	(18,041,745)
Lease liabilities	(94,999,599)	(88,547,693)
At end of year	**(180,947,418)**	**(95,356,682)**

The section below sets out an analysis of net debt and the movements in net debt.

Net debt reconciliation	Cash/ Overdraft	Current borrowings	Non-current borrowings	Lease liabilities	Total
	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
Year ended 31 December 2020					
At 1 January 2020	24,362,837	(11,052,875)	(23,911,831)	(80,308,613)	(90,910,482)
Cash flows	(2,141,605)	6,031,290	(87,304)	18,592,606	(4,436,699)
New leases	-	-	-	(26,831,686)	
Translation differences	(9,501)				(9,501)
Net debt at 31 December 2020	**22,211,731**	**(5,021,585)**	**(23,999,135)**	**(88,547,693)**	**(95,356,682)**
Year ended 31 December 2021					
At 1 January 2021	22,211,731	(5,021,585)	(23,999,135)	(88,547,693)	(95,356,682)
Cash flows	(9,974,065)	(9,744,959)	(59,368,077)	22,276,982	(55,895,119)
New leases	-	-	-	(28,728,888)	(28,728,888)
Translation differences	(51,729)				(51,729)
Net debt at 31 December 2021	**12,185,937**	**(14,766,544)**	**(83,367,212)**	**(94,999,599)**	**(180,947,418)**

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Notes (continued)

16. Indefeasible rights of use assets (IRUs)

	2021	2020
	Rwf'000	Rwf'000
Opening net book amount	7,958,701	4,754,207
Addition	4,299,265	5,269,934
Amortisation	(2,869,375)	(2,065,440)
Closing net book amount	9,388,591	7,958,701
Current	**1,158,019**	**995,567**
Non-current	**8,230,572**	**6,963,134**

IRU costs for leased lines are recoverable over a 1-year period.

17(a) Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group	Company	
	2021	2021	2020
	Rwf'000	Rwf'000	Rwf'000
Cash at bank and on hand	12,208,602	11,508,602	22,253,218
Expected credit loss	(22,665)	(22,665)	(41,487)
	12,185,937	**11,485,937**	**22,211,731**

17(b) Restricted cash

	2021	2020
	Rwf'000	Rwf'000
Mobile money deposits	86,769,068	66,269,879
Expected credit loss	-	-
	86,769,068	**66,269,879**

The balance is fully covered by liability of equal amount thus no expect credit loss.

18. Deposits held in financial institutions

	2021	2020
	Rwf'000	Rwf'000
Deposits held with KCB Rwanda Plc	3,140,460	3,643,707
Deposits held I&M Rwanda Plc	1,079,998	-
Deposits held with NCBA Bank	6,004,088	-
Expected credit loss	(4,088)	(1,457)
	10,220,458	**3,642,250**

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Notes (continued)

19. Intangible assets

	Network licenses Rwf'000	Software Rwf'000	2021 Total Rwf'000	Network licenses Rwf'000	Software Rwf'000	2020 Total Rwf'000
Cost						
At beginning of year	445,157	660,346	**1,105,503**	445,157	660,346	**1,105,503**
Additions	91,436,329	-	91,436,329	-	-	-
At end of year	91,881,486	660,346	**92,541,832**	445,157	660,346	**1,105,503**
Accumulated amortisation						
At beginning of year	(435,709)	(660,346)	**(1,096,055)**	(398,850)	(660,346)	**(1,059,196)**
Amortisation charge	(4,581,264)		**(4,581,264)**	(36,859)		**(36,859)**
At end of year	(5,016,973)	(660,346)	**(5,016,973)**	(435,709)	(660,346)	**(1,096,055)**
Carrying amount						
At end of year	92,541,832	-	**86,864,513**	9,448	-	**9,448**

Network licenses

Type of license	**Date / renewed**	**Licence term**
GSM	01/07/2021	10 years

MTN Rwandacell Plc
(Formerly MTN Rwandacell Limited)
growingtogether

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20 (a) Property, plant and equipment

	Cellular Network Equipment Rwf'000	Capital Work In Progress Rwf'000	Information System Equipment Rwf'000	Motor vehicles Rwf'000	Furniture and Other Equipment Rwf'000	Freehold Land and Buildings Rwf'000	Total Rwf'000
COST							
At 1 January 2020	**127,051,544**	**1,394,126**	**33,968,932**	**-**	**2,225,831**	**5,894,510**	**170,534,943**
Additions		20,717,618				492,813	21,210,431
Reallocation from capital works in progress	14,053,532	(21,077,750)	6,648,749		375,469	-	-
Balance at 31 December 2020	**141,105,076**	**1,033,994**	**40,617,681**		**2,601,300**	**6,387,323**	**191,745,374**
ACCUMULATED DEPRECIATION							
At 1 January 2020	(86,557,069)	-	(18,774,346)	-	(1,052,441)	(3,573,559)	(109,957,415)
Depreciation charge for the year	(9,248,671)		(5,246,347)		(297,853)	(169,812)	(14,962,683)
Balance at 31 December 2020	**(95,805,740)**		**(24,020,693)**		**(1,350,294)**	**(3,743,371)**	**(124,920,098)**
CARRYING AMOUNT							
At 31 December 2020	**45,299,336**	**1,033,994**	**16,596,988**		**1,251,006**	**2,643,952**	**66,825,277**

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Notes (continued)

20(a) Property, plant and equipment (continued)

	Cellular Network Equipment Rwf'000	Capital Work In Progress Rwf'000	Information System Equipment Rwf'000	Motor vehicles Rwf'000	Furniture and Other Equipment Rwf'000	Freehold Land and Buildings Rwf'000	Total Rwf'000
COST							
At 1 January 2021	**141,105,076**	**1,033,994**	**40,617,681**		**2,601,300**	**6,387,323**	**191,745,374**
Additions		35,692,753				237,292	35,930,045
Reallocation from capital works in progress	14,102,081	(32,514,340)	18,014,630	-	397,628	-	-
Disposals	(3,818,484)	-	(4,877,448)	-	(82,492)	-	(8,778,424)
Balance at 31 December 2021	**151,388,673**	**4,212,406**	**53,754,864**	**-**	**2,916,437**	**6,624,614**	**218,896,993**
ACCUMULATED DEPRECIATION							
At 1 January 2021	**(95,805,740)**		**(24,020,693)**		**(1,350,294)**	**(3,743,371)**	**(124,920,098)**
Disposals	3,784,756	-	4,755,555	-	74,441	-	8,614,753
Depreciation charge for the year	(14,082,997)	-	(4,895,434)	-	(319,828)	(210,999)	(19,509,258)
Balance at 31 December 2021	**(106,103,980)**	**-**	**(24,160,572)**	**-**	**(1,595,681)**	**(3,954,370)**	**(135,814,603)**
CARRYING AMOUNT							
At 31 December 2021	**45,284,693**	**4,212,406**	**29,594,292**	**-**	**1,320,755**	**2,670,244**	**83,082,391**

Work in progress relates to network expansion projects under way whose completion is expected to be in Q1 2022.

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Notes (continued)

20(b) Right-of-use assets

	Cellular Network Equipment Rwf'000	Motor Vehicles Rwf'000	Offices and service centers Rwf'000	Total Rwf'000
COST				
At 1 January 2021	94,208,038	2,364,219	3762,731	100,334,988
Additions	14,245,654	897,551	-	15,143,204
Disposals	-	(1,033,099)	-	(1,033,099)
At 31 December 2021	**108,453,692**	**2,228,671**	**3,762,731**	**114,445,094**
ACCUMULATED DEPRECIATION				
At 1 January 2021	(17,381,887)	(1352,889)	(1070075)	(19,804,851)
Disposals	-	1,033,099	-	1,033,099
Depreciation charge for the year	(10,364,437)	(634,849)	(535,037)	(11,534,323)
At 31 December 2021	**(27,746,323)**	**(954,639)**	**(1605112)**	**(30,306,075)**
CARRYING AMOUNT				
At 31 December 2021	**80,707,368**	**1,274,032**	**2,157,619**	**84,139,019**
At 31 December 2020	**76,826,151**	**1,011,330**	**2,692,657**	**80,530,138**

Finance lease liabilities are disclosed in note 25.

20(c) For cash flow purposes, additions to property and equipment are arrived at as follows:

	2021	2020
	Rwf'000	**Rwf'000**
Additions as above (notes 20 (a), 20 (b))	35,930,045	21,210,431
Finance lease		
Accruals for PPE items received but not invoiced at start of year	6,287,646	7,650,208
Accruals for PPE items received but not invoiced at end of year	(5,122,875)	(6,287,647)
At 31 December	**37,094,856**	**22,572,992**

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21. Inventories

	2021 Rwf'000	2020 Rwf'000
Airtime cards, sim cards, phones and accessories	1,558,221	1,170,054
Provision for obsolete stock	(51,265)	(40,113)
	1,506,956	**1,129,941**
Inventories expensed during the year	2,789,322	3,184,204

Movements in the provision for obsolete stock

	Balance at beginning of year Rwf'000	Additions Rwf'000	Written off during the year Rwf'000	Balance at the end of the year Rwf'000
2021				
Movement in provision	(40,113)	(11,152)	-	(51,265)
2020				
Movement in provision	(28,794)	(11,319)	-	(40,113)

22. Trade and other receivables

	2021 Rwf'000	2020 Rwf'000
Trade receivables and other receivable	26,158,159	31,902,632
Expected credit losses	(2,321,895)	(2,799,261)
Trade and other receivables – net	23,836,264	29,103,371
Prepayments	13,271,105	5,198,642
Receivables from related parties (note 31)	2,630,816	5,834,484
	39,738,185	**40,136,497**

In the opinion of the directors, the carrying amounts of the receivables approximate their fair values due to their short-term nature.

The closing loss allowances for trade receivables and other receivables as at 31 December 2021 reconcile to the opening loss allowances as set out below.

	2021 Rwf '000	2020 Rwf '000
31 December	2,799,261	2,166,078
Increase in loss allowance recognised in income statement during the year	187,852	1,048,383
Receivables written off during the year as uncollectible	(665,118)	(415,200)
At 31 December	**2,321,895**	**2,799,261**

Trade receivables are written off when there is no reasonable expectation of recovery.

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23(a) Trade and other payables

	2021 Rwf'000	2020 Rwf'000
Trade payables	12,393,897	10,960,461
Intercompany payables (note 31)	5,362,934	9,613,464
Sundry payables	82,328	86,575
Payable to RURA for licence fees	27,430,899	-
Other liabilities	4,657,495	396,180
Dividends payable	3,081,593	3,939,830
Accrued expenses	7,252,249	9,507,602
	60,261,395	**34,504,112**

The carrying amounts of the above trade and other payables approximate their fair values due to their short-term nature. Other creditors and accruals mostly relate to accruals for goods received but not invoiced, statutory deductions, and other payables.

23(b) Mobile money payables	**86,769,068**	**66,269,879**

Amount relates to restricted cash due to mobile money customers.

24. Provisions

	2021 Rwf'000	2020 Rwf'000
Provisions		
Bonus provision	878,094	1,332,101
	878,094	**1,332,101**

	Balance at beginning of year Rwf'000	Additional provisions Rwf'000	Utilised Rwf'000	Reversals Rwf'000	Balance at the end of the year Rwf'000
2021					
Bonus provision	1,332,101	1,300,000	(1754,007)		878,094
	-	**-**	**-**		**-**

	Balance at beginning of year Rwf'000	Additional provisions Rwf'000	Utilised Rwf'000	Reversals Rwf'000	Balance at the end of the year Rwf'000
2020					
Bonus provision	1,567,768	1,827,585	(2,063,252)	-	1,332,101
Decommissioning provision	-		-	-	-
	1,567,768	**1,827,585**	**(2,063,252)**		**1,332,101**

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24. Provisions (continued)

Bonus provisions represent a performance incentive paid to employees based on the achievement of key performance indicators. The provision for the year is based on an estimate of a percentage of each of the employees' annual basic salary.

25. Leases

This note provides information for leases where the Group is a lessee.

(i) *Amounts recognised in the balance sheet*

The balance sheet shows the following amounts relating to leases:

	2021 Rwf'000	2020 Rwf'000
Right-of-use assets		
Cellular network equipment	80,707,368	76,826,151
Motor vehicles	1,274,032	1,011,330
Office and services centers	2,157,619	2,692,657
	84,139,019	80,530,138
Lease liabilities		
Opening balance	88,547,693	79,385,072
Additions	14,983,079	14,893,466
Interest on lease liability	13,745,809	12,861,761
Lease repayments	(22,276,982)	(18,592,606)
	94,999,599	**88,547,693**
Non-current	66,380,689	66,380,689
current	28,618,910	22,167,004
	94,999,599	**88,547,693**

(ii) *Amounts recognised in the statement of profit or loss*

The statement of profit or loss shows the following amounts relating to leases:

	2021 Rwf'000	2020 Rwf'000
Depreciation charge of right-of-use assets		
Office and services centers	535,037	535,037
Cellular network equipment	10,364,437	10,241,807
Motor vehicles	634,849	487,541
	11,534,323	**11,264,385**
Interest expense (included in finance cost) Note 8	13,240,596	11,511,726

The total cash outflow for leases in 2021 was Rwf 22,277 million (2020 – Rwf 18,593million)

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Notes (continued)

26. Notional share Scheme

The Company operates a Notional Share Scheme, where qualifying staff receive a net increase in the phantom Company share price at the period of exercising their options. The options under the phantom scheme are "cash settled" rather than "equity settled" under IFRS 2: Share based payments. Effective 1 January 2014 the shares' vesting periods are; 100% on the third anniversary after grant date with the maximum period for the exercising of options being five years. The first lot of qualifying staff were granted options by the Board on 1 April 2005 and the number is reviewed at each grant date to determine any additional staff that may have qualified for the scheme since the last issue. At 31 December 2021, the total liability arising from the Notional Share scheme amounted to Rwf 2,795million (2020: Rwf 228million) for the qualifying staff.

The weighted average price of the shares exercised during the year was Rwf 26,771 per share (2020: Rwf 12,496 per share).

Movements in number of share options outstanding are as follows:

	2021	2020
At 1 January	654	119
Granted	147	437
Forfeited	5	26
Exercised	312	72
At 31 December	**1,118**	**654**

Share options outstanding at the end of the year have the following expiry date and exercise options:

	2021
2022	159
2023	313
2024	646
	1,118

27. Lease commitments

The Group entered into a Master Lease Agreement with IHS Rwanda Holdings Limited to lease tower space for the next 10 years. After the initial term, the Group has the right to renew the lease for a maximum of 4 renewal periods of 5 years each. The lease contract has an escalation clause which states that from 1 January 2015 and on each anniversary thereafter the applicable use fee and service credits shall be increased or decreased (compounded annually) in line with percentage increase or decrease in the Consumer Price Index for the previous 12 months period prior to the relevant escalator date. See note 25 on lease accounting.

28. Capital commitments

Capital commitments at the balance sheet date not recognised in the financial statements are as follows:

	2021	2020
	Rwf'000	**Rwf'000**
Property, plant and equipment		
Authorised and contracted for purchase of network equipment	5,943,058	3,687,920

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

29. Contingent liabilities

The Group is a defendant of a number of other legal suits. In the opinion of the directors, after taking appropriate legal advice, the outcome of the actions will not give rise to any significant cash out flow to the Group.

30. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	2021 Rwf'000	2020 Rwf'000
Profit before income tax	**33,513,957**	**32,609,231**
Depreciation (note 20)	19,509,258	14,962,683
Depreciation-right of use asset	11,534,323	11,264,385
Amortisation (note 19)	4,581,264	36,859
Movement in provisions	1,299,999	1,827,585
Profit on sale of property, plant and equipment	-	-
Adjustment for non-cash items	36,924,845	28,091,513
Finance income (note 8)	(1,901,592)	(1,118,744)
Finance costs (note 8)	22,485,746	17,298,102
Adjustments for finance charges	20,584,155	16,179,358
Cash generated before working capital changes	**91,022,958**	**76,880,102**
Decrease/(increase) in inventory	(377,015)	(475,590)
(Increase)/ decrease in trade and other receivables	(2,973,399)	(9,422,476)
Increase in IRU assets	(1,429,890)	(3,204,495)
Decrease in intercompany debtors	3,203,668	(1,174,180)
(Decrease) /increase in short term provisions	(1,754,007)	(2,063,252)
Decrease in trade and other payables	5,763,586	(3,207,019)
Increase in intercompany payables	(7,859,920)	5,100,245
(Decrease) /Increase in deferred income	89,645	1,100
Increase/(decrease) in unearned income	(591,581)	400,805
Net changes in working capital	(5,928,912)	(14,044,862)
Net cash generated from operations	**85,094,045**	**62,835,240**

MTN Rwandacell Plc
(Formerly MTN Rwandacell Limited)
growingtogether

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

31. Related party transactions

The Company's parent is MTN International (Mauritius) Limited incorporated in Mauritius. The ultimate parent and ultimate controlling party of the Company is MTN Group Ltd, incorporated in South Africa. The following transactions were carried out with related parties, with whom the Company has common shareholdings or common directorships:

i) Sale of services

	2021 Rwf'000	2020 Rwf'000
MTN Uganda Limited - Interconnect Services	635,791	1,163,133
MTN Business Kenya- Leased lines	20,575	29,756
MTN Nigeria Communications Limited- Interconnect Services	546	18,721
MTN Global Connect Solutions-Leased lines	2,778,681	3,019,619
Mobile Telephone Networks (Pty) Limited	-	29,209
	3,435,593	**4,260,438**

ii) Purchases of services

Belgacom International Carrier Services SA -Interconnect and Roaming services	1,153	2,064
MTN Uganda Limited - Interconnect, Seamless Roaming Services, IT Shared Services and leased line services	404,287	451,505
MTN Dubai Limited - Leased lines	-	6,490
MTN Business Kenya Limited- Leased lines	90,766	85,328
MTN Global Connect Solutions- leased lines	5,758,491	4,313,472
Global Trading Company	32,916	866,981
	6,287,614	**5,725,841**

iii) Management fees paid

	MTN International (Mauritius) Limited	MTN REL (Mauritius) Limited	Total	MTN International (Mauritius) Limited	MTN REL (Mauritius) Limited	Total
	2021	**2021**	**2021**	**2020**	**2020**	**2020**
	Rwf'000	**Rwf'000**	**Rwf'000**	**Rwf'000**	**Rwf'000**	**Rwf'000**
the management fees are computed as follows:						
4% of revenue	7,552,825	-	7,552,825	3,266,422	2,683,958	**5,950,379**
2% on Profit before income tax	710,417	-	710,417	429,965	312,022	**741,987**
Total	**8,263,242**	**-**	**8,263,242**	**3,696,387**	**2,995,980**	**6,692,366**

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

31. Related party transactions (continued)
iii) Management fees paid (continued)

Management and technical fees are in accordance with agreements between the Company and the respective parties. The fees were based on 2% of revenue and 1% on Profit before income tax for MTN International (Mauritius) Limited and MTN REL (Mauritius) Limited up until November 2020. From December 2020 MTN REL (Mauritius) Limited cease to receive management fees, and MTN International (Mauritius) Limited to received 4% of revenue and 2% of profit before income tax inclusive of tax.

iv) Interest expense

	2021	2020
	Rwf'000	Rwf'000
MTN Dubai Limited	758	5,624
MTN Global Connect Solutions	-	-
MTN Uganda Limited	-	17,196
Interserve Overseas Limited	-	10,206
	758	**33,027**

v) Dividends declared

	2021	2020
MTN International (Mauritius) Limited	5,610,000	3,822,500
MTN REL- Mauritius	2,550,000	1,737,500
Crystal Telecom Limited	-	1,390,000
Shareholders listed in the Rwanda Stock Exchange	2,040,000	-
	10,200,000	**6,950,000**

Purchases and sales of goods relate to voucher card sales and accessories as well as interconnect and roaming charges amongst the various partners.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

31. Related party transactions (continued)

vi) Outstanding balances arising from sale and purchase of goods/services

a) Receivables from related parties

	2021	2020
	Rwf'000	Rwf'000
MTN Holdings Ltd	972	972
MTN Zambia Limited	1,894	1,894
MTN Uganda Limited	41,252	660,771
MTN Group Management Services (Pty) Ltd	-	256,568
MTN Business Kenya	963	-
MTN Namibia	-	3,008
MTN Cameroon	-	33,052
MTN Guinea	9,212	-
MTN Ghana	8,174	8,174
MTN Liberia	11,246	-
MTN Nigeria Communications Limited	3,158	3,158
MTN Benin	-	4,466
MTN Global Connect Solutions- leased lines	462,749	-
MTN Afghanistan	-	2,771,224
MTN OPCO	47,189	47,189
MTN Guinea Bissau	11,153	11,153
MTN International (Mauritius) Limited	2,032,855	2,032,855
	2,630,816	**5,834,484**

vi) Outstanding balances arising from sale and purchase of goods/services

b) Payables to related parties

	2021	2020
	Rwf'000	Rwf'000
MTN International (Mauritius) Limited	1,884,659	3,514,119
Belgacom International Carrier Services	-	26,523
MTN Dubai Limited	90,783	117,894
Mobile Telephone Networks (Pty) Limited	23,848	11,290
MTN Uganda Limited	33,781	317,969
MTN Group Management Services (Pty) Limited	3,374	280,931
MTN REL Limited	2,032,855	2,032,855
Interserve Overseas Limited	147,700	2,921
MTN Business Kenya Limited	7,714	14,488
MTN Namibia	-	3,301
MTN Congo	4,355	4,355
MTN Ghana	50,942	53,208
MTN Global Connect Solutions	1,037,486	7,020,695
Global Trading Company Limited	47,438	152,745
	5,362,934	**13,553,294**

Outstanding balances are unsecured and are repayable in cash.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

31. Related party transactions (continued)

vii) Shareholder loan

Shareholder loan relates to an amount of Rwf 915m due to MTN REL. The loan is interest free and repayable on demand. See note 12 for details.

viii) Key management compensation

	2021	2020
	Rwf'000	Rwf'000
Short term employee benefits	1,071,751	1,230,402
Post-employment benefits	70,382	79,568
Share based provisions	2,478,456	120,729
	3,620,589	**1,430,699**

ix) Directors' emoluments

	2021	2020
	Rwf'000	Rwf'000
Directors' fees		
Mr. Faustin Mbundu	4,189	-
Michael Fleisher*	-	-
Adriaan Wessels**	-	-
Patience Mutesi	8,567	-
Julien Kavaruganda	8,063	-
Yolanda Cuba**	-	-
Karabo Nondumo*	-	-
Mark Nkurunziza	103,140	99,320
Mitwa Ng'ambi	355,217	333,369
Evelyn Kamagaju Rutagwenda	8,706	17,244
Regis Rugemanshuro	7,465	7,491
Nosipho Molope*	-	-
Ricardo Varzielas**	-	-
Ebenezer Asante**	-	-
Richard Tusabe	-	3,517
	495,347	**460,941**

*Directors' remuneration attributable to service provided to the company by the MTN Group Limited nominated independent directors during the year was Rwf'000 84,334 (2020: Rwf'000 41,764). These amounts are paid out of the management fee disclosed in Note 31(iii).

**Directors that are employees of MTN Group Limited are not separately remunerated.

x) Defined contribution provident fund

	2021	2020
	Rwf'000	Rwf'000
Employer contributions	**290,603**	**258,560**

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For the year ended 31 December 2021

Notes (continued)

32. Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its current funding levels.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the financial statements.

33. Retirement benefit plans

The Group set up a defined contributory provident fund scheme for its employees. The provident fund is a defined contribution fund and is designed to provide a lump sum on retirement and not a guaranteed pension. The lump sum is dependent upon the investment performance of the fund. Both employees and the Group contribute to the provident fund on a fixed contribution basis.

Under this plan, the Group does not have any legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees' benefits relating to the employee service in the current or prior period. Consequently, no actuarial valuation of the fund is required.

34. Grants

Grant income comprises contributions (grants) from government or its agencies, to be utilized on activities in public interest. Grants received for specific purposes are treated as deferred grants and credited to the statement of profit or loss as grant income when the activities for which they were provided for have been undertaken.

Unexpended grants represent the unused designated/specific grants and are taken into income when the related expenditure is incurred. Any unexpended grants are carried forward as part of current grant liabilities and are utilized in the subsequent years.

35. Earnings per share

	31 December 2021	Restated 31 December 2020
Profit for the year attributable to equity shareholders Rwf'000	22,423,613	20,226,772
Weighted average number of shares for calculation diluted and basic earning per share	1,350,886,600	1,350,886,600
Earnings per share:		
Basic and diluted earnings per share – Rwf '000'	17	15

The basic and diluted earning per share for the prior year have been restated due to the change in the weighted average number of shares in the year which was undertaken as part of the listing to the Rwanda Stock Exchange on 4 May 2021 with no corresponding change in resources.

Consolidated financial statements
For the year ended 31 December 2021

Notes (continued)

36. Segment reporting

a) **Segment revenue and EBITDA**

The executive committee primarily uses earnings before interest, taxes, depreciation and amortisation (EBITDA) to assess the performance of the segments. Earnings before interest, taxes, depreciation and amortisation (EBITDA) reconciles to operating profit before income tax as follows:

	Fintech	Telecommunication	Unallocated	Total
		Rwf '000'	Rwf '000'	'Rwf '000'
Revenue	50,533,699	136,350,223	1,242,830	188,126,752
Cost of sales	(18,867,707)	(13,367,369)	-	(32,235,076)
Gross profit	31,665,992	122,982,854	1,242,830	155,891,676
Operating expenses	(6,783,201)	(59,385,518)	-	(66,168,719)
EBITDA	**24,882,791**	**63,597,336**	**1,242,830**	**89,722,957**
Depreciation and armotisation			(35,624,845)	(35,624,845)
Finance income	-	-	1,901,591	1,901,591
Finance costs	-	-	(22,485,746)	(22,485,746)
Income tax expense	-	-	(11,090,344)	(11,090,344)
Profit for the year	**24,882,791**	**63,597,336**	**(66,056,514)**	**22,423,613**

No individual customer comprises more than 10% of the Group's revenue. Revenue from external customers from interconnect and roaming amounted to Rwf 5,853 million (2020: Rwf 5,502 million)

b) **Segment assets**

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment;

	Fintech	Telecommunication	Unallocated	Total
	Rwf '000'	Rwf '000'	Rwf '000'	'Rwf '000'
Non-current assets				
Indefeasible rights of use assets (IRUs)	-	-	8,230,572	8,230,572
Intangible assets	-	-	86,864,513	86,864,513
Property, plant and equipment	990,499	-	82,091,892	83,082,391
Right of use assets	**-**	**-**	84,139,019	84,139,019
	990,499	**-**	**261,325,996**	**262,316,495**
Current assets				
Current income tax	-	-	3,216,426	3,216,426
Indefeasible rights of use assets (IRUs)	-	-	1,158,019	1,158,019
Restricted cash	86,769,068	-	-	86,769,068
Cash and cash equivalents	700,000	11,485,937	-	12,185,937
Deposits with financial institutions	-	10,220,458	-	10,220,458
Inventories	-	1,506,956	-	1,506,956
Trade and other receivables	-	39,738,185	-	39,738,185
	87,469,068	**62,951,536**	**4,374,445**	**154,795,049**

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Notes (continued)

36. Segment reporting (continued)
a) **Segment assets** (continued)

Additions to non-current assets;	**2021**	**2020**
	Rwf'000	**Rwf'000**
Property and equipment (note 20a)	32,751,632	21,077,750
Intangible assets (Note 19)	91,436,329	-
Indefeasible rights of use assets (IRUs) (note 16)	4,299,265	5,269,934
Right of use assets (note 20b)	15,143,204	14,811,898

b) **Segment liabilities**

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment;

	Fintech	Telecommunication	Unallocated	Total
	Rwf '000'	Rwf '000'	Rwf '000'	'Rwf '000'
Non-current liabilities				
Deferred income tax	-	-	14,159,020	14,159,020
Borrowings	-	-	23,999,135	23,999,135
Lease liabilities	-	-	66,380,689	66,380,689
	-	**-**	**104,538,844**	**104,538,844**
Current liabilities				
Deferred revenue	-	3,117,051	-	3,117,051
Borrowings	-	-	7,273,625	7,273,625
Trade and other payables	-	60,261,395	-	60,261,395
Mobile money payables	86,769,068	-	-	86,769,068
Provisions	-	878,094	-	878,094
Lease liabilities	-	-	28,618,910	28,618,910
Shareholder loan	-	-	915,000	915,000
Bank overdraft			6,577,919	6,577,919
	86,769,068	**64,256,540**	**43,385,454**	**194,411,062**

Consolidated financial statements
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Notes (continued)

37. Investment in subsidiary

The Company's principal subsidiary at 31 December 2021 is set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	Share capital Rwf'000	Intercompany loan Rwf'000	Principal activities
Mobile Money Rwanda Limited	Rwanda	100%	200,000	500,000	Fintech services

Annexures

Consolidated financial statements
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1. Profiles of Board of Directors

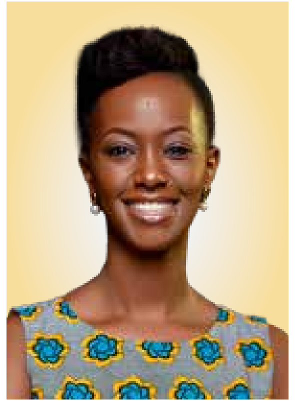
Faustin K. Mbundu
Independent, Non-Executive Director
Chairperson of the Board
Appointment Date: 19 August 2021

Faustin K. Mbundu owns and runs the MFK Group Ltd, an investment company with a diversified portfolio of investments. These include agriculture, real estate, consultancy, gaming, coffee export, fertiliser manufacturing, education, animal feeds, schools, a brokerage firm called MBEA, fruit export, and others.

Currently, he sits on the following Boards as Chairman -African Leadership University (Rwanda); Chairman- Kigali International Arbitration Centre (KIAC); Director- East African Development Bank (EADB).

He has previously served on several Boards, including being the Chairperson of the Rwanda Private Sector Federation (PSF), as well as the East African Business Council (EABC), Chairman MBEA Financial Services Rwanda, Chairman Katraco (Rwanda), the Vice-Chairman of the Rwanda Fine Coffee Association, board member at the Kenya Commercial Bank (KCB) Rwanda Ltd and Country representative of Queen Elizabeth Diamond Jubilee Trust Rwanda (QEDJT).

He holds a Bachelor of Commerce (Hons) degree from Makerere University Kampala.



Patience Mutesi
Independent Non-Executive Director
Member of Audit and Risk Committee, Nominating and Remuneration Commitee
Appointment Date: 1 July 2021

Patience is currently the Country Director Rwanda for TradeMark East Africa. Prior to this, she served in various roles in the banking industry, namely at Ecobank and Banque commercial du Rwanda (now I&M Bank Rwanda).

Patience has a diversified background in the financial sector, including relationship and credit management, product development and fundraising. She has extensive experience in deal origination, negotiation, structuring and execution and is a credible strategic risk management expert. Additionally, she has specific expertise in women's economic empowerment initiatives/programs.

Additionally, she has trade facilitation experience in the trade and industrial policy, transport infrastructure and logistics, technical and non-tariff trade barriers, export development programming, women in trade and private sector development.

She's currently a Non-Executive Director on the Banque Populaire du Rwanda (BPR) and Rwanda Cooperation Initiative Boards, and a Director on the TradeMark East Africa Board.

Patience holds a Bachelor of Science in Quantitative Economics from Makerere University and an MBA in Finance from Maastricht School of Management (Netherlands).

Julien Kavaruganda
Independent Non-Executive Director
Chairperson of the Nominating and Remuneration Committee
Appointment Date: 1 July 2021

Julien Kavaruganda is the Founder and Senior Partner of K-Solutions & Partners, a corporate law firm in Kigali, Rwanda. Julien is the immediate past President of the Rwanda Bar Association.

He has over sixteen years of experience. His practice covers corporate and commercial law, inclusive of mergers and acquisitions, information and communications technology (ICT). This includes data protection laws and regulations, joint ventures, privatisation, banking and finance, project finance, capital markets, arbitration, energy and natural resources, and infrastructure law.

He is also Vice-Chairman of the Kigali International Arbitration Centre, board member of the East African Law Society, Resident Director of New Bugarama Mining Company Ltd, board member of Bank of Kigali and board member of Rwanda Finance Ltd.

He holds the following degrees and certifications: Certified Advocate of the Rwanda Bar Association, Certified Advocate of the Brussels Bar Association, Member of the East African Law Society, Professional Postgraduate Diploma in Legal Practice-Institute of Legal Practice & Development, Erasmus: Corporate Governance of listed companies-Faculty of Law Wolverhampton University, Master of Law (LL.M), Catholic University of Louvain (Louvain-la Neuve-Belgium), Master Class Turnaround Management, KIAC - KLRCA Accredited Adjudicator, CEDR - Accredited Mediator, CIArb - Certificate Arbitrator, Chartered Institute of Arbitrators, Insolvency Administration Certificate, ORG – RDB.

Karabo Nondumo
Independent Non-Executive Director
Chairperson of Audit and Risk Committee
Appointment Date: 1 July 2021

Karabo Nondumo is an entrepreneur who has interests in the provision of Industrial supplies, corporate advisory and investments. She held Executive roles within Vodacom Business and Mergers & Acquisitions at Vodacom Group. Previously she served as the CEO of AWCA Investment Holdings Limited.

She has extensive experience in telecommunications, financial services and mining sectors.

Currently, she is an independent non-executive director of Harmony Gold Mining Company Ltd (Chair of Social and Ethics committee, Investment and Audit & Risk subcommittees), Sanlam Ltd (Chair: Social and Ethics Committee, member of Risk & Compliance, Audit & Actuarial, HR and Nominations subcommittees), TCI-Tiso. She is also an advisory member of Senatla Capital, a trustee of Mabindu and Ubuntu-Botho Women's Trusts.

She holds a Bachelor's degree in Accounting and a Higher Diploma in Accounting. She is a qualified Chartered Accountant, member of the South African Institute of Chartered Accountants (SAICA) and African Women Chartered Accountants (AWCA).

1. Profiles of Board of Directors (continued)

Michael Fleischer
Independent Non-Executive Director
Member of Audit and Risk Committee, Nominating and Remuneration Committee
Appointment Date: 1 July 2021

Michael Fleischer is currently a consultant at one of the leading South African law firms, Webber Wentzel. Prior to this, he worked as Chief Legal Counsel for MTN Group Limited, Executive Vice President and General Counsel at Gold Fields Limited and as a Senior Equity Partner (Corporate Department) at Webber Wentzel.

He has significant experience in the fields of mergers and acquisitions, compliance, including but not limited to anti-bribery and corruption, and commercial transactions, providing invaluable guidance and insights during challenging times in businesses. He has held several leadership roles within national and multinational groups and leading law firms at group and partnership levels. He has had the opportunity to sit on both sides of the fence, working for a leading law firm as a partner and as in house counsel for major corporates listed on the JSE, including a US and UK listed company.

Michael currently sits on the Boards of Deci Investments Proprietary Limited and Mascom Wireless Botswana Proprietary Limited.

He holds a BProc degree from the University of the Witwatersrand, an attendance certificate for a Diploma in Company Law from the same university and an Advanced Tax Certificate from the University of South Africa. Michael is a member of the Institute of Directors South Africa and an admitted attorney of the South African High Court.

Riaan Wessels
Non-Executive Director
Member of Audit and Risk Committee
Appointment Date: 1 July 2021

Riaan Wessels is a Group Executive, Risk and Compliance at MTN Group Limited. His previous roles include Vice President for Enterprise Risk Management at Etisalat Group UAE and Director of Risk Consulting at KPMG UAE.

He is a governance, risk and compliance professional with over 20 years of experience implementing complex programs at multinational companies in the technology and telecommunications industries.

He has vast experience leading extensive risk management, compliance and internal audit teams across operating environments such as the Middle East and Africa. This also includes implementing risk management programs to assist companies to better understand and manage their critical strategic and operational risks in line with international best practice standards such as COSO ERM and ISO31000.

Riaan currently serves on the Boards of Areeba Guinea S.A (MTN Guinea Conakry) as Chairman of the board and MTN Cote d'Ivoire SA.

He holds a Bachelor of Accounting Science (B Compt) (Hons) from the University of the Free-State, an honours degree with majors in accounting, auditing and tax, a Post Graduate Diploma in advanced accounting, auditing and tax, a Certificate in the Theory of Accounting and a Post Graduate Advanced Diploma in Banking.

Yolanda Cuba
Non-Executive Director
Executive Director, MTN Group Vice President: Southern & East Africa
Member of Nominating and Remuneration Committee
Appointment Date: 1 March 2020

Yolanda Cuba is MTN Group Vice President: Southern & East Africa. She served as the Group Chief Digital & FinTech Officer prior to her current role.

She is the former CEO of Vodafone Ghana and former Group Chief Strategy Officer for strategy, new business and M&A at Vodacom Group covering South Africa, Tanzania, Mozambique, DRC and Lesotho.

She has a wealth of experience in telecoms, financial service, and fast-moving consumer goods. Her work experience started in corporate finance and transitioned to operational management in diversified industries.

She serves on the following Board of Directors and Trust Boards: Mowali Limited, Simfy Africa Ltd, MTN Zambia Ltd, MTN Uganda Ltd, MTN South Sudan Ltd, Z Capital Ltd, Millennium Star Investments, Landi M Group, Quantam Family Trust, Azure Pearl Trust, and the Nelson Mandela Investment Committee.

Yolanda is a Chartered Accountant (CA SA) by training and holds BCom Statistics (University of Cape Town), BCom Accounting Honours (University of KZN) and MCom (University of Pretoria) degrees. She is an alumnus of programs at INSEAD and Harvard Kennedy School.

Mitwa Ng'ambi
Executive Director
Chief Executive Officer, MTN Rwandacell PLC
Appointment Date: 21 January 2020

Mitwa Ng'ambi is Chief Executive Officer at MTN Rwandacell PLC. She is a telecom specialist with a career spanning more than 10 years in telecoms. Prior to this, she has served in various companies as CEO at Airtel Tigo Ghana and Tigo Senegal and as Chief Marketing Officer at MTN Benin.

Ng'ambi is a seasoned leader in the telecom sector with experience in commerce, technology and developing growth strategies.

Over the years, she has also gained experience leading mergers and acquisitions in the telecom industry.

She has a Master's degree in Computer Science from the University of Joensuu, Finland, and a Bachelor of Science Degree in Computer Science from the University of Namibia.

1. Profiles of Board of Directors (continued)

Mark Nkurunziza
Executive Director
Chief Finance Officer, MTN Rwandacell PLC
Appointment Date: 8 August 2019

Mark is the Chief Finance Officer at MTN Rwandacell PLC. Prior to joining MTN Rwandacell PLC, he was the Chief Financial Officer at the Rwanda Development Board and Finance Manager in the aviation industry when he served at the National Airline, RwandAir.

He has over 20 years of experience in Financial and Risk Management. He is a Chartered Accountant (CPA Rwanda) and a member of the Association of Chartered Certified Accountants (ACCA).

He also holds an MBA in Finance earned from the Maastricht School of Management and a Bachelor of Commerce from the Kigali Institute of Science and Technology.

2. Disclosure of Other Directorships

S. No	Director	Company name	Type of Appointment
1	Michael Fleischer	Mascom Wireless Botswana	Non-Executive Director
		Deci Investments Botswana	Non-Executive Director
2	Riaan Wessels	Mtn Guinea Conakry	Chairperson of the Board of Directors
		Mtn Ivory Coast	Non-Executive Director
		Vyeboom Padstel	Director
		28 East Investments Pty Ltd	Director
3	Karabo Nondumo	KM ICT (Pty) Ltd	Director
		Ciaraspace (Pty) Ltd	Director
		Ciaraspan (Pty) Ltd	Director
		Soraspace Capital (Pty) Ltd	Director
		Soraspace Services (Pty) Ltd	Director
		Soraspace Limpopo (Pty) Ltd	Director
		Soraspace Northern Cape	Director
		Dileno Trading (Pty) Ltd	Director
		SAFIC (Pty) Ltd	Director
		AWCA Investment Holdings (Pty) Ltd	Shareholder (1.54%)
		Sanlam Ltd	Director
		Sanlam Life Insurance	Director
		Sanlam Developing Markets Limited	Director
		Channel Life Limited	Director
		Safrican Insurance Company Ltd	Director
		Harmony Gold Mining Company Ltd	Director
		African Rainbow Life Ltd	Director
		Swazi Mtn Ltd	Director
		Mtn Uganda Ltd	Director
		Mtn Rwandacell Plc	Director
		Mtn (Zambia) Ltd	Director
		Tci - Tiso (Pty) Ltd	Director
		Senatla Capital Empowerment Fund Ii	Advisory Board Member
		Mabindu Business Development Trust	Trustee
		Hlanganani-Kopanang Trust	Trustee
		Ubuntu-Botho Woman's Upliftment Trust	Trustee
4	Yolanda Cuba	Mascom Wireless Botswana	Non-Executive Director
		Deci Investments (Botswana	Non-Executive Director
		MTN Zambia	Non-Executive Director
		MTN Uganda	Non-Executive Director
		MTN South Sudan	Director/Chairperson of the Board of Directors
		MTM Swazi Limited	Non-Executive Director
		Z Capital	Director
		Millennium Star Investments	Director
		Landi M Group	Director
		Quantum Family Trust	Trustee
		Azure Pearl Trust	Trustee
		Nelson Mandela Investment Committee	Member
		Cuba-Mtyi Foundation	Member
5	Julien Kavaruganda	Kigali International Arbitration Centre	Director/Chairperson of the Board of Directors
		K-Solutions & Partners Ltd	Founder and Member
		Rwanda Finance Ltd	Director
		Sanlam Life (Rwanda) Ltd	Director
		New Bugarama Mining Company Ltd	Director
6	Patience Mutesi	Rwanda Cooperative Initiative	Non-Executive Director/ Chairperson of Finance and Audit Committee
		BPR Bank Rwanda	Non-Executive Director Chairperson of Credit committee and member of the Strategy & IT, Audit and Procurement committee
7	Faustin Mbundu	Mfk Group	Chairperson of the Board of Directors
		African Leadership University	Chairperson of the Board of Directors
		Kigali International Arbitration Centre	Chairperson of the Board of Directors
		East African Development Bank	Director
		Energicotel PLC	Director
8	Mark Nkurunziza	Mobile Money Rwanda	Executive Director
9	Mitwa Ng'ambi	Mobile Money Rwanda	Executive Director

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