INFORMATION MEMORANDUM
MTN RWANDACELL PLC

LISTING BY INTRODUCTION OF 1,350,886,600 ORDINARY SHARES OF RWF 1 EACH AT A LISTING PRICE OF RWF 269

Important Notice

THIS DOCUMENT CONTAINS IMPORTANT INFORMATION FOR CONSIDERATION AND REQUIRES YOUR CAREFUL ATTENTION AS IT INCLUDES LEGAL, MARKET AS WELL AS HISTORIC, CURRENT AND FUTURE FINANCIAL INFORMATION.

This document is an Information Memorandum for the Listing by Introduction of MTN Rwandacell PLC under the terms set out herein.

A copy of this Information Memorandum has been delivered to the Authority for approval and to the Registrar of Companies for registration. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Information Memorandum. The Authority expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Information Memorandum. The securities offered to be listed have not been approved or disapproved by the Authority. Approval of the issue is not to be taken as an indication of the merits of the issuer or of the securities.

The permission has been granted by the Authority to introduce the securities which are subject of this Information Memorandum, through the listing on the Rwanda Stock Exchange ("RSE"). Prospective investors should carefully consider the matters set forth under the caption "Risk Factors" commencing on page 88 hereof.

This Information Memorandum is issued in compliance with the requirements of the Authority's Regulations n° 07 of 06/06, 2012 on capital markets (public offer and issue of securities) ("Authority's Regulations") issued pursuant to the Law n° 01/2011 of 10/02/2011 regulating capital market in Rwanda as amended (the "Capital Market Law"), and other requirements of the Capital Markets Authority ("CMA") and the requirements of the Rwanda Stock Exchange ("RSE").

It does not constitute an offer or invitation to any person to subscribe for or purchase any new shares in the Company nor does it market any new shares of the Company. The contents of this Information Memorandum do not constitute, and are not to be construed as, legal, business or tax advice. Each investor should consult his/her/its own legal adviser, financial adviser or tax adviser for legal, financial and tax advice in relation to the purchase of the shares.

A copy of this Information Memorandum is issued in connection with this Listing by Introduction and is available for inspection at the registered office of MTN Rwandacell PLC. The Information Memorandum will continue to be available for inspection at the registered office of the Company for a period of 3 months from the date of listing.

An application has been made to the Rwanda Stock Exchange for the Listing of the Shares of the Company, under the abbreviation MTN RWANDACELL PLC. Listing is expected to become effective on 4th May 2021. The fact that the RSE may list the securities of MTN Rwandacell PLC should not be taken in any way as an indication of the merits of the issuer or the listed securities. RSE takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

Responsibility Statements

This Information Memorandum has been seen and approved by the Board of Directors of MTN Rwandacell PLC. The Directors, whose names are given on page 7, collectively and individually accept full responsibility for the accuracy of the information given in this Information Memorandum and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) there are no false or misleading statements and other facts the omission of which make any statement herein false or misleading or otherwise likely

to affect the import of such information. There are no other facts bearing on the application, which, in the directors' knowledge and belief, should be included in the Information Memorandum.
The Joint Lead Transaction Advisors acknowledge that based on all the available information and to the best of their knowledge and belief, the Information Memorandum constitutes a full and true disclosure of all material facts concerning the Offer and they have satisfied themselves that any profit or cash flow projections for which the Directors are fully responsible, has been prepared for inclusion in the Information Memorandum and has been stated by the Directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

The Issuer acknowledges that to the best of their knowledge, information and belief save as specified in the application letter, all the qualifications for listing set out in the Listing Rules have, in so far as applicable and required to be met and fulfilled prior to application, been met or fulfilled in relation to the issuer and the securities of the issuer the subject of the application. There are no other facts bearing on the issuer's application for listing which, in the issuer's opinion should be disclosed to investors.

Potential investors should not assume that the information in this Information Memorandum is accurate as at any date other than the date of this Information Memorandum. No person is or has been authorized to give any information or make any representation in connection with the Offer and Listing, other than as contained in this Information Memorandum. Delivery of this Information Memorandum at any time after the date hereof will not under any circumstances create any inference that there has been no change or that the information set out in this Information Memorandum is correct as at any time since its date.

Statement of Non-Compliance

The purpose of MTN Rwandacell PLC Listing by Introduction is taking its existing shares on the RSE in order to gain a regulated environment within which to operate and a platform to trade shares with public investors in capital markets, as well as providing liquidity to its existing shareholders.

At this stage, the Company is not intending to raise capital from the public, and accordingly could not meet the requirement under the Listing Rules and/or the Listing Regulations that immediately prior to the listing at least twenty five per centum of the issuer's shares must be held by not less than one thousand shareholders excluding employees of the issuer.

However, as set out in the listing timetable under section 1.1 of this Information Memorandum, following the approval of the listing, CTL will cease business and will distribute its surplus assets (i.e. the shares it holds in MTN Rwandacell PLC) in specie to its shareholders and as a result, the shareholders of CTL will become direct shareholders of MTN Rwandacell PLC and thus, the latter will satisfy the 1000 shareholder requirement.

Immediately after the listing, the shares of the Company held by the public will be 20% and for this reason and other reasons contained under this statement, the Company has requested and obtained the CMA and RSE waivers from the 25% public holding requirement.

Further, this Memorandum discloses the Company's strategies in general and does not specifically disclose its marketing strategies/methods as required under the Listing Rules, for this information is proprietary, and if disclosed may be used by the Company's competitors to its detriment.

Selling Restrictions

The Listing by Introduction does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such an offer or solicitation would be unlawful. The Shares have not been, and will not be, registered under the Securities Act or qualified for sale under the laws of any state of the United States or under the applicable laws of the United Kingdom, Canada, Australia or Japan and, subject to certain exceptions, may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation under Section 5 registration requirements of the Securities Act of 1933 or to any national, resident or citizen of the United Kingdom, Canada, Australia or Japan.

Supplementary Information Memorandum

If prior to the Listing of the Shares a significant new development occurs in relation to the information contained in this Information Memorandum or a material mistake or inaccuracy is found that may affect the assessment of the Group, a supplement to this Information Memorandum may be published with the approval of the Regulatory Authorities.

Forward-looking statement

This Information Memorandum contains "forward-looking statements" relating to the Company's business. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed in more detail under "Risk Factors" and "Business Overview". Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Information Memorandum as anticipated, believed, estimated or expected.

Consents

BK Capital Limited and Renaissance Capital (Kenya) Limited as Lead Transaction Advisor and Co-Advisors respectively. BK Capital as Sponsoring Broker; ENSafrica Rwanda Limited and Edward Nathan Sonnenbergs Inc. (collectively **"ENSAfrica"**) as Legal Advisers, EY(Rwanda) Limited as Reporting Accountant, BK Capital as Registrar; as Advisors to the Company have consented in writing to act in the stated capacities and to their names being included in this Information Memorandum and have not withdrawn their consent prior to its publication.

None of the above advisors has been employed on a contingent basis by the Company and none of them owns shares in the Company which would be material to that person or has a material, direct or indirect economic interest in the Company.

Legal Opinions

ENSafrica have given and have not withdrawn their consent to the inclusion in this Information Memorandum of their Legal Opinion, and the references to their name, in the form and context in which it appears, and have authorized the contents of the said Legal Opinion.

Reporting Accountant's Report

EY (Rwanda) have given and not withdrawn their consent to the issue of the said report in the form and context in which they are included in this Information Memorandum.

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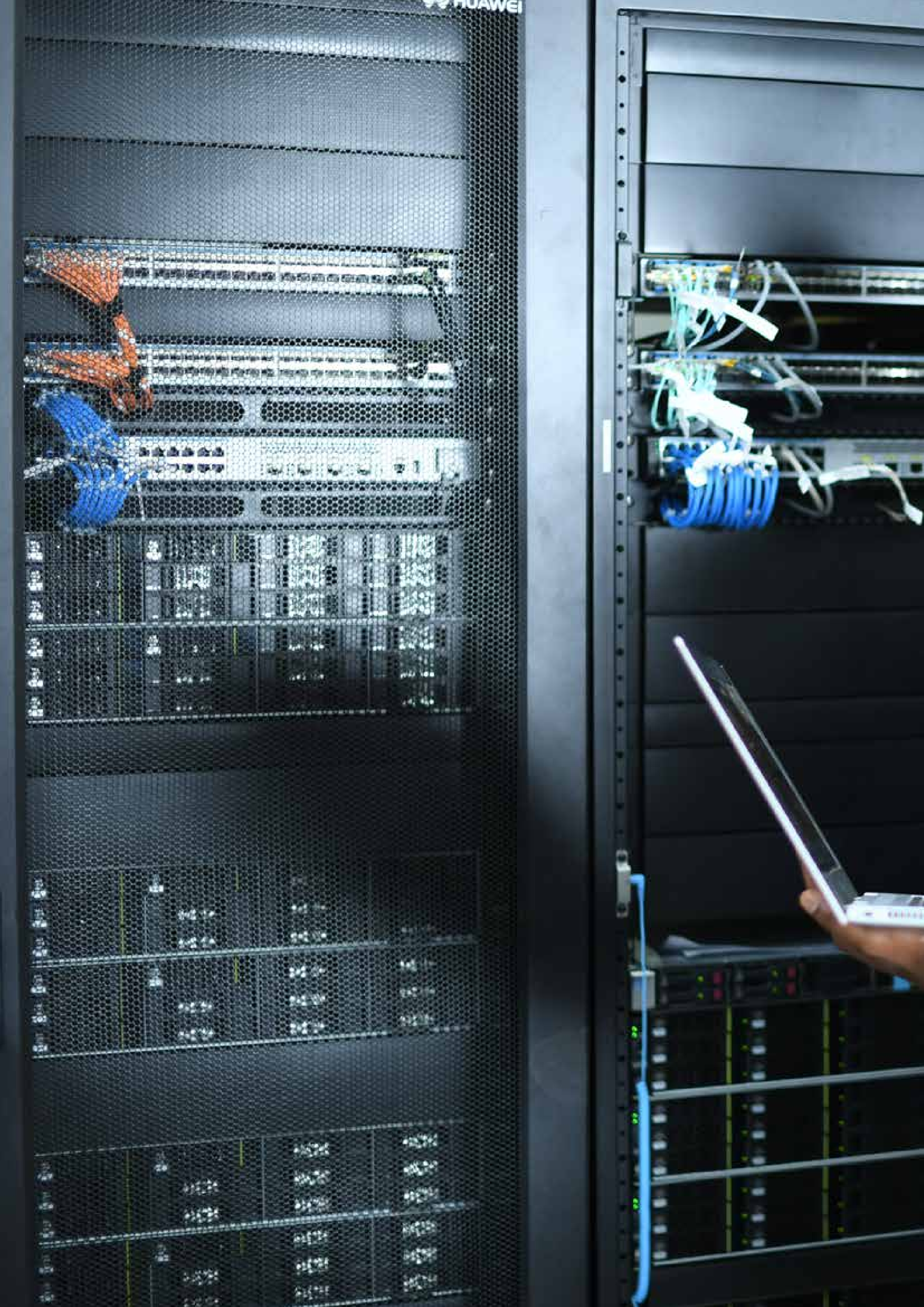
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Corporate Information

Name of Issuer	MTN Rwandacell PLC
Country of Incorporation	Rwanda
Date of Incorporation	November 26, 1997
Company Registration Number	100019148
Registered/Head Office	MTN Centre, Nyarutarama, P.O Box 264 Kigali, Rwanda Tel: (+250) 280390000 Email: InvestorRelations.rw@mtn.com
Authorised Share Capital	Rwf 1,350,886,600
Issued and Paid-up Share Capital	Rwf 1,350,886,600
Financial Calendar	31 December
Website	https://www.mtn.co.rw

Name	Role on Board	Nationality
Evelyn Kamagaju Rutagwenda	Chairperson	Rwandan
Mitwa Kaemba Ng'ambi	Chief Executive Officer & Executive Director	Zambian
Mark Nkurunziza	Chief Financial Officer & Executive Director	Rwandan
Nosipho Molope	Independent Non-Executive Director	South African
Yolanda Cuba	Non-Executive Director	South African
Regis Rugemanshuro	Non-Executive Director	Rwandan
Ricardo Varzielas	Non-Executive Director	Portuguese

Note: On conclusion of the listing, the Board of MTN Rwandacell PLC will be reconstituted in order to comply with all Listing Rules and Regulations.

Company Secretary	Auditors	Principal Bankers	
Sharon Mazimhaka MTN Centre, Nyarutarama Kigali, Rwanda	Pricewaterhouse Coopers Rwanda Limited 5th Floor, Blue Star House Blvd de l'Umuganda, Kacyiru P.O Box 1495 Kigali, Rwanda	Ecobank Rwanda PLC KN 3 AV4, P.O Box 3268 Kigali, Rwanda	Bank of Kigali PLC KN 4 Ave P.O Box 175 Kigali, Rwanda

Advisors to the Transaction

Transaction Advisors	**BK Capital Limited** BK Group PLC Building KN4 Ave No 12, Plot No 790 P.O. Box 175 Kigali, Rwanda Tel: +250 252 593100	**Renaissance Capital (Kenya) Limited** Pramukh Tower 10th Floor, Westlands Rd, Nairobi, Kenya Tel: +254 (0)20 368 2000 Email: info@rencap.com Website: www.rencap.com
Sponsoring Broker		**BK Capital Limited** BK Group PLC Building KN4 Ave No 12, Plot No 790 P.O Box 175 Kigali, Rwanda Tel: +250 252 593100
Legal Advisors		**ENSafrica** KG 7 Ave #35, Kacyiru, Blue Star House 1st Floor - Wing B Kigali P.O Box 6571 Kigali, Rwanda Tel: +250 252 551 500 Website: www.ensafrica.com
Reporting Accountants		**EY (Rwanda)** M-Peace Plaza, Executive Wing 6th Floor, KN 4 Ave, P.O Box 3638 Kigali, Rwanda Tel: +250 788309977 Website: https://www.ey.com/en_rw
Registrar		**BK Capital Limited** BK Group PLC Building KN4 Ave No 12, Plot No 790 P.O. Box 175 Kigali, Rwanda Tel: +250 252 593100

Definitions & Abbreviations

Term	Definition
"3G"	Third generation of wireless mobile telecommunications technology
"4G"	Fourth generation of wireless mobile telecommunications technology
"Active Customers"	Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming
"Active Data Customers"	Number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month
"APN"	Access Point Name
"ARPU"	Average revenue per user
"Articles"	Memorandum and Articles of Association of MTN Rwandacell PLC
"Auditors"	PricewaterhouseCoopers Rwanda Limited
"BNR"	National Bank of Rwanda
"Board" or "Directors"	The board of directors of the Company, whose names are set out on pages 7 of this Information Memorandum
"CAGR"	Compounded annual growth rate
"Capital Markets Regulations" or "Regulations" or "Listing Regulations"	Any of the Regulations issued by the Capital Markets Authority, Rwanda
"CDMA"	Code division multiple access
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"CMA" or "Authority"	The Capital Markets Authority, Rwanda
"Companies Act"	Law No17/2018 of 13/04/2018 governing companies including its subsequent amendments and/or re-enactments
"Company" or "MTN Rwandacell PLC" or "MTN RWANDACELL PLC"	MTN Rwandacell PLC, a company registered in the Republic of Rwanda with a registration number 100019148

Term	Definition
"CSD"	The Central Securities Depository
"CTL"	Crystal Telecoms Plc a public company incorporated in Rwanda (Company Code 103092048) that is listed on the RSE and holds 20% of all shares issued in the share capital of the Company
"Director"	A director of the Company
"Dollars", "USD", "US$" and/or "$"	United States Dollars or such lawful currency of the United States of America from time to time
"EBITDA"	Earnings Before Interest Tax Depreciation and Amortisation
"Rwf" of "RWF"	The lawful currency of the Republic of Rwanda
"GDP"	Gross Domestic Product
"Government"	The Government of the Republic of Rwanda
"Group"	The Company and its subsidiaries
"Information Memorandum" or "Memorandum"	This Listing Memorandum dated 31st March 2021
"Lead Transaction Advisors"	BK Capital Limited
"KPI"	Key Performance Indicators
"Legal Advisor"	ENSafrica
"Legal Opinion"	The opinion issued by the Legal Advisor as included in this Information Memorandum
"Listing" or "Transaction"	The Listing by Introduction of the entire 100% Ordinary Shares of MTN Rwandacell PLC on the RSE
"Listing Date"	4th May 2021
"Listing Price"	RWF 269 per share
"Listing Rules"	The RSE Rule Book of 2013
"Listing Regulations"	The Authority's Regulations nº 07 of 06/06, 2012 on capital markets (public offer and issue of securities issued pursuant to the Law n° 01/2011 of 10/02/2011 regulating capital market in Rwanda as amended (the "Capital Market Law") and other requirements of the Authority and the requirements of the RSE
"MIMS"	Main Investment Market Segment of the RSE
"MOU"	Minutes of use per month
"MTN Group"	MTN Group Limited registration number 1994/009584/06 and its subsidiaries

Term	Definition
"Off-net"	Calls or messages placed on a different network or when it terminates to another mobile number placed with a different network provider
"On-net"	Call or message originates from the home operator's network and terminates to another mobile number that resides with the same operator
"PLC" or "Plc"	Public Limited Liability Company
"Registrar"	BK Capital Ltd
"Reporting Accountants"	Ernst & Young Rwanda Limited
"Reporting Accountants Report"	The expert report issued by the Reporting Accountants as included in this Information Memorandum
"RSE"	Rwanda Stock Exchange
"RSSB"	Rwanda Social Security Board
"RURA"	Rwanda Utilities Regulatory Authority, the regulator of the telecommunications sector in Rwanda
"Sponsoring Broker"	BK Capital Limited

LETTER FROM THE **CHAIRPERSON**

I am pleased to announce the Listing by way of Introduction of MTN Rwandacell PLC on the Rwanda Stock Exchange (RSE) while availing 20% of the shareholding as free float for trading on the secondary market.

The free float shares to be listed will include Crystal Telecom Plc shares which will be distributed to its shareholders after it ceases business.
This equity transaction is the result of a successful relationship of working closely with MTN Rwandacell PLC shareholders and stakeholders in the capital markets. The major objectives of this transaction are to create access for broad based Rwandan investors to participate in ownership of MTN Rwandacell PLC as well as continue providing liquidity for existing shareholders. In addition, MTN Rwandacell PLC wanted to create a broader shareholder base to ensure a healthy and liquid aftermarket performance.

The telecommunication sector is a growing sector accounting for close to 2.6% of the country's GDP. The sector has a subscriber base that accounts for close to 83% of the country's population. This strong presence in the lives of every Rwandan provides unimaginable opportunities for growth and development with the use of technology from payments, to government services, and connectivity among others.

Despite the Covid-19 pandemic affecting everyday lives of Rwandans and the world at large, MTN Rwandacell PLC has been consistently pushing to serve at full capacity and provide excellent customer service to its clients. Our performance has spoken for itself as we grew our market share from 55% to approximately 62% over the past year 2020 consolidating our position as the market leader in the industry. This all culminated in MTN Rwandacell PLC receiving the first and only GSMA certification on Mobile Money in 2020 in addition to other awards such as the Innovation funds Award from GSMA and the Customer Experience leader award in MTN Group.

We have continued to engage the community and give back to society through Impacting the quality of lives in a meaningful way. That is why we committed to provide 1% of PAT (Profit After Tax) annually to support the MTN Foundation activities across the specific categories of Education, Health, Empowerment (of youth and/or women) and MTN stakeholder priorities (e.g. support of specific Government initiatives as requested).

To continue driving mobile penetration and connectivity, MTN Rwandacell PLC's Investment program is averaging capital expenditure of close to Rwf 20Bn annually to push for better connectivity, quality operations and service delivery to our growing customer base.

It is in this regard that I thank and welcome on board all our stakeholders and Investor Community to join the continued success story of the company by owning a piece of MTN Rwandacell PLC through the Rwanda Stock Exchange.

Evelyn K. Rutagwenda
Chairperson – MTN Rwandacell PLC

LETTER FROM THE **CEO**

It is with great pleasure that I present to you this Information Memorandum for MTN Rwandacell PLC's Listing by Introduction on the Rwanda Stock Exchange. MTN Rwandacell PLC is offering to all Rwandans and the investor community at large, the opportunity to join its journey in leading digital transformation for a BRIGHTer Rwanda by being part of the MTN shareholder family.

MTN Rwandacell PLC, began its operations in 1998, starting out as an exclusive GSM network providing voice and SMS services. The portfolio has exponentially grown since then, to include mobile data, fixed wireless internet, Mobile Money services, Enterprise solutions, Home connectivity and other Value-Added Services.

MTN Rwandacell PLC has the largest customer market share in the telecommunications industry in Rwanda, connecting over 6 million customers with a network population coverage of 95.8%. Having launched Mobile Money services in 2010, MTN Rwandacell PLC also plays a vital role in the financial inclusion agenda, serving over 3 million Mobile Money customers (active over 30 days) through an intensive agent network of 40,000 agents. With 917 3G network sites, and a partner through which we provide 4G services, MTN Rwandacell PLC connected 5.1 million of its customers to the internet by December 2020.

With a footprint that is covered by 3G, 4G (through partnership) and an extensive fibre network, MTN Rwandacell PLC continues to invest heavily in infrastructure to expand its coverage and capacity across the country. Significant investment has also been made in digital transformation of our Information Technology platforms that are required to build scalable and robust digital solutions.

Our financial performance has a track record of positive financial performance with Profitability of Rwf 20.2 Billion in 2020, a growth of close to 200% against the previous year 2019. This has been supported by an increase in revenue of 21% year on year from voice, data and financial services just to name a few that we offer our esteemed clientele.

At MTN Rwandacell PLC, we believe that everyone deserves the benefits of a modern connected life and while we are proud of the milestones marked thus far in our journey, we are even more excited at the prospects of connecting more Rwandans to the digital world. Underpinning our strategy is a focus on driving the penetration of smartphones and internet services, widening the net of those financially included as well as continued provision of innovative digital solutions.

MTN Rwandacell PLC also acknowledges its responsibility towards its stakeholders to sustain long-term mutual value. In this regard, the company has established relationships with the Government of Rwanda and community groups for partnerships that are geared towards improving the quality of service it offers to Rwandans through its Corporate Social Responsibility program, the MTN Foundation.

MTN Rwandacell PLC has continued to grow from being a telecommunication company known for basic telephony to a digital lifestyle-enabling, one-stop solutions shop that supports consumers through every moment and every stage of their lives.

We owe the results we have achieved thus far to an outstanding professional, enthusiastic, and highly motivated team, an ever-present Board of Directors and tremendous support from the Rwandan Government, as we together drive the digital agenda for Rwanda. This Information Memorandum sets out the details of the Listing by Introduction of 1,350,886,600 ordinary shares of MTN Rwandacell PLC on the RSE. Please read the full Information Memorandum to understand the potential rewards and risks related to investing in MTN Rwandacell PLC.

We trust that you will find this opportunity as exciting as we do and I look forward to giving you a warm ***Y'ello*** welcome into the MTN family.

Mitwa Ng'ambi
CEO-MTN Rwandacell PLC

EXECUTIVE SUMMARY

MTN Rwandacell PLC is pleased to be joining the Rwanda Stock Exchange, by way of Listing by Introduction, creating access for broad based Rwandan Investors and the investor community at large, to participate in direct ownership in MTN Rwandacell PLC, a leader in the telecoms sector in Rwanda. In addition to creating a broader shareholder base, the listing will continue to provide liquidity for existing shareholders. Crystal Telecom Limited which was listed on the RSE and held a 20% holding in MTN Rwandacell will cease business through de-listing from the RSE and will distribute its surplus assets (i.e. the shares it holds in MTN Rwandacell PLC) in specie to its shareholders and as a result, the shareholders of CTL will become direct shareholders of MTN Rwandacell PLC.

MTN Rwandacell PLC began operations in 1998 and was the first GSM network in Rwanda to make a call, offering mobile communications services in Rwanda. It began as a partnership between MTN Group (through Mobile Telephone Networks Holdings (Pty) Ltd, Government of Rwanda (through Rwandatel S.A.) and Tristar Investment (Crystal Ventures Ltd). Over the past 22 years, the Government of Rwanda and Crystal Ventures were able to dispose of their stake through a couple of strategies such as the transfer of a portion of their shares to MTN Group and the listing of its outstanding 20% stake through an IPO on the RSE of a special purpose vehicle (Crystal Telecom PLC) leaving MTN Group as the current majority shareholder holding 80% of all shares issued in the share capital of MTN Rwandacell PLC.

The company has been able to grow in subscriber base, product offering and financial performance with its revenues growing to Rwf 152 Billion and its profitability to Rwf 20.2 Billion for the year 2020. With a population coverage (2G, 3G) at 96.5%, MTN Rwandacell PLC's subscriber base has grown to 6.5 Million as of the year 2020 with more than 3 Million mobile money subscribers.

In addition to providing Voice and SMS services, MTN Rwandacell PLC has widened its scope of services to Include: Mobile Money Services, Data Services, Data Centre Solutions, Corporate Solutions and Value Added Services. MTN Rwandacell PLC has created positive return to its shareholders with Dividends of more than Rwf 20Billion paid out since 2017.

As MTN Rwandacell PLC acknowledges its corporate social responsibility towards its stakeholders, the MTN Foundation over the past 10 years since its establishment has had a focus of giving back to society and "impacting the quality of lives in our communities in a meaningful way". The Foundation is passionate about MTN Rwandacell PLC's vision to positively impact lives in communities and therefore, intervene through projects in Four key areas, namely: Education, Community & Health, Economic Empowerment and GovernmentPriorities.

Key Investment Considerations

- Market Leader and Stable, Growing Market
  MTN Rwandacell PLC has established itself as the leading telecommunication company in Rwanda in terms of Subscriber base through a 61.8% market share in the mobile telecom subscriber base. With low smartphone & data penetration in Rwanda and the Government of Rwanda's Cashless and digital drive, MTN Rwandacell PLC foresees an even brighter future to further expand and deepen its offerings to the public both unserved and underserved.

- Positive financial performance
  The company has seen its revenue grow from Rwf 102 Billion to Rwf 152 Billion over the past 2 years (2018-20), a cumulative growth rate of approx. 49% over the period. The Company has a history of very strong cash flow generation (generated RWF 52

billion in free cash flows as at December 2020). MTN Rwandacell PLC's EBITDA for the year 2020 was Rwf 74 Billion, representing a healthy EBITDA margin of 49%.

- Strong Management Team
  MTN Rwandacell PLC has a strong management team with a wealth of experience in the Rwandan and regional telecommunication markets (members of the management team are from a range of diverse cultures and heritages that have worked in various capacities). The executive management team continues to keenly anticipate and respond to the changing telecommunications environment.

Transaction Overview

The total number of Introduced Shares is 1,350,886,600 representing 100% of the issued share capital of MTN Rwandacell PLC but the free float available for trading is the 20% of all shares issued in the share capital of the Company currently held by CTL. It is intended that following the proposed Listing by Introduction, CTL will cease operating and distribute its surplus assets (i.e. the shares it holds in MTN Rwandacell PLC) in specie to its shareholders and therefore become direct shareholders of MTN Rwandacell PLC. Given the 25% free float requirement, MTN Rwandacell has sought a waiver from the CMA and RSE as the current free float available for trading is 20%. Subject to this waiver being obtained, this will enable MTN Rwandacell PLC to meet the CMA listing requirement that immediately prior to the listing at least twenty five per centum of the Issuer's shares must be held by not less than one thousand shareholders excluding employees of the issuer.

Macro-Economic Outlook

The Government's progressive visions and programs have been the catalyst for the fast transforming economy such as the concluded Vision 2020 program, the on-going National Strategy for Transformation [NST1 2017-24], and the Vision 2050 Program that aspires Rwanda to be a High-Income Nation by 2050.

Over the past 7 years (pre-covid-19; 2012-19), Rwanda had experienced tremendous growth with GDP growing at an average rate of 7% Y-o-Y, boosting the 3 sectors (Services, Industry and Agriculture) positively. However, 2020 experienced set-backs due to the worldwide Coronavirus (COVID-19) outbreak. Governments (Including Rwanda's) took measures to protect lives and allow health facilities to cope: isolation, lockdowns, and widespread business operations directives have been imposed to slow the spread of the virus. This led to GDP growth to record negative growth in 2020 of -3.4%.

With this in mind, Rwanda's short-medium term outlook is expected to see a revision of its GDP Growth downwards with projections rising to 5.7% in 2021, 6.8% in 2022 and back to pre-covid levels of 8% in 2023. Headline Inflation averaged approximately 7.7% for the year 2020 and is projected to be contained at 5% in the medium term.

The Government of Rwanda will continue to plough investment into improving the country's infrastructure with spending across internet connectivity, electricity and real estate to boost capital spending. Fixed investment is expected to continue in the long-term as we anticipate private investment levels to continue growing steadily as Government develops infrastructure to improve the country's business environment.

Features of the Listing

This section contains important information relating to the Listing by Introduction and the transaction in general. This section should be read in its entirety for a full appreciation of the subject matter.

1.1. Listing Timetable

Event	Date
Approval of Listing by the CMA & RSE	24th March 2021 & 8th April 2021
Public announcement of the MTN RWANDACELL PLC Listing	19th April 2021
Suspension of CTL Shares from trading	26th April 2021
CTL Record date	28th April 2021
Delisting of CTL	4th May 2021
Listing of MTN RWANDACELL PLC shares on RSE and c commencement of trading	4th May 2021

1.2. Overview of the Listing

Issuer	MTN Rwandacell PLC
Transaction	Listing by Introduction on the Main Investment Market Segment of the Rwanda Stock Exchange.
Shares outstanding	1,350,886,600
Free Float shares	270,177,320 ordinary shares of Rwf 1 par value each, equivalent to 20% of the entire paid up and issued share capital of the Issuer. Note: MTN RWANDACELL PLC has received a waiver from the CMA and the RSE to retain a free float of 20% as opposed to 25% as per the Listing Regulations.
Status	Upon listing, freely transferable ordinary shares ranking pari passu.
Compliance	Subject to the Laws of Rwanda and the Listing Regulations.
Listing Price per Share	RWF 269
Listing Date	4th May, 2021
Co-Transaction Advisors	BK Capital Limited & Renaissance Capital Limited
Sponsoring Broker	BK Capital Limited

1.3. Summary of the Listing

1.3.1. Salient Statistics table

Listing Price per Share	269
Par Value of each Share	RWF 1
Total Authorised Ordinary Share Capital of MTN RWANDACELL PLC	1,350,886,600
Total paid up and Issued Share Capital of MTN RWANDACELL PLC	1,350,886,600
Total Market Capitalization of MTN RWANDACELL PLC	RWF 363,388,495,400
Total number of free float shares	270,177,320
Net profits for the period ended 31st December, 2020	RWF 20,226,772,000
Earnings per share ("EPS") in respect of the period ended 31st December, 2020 based on 1,500 shares	RWF 14,202,291
Dividend in respect of the period ended 31st December, 2020	RWF 6,950,000,000
Dividend per share ("DPS") in respect of the period ended 31st December, 2020 based on 1,500 shares	RWF 4,633,333

1.3.2. Rationale for the Listing by Introduction

As part of MTN Group's commitment to Rwanda and the growth of its capital markets, the Group has decided to list its entire share capital on the RSE, providing another successful Rwandan entity that local Rwandans can participate in as well as being an attraction to international investors into the Rwanda capital market.

CTL is currently a public company listed on main board of the RSE. Additionally, CTL's only investment and asset is its 20% shareholding in MTN Rwandacell PLC. CTL will cease to operate and thereafter distribute its surplus assets (i.e. the shares it holds in MTN Rwandacell PLC) in specie to its shareholders, including its shareholding in MTN Rwandacell PLC. On conclusion of this Transaction the 20% held by CTL in MTN Rwandacell PLC will be held by the current shareholders in CTL.

1.3.3. Dividend Policy

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 account of the renewal of MTN Rwandacell PLC's license. This will be subject to 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.

Further details of the Company Dividend Policy are reflected under article 32 of the Articles which states the following:

> The Company may by ordinary resolution of shareholders on recommendation of the Board of Directors declare dividends. The Directors may decide to pay interim dividends. Notwithstanding any other provision of these Articles, the Directors may fix any date as the record date for the dividend, distribution, allotment or issue. The record date may be on or at any time within six months before or after a date on which the dividend, distribution, allotment or issue is declared, made or paid.
>
> A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors. No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
>
> Unless the shareholders' resolution to declare or Directors' decision to pay an interim dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
>
> If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
>
> The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
>
> Except as otherwise provided by these Articles or the rights attached to shares, all dividends must be declared and paid according to the amounts paid up on the shares on which the dividend is paid; and apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
>
> If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
>
> For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount. The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by the terms on which the share was issued; or the provisions of another agreement between the holder of that share and the Company. All dividends or other sums which are payable in respect of shares and unclaimed after having been declared or become payable, may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it. If ten (10) years have passed from the date on which a dividend or other sum became due for payment; and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.
>
> Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company). Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if the share has more than one holder; or more than one person is entitled to the share,

whether by reason of the death or bankruptcy of one or more joint holders, or otherwise, the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

Historically the Company has paid dividends to its shareholders as described in the table below:

Dividends	2017	2018	2019	2020
Dividends Declared (Rwf 000)	7,500,000	2,000,000	12,400,000	6,950,000
Dividend Per Share	5,000,000	1,333,333	8,266,667	4,633,333
Dividend Paid (basis): Quarterly, Semi-annually or Annually	Semi – annually	Semi - annually	Semi - annually	Semi – annually
Payment Date	17/01/2019	13/09/2019	19/12/2019	29/09/2020
Declaration Date	20/02/2017	27/11/2018	30/11/2019	14/08/2020

1.3.4. Basis for the Listing Price

The Listing Price of RWF269 has been set considering MTN Rwandacell PLC's future expectations to calculate the fair value, the macro-economic indicators of Rwanda, as well as the performance of CTL and the general stock exchange.

1.3.5. Approval of the Listing

The decision for CTL to cease business and distribute its surplus assets in specie and consequent listing by Introduction of MTN Rwandacell PLC has received approvals from both boards of CTL and MTN Rwandacell PLC as well as the shareholders.

1.3.6. Regulatory Approvals & Admission to the RSE

The CMA has approved the issue of this Information Memorandum for purposes of the Listing by Introduction and pursuant to that approval, the RSE has agreed to admit the Shares for listing on the RSE. The Listing has also received a no objection from RURA and BNR, who are MTN Rwandacell PLC's primary regulators.

It is expected that trading in the Company's shares will commence at 9:00am on 4th May 2021, the Listing Date.

The Issuer has requested and received the following waivers from the CMA and RSE with respect to the Listing by Introduction in accordance with CMA Regulation no. 7 on Capital Markets (Public Offer and Issue of Securities) 2012 and the RSE Rule Book 2013:

- Prior to listing in case of an introduction, twenty-five per centum of the shares must be held by not less than one thousand shareholders excluding employees of the issuer.

  MTN Rwandacell PLC will be listing twenty per centum of its shares previously held by CTL PLC following CTL's resolution to cease business and distribution of its surplus assets (i.e. the shares it holds in MTN Rwandacell PLC) in specie to its shareholders. The surplus assets would include the shares in MTN Rwandacell PLC.

- The current composition of the Board of Directors of MTN Rwandacell PLC as set out in this Information Memorandum does not comply with the requirements of the Capital Markets Corporate Governance Code No 09/2012 ("Corporate Governance Code"). MTN Rwandacell PLC undertook to restructure its Board composition to ensure compliance with the Corporate Governance Code within a maximum period of 6 months from the date of listing.

1.3.7. Lockups

As a sign of commitment to the growth of the Company and confidence in the long-term fundamentals of the Company, the sector and Rwanda, MTN Group, as the main shareholder has agreed not to offload their 80% shareholding for a period of 24 months following the Listing.

1.3.8. Trading and Settlement of the Shares

The Trading System

All transactions in the Shares shall be traded and settled electronically in accordance with the rules and operating procedures of the RSE Trading System. Subject to the above, the Shares will be traded and transferred in accordance with the Central Securities Depository Terms and Conditions, the applicable procedures of Trading System and the RSE Rule Book and will be settled through Participants who will follow the electronic settlement procedures prescribed by the Trading System. The Trading System's Participants include banks (including the National Bank of Rwanda) and securities brokers.

Secondary Market Transactions and Settlement

Secondary market transactions will be done on the relevant day as per the National Bank of Rwanda guidelines with four parties (buyer, seller, the Trading System and the National Bank of Rwanda) involved in the settlement of every trade. The steps involved in the settlement process are outlined below.

The Settlement Process:

Transaction Day ("Day T"): Two different participants close a deal on the RSE and exchange reference details. The reference detail is a unique identifier used for each particular trade for easy reference and is alpha numeric. It starts with the reference of the selling party, followed by that of the buying party and the month/year of trade and the deal number.

All the deals executed by the participants are noted on a schedule which is sent to the RSE for matching purpose between buyer and seller and the RSE records the deals in the Trading System before 2pm.

The Trading System will then review the blotters received from the RSE and settle the trades on T+2 if the settlement date does not fall on a weekend or public holiday. In cases where trades are not matched off, the RSE will notify both counter-parties and ask them to rectify the identified issue.

Cash Settlement

Parties to any transaction will be responsible for effecting the payment transfers via Real Time Gross Settlement ("RTGS") system or any other transfer mode agreed by the parties to the transaction and recognised by the National Bank of Rwanda.

The Settlement Bank shall transfer funds for settlement in accordance with the settlement instructions, by 10.00 am on T+2. The Trading Bank will confirm settlement of funds to the CSD account immediately whereupon CSD will forthwith transfer the securities. The settlement of funds and movement of securities shall in any case occur by 10.00 am.

1.3.9. Financial Performance Summary

1.3.9.1. Summary Income Statement

RWF bn	Audited 2020	Audited 2019	Audited 2018	Audited 2017	% change 20/19	% change 19/18
Revenue	152.01	125.41	102.82	84.58	21%	22%
EBITDA	74.49	50.93	30.05	7.70	46%	69%
EBIT	48.79	28.99	17.29	(4.75)	68%	68%
Profit before Income tax	32.61	12.47	14.56	(4.88)	161%	-14%
Net Profit (after tax)	20.22	6.81	7.75	(8.56)	197%	-12%

1.3.9.2. Summary Balance Sheet

RWF bn	Audited 2020	Audited 2019	Audited 2018	Audited 2017
Current assets	134.39	83.04	93.05	45.47
Non-current assets	154.33	141.21	61.51	52.00
Total assets	**288.71**	**224.25**	**154.56**	**97.47**
Equity (Net assets)	**48.73**	**35.45**	**41.05**	**35.74**
Trade & other payables	100.78	56.39	56.48	41.89
Borrowings	5.02	11.05	4.23	0.00
other current liabilities	28.57	18.51	5.84	8.52
Total current liabilities	**134.37**	**85.95**	**66.55**	**50.41**
Borrowings	24.00	23.91	33.73	0.00
Other non-current liabilities	80.54	78.94	13.23	11.28
Total non- current liabilities	**104.54**	**102.85**	**46.96**	**11.28**
Total Equity & Liabilities	**288.72**	**224.25**	**154.56**	**97.47**

1.3.9.3. Summary Cashflow Statement

Rwf bn	Audited 2020	Audited 2019	Audited 2018	Audited 2017
Cash generated from operating activities	52.09	62.42	35.2	4.29
Cash utilized in Investing activities	-22.80	-16.16	-14.93	-12.71
Cash (utilized in)/ generated from financing activities	-31.47	-54.1	10.34	-4.55
Net increase/(decrease) in cash & cash equivalents	**-2.18**	**-7.84**	**30.61**	**-12.97**
Cash & cash equivalents at the beginning of the year	**24.40**	**32.27**	**1.64**	**14.58**
Exchange gains	-0.009	-0.06	0.02	0.02
Cash & cash equivalents at the end of the year	**22.21**	**24.37**	**32.27**	**1.63**

SECTION 2 | Macro-Economic Overview

Rwanda is a land-locked country with an area of 26,338 km2 and population of approximately 12.7 million. Rwanda continues to solidify itself as a growing economy underpinned by strong economic growth and moderate inflation.

RWANDA

Rwanda has been a participant in regional and international organizations such as East African Community (EAC), the African, Caribbean and Pacific Group of States (APAC), African Union (AU), Economic Community of Central African States (ECCAS), Common Market for Eastern and Southern Africa (COMESA), The Commonwealth, Non-Aligned Movement (NAM), Organisation Internationale de la

Francophonie (OIF), United Nations (UN) and World Trade Organization (WTO)..

Rwanda has been ranked no 38 in the 2020 World Bank Doing Business report a research by the World Bank a research undertaken by the World Bank that ranks economies according to business regulations and their enforcements. The Ease of doing business considers starting a business, dealing with construction permits, getting electricity, registering properties, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

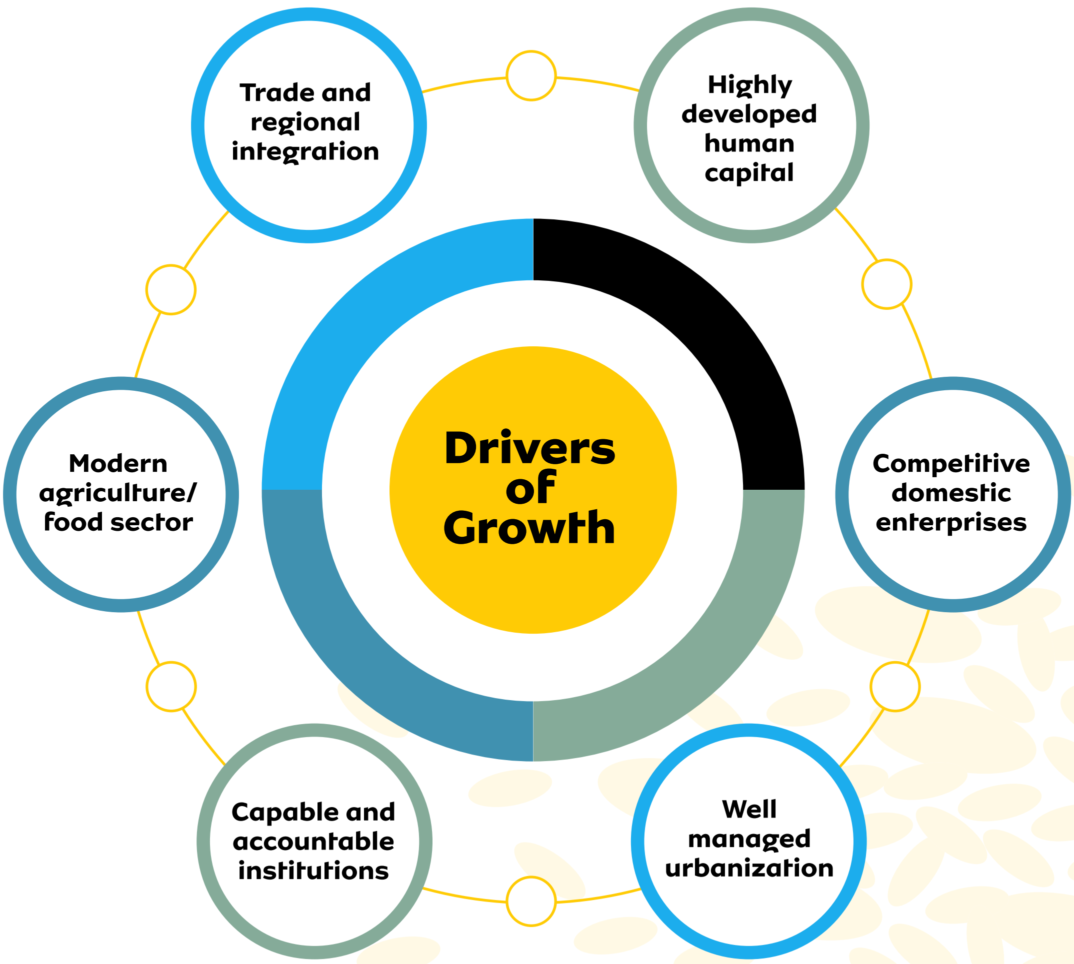
Rwanda estimates literacy levels at 73%. The local currency is the Rwandan Franc. The economy of Rwanda has undergone rapid industrialization due to a successful governmental policy known as 'made in Rwanda' Initiative. Since the early-2000s, Rwanda has witnessed an economic boom improving the living standards of many Rwandans with the percentage of people living below the poverty line reducing from 57% to 34%.

The Government's progressive visions and programs have been the catalyst for the fast transforming economy such as the concluded Vision 2020 program and the on-going National Strategy for Transformation [NST1 2017-24]. The Vision 2050 Program is hinged on four priority drivers of growth that Rwanda aspires to be a High-Income Nation by 2050.

Rwanda's strategy for high growth thus has four essential and interdependent drivers:

- Innovation;
- Integration;
- Agglomeration; and
- Competition

These future drivers of growth, in turn, would receive the necessary boost from reforms in six priority areas:



Through the National Strategy for Transformation (NST 1), the country is implementing an economic, social and transformational governance agenda. Under the economic transformation agenda of the NST1, the country aims to double agricultural productivity and has implemented programmes that have reduced the country's reliance on food imports. The NST 1 programmes have also been targeted to improve public investment in the construction, manufacturing and tourism sectors.

The NST1 Government priority projects likely to positively Impact the Telecommunication Sector/ Industry and are In line with the Economic Transformation pillar, include:

- Promotion of the 'Made in Rwanda' brand working with the private sector
- Development of Business process outsourcing (BPO)
- Leveraging Kigali Innovation City as a mechanism to spur ICT services

2.1 Economic Structure and Growth

In 2020, GDP recorded negative growth due to the Covid-19 pandemic to -3.4%, from 8% initially projected. Services sector was hit the hardest with tourism, hospitality, education and transport affected by widespread cancellations of events, decline in travels and consumer spending. The negative growth in services was estimated at -6% in 2020 from 8.2% in 2019. Industry sector was recorded negative growth of -4% in 2020 from 17% in 2019 while Agriculture sector grew by 1.0% in 2020 from 5% in 2019 with present value of external debt being 31.1% of the GDP. With population around 12.7 million, Services sector continues to be the main GDP contributor followed by the agriculture sector.

A 3.4% decline in GDP was observed on average over the past four quarters of 2020, reflecting the measures taken to contain the Corona Virus (Covid-19) Pandemic. According to the NISR, on average in 2020, the most affected services were Education -38%, hotels & restaurants -40%, transport -24%, trade -3% and construction with -6%. However, Information and communication sector grew by 29% while Health sector grew by 19% due to among others, efforts taken in containing the Covid-19 pandemic.

Macroeconomic indicators	2015	2016	2017	2018	2019	2020
Population (Millions)	11.3	11.5	11.8	12.1	12.3	12.7
Real GDP Growth Y-o-Y (%)	8.9	6	4	8.6	9.4	-3.4
Nominal GDP, (Rwf Billions)	6,178	6,876	7,694	8,291	9,105	9,841
Debt to GDP	**2018 Actual**	**2019 Actual**	**2020 Projected**	**2021 Projected**	**2022 Projected**	**2023 Projected**
Present value of Debt (% of GDP)	40.7	42.8	45.5	48.8	50.6	50.9
GDP Composition	**Services**	**Agriculture**	**Industry**	**Taxes**		
GDP Composition for the year 2020 (%)	46	26	19	8		

Source: IMF Third Review Under the Policy Coordination Instrument January 2021

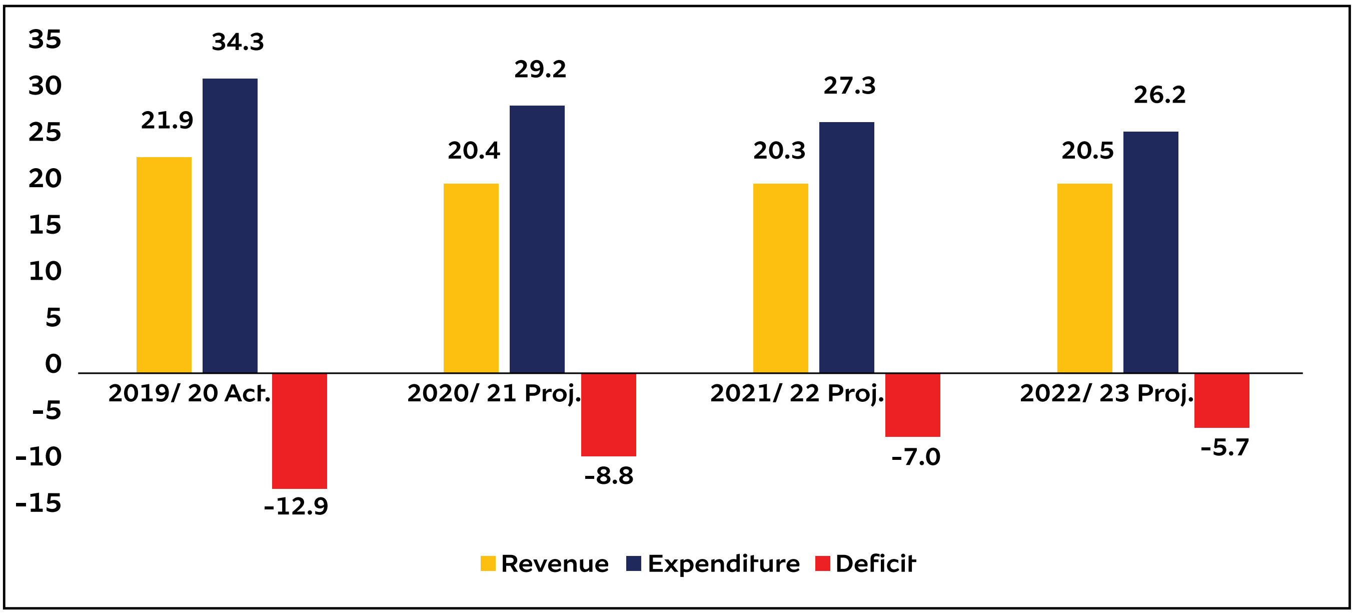
In FY2020-21, Rwanda embarked on a recovery path to stabilize the economy. The Government adopted in May 2020 an economic recovery plan for the period June 2020 - December 2021 that boosted growth from second half of 2020, that will help the level of GDP to revert to close to its pre-COVID-19 path by 2023. The plan includes public spending and investment in key areas targeted for recovery by mobilizing additional financing or doing reallocation while assuring the debt is kept at sustainable levels. This will widen the budget deficit (the gap between revenues and expenditure) and increase public debt in the short term. However, the preference of the Government will go towards concessional borrowing in order to maintain a sustainable level of debt. The Government stands ready to consider further fiscal measures and policies to limit the negative impact of the COVID-19 crisis and help with the recovery and beyond.

Real GDP growth in Rwanda will be primarily driven by private consumption and fixed investment over the next 10 years. Private consumption accounts for over two thirds of the economy and remains the main driver of economic growth. The higher percentage of the labour force is employed in agricultural sector with the World Bank estimating this at 66.6% in 2018. In the medium to long term outlook, a combination of population growth, urbanisation and migration of labour into higher value-added sectors will make private consumption the key economic driver.

Government consumption retains its key role in the economy. It is anticipated that consumption will continue to grow at 8.3% over the short and medium term. As Rwanda is a landlocked country, the Government will continue to plough investment into improving the country's transport infrastructure. Spending in urban improvements in Kigali – ranging from internet connectivity, electricity, real estate and a new financial district – have all boosted capital spending. Fixed investment is expected to continue in the long-term.

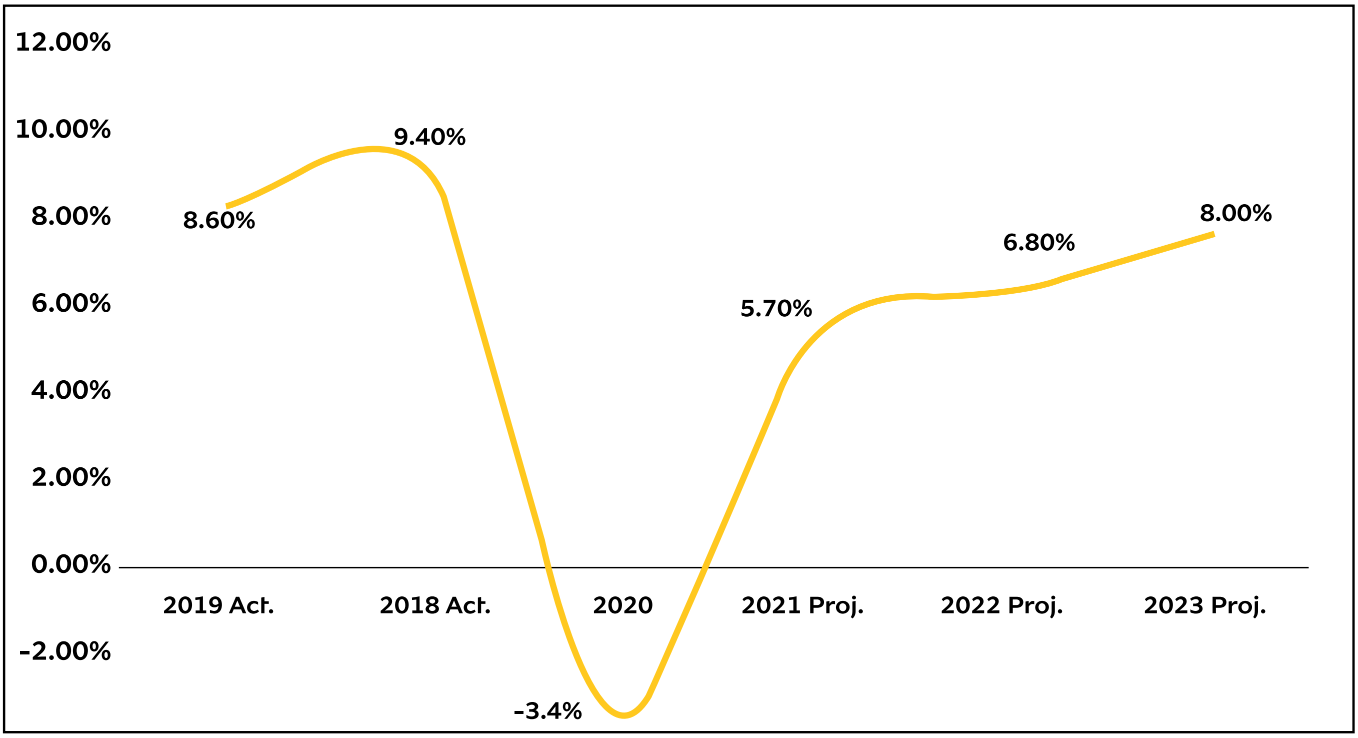
We anticipate private investment levels to continue growing steadily as Government develops infrastructure to improve the country's business environment.

Revenue, Expenditure and Deficit (% of GDP)



Source: IMF Third Review Under the Policy Coordination Instrument January 2021

Projected GDP, annual % change



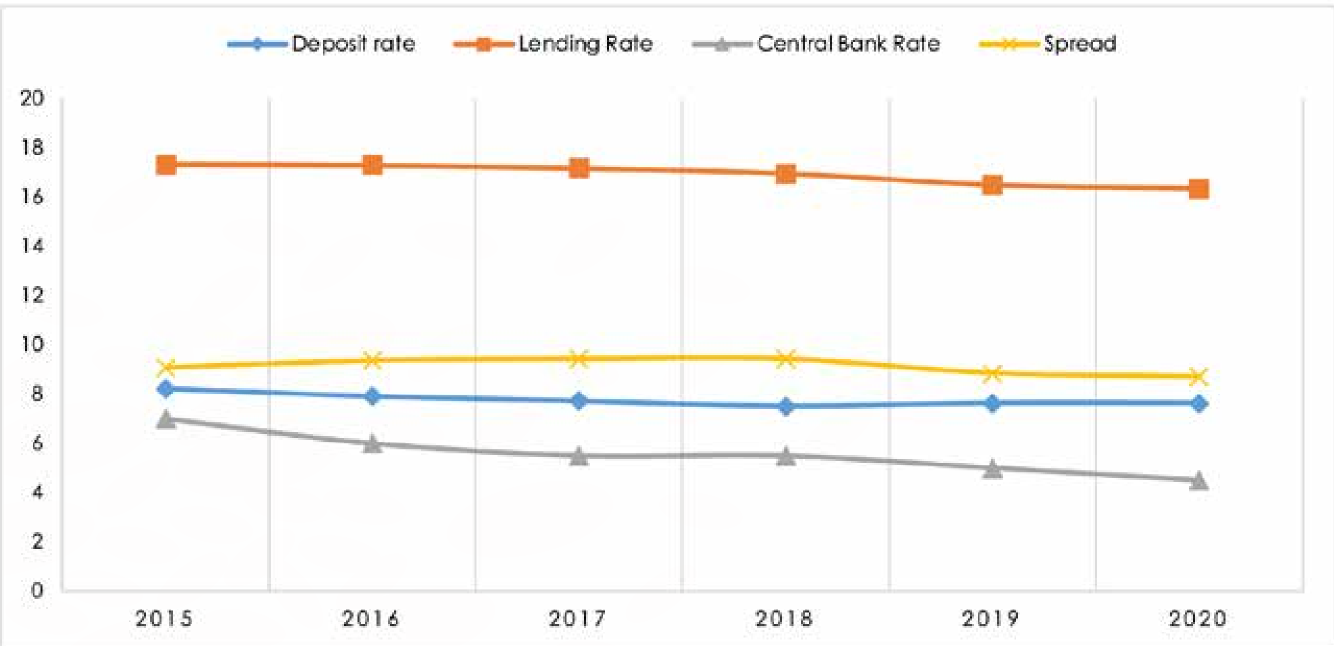
Source: National Institute of Statistics Rwanda

2.2 Interest Rates

The stability in money market interest rates has been attributed to improved banking system liquidity conditions coupled with accommodative monetary policies. A shift from the quantity based monetary policy framework to a price-based approach in January 2019 contributed to a boost of interbank market activities and therefore enhanced monetary transmission mechanism.

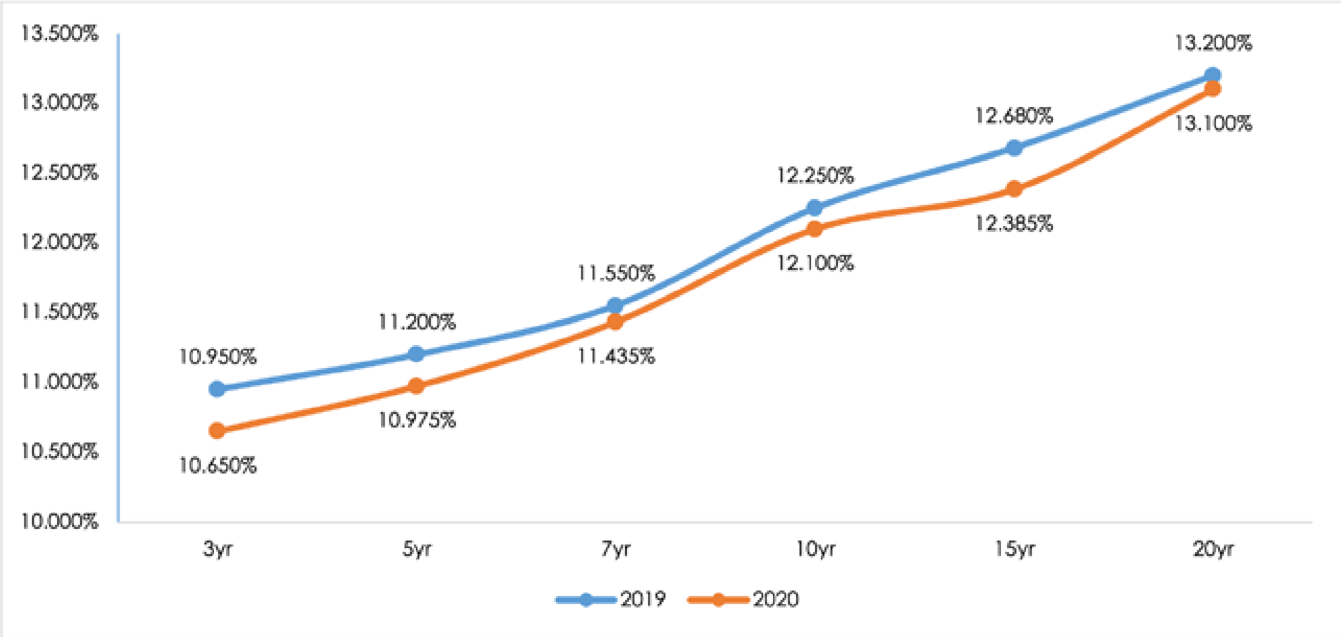
The commercial lending rates from commercial banks reduced to 16.35% in 2020 from 16.49% observed during the same period in 2019. Deposit rates have remained within 7.64% range without much variance.

2.3 Central Bank Rate, Market Interest Rates (Percent average)



Source: BNR

2.4 Government Treasury Bond Yield Curve, December 2020



Source: BNR

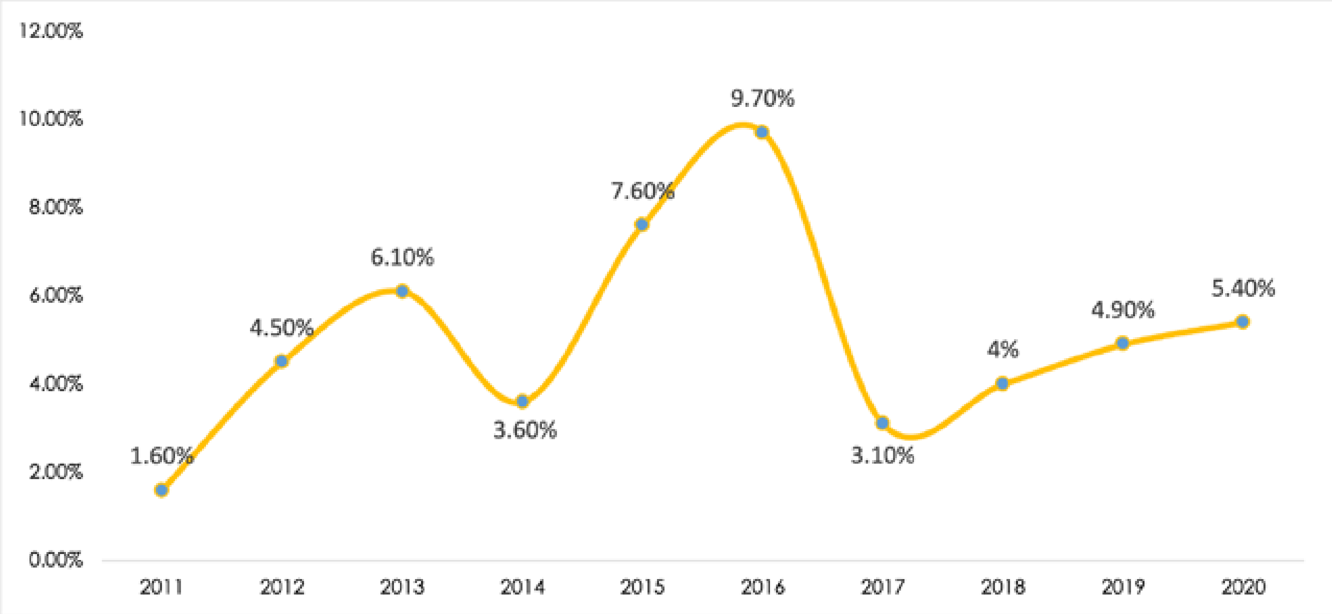
Despite the COVID-19 outbreak in 2020, the central bank successfully issued seven new bonds and reopened eight Bonds with an average subscription of 154.8%, reflecting sustained investors' appetite and trust in Government of Rwanda Bonds. The oversubscription coupled with improving activities in the secondary market - which provides an alternative exit strategy to wishful investors resulted in a decline in the yields of Rwanda's Treasury Bonds.

2.5 Exchange Rates

The Rwandan franc slightly weaken against the dollar by 5.4% in 2020. Despite the fact that the Covid 19 pandemic has been dampening domestic revenue mobilization and putting significant pressures on foreign exchange reserves, as at end of 2020, foreign exchange reserves were adequate, covering 6.3 months of future imports of goods and services.

In 2020, the Rwf appreciated by 1.3% against the KES and depreciated by 9.4% against the GBP. Depreciation against the EUR and the USD is 15.7% and 5.4% respectively, while the depreciation against the TZS, UGS and the BIF is 5.7%, 7.2% and 2.5% respectively.

Rwf Depreciation against USD Y-o-Y % Change



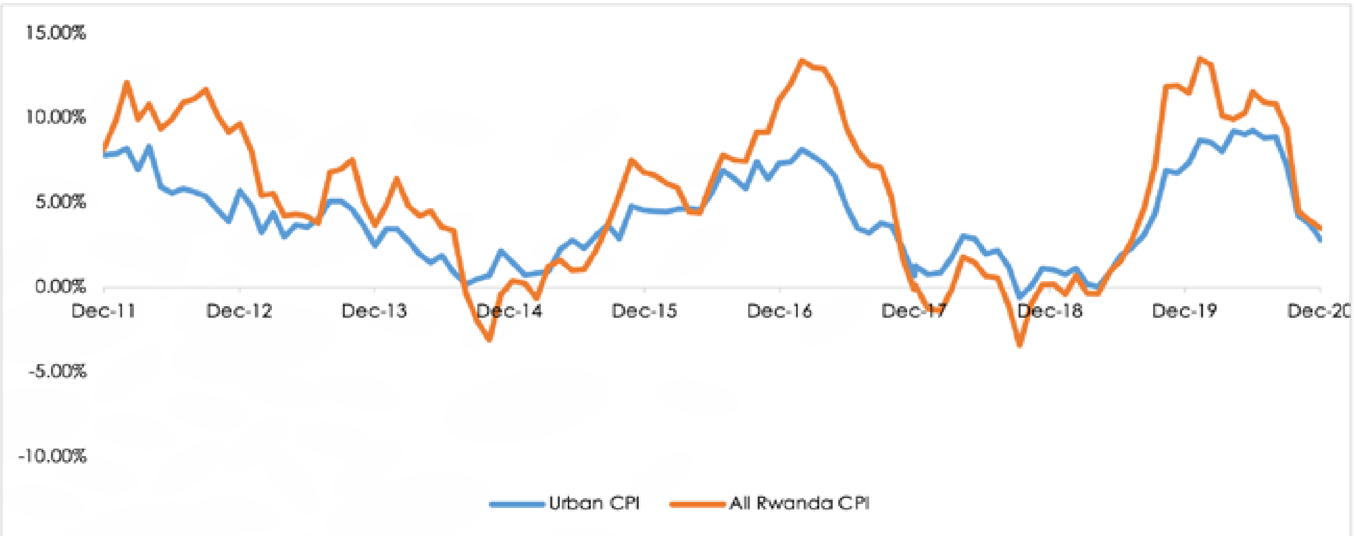
Source: BNR

2.6 Inflation

The National Bank of Rwanda has managed to keep average annual inflation largely in single digits over the past two decades, except for a few instances of double-digit price growth in 2004, 2008 and 2009. Inflation has been on a downward trajectory since 2009 with fluctuation ranging between 1.4% and 6.3%. The volatility of the Consumer Price Index is also due to the vulnerability to adverse weather conditions, Rwanda remains susceptible to volatile food price inflation.

Headline inflation in 2020 stood at 7.7% on average from 2.4% recorded in 2019. The rise in headline inflation was reflected in its main components mostly as an outcome of supply shocks from agricultural production, supply shocks relating to COVID-19 that affected transport fares and shocks from administered electricity tariffs and regulations for environmental protection; food inflation picked to 12.1% from 2.7%, core inflation rose to 5.6% from 2.3%, while energy inflation surged to 7.8% from a deflation of 0.8%. However, projections indicate that average headline inflation will decline and evolve below the benchmark of 5 percent in 2021.

2.7 Rwanda Consumer Price Index



Source: NISR

2.8 Economic Impact response and impact of COVID-19

The Corona Virus (Covid-19) Pandemic and subsequent spread across the world inflicted high and rising human costs worldwide. While Governments took measures to protect lives and allow health facilities to cope: isolation, lockdowns, and widespread measures across the globe affecting businesses were taken to slow the spread of the virus.

The International Monetary Fund (IMF) highlighted that the Corona Virus (Covid-19) Pandemic and measures taken to stop the spread of the virus, severely impacted economic activity. As a result, the global economy contracted sharply by –3.5% in 2020 from 2.8% in 2019, much worse than during the 2008 - 09 financial crisis. However, the global economy is projected to grow by 5.5 percent in 2021 as economic activity normalizes, helped by policy support together with growing support from vaccine rollout. The IMF cautions as to the extreme uncertainty around the global growth forecast.

On the domestic front economic recovery is projected to start from early 2021, led by the industry sector and a rebound in private investment and consumption. The government's fiscal injection, recovery in domestic production and demand supported by the global and regional containment of the virus outbreak, and the effective implementation of the Economic Recovery Plan (ERP) and Economic Recovery Fund (ERF) will be critical to the recovery. Growth is expected to return to the pre-pandemic level by end-2023 according to the IMF third Policy Review conducted in November 2020. This reflects political stability under the stewardship of President Paul Kagame. The next elections will be held in 2023 and 2024 for legislative and presidential elections respectively.

GDP growth for Rwanda declined into recession to -3.4% in 2020 with projections to recover to 5.7% in 2021. On 2 April 2020, the IMF made a disbursement to Rwanda of about US$ 109.4 million to be drawn under the Rapid Credit Facility (RCF). A second disbursement under the RCF was made on 11 June 2020 for US$ 111 million, bringing the total IMF COVID-19 emergency support to Rwanda to US$ 220.46 million to help urgent balance of payment needs stemming from the pandemic. This will serve to meet Rwanda's urgent balance of payment needs stemming from the outbreak of the COVID-19 pandemic. The RCF funds will help address the urgent balance of payments (BOP) needs arising from the pandemic, estimated at about US$ 433 million for Rwanda and providing financing to the budget for increased spending aimed at containing the epidemic and mitigating its economic impact.

Further, an accord among G20 countries to temporarily suspend debt payments to IDA by least developed countries beginning May 1, 2020 benefitted Rwanda. The debt service relief to 25 of the IMF's member countries came under the IMF's revamped Catastrophe Containment and Relief Trust (CCRT) as part of the Fund's response to help address the impact of the COVID-19 pandemic. Rwanda is one of the 23 African countries eligible under this scheme.

Many emerging market and developing countries are facing sharp declines in export demand and commodity prices, large capital outflows, foreign exchange shortages, and increasing debt burdens.

SECTION 3

Telecommunications Sector Overview

3.1 Overview

Rwanda's telecommunications sector, dominated by mobile network operators, accounts for 2.6% of the country's GDP. The country had a total of 10.6m subscribers in Q4 2020 and a mobile SIM penetration rate of 83.8%, which compared to the Sub-Saharan average of 44%, demonstrates Rwanda's penetration rate is above the continent's average and exhibits room for further grow. Rwanda is a low middle-income country with a growing middle class and a total population estimated at 12.7 million in 2020. The country has a low level of urbanisation – nearly 83% of its population still reside in rural areas, and the remaining 17% is concentrated in the four major urban centres, namely Kigali, Huye, Muhanga, and Musanze.

Table 1: Key Sector Statistics

	2016	2017	2018	2019	2020
Telecommunication revenue (RWF'bn)	168	175	184	211	234
Telecommunication revenue (Annual growth rate)	-12.1%	4.2%	5.3%	14.6%	10.9%
Telecommunication share of current GDP (%)	2.5%	2.3%	2.2%	2.3%	2.6%

Source: RURA Quarterly Statistics, NISR Quarterly GDP Statistics

Rwanda Telecom market comprises of two (2) telecommunication Operators that include MTN Rwandacell PLC Ltd and Airtel Rwanda Ltd, four (4) Internet Service Providers (ISPs), one (1) Wholesaler Network Service Provider, two (2) Network Facility Providers and twenty-five (25) Retailer Internet Service Providers.

3.2 Rwanda mobile market

3.2.1 Overview

MTN Rwandacell PLC, established in 1998, was the only mobile operator until 2006 when the fixed-line incumbent, Rwandatel, which had its license cancelled in 2011, became the second mobile operator. Tigo then launched its services in 2009 to become the third mobile operator. In early 2018, Bharti Airtel, which had launched operations in the Rwandan market in March 2012, acquired the operations of Tigo Rwanda and became Airtel-Tigo Rwanda.

The total number of mobile phone subscribers has continued to grow, rising to 10.6 million at the end of 2020, representing a penetration rate of 83.8%. Mobile subscriber growth has been driven by favourable economic conditions, lower tariffs and product innovation. A high mobile penetration rate has enabled the use of mobile phones for digitalisation of other services, among them financial (mobile money, mobile banking services), agriculture (e-Soko), health (Mobile e-Health), and administrative services (Irembo). The mobile telephony market is a prepaid driven market, with the number of mobile phone subscribers on prepaid tariffs accounting for 99% of total subscribers in 2020.

Internet subscribers have proliferated in the recent past with internet penetration increasing from 36.6% in 2016 to 62.5% in Q3 2020 mainly due to growing incomes, improved accesses, flexible pricing of Internet bundles and affordability of internet-enabled phones in the country.

The total number of mobile phone subscribers has continued to grow, rising to **10.6 million** at the end of 2020, representing a penetration rate of **83.8%**. Mobile subscriber growth has been driven by favourable economic conditions, lower tariffs and product innovation.

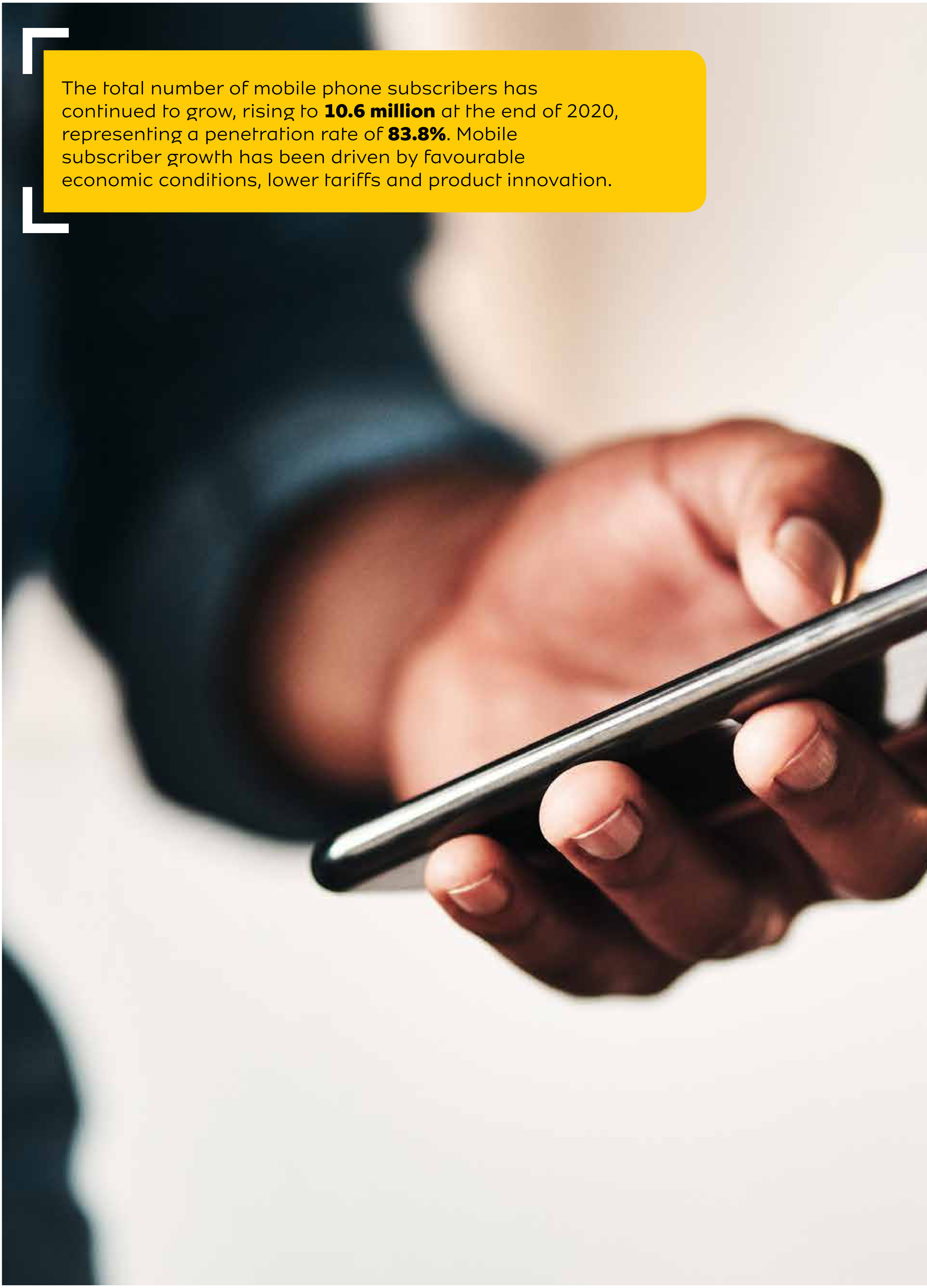


Table 2: Number of subscribers

	2016	2017	2018	2019	2020
Mobile phone subscription (millions)	8.9	8.8	9.7	9.6	10.6
Internet subscriptions (millions)	4.1	5.3	6.2	7.4	7.9
Penetration rate	**36.6%**	**45.5%**	**52.1%**	**60.4%**	**63.1%**
Of which internet subscribers are:					
4G (millions)				0.4	0.7
3G (millions)				1.6	1.7
EDGE&2G (millions)				5.3	5.5

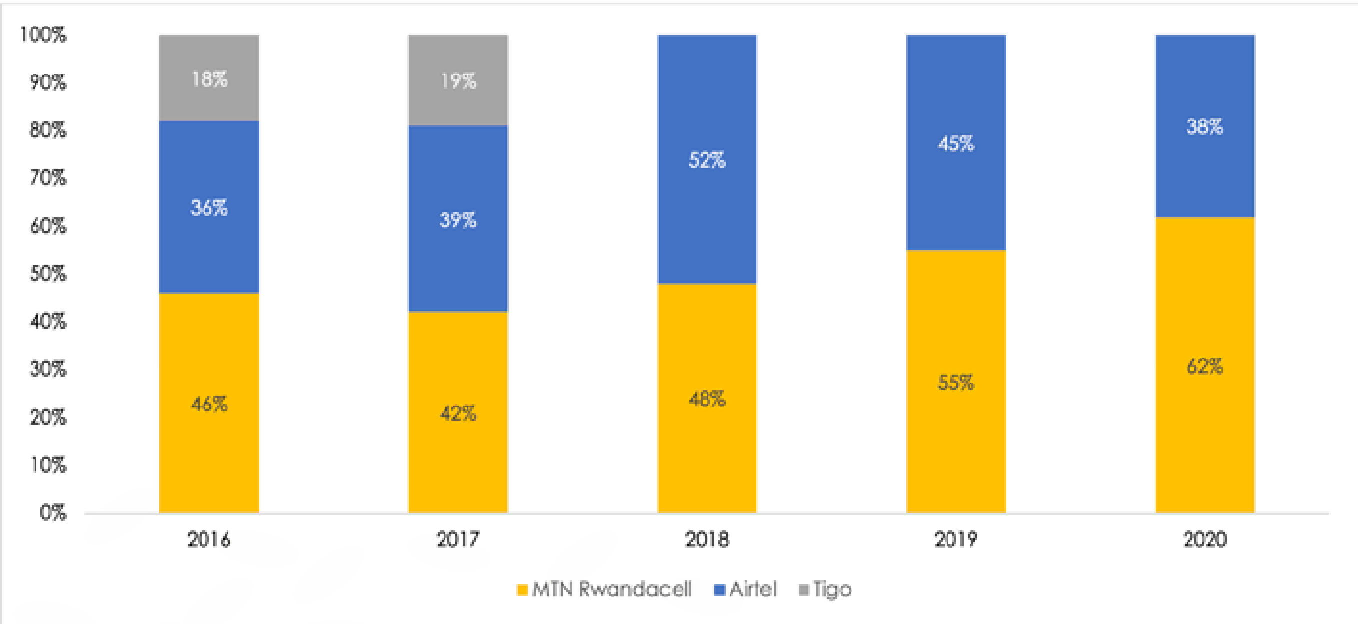
Source: RURA

3.2.2 Traffic

Total domestic traffic, on-net and off-net rose by 48.4% and 104.1% in 2020 to 23.5 billion minutes in comparison to 2019 while SMS traffic rose by 42% to 3.5 billion as at 2020 In comaprison to 2019.

3.3 Competitive Landscape

Chart 1: Market share by mobile subscribers (rounded to the nearest %)



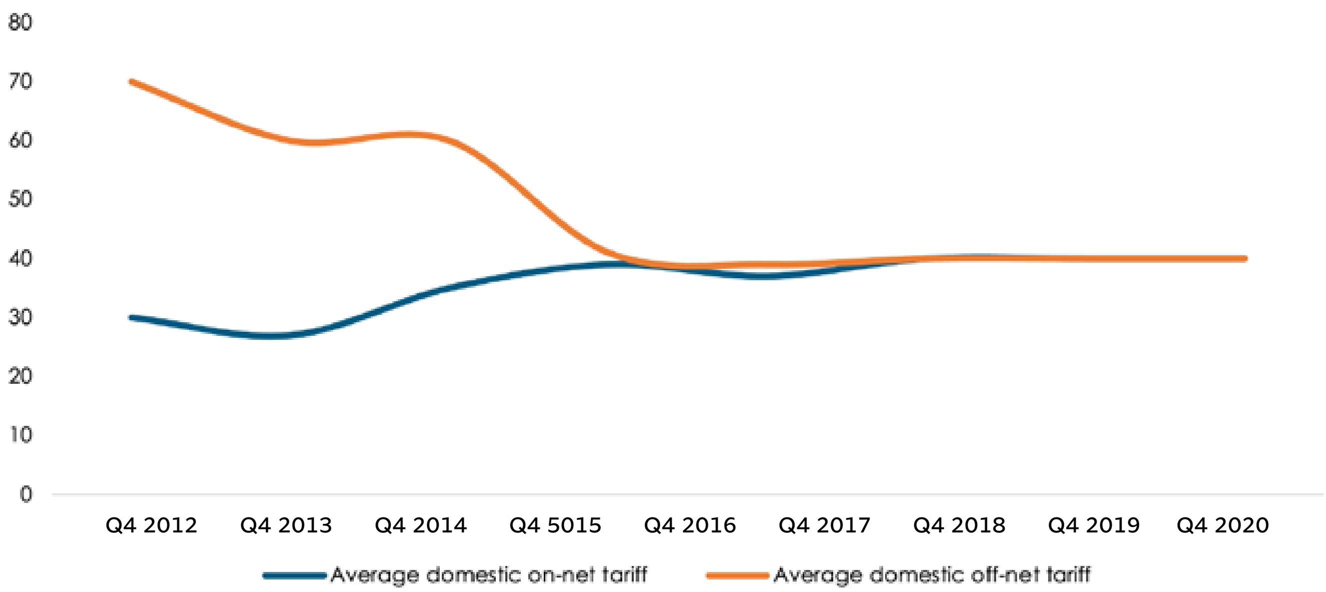
Source: RURA Quarterly Statistics

MTN Rwandacell PLC is the leading mobile network operator by the number of subscribers in Rwanda, with approximately 6.5m million subscribers and about 61.8% of mobile subscriber market share as of December 2020. MTN Rwandacell PLC commands 95% and 62% of the postpaid and prepaid products, respectively as of December 2020. According to the RURA, as of September 2020, MTN Rwandacell PLC had approximately 5 million active subscribers for data (internet) services, the highest number of active subscribers held by a telecoms service provider in Rwanda.

3.3.1 Tariffs

Following a competition-driven decrease in the pricing of off-net voice traffic between 2012 and 2018, both on-net and off-net headline tariffs have converged and remained fairly stable at Rwf40. Standard Headline tariffs are expected to stay at the current levels for the medium term.

Chart 2: Standard Headline tariffs for voice by per minute (Rwf)



Source: RURA Quarterly Statistics

On the contrary, there has been a decline in the price of mobile data over the last couple of years driven by competition and improved infrastructure for both mobile data and broadband.

3.4 Network and infrastructure

The main telecommunications services currently available in Rwanda are limited to mobile, fixed and the internet. Connectivity using VSAT technology has declined over time and replaced by Fiber/Microwave. The roll-out and expansion of a national fibre optic backbone network, leveraging sizable government investment, has helped distribute said connectivity across Rwanda, bringing a growing part of the population within closer proximity to highspeed internet.

Rwanda has the highest mobile network coverage in the region, which provides last mile access to broadband for a majority of existing users. 3G network coverage is now at 95.8%, compared to a regional average of 89% (2018). Moreover, Rwanda has also achieved impressive 4G network coverage, by leveraging a public-private partnership (PPP) between the Government of Rwanda and Korean Telecom to support the launch of a 4G wholesale network - resulting in the establishment of Korean Telecom Rwanda Networks (KTRN). Today, Rwanda's 4G coverage officially stands at 96.6%.

MTN Rwandacell PLC has consistently invested in its network expansion and infrastructure modernization over the past years averaging over RWF 20 Billion annually, which has resulted into accelerated delivery of richer services to MTN Rwandacell PLC subscribers leading to growth that has been created by the uptake of its improved services which aimed to continue consolidating its Number 1 Position in Rwanda.

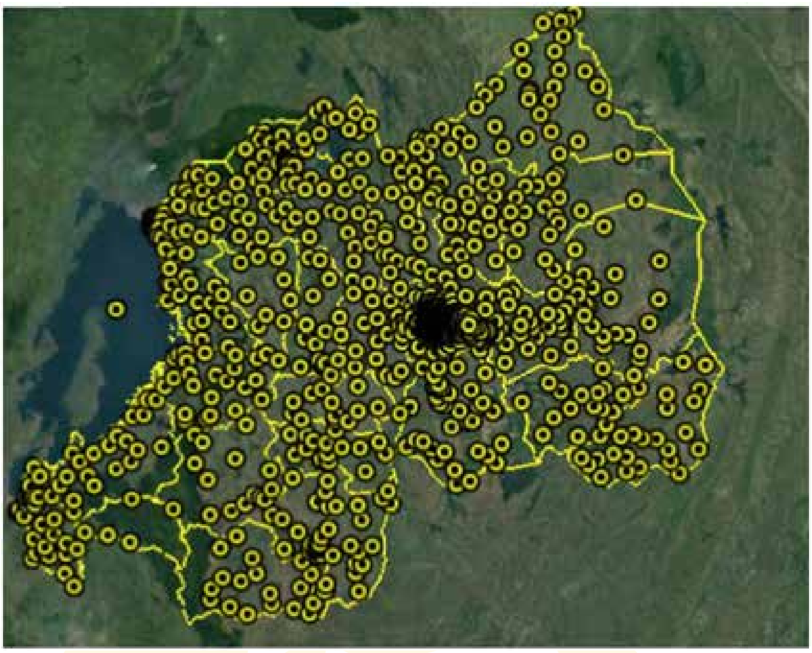
In 2014, MTN Rwandacell PLC sold all its 546 Mobile network towers to IHS Holdings Limited for a reported $48Mn and agreed to be anchor tenant on the towers pursuant to the Agreement for the Sale and Purchase of Tower Assets of the Company entered into among the Company (as seller), IHS Rwanda Limited (as a buyer) and IHS Holding Limited (as a buyer's guarantor) on April 30, 2014 and the Master Tower Space Use Agreement entered into between the Company and IHS Rwanda Limited on May 1, 2014 pursuant to which IHS Rwanda Limited granted the Company and its affiliates incorporated and operating in Rwanda the right to use certain space on telecommunications towers, associated facilities and/or sites operated and owned by IHS Rwanda Limited in Rwanda for installation and operation of their own equipment for the purposes of operating the mobile telecommunications networks (the **"Master Tower Agreement"**).

This was meant to unlock value in the infrastructure MTN Rwandacell PLC owned and efficiently manage cost structures to become more competitive and focus on servicing its clients. The initial term of the Master Tower Agreement is 10 years counting from the Commencement Date as defined under the Master Tower Agreement and the outstanding period is approximately 3 years. However, in terms of the Master Tower Agreement the Company is entitled to extend the Master Tower Agreement for a maximum of 4 renewal periods of 5 years each by giving a six month notice to IHS Rwanda Limited prior to the scheduled expiration date of the initial term or the then renewal period. All fees due and payable by the Company under the Master Tower Agreement must be invoiced and paid in Rwanda Francs.

Further Investments are to be made into Increasing MTN Rwandacell PLC's population coverage to 100% by 2023, with planned coverage and capacity expansion programs. MTN Rwandacell PLC's current network and infrastructure includes 907 2G sites, 917 3G sites and 1,487 kilometers of fibre. Its current spectrum holding includes 15.8 MHz in the 900 MHz band, 25.2MHz in the 1800 band and 20MHz in the 2100 band which it uses for the delivery of 2G and 3G (voice and data) services. MTN Rwandacell PLC offers 4G services leveraging the KTRN network through a commercial wholesale model.

Additionally, MTN Rwandacell PLC possesses 60 MHz in the 3500 MHz band which it uses for the delivery of point-to-point and point to multi point fixed connectivity into homes and the cooperate market. As at October 2020, MTN Rwandacell PLC has connected 900 homes on wireless fixed data with the intention to expand its footprint through Fiber by deploying 400Km FTTH in 2021.

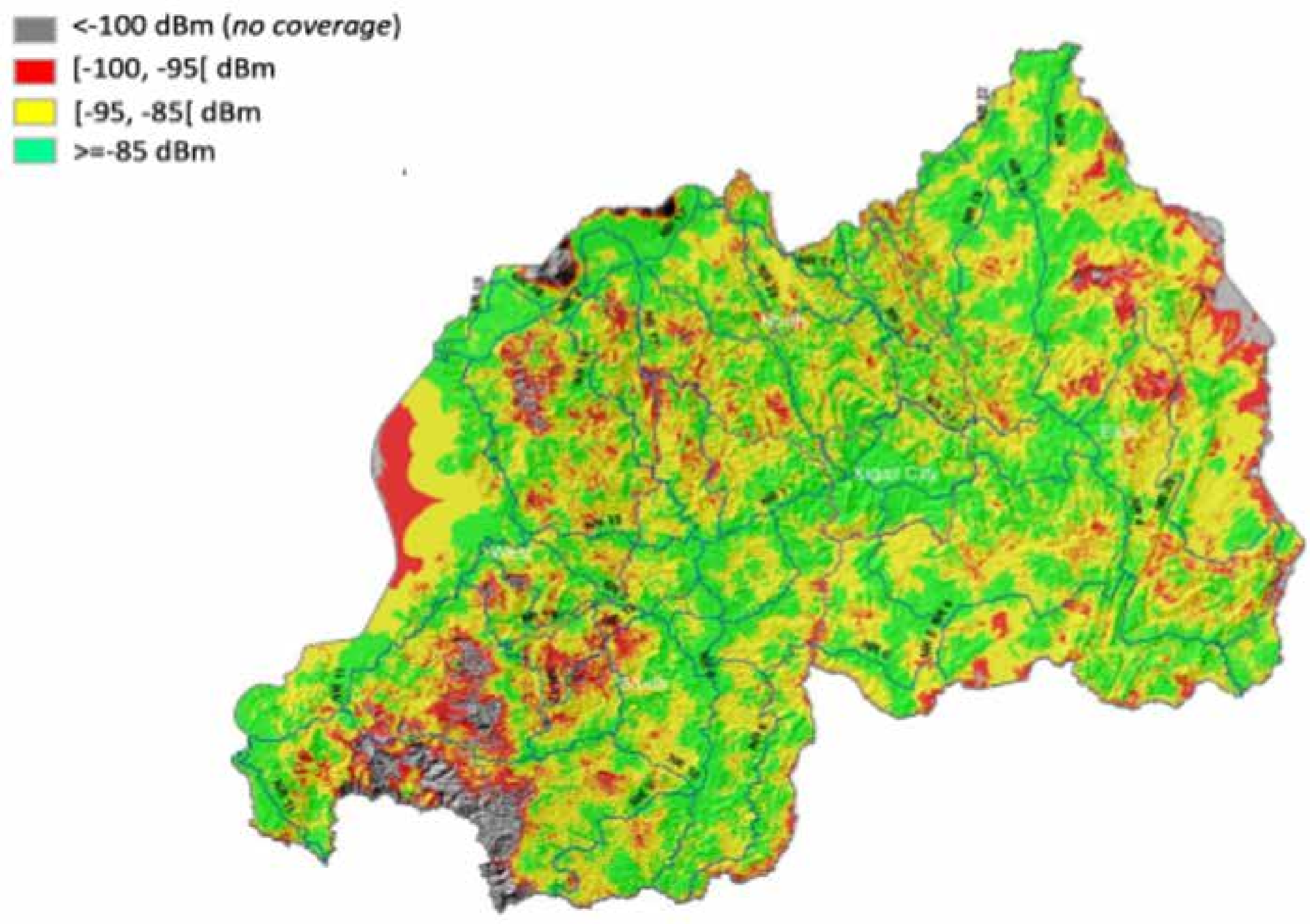
FIGURE 1: Network sites count and coverage



Population coverage	MTN
%2G Population coverage	95.8
%3G Population coverage	90.4

Source: MTN Rwanda

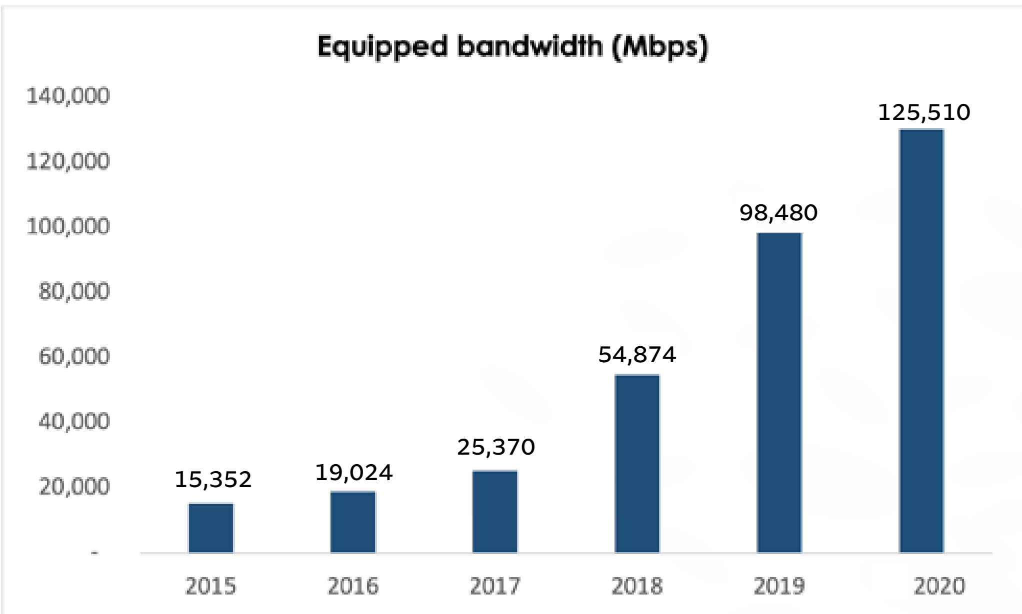
FIGURE 2: Network Fiber & Coverage Prediction



Source: MTN Rwanda

Rwanda's access to international bandwidth has grown seven-fold over the last five years, on the back of new cross-border terrestrial links that allow Rwanda to access undersea cables landing in neighbouring Kenya and Tanzania.

Chart 3: Equipped bandwidth



Source: RURA Quarterly Publications

3.5 Mobile Money (MoMo) and Payments

Since being first introduced in Rwanda in 2010, mobile payments have become popular in Rwanda especially due to the ubiquity of mobile agents throughout the country.

During 2020, active mobile payment subscribers (transacted in the previous 90 days) increased by 13 percent from 4,139,075 to 4,688,124. The growth in mobile payments has largely been supported by a strong mobile network operator (MNO) agent infrastructure. According to statistics from Rwanda's central bank, the National Bank of Rwanda (BNR), by the end of 2020, there were 131,173 MNO agents distributed across the country.

The value of mobile payment transactions hit RWF 7 trillion in 2020, which represented a 306% year-on-year growth over 2019 while the number of transactions also grew by 185 percent year-on-year to hit 701 million from 379 Million. It is worth noting that comparing 2019 to 2020, the portion of cash-based transactions significantly reduced as a consequence of various policies taken to encourage digital payments and minimize the risk of COVID-19 spreading.

Table 1: Key Mobile Money Statistics

	2016	2017	2018	2019	2020
Number of Transactions (millions)	206	251	300	379	701
Value of Transactions (RWF Billions)	1,040	1,385	1,809	2,349	7,177
Agents	59,952	83,531	98,359	107,858	131,173

Source: BNR

In terms of usage of mobile money, mobile airtime purchases, cash-in and cash-out transactions account for 80% of total transactions by volume and value. While merchant payments and utility payments account for just 8% in total.

3.6 Infrastructure interoperability

Interoperability between Banks and Mobile Network Operators has matured over the years with Transactions volume (Wallet to Bank and Bank to Wallet) growing almost 3 times in 2020 (YoY) as Mobile Money is now already integrated with 25 regulated financial Institutions.

Wallet-to-Wallet interoperability between MNOs is not yet available, however discussions among telcos facilitated by the Central Bank are ongoing.

The Rwandan payments system currently has limited levels of interoperability for retail payment transactions.

Table 2 describes the extent to which interoperability exists in the market.

Table 2: Market interoperability

Bank to Accounts	• There are no real-time, inter-bank transfers • High value transfers are possible through RTGS.
Electronic POS	• Visa, Mastercard and RSwitch[1] provide interoperability between their member institutions; most POS acquirers use both brands
ATMs	• Both Visa and RSwitch provide interoperability between their member institutions. • Banks acquired Visa, Mastercard and RSwitch, therefore ATM interoperability is almost 100 percent.

The next big growth story in the Rwandan payment space is infrastructure interoperability. As shown above, interoperability, especially on mobile payments presents growth opportunity. Already, as part of the RNPS Strategy 2018-2024, the Central Bank has put in place in plans for free cross-platform payments (which currently attract surcharges) and is asking payment platform providers to bear the costs. For instance, mobile wallet-to-bank or bank-to-mobile wallet transactions are likely to be free in the near future.

3.7 Regulations

3.7.1 Telecommunication sector

The telecommunications sector in Rwanda is regulated by the Rwanda Utility Regulatory Authority (RURA). RURA was initially created in 2001 with the mission to regulate certain public Utilities, namely telecommunications, electricity, water, sanitation, energy and transport of goods and persons.

RURA's core mandate within the ICT sector is:

- to license, monitor and enforce license obligations;
- manage scarce resources;
- advise policymakers on ICT related issues; and
- represent Rwanda in international organizations on issues pertaining to ICT.

3.7.2 Mobile Money[2]

Mobile money regulation falls under both National Bank of Rwanda, and RURA. Table below outlines roles, responsibilities as well as implications for both regulatory entities.

[1] As of 2016, five banks were issuing RSwitch cards, while seven banks were accepting RSwitch banks on their ATMs. Six banks were issuing Visa, while 8 banks were accepting Visa cards on their ATMs. Three banks were issuing Mastercard-branded cards while five banks were accepting them. Three banks acquired merchants, allowing acceptance of cards via POS; three of these banks enabled acceptance of Visa-branded cards, while two of the three banks enabled acceptance of Mastercard-branded cards.

[2] IFC Mobile Money Mapping Rwanda Country Report

	Roles and Responsibilities	Implications
National Bank of Rwanda (BNR)	• Article 6, 4° of the Law n°48/2017 of 23/09/2017 governing the National Bank of Rwanda outlines National Payment System oversight as one of the key functions of the BNR. • BNR oversees all payment and securities settlement systems, including those it operates and those operated by other entities, payment service providers, payment system operators, payment instruments and remittances.	• The BNR has licensed 10 Payment Service Providers (PSPs) and 2 Payment System Operators. • In 2015, the National Bank Rwanda (BNR) approved cross-border mobile money. • BNR published an interoperability policy in June 2014, with the stated aim to promote high levels of effective and efficient interoperability in all significant payment streams. The stance may range from simply encouraging, to guiding how it can be accomplished and, only where necessary, mandating underlying requirement in the form of directives
Rwanda Utilities Regulatory Authority (RURA)	• Regulates certain public Utilities, namely telecommunications, electricity, water, sanitation, energy and transport of goods and persons. • Issued 2018 regulation requiring SIM card registration, the establishment of a database of all registered subscribers and outlined hefty fines for non-compliance .	

3.7.3 Licenses

Licensed by both BNR and RURA, MTN Rwandacell PLC holds the following licenses:

Type	Date of Issue	Duration	Expiry Date	Option for Renewal
Mobile Cellular Licence and Second Operator License 2G, 3G)	8 November 2008	13 Years	30 June 2021	15 Years
Payment Service Provider	29 January 2016	Until revoked	N/A	N/A
Radio Frequency License	17 March 2008	13 Years	30 June 2021	

[3]Regulations Governing the SIM Card Registrations in Rwanda (Regulatory Board, RURA, April 2018)

3.8 Regulatory Framework[4]

	Current Regulations	Implications
Payment Service Providers (PSPs)	• Defined as any entity providing services enabling cash deposits, withdrawals, execution of payment transactions, issuing and/or acquisition of Payment Instruments, money remittances or any other services functional to the transfer of money. • BNR, through its oversight function, aims to achieve access, risk control, transparency, fair pricing, and system reliability. • There are 10 PSPs licensed by BNR, including mobile money providers such as MTN Rwandacell PLC, Tigo Rwanda, Airtel Rwanda, Mobicash.	• Market open to all and requirements are functional – based on the type of service offered, not the type of entity offering the service. • Important pieces of legislation include: - Law N° 03/2010 of 26/02/2010 concerning Payment Systems as amended (BNR can regulate bank and non-bank financial institutions. - Regulation n° 05/2018 of 27/03/2018 governing payment services providers
Electronic Money	• Defined as service providers that issue electronic payment instruments, which require to store the monetary value in electronic form to the extent that the value stored on such devices falls under the definition of electronic money as per REGULATION N° 08/2016 OF 01/12/2016 GOVERNING THE ELECTRONICMONEY ISSUERS	• The e- money issuers shall exist as a limited liability company incorporated under the Laws of Rwanda. • In the event the e-money issuer is the subsidiary of the Parent Company incorporated under the Laws of the Republic of Rwanda, it shall have an independent management; board and accounting system separate from the Parent company and conform to the minimum corporate governance requirements set by the Central Bank from time to time.
Payment Service Operators (PSOs)	• Defined as entities that operate/own payment systems and may be BNR, commercial banks, MFIs, switches, telecoms or other entities. • The BNR has licensed two PSOs: Rswitch and VISA Rwanda.	• PSOs are responsible for training their agents and can be considered to be liable for the actions and omissions of their agents. • Some entities allow agents to perform KYC and open accounts on their behalf.

[4] IFC Mobile Money Mapping Rwanda Country Report

Settlement Agent	An entity providing to participants of systems (payment, clearing or securities settlement systems) settlement accounts through which Transfer Orders within such systems takes place and, as the case may be, extending credit to those participants for settlement [Law N° 03/2010]	• Funds are operationally ring-fenced from MNO accounts but there is no legal framework to protect these deposits, particularly against bankruptcy.
	Exclusivity agreements are not permitted, unless specifically authorised by BNR [Article 23]	

3.9 The Rwanda National Payment System (RNPS) Strategy 2018 – 2024

This is a blueprint paper that aims to build a cashless Rwanda through world class payment systems. It serves as a guide for the Rwanda payment industry, including regulators, public and private sector players to promote the continued development and modernisation of the Rwanda Payment System (RPS). Specifically, the strategy will guide the government of Rwanda and industry stakeholders to lead and contribute to the following:

1. Accelerate the rate of economic growth and empower Rwandans towards meeting the country's vision of attaining middle-income status;

2. Facilitate a cashless economy by promoting e-payments;

3. Drive financial inclusion to meet the country's commitment of 90 percent of adults in the formal financial system by 2020;

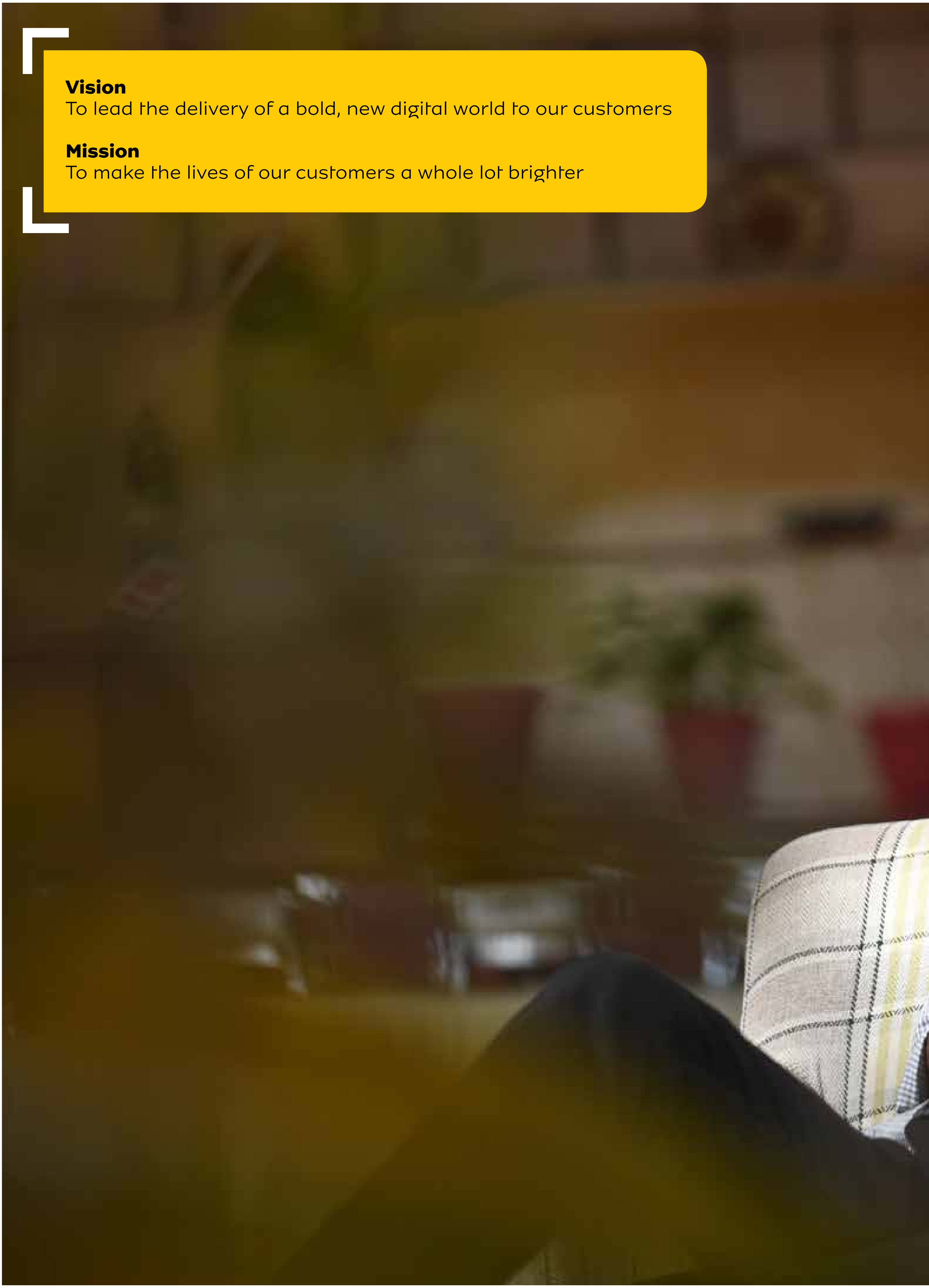
4. Create an inter-operable payment landscape with an enabling environment for product and service innovations and provides affordable payment services to Rwandans;

5. Develop a payment system that is safe, reliable, and efficient for all participants in the ecosystem.

SECTION 4 | Overview of MTN Rwanda

Vision
To lead the delivery of a bold, new digital world to our customers

Mission
To make the lives of our customers a whole lot brighter



4.1 History

MTN Rwandacell PLC began its operations in 1998, starting out as an exclusive GSM network providing voice and SMS services. The portfolio has exponentially grown to include data, wireless internet, Mobile Money services, Enterprise solutions and other Value-Added Services.

MTN Rwandacell PLC has the largest market and value share in the increasingly competitive telecommunications industry in Rwanda. It has close to 6.5 million subscribers and population coverage of 95.8%, with a footprint that is covered by an integrated suite of communications products and services: Including mobile voice, data and digital services, with 2G, 3G and 4G LTE technology as well as an extensive fibre network providing solutions that meet the needs of every Rwandan. The company continues to invest heavily in infrastructure to expand its coverage and capacity across the country and has invested close to Rwf130 Billion over the last 5 years.

MTN Rwandacell PLC leveraged its relationship with the MTN Group to expand product, services and technology offerings, bringing the latest innovations most relevant to the Rwandan market, enabling new possibilities for its customers and for Rwanda.

MTN also acknowledges its responsibility towards its stakeholders to sustain long-term mutual value. In this regard, the Company has established relationships with Government and community groups for partnerships that are geared towards improving the quality of service it offers to Rwandans through its Corporate Social Responsibility program, MTN Foundation. MTN Rwandacell PLC has continued to grow from being a generic telecommunication company known for basic telephony to a digital lifestyle-enabling, one-stop solutions shop that supports consumers through every moment and every stage of their life.

Vision

To lead the delivery of a bold, new digital world to our customers

Mission

To make the lives of our customers a whole lot brighter

Values	Vital Behaviors
• Leadership	Complete Candor
• Integrity	Complete Accountability
• Relationship	Get it Done
• Innovation	Activate Collaboration
• Can Do	

Evolution of MTN Rwandacell PLC Shareholding since Inception

Year	Change
1998	In 1998, Tristar Investments Ltd Invited MTN Group to partner in establishing its first foreign investment outside South Africa, this led to a partnership between MTN Group (through Mobile Telephone Networks Holdings (Pty) Ltd, Government of Rwanda (through Rwandate I S.A.) and Tristar Investment in the establishment of MTN Rwandacell PLC
2008	At the time of the License issuance in 2008, MTN Group, through its 100% owned subsidiary, MTN International (Mauritius) Limited, was a majority shareholder with 55% holding, Tristar Investment held 35% shares and the Government of Rwanda held 10% shares.
2011	In 2011, MTN Group acquired additional 25% shareholding through an SPV (MTN Mauritius REL Ltd) from Government of Rwanda (10%) and Crystal Ventures (15%). This consolidated MTN Group's holding in MTN Rwandacell PLC to 80%.
2015	In 2015, MTN Rwandacell PLC minority shareholder (20% stake), Crystal Ventures successfully listed its entire shares (100%) to the investing public through an Initial Public Offer on the Rwanda Stock Exchange in the form of a special purpose vehicle, Crystal Telecom PLC

Current Ownership Structure of MTN Rwandacell PLC and Post-listing Structure

All shares issued in the share capital of MTN Rwandacell PLC is currently held as follows:

	Shareholders	Number of shares held	Percentage
1	MTN REL (Mauritius) Limited	337,721,650	25%
2	MTN International (Mauritius) Limited	742,987,630	55%
3	Crystal Telecom PLC	270,177,320	20%
	TOTAL SHARES IN ISSUE	**1,350,886,600**	**100%**

Immediately after the listing of MTN Rwandacell PLC, the shares held by Crystal Telecom PLC will be distributed to its shareholders and the shareholding of the Company post-listing will be as follows:

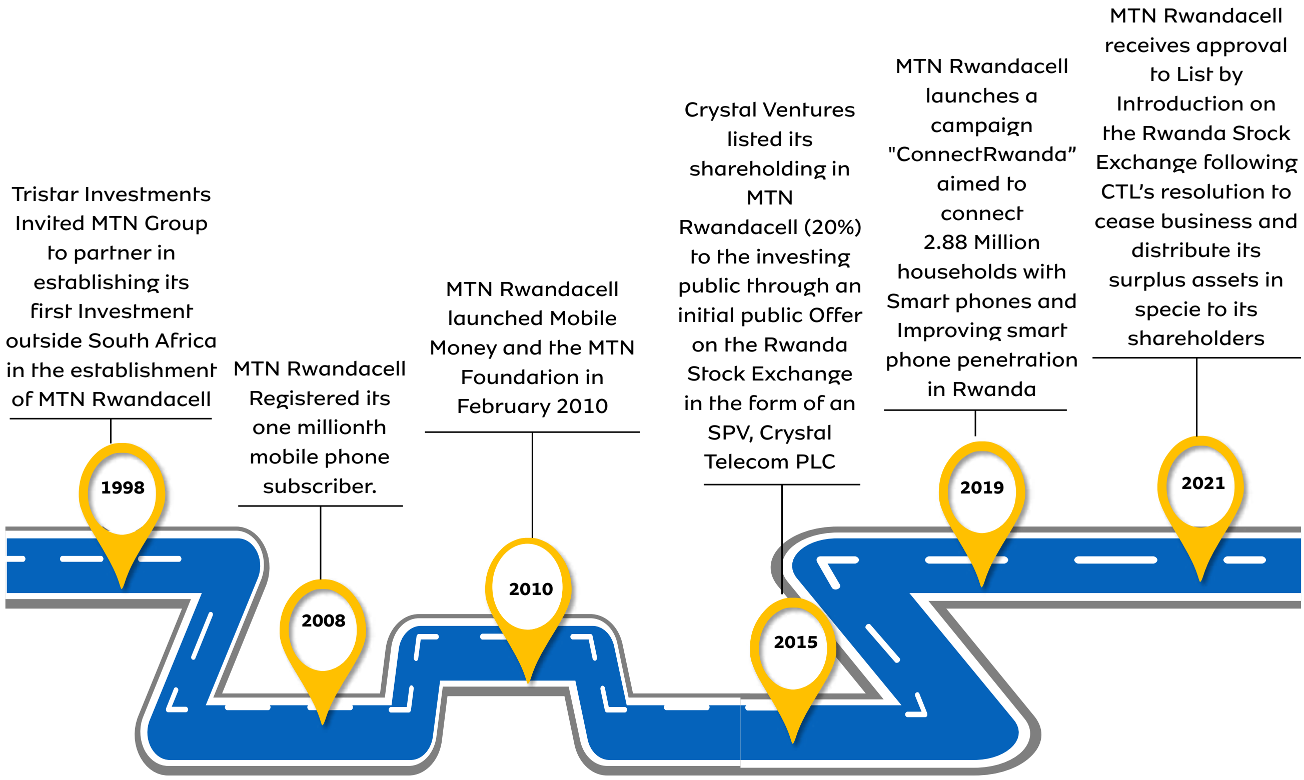
	Shareholders	Number of shares held	Percentage
1	MTN REL (Mauritius) Limited	337,721,650	25%
2	MTN International (Mauritius) Limited	742,987,630	55%
3	Public	270,177,320	20%
	TOTAL SHARES IN ISSUE	**1,350,886,600**	**100%**

4.2 Operational milestones & Key awards

MTN Rwandacell PLC was the first foreign-based entity of the South African telecommunications company when it started operations in 1998 and was the first GSM network in Rwanda to make a call, offering mobile communications services in Rwanda for over 22 years.

The firm started with less than ten staff, but today boasts over 279 permanent staff and has employed more than 40,000 people directly and indirectly through a network of dealers and distributors composed of over 30,000 mobile money agents (MoMo) and selling points spread across the country.

Key milestones in MTN Rwandacell journey



Awards achieved over the past decade

Year	Shareholders
2012	• 2nd Best Overall exhibitors/Annual PSF Expo. • MTN Group Leadership Award to MTN RWANDACELL PLC
2013	• Best Exhibitor ICT/Annual PSF Expo. • Best Taxpayer/RRA
2014	• Best Exhibitor ICT/Annual PSF Expo. • Overall Winner 2014 Rwanda CSI Award.
2015	• Leadership Award: 2015 Group Award: MTN RWANDACELL PLC CSI Initiatives. • Best Overall Exhibitor/Annual PSF Expo.
2016	• Best Taxpayer/RRA
2017	• Best Exhibitor ICT/Annual PSF Expo. • Best Taxpayer/RRA

2018	• Best Digitization/Annual PSF Expo. • Best Taxpayer/RRA.
2019	• 2019 Rwanda Business Excellence Awards (RDB): Innovator of the year category. • Best Taxpayer/RRA. • Best Commercial Operation in MTN Group • Customer Experience Leader Award in MTN Group • MTN Group named most admired African brand
2020	• MTN Group ranked Africa's top telecoms brand MTN Group remains the most admired African brand • MTN Group named most valuable African brand, worth US$3.3 billion • MTN Rwandacell PLC received Innovation funds Award from GSMA. • MTN Rwandacell PLC receives first and only GSMA certification on Mobile Money.

4.3 MTN Foundation

MTN Foundation is the vehicle through which MTN implements its Corporate Social Responsibility Programs. MTN Foundation was established in February 2010 and MTN commits a minimum of 1% of Profit After Tax (PAT) annually to support the Foundation activities.

The Foundation was created with a focus of giving back to society and "Impacting the quality of lives in our communities in a meaningful way". The Foundation is passionate about MTN Rwandacell PLC's vision to positively impact lives in our communities therefore we intervene through projects in Four key areas, namely:

- Education
- Community & Health
- Economic Empowerment
- Government priorities

By focusing efforts on these 4 key areas, MTN Rwandacell PLC can concentrate on Community basic needs and design projects that empower people, have maximum impact and are sustainable.
MTN Rwandacell PLC is one of the largest shared value corporations in Rwanda. Its initiatives have impacted over 5 million people across the nation and through the MTN Foundation, has invested an average of Rwf 150 million per year in the last 10 years.

2020 Highlights

Source: MTN Rwanda

Education

MTN Scholarship Program and schools Digitalization.

Rwanda for the last 10 years has invested heavily in education with relevant initiatives such as scholarship program covering 100 high school students in which the top 3 students from the program have been awarded full scholarship for universities and the schools connect Initiatives with 32 Digital schools of excellence across the country.

Response to COVID-19 Initiatives

1. MTN contributed 100 Million RWF to economic recovery funds to support SMEs Business recovery.
2. Under CSI MTN Rwandacell PLC also allowed free-of-charge calls between doctors and nurses (Until December 2020) to support the Covid taskforce in RBC.
3. Distribution of 20,000 masks across the country in partnership with Minaloc.
4. Through the MTN Foundation, MTN donated Rwf 10 million to RBC in a bid to support their daily activities and research during the coronavirus pandemic.
5. 15 zero rated websites for schools and universities to support learning during covid-19 in collaboration with Mineduc.
6. Supported 1500 families of motorists to support small businesses recovery.
7. Women in business initiative to economically empower more than 1000 women in rural areas into cooperatives in partnership with Ministry of Gender and Family Promotion.
8. Donation of essential goods to Genocide Widows under the umbrella of avega.
9. Wise and Wear it for me awareness campaign (August and September) to support the fight against Covid 19 by promoting wearing masks correctly and everywhere.

4.4 MTN Rwandacell PLC Operational Performance

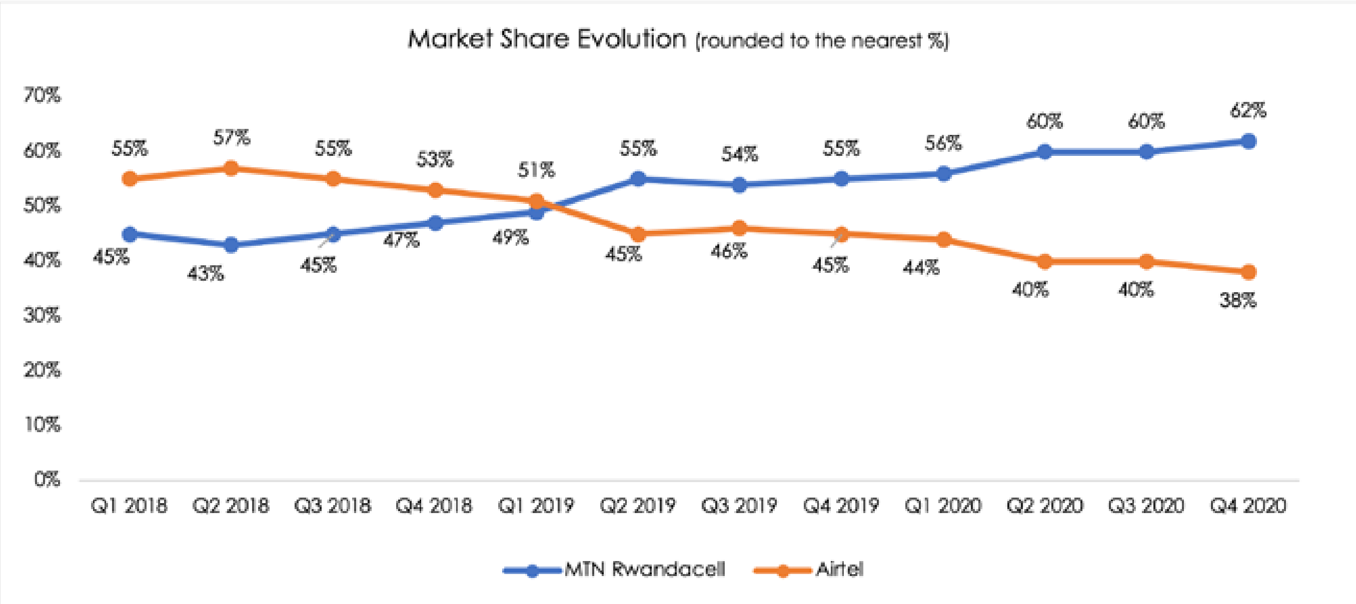
MTN Rwandacell PLC's historical operational performance metrics have proven to exert MTN Rwandacell PLC as the leading telecommunication company in Rwanda and a key contributor to Rwanda's cashless drive and digital evolution. This can be visibly demonstrated from the table below showing MTN Rwandacell PLC's non-financial KPIs over the past 2 years.

Operating KPI	Actual Full Year 2018	Actual Full Year 2019	Actual Full Year 2020
GSM (all services)			
MTN Rwandacell subscribers	4,668,202	5,372,399	6,557,073
Competitor subscribers	5,032,407	4,286,149	4,057,335
Total Market Subscribers	**9,700,609**	**9,658,548**	**10,614,408**
Mobile Money			
Subscribers (30 day active)	2,107,331	2,671,018	3,287,827
Penetration	45.10%	49.70%	50.14%
Data			
Subscribers (90 days RURA definition)	3,446,420	4,238,260	5,114,069
Penetration	73.80%	78.90%	77.99%
Smartphones			
Smartphones	1,002,794	1,153,855	1,213,397
Smartphone Penetration	21.48%	21.48%	20.00%
Traffic (Prepaid)			
Voice traffic (Minutes)	8,198,046,518	10,890,277,560	16,604,025,754
Data volume (MBs)	13,942,700,795	23,499,772,030	41,619,319,239
Traffic (Postpaid)			
Voice traffic (Minutes)	58,407,798	60,184,439	90,571,114
Data volume (MBs)	1,089,316,120	1,423,989,218	1,902,167,037
Average Revenue Per User			
Data ARPU – consumer (RWF)	446	455	441
Voice ARPU – consumer (RWF)	1,087	1,111	1012

There has been tremendous growth in the MTN Rwandacell PLC subscribers from 4.6 Million in 2018 to 6.5 Million (40.5% growth) in 2020. This has been coupled with 56% growth in MTN mobile money subscribers to 3.2 Million (active in a 30 day period) with a penetration rate of 50.1% and a 21% growth in smart phone users to 1.2 Million under MTN Rwandacell PLC's network.

MTN Rwandacell PLC has been able to convert the subscriber growth into scaling uptake of its voice and data channels as can be noticed from the pre-paid traffic growth in billable minutes of use and mega-bytes (MB) by 102.5% and 198.5% respectively over the 2-year period.

MTN Rwandacell PLC has also been able to maintain the average revenue per user both on voice and data subscribers with a variance of less than -7% on Data and -1.1% on Voice over the past 2 years.



Source: RURA Quarterly market Report

In 2018, Airtel acquired Tigo Rwanda to form the biggest subscriber base in Rwanda at the time. However, as MTN Rwandacell PLC continued to improve its service delivery and extensively Invest in Network and Infrastructure (Rwf 50 Billion Syndicated loan in 2018 for Investment over 3 years), its market share began to rise in Q3 2018 and has since taken back market share leader position by from the competitor.

With low smartphone & data penetration in Rwanda and the Government of Rwanda's Cashless and digital drive, MTN Rwandacell PLC foresees an even brighter future to further expand and deepen its offerings to the public both unserved and underserved public.

SECTION 5 | Business Overview

5.1 Products and services

Below is a summary of the Products and Services MTN Rwandacell PLC provide:

- **Voice and SMS Services**
  - MTN Rwandacell PLC's voice packages for business and personal customers include packages for prepaid and post-paid customers

- **Data Services**
  - MTN Rwandacell PLC covers the country with 2G and 3G network, Fiber, WiMAX and Wi-fi catering for individuals, homes and corporate customers.

The range of products /services includes: MTN Internet Bundles, MTN Internet Access, MTN Hotspot, MTN Wi-fi.

- **Mobile Money Services**[6]
  - The MTN Mobile Money is used to send and receive money both locally regionally and internationally, top-up MTN airtime, pay bills (Water, Electricity, Government Services such as Tax and Irembo Services MTN Postpaid, School fees and more), buy & pay for insurance, pay employee salaries, pay for airline tickets and other goods and services.
  - MTN Mobile Money is also used for Savings and Loan offerings services at competitive rates.

- **Data Centre Solutions**
  - MTN Rwandacell PLC provides various Corporate Solutions through its MTN Business Unit. These Include:
    a) Hosting Services – Web and Email
    b) Data Centre Collocations
    c) Cloud Services and Storage
    d) Mail Hosting and Domain

- **M2M- POS, Corporate APNs**
  MTN has a wide range of corporate solutions such as:
  a) Business Call Assist
  b) MTN Business
  c) Hotspot Premium
  d) MTN Virtual Hosting
  e) 4G LTE on Prepaid
  f) 4G LTE on Postpaid

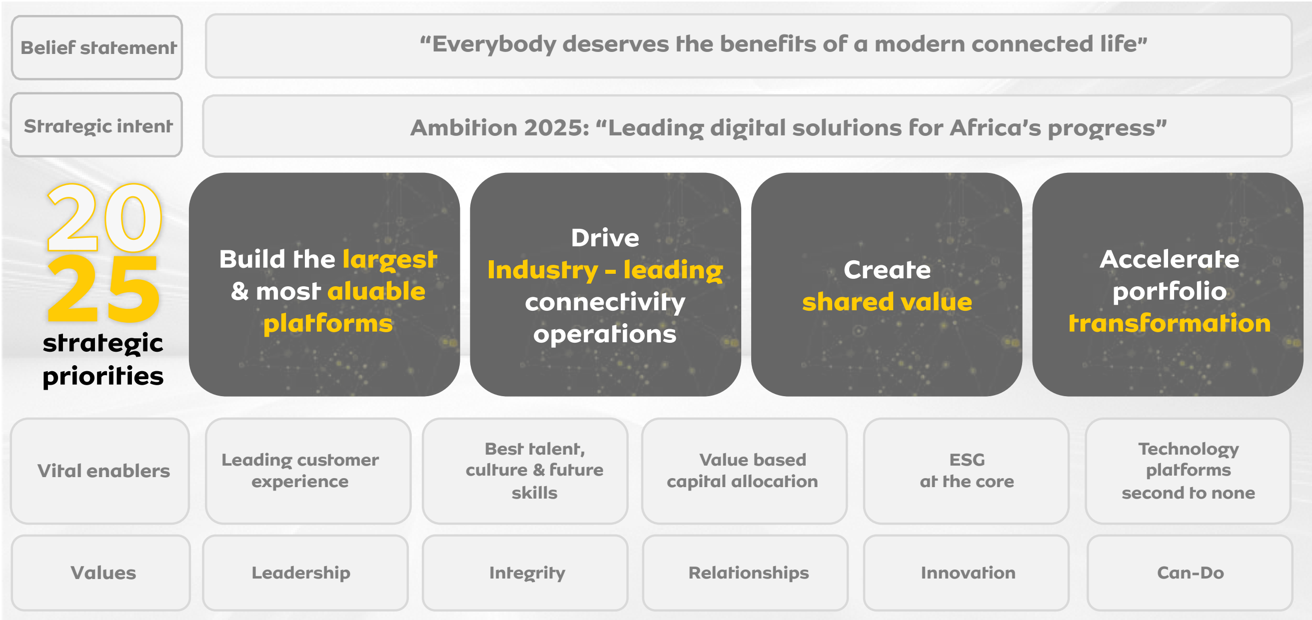
- **Value Added Services**
  MTN has a wide range of Value-Added Services (VAS) including but not limited to the following:
  a) FACEBOOK USSD
  b) MTN Scheduled SMS
  c) MTN Twitter SMS
  d) MTN Global Top Up

5.2 Strategy

In 2021, MTN Group launched its Ambition 2025 strategy, with the intent to Lead digital solutions for Africa's progress. This strategy is adopted in all the MTN operations. The strategy focuses the operations on key growth areas and business operational efficiencies.

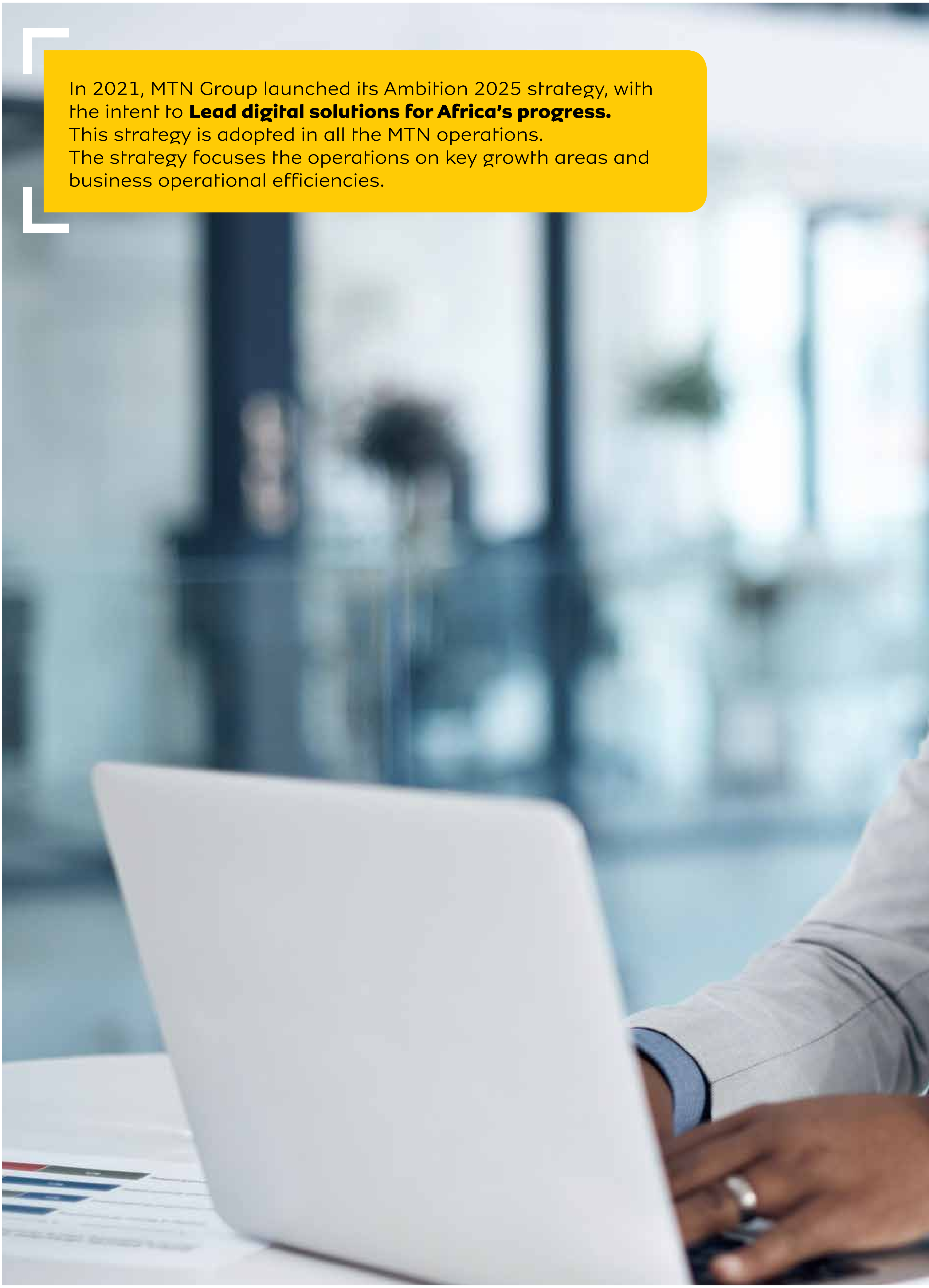
[6] MTN Financial Services subsidiary is being established and has applied for a license from the Regulator

It is based on the following elements:



In adoption of the MTN Group strategy, MTN Rwandacell PLC's vision is to **"Lead Digital for a BRIGHTer Rwanda"**. Strategy for the next 5 years will see MTN Rwandacell PLC becoming and maintaining its position as the #1 Connectivity Business, #1 Platform Business as well as a strong developmental partner through its #GoodTogether framework. The business focus is on accelerating digital & data adoption while ring-fencing the core business of voice.

In 2021, MTN Group launched its Ambition 2025 strategy, with the intent to **Lead digital solutions for Africa's progress.**
This strategy is adopted in all the MTN operations.
The strategy focuses the operations on key growth areas and business operational efficiencies.



SECTION 6 | Investment Highlights

Below are what MTN Rwandacell PLC believes are its key competitive strengths:

a. Market Leader

MTN Rwandacell PLC is the market leader in Rwanda with 56% revenue market share across all ICT players and 62% mobile subscription market share.

b. Stable Market

In terms of closing subscriber numbers, the data market grew at a CAGR of 20% during the last 4 years. Broadband internet usage is relatively low as internet penetration in Rwanda lags behind the rest of Africa on average, indicating a huge potential for future growth. In addition, internet access on mobile phones is growing very quickly, as smart phones and tablets usage increases. MTN Rwandacell PLC is well positioned to capture a major part of the growth in data with its innovative range of data products and mobile payment offerings.

c. Strong Management Team

MTN Rwandacell PLC has a strong management team with a wealth of experience in the Rwandan and regional telecommunication markets (members of the management team are from a range of diverse cultures and heritages that have worked in various capacities). The executive management team continues to keenly anticipate and respond to the changing telecommunications environment.

d. Favorable Political and Macroeconomic environment

The current economic environment is stable and the outlook for Rwanda's economic future is positive. In 2019 the GDP growth was 9.4 percent and has been growing at an average of 7.5% over the past 10 years. It was only in 2020, due to the worldwide Corona Virus (Covid-19) pandemic that slowed down Rwanda's Growth which declined by -3.4%. However, projections estimate the economy to bounce back in 2021 with GDP growth projected at 5.7%.

Rwanda has guarded its political stability since the genocide in 1994. Political stability continues following the August 2017 presidential election with next elections slated for 2024. Rwanda's long-term development goals are defined in "Vision 2050," a strategy that seeks to transform the country from a low-income, agriculture-based economy to a knowledge-based, service-oriented economy with high-income country status by 2050.

e. Investment Program

MTN Rwandacell PLC continues to spend significant amounts of capital expenditure to improve and expand its network having invested about RWF 60.4 billion over the last 3 years (2017: RWF 10.7bn, 2018: RWF 22.5bn, 2019: RWF 27.2bn and 2020 capex of: RWF22.5bn).

f. Strong Financial Performance

The Company has a history of very strong cash flow generation (generated RWF 39 billion in free cash flows as at September 2020). Total revenue was RWF 152bn for the year 2020 and has achieved a CAGR of 10% over the last 4 years.

MTN Rwandacell PLC's EBITDA for the 2019 financial year was RWF 50 billion, representing a healthy EBITDA margin of 40%, while EBITDA for the year 2020 was Rwf 74 billion, representing a healthy EBITDA margin of 49%.

g. Affiliation with MTN Group

The MTN Group maintains control over the operations of MTN Rwandacell PLC with a joint share effective shareholding of 80% through MTN International (55%) and MTN REL (25%). As a result, MTN Rwandacell PLC benefits from strong parental support and economies of scale of the overall MTN Group.

In addition, MTN Rwandacell PLC carries the MTN brand which is synonymous with market leadership in the countries within which it operates. The MTN brand has evolved over the years to become one of the strongest and most recognizable telecommunications brands in the emerging markets.

MTN Rwandacell PLC is the market leader in Rwanda with **56% revenue market share across all ICT players** and **62% mobile subscription market share.**

SECTION 7 | Financial Review

The selected data includes financial data below has been provided by the Company for the years ended December 31 2018, 2019 and 2020. It also Includes assumptions for projections to 2021.

RWF (Billions)	Audited 2020	Audited 2019	Audited 2018	Audited 2017	Audited 2019/20
Voice revenue	72,638	61,819	52,661	43,165	17.50%
Mobile data	27,049	19,881	14,298	11,577	36.05%
SMS revenue	3,642	2,315	2,101	1,534	57.32%
Roaming revenue	947	1,924	1,782	1,147	(50.78%)
Interconnect	4,555	3,621	3,589	4,035	25.79%
Digital revenue	1,602	2,773	2,328	1,316	(-42.23%)
Other revenue	10,989	10,548	9,814		4.18%
MFS revenue	30,591	22,537	16,249	11,236	35.74%
Total Revenue	**152,013**	**125,418**	**102,823**	**84,575**	**21.21%**
Cost of sales	33,442	30,817	26,141	21,200	8.52%
Gross margin	118,571	94,601	76,682	63,375	25.34%
Gross margin %	78.0%	75.4%	74.6%	74.9%	
Staff costs	12,426	12,599	10,447	7,860	(1.37%)
Rental expenses	2,459	2,326	13,182	12,331	(5.72%)
Management fees	7,758	5,964	5,115	3,528	30.08%
Other expenses	21,442	23,006	17,855	26,614	(6.80%)
Total Expenses	**44,085**	**43,895**	**46,598**	**76,871**	**0.43%**
EBITDA	74,486	50,706	30,084	7,701	46.90%
EBITDA Margin	49.0%	40.4%	29.3%	9.1%	

Management, in their final submission of their 2021 business plan expects to exceed its **targets in the forecast period**.


210.24
209.22
1,218.38
210.74
208.33
456.60
26.42
19.05
29,240.68

Management fundamental assumptions

Management, in their final submission of their 2021 business plan expects to exceed its targets in the forecast period.

The assumptions employed in the estimation of the forecasted performance included;

1. Macroeconomic conditions (GDP)

- Gross domestic product (GDP) dipped to -3.4% in 2020 according to the National Institute of Statistics of Rwanda (NISR). This resulted from the general business slowdown brought about by the spread of Covid-19.

2. Macroeconomic conditions (CPI)

- The country's CPI increased to 11.5% (Urban, 9.2% and rural, 13.2%) in July 2020 pushed by prices of food (prices under pressure as imports are constrained and local production is insufficient on the back of recent floods), beverages and transport (strict enforcement of social distancing rules on public transport).

3. Customer market share and value share

- The business plan assumes a steady hold on customer value and share.

4. Smartphone acceleration

- The current national smartphone penetration is 16%.
- The business plan projects to have a 21% year on year growth on handsets costs primarily driven by projected growth in volumes to grow smartphone penetration.
- MTN plans to explore the fixed wireless access and fibre to the home solutions

The Company expects to comply with the financial covenants of its borrowing's facilities during the reporting period.

	Threshold per loan covenants	Status as at 31 December 2021	Conclusion
Net Debt to EBITDA	<2.5x	0.20x	Compliant
Debt Service Coverage Ratio	>1.25x	3.2x	Compliant
Net Debt/ (Equity and shareholder loans)	<70:30	42	Compliant
Interest Coverage Ratio	>4.5x	12.7x	Compliant

	FY 2021 Projected Statements for the Year ending 2021 RWF Millions
Total Revenues	174,098
Service Revenue	171,097
Total Voice Revenue	84,254
Total Data Revenue	31,199
Digital Revenue	2,314
Fin Tech	39,740

SMS Revenue	3,737
Total Wholesale	1,076
Other-service Revenue	8,778
Non-service revenue	3,001
Cost of sales	**38,364**
Gross profit	**135,735**
Operating expenditure	**51,225**
EBITDA	**84,510**
Depreciation and amortization	26,575
Finance costs	20,847
Taxation	13,352
Profit after tax	**23,736**

	Projected as at 31 December 2021 Rwf 000
ASSETS	
Non-current assets	**178,037,226**
Property, plant and equipment	67,325,266
Right of use asset	76,105,229
Intangible assets and goodwill	31,290,540
Non-current prepayments	403,777
Total IRU Assets	2,912,414
Current assets	**148,657,967**
Inventories	474,461
Trade and other receivables	39,073,741
Taxation prepaid	5,961,646
Current investments	6,162,323
Restricted cash	66,708,662
Cash and cash equivalents	29,940,590
Current Portion of IRU Asset	336,536
TOTAL ASSETS	**326,695,193**
EQUITY AND LIABILITIES	
Share Capital and premium	3,675,000
Retained earnings	60,180,828
Other reserves	1,500
Attributable to equity holders	63,857,328
Total equity	**63,857,328**
Non-current liabilities	**101,920,267**
Borrowings	24,428,375
Deferred tax liability	11,111,203
Obligations fin leases over 1 yr	66,380,689
Current liabilities	**160,917,598**
Trade and other payables	51,164,431

Restricted cash	66,708,662
Unearned income	1,316,638
Provisions	1,670,855
Taxation liabilities	6,447,871
Current portion of deferred income	610,176
Borrowings	22,344,634
Obligations fin leases	10,654,332
EQUITY AND LIABILITIES	**326,695,193**

SECTION 8 | Corporate Governance

8.1 Board of Directors

The Board of Directors consists of experienced board members, drawn from different professions with diverse skills and experiences. 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 of and responsibilities of the Board and its committees are formally documented in the Articles and respective board charters. As at the date of this Information Memorandum, the Board comprised five non-executive Directors (including the Chairman and one Independent Director) and two executive Directors.

The Board meets at least once every quarter to deliberate and address relevant issues which affect the Company's affairs and business. MTN Rwandacell PLC is committed to the highest standards of corporate governance and business ethics. The Company has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organisation.

Name	Appointment Date	Resignation Date (effective 1st May 2021)
Evelyn Kamagaju Rutagwenda	May 2017	May 2021
Mitwa Kaemba Ng'ambi	October 2019	-
Mark Nkurunziza	July 2019	-
Nosipho Molope	April 2014	May 2021
Yolanda Cuba	March 2021	-
Regis Rugemanshuro	July 2020	May 2021
Ricardo Varzielas	August 2018	May 2021

Note: On conclusion of the listing, the Board and consequently the committees of MTN Rwandacell PLC will be reconstituted in order to comply with all Listing Rules and Regulations.

8. 2 Board Committees

The Board has put in place two standing committees namely, Audit & Risk Management Committee and Remuneration & Human Resources Committee, which have three members each. The committees assist the Board in discharging its responsibilities.

i. Audit and Risk Management Committee

The Audit and Risk Management Committee has an independent role to oversee and make recommendations to The Board on the appointment of the external auditor, external audit process, risk management, compliance and internal audit. The Committee comprises of three (3) members, one of whom must be an independent non-executive director of the Company.
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.

ii. Remuneration and Human Resources Committee

The Remuneration and Human Resources Committee is constituted to improve the efficiency of the Board in discharging its duties relating to any approval of senior management as well as formulation of 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 and ensure that sound Corporate Governance principles are adhered to. The Committee is ultimately accountable to the Board. The Committee consists of four (4) non-executive directors.
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.

MTN Rwandacell PLC is committed to the **highest standards** of **corporate governance** and **business ethics**. The Company has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organisation.

8.3 Directors Declaration

As at the date of this Information Memorandum none of the Directors:

1. has been nor is currently, the subject of a filing of a petition for bankruptcy, either in their own capacity or as an executive officer of any Company;
2. has been convicted in a criminal proceeding or is a named subject of a ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibited him or her from acting as an investment adviser or as a director or employee of a broker or dealer, director or employee of any financial institution or engaging in any type of business practice or activity

8.4 Board of Directors' Profiles

Evelyn K. Rutagwenda,
Non-Executive Chairperson

Evelyn was appointed to the MTN Rwandacell PLC Board in May 2017 and is currently the Chairperson of Crystal Telecom Limited Board, Vice-Chair, Rwanda Development Board, Chair, Equity Bank Rwanda Plc, Vice- Chair, Equity Group Holdings Plc and Equity Bank Uganda Limited, and previously served on the Board of Victoria Motors Rwanda from July 2013 to September 2019.
Evelyn holds no shares in Crystal Telecom Limited. Evelyn holds a Bachelor of Commerce degree from Makerere University, Kampala. She is a Certified Public Accountant and member of the Institute of Certified Public Accountants of Rwanda (ICPAR).

She previously worked as the Auditor General for the Republic of Rwanda; as the Secretary General of Uganda National Chamber of Commerce and Industry (UNCCI); consultant/project accountant for Decentralization Secretariat (Institutional Capacity Building Project); Ministry of Local Government, Uganda and also as Chief Auditor at UCA Auditing Services among others.

Evelyn spearheaded the formation of the Institute of Certified Public Accountants of Rwanda (ICPAR) and subsequently served the Institute in various capacities including, Chairperson of the Interim Governing Council, Ex Officio and elected member of the Governing Council.

In 2009, she received an ACCA Achievements Award for her outstanding contribution to developing the accountancy and finance profession.

Ricardo Varzielas,
Non-Executive Director

Ricardo was appointed to the MTN Rwandacell PLC Board in August 2018 and is currently MTN GlobalConnect CFO. In addition to rserving on the MTN Rwandacell Board, Ricardo sits on the Boards of MTN Ivory Coast, MTN Cameroon and MTN GlobalConnect Solutions.
He previously served as the MTN Group Executive for Forecasting, Planning & Analysis and the General Manager Corporate Performance Management.

Ricardo attained a Licentiate Degree in Business Administration from the University of Coimbra, Portugal (equivalent to a Bachelor of Commerce, Honors). Ricardo has extensive knowledge and understanding of MTN Group's financial matters, workings and stewardship as well as extensive experience in the telecommunications, media and technology industries.

His market experience covers Europe, Africa and the Middle East where he held several roles within MTN and in the consulting industry.

Ricardo joined MTN Group in September 2010 as Senior Manager for Costing and Profitability (ABC) where he later acted as General Manager for Finance Special Projects. Prior to joining MTN, Ricardo worked at Capgemini Consulting and at KPMG Advisory as a management consultant for several TMT industry clients.

Nosipho Molope,

Independent Non-Executive Director

Nosipho was appointed to the MTN Rwandacell PLC Board in April 2014 and serves as an independent non-executive director. She currently serves as director on various company boards including Old Mutual Limited, Engen Limited, South32 Coal Holdings Proprietary Limited, Mobile Telephone Networks Proprietary Limited (MTN SA), MTN Eswatini, MTN Uganda and MTN Zambia. She also previously served on the Boards of, inter alia, Nampak Limited, Illovo Sugar Limited, Toyota Financial Services South Africa Proprietary Limited and various subsidiaries of MTN Group Limited in the rest of Africa, including MTN Cameroon, MTN Ivory Coast, MTN Liberia, MTN Benin and MTN South Sudan.

She holds a Bachelor of Science from the University of the Witwatersrand as well as a Bachelor of Accounting Science (Hons) with a Certificate of Theory in Accountancy from the University of South Africa, and is a Chartered Accountant (South Africa). She previously worked at WipCapital Proprietary Limited as part of the Specialised Funds Management team, after which she joined Viamax Proprietary Limited, a subsidiary of Transnet, as a Group Finance Executive. She then became the Finance Director at ZICO Proprietary Limited and later became the Chief Financial Officer at the Financial Services Board.

Yolanda Cuba,

Non-Executive Director

Yolanda Cuba was appointed to the MTN Rwandacell PLC board on 1st March 2021 and is the Vice President: Southern & East Africa of the MTN Group, having joined in January 2020. 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 comes with a wealth of experience in telecoms, financial service and fast-moving consumer goods, amongst others. Her work experience started in corporate finance and transitioned to operational management in diversified industries.

Yolanda was one of the youngest CEOs of a JSE-listed company at the age of 29 years and has been recognised as CEO/Business personality of the year by multiple platforms over her 20-year working experience. She was also selected by the World Economic Forum as one of the Young Global Leaders and named one of the Choiseul 100 Africa by Institut Choiseul (France).

She has served on numerous JSE-listed companies as non-executive director including Absa Group, where she was the longest serving member for 12 years before resigning in 2019.

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 and she is an alumna of programs at INSEAD and Harvard Kennedy School. She is passionate about education and inclusive social and financial development and has served on the Advisory Board of Stellenbosch University Business School, a founder of CubaMtyi Foundation and has served on the Nelson Mandela Foundation Investment Committee since 2006.

Regis Rugemanshuro,

Non-Executive Director

Regis was appointed to the MTN Rwandacell PLC Board in July 2020 and currently serves as the Director General for Rwanda Social Security Board (RSSB). He serves as Chairman of Cimerwa PLC and is a Director of Bank of Kigali PLC, Sonarwa General Insurance and Crystal Telecom Limited. Regis holds no shares in Crystal Telecom Limited.

Prior his appointment, Mr. Rugemanshuro Regis was the Chief Digital Officer of Bank of Kigali PLC where he oversaw and led the Digital Transformation of Bank of Kigali Plc; a position he took after serving as the first Chief Executive Officer of BK TecHouse, the tech subsidiary of Bank of Kigali Group Plc, where his work and the company's achievements in the two years he spent there earned him the 2018 All Africa Business Leaders Award (AABLA) as Finalist for East Africa Innovator of the Year.

Under his leadership, BK TecHouse was voted and awarded the 2017 Best Technology Company in Rwanda by the Smart Service Awards.

Prior to joining BK Group Plc, Mr. Rugemanshuro Regis spent his c areer in the United States consulting for global Tech giants such as Hewlett Packard (HP) as a Program Manager and later with Accenture PLC in Seattle, Washington. During his time there, his main clients included Microsoft and T-Mobile.

Regis holds a Bachelor's Degree in Science Information Technologies and an MBA in Management both from Misericordia University in Pennsylvania. He is a Certified Project Management Professional (PMP) by the Global Project Management Institute (PMI) as well as a Certified SAFE Program Consultant (SPC4) by the Global Scaled Agile Academy.

Mitwa Ng'ambi,

Executive Director, *Chief Executive Officer*

Mitwa Ng'ambi is a telecoms specialist with a career spanning more than 10 years in telecoms and joined MTN Rwandacell PLC in October 2019 from Airtel Tigo Ghana where she held the role of CEO. Prior to that, she was CEO of Tigo Senegal. Mitwa Ng'ambi has been described as a seasoned leader with a career spanning more than 10 years in the telecoms sector. She has also been described as one with experience in commerce, technology and developing growth strategies.

She previously worked for the MTN Benin as Chief Marketing Officer. Over the years, she has also gained experience in 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.

Mark Nkurunziza,

Executive Director, *Chief Finance Officer*

Mark is a Chartered Accountant (CPA Rwanda) and is a member of the Association of Chartered Certified Accountants (ACCA). He has over 20 years of experience in Financial Management and Risk Management.

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.

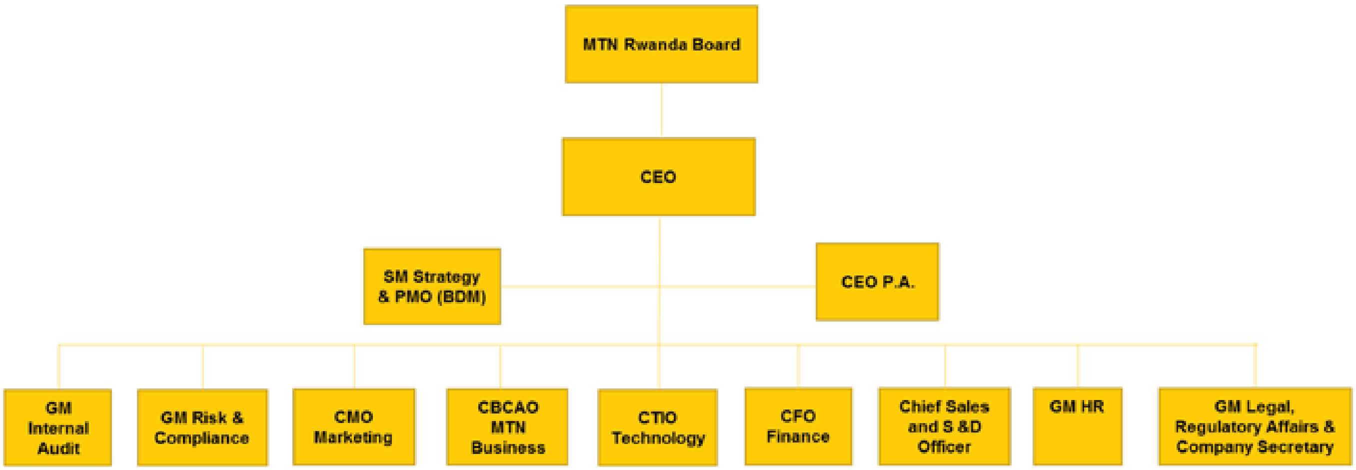
Prior to joining MTN Rwandacell PLC in July 2019, he was a Chief Financial Officer for 6 years at the Rwanda Development Board.

He also had a stint in the aviation industry when he served at the National Airline, RwandAir as a Finance Manager from 1998 to 2004.

8.5 Senior Management Profiles (other than executive directors)

MTN Rwandacell PLC's organization structure is summarized below:

MTN Rwanda Organization Chart



The Executive Committee of MTN Rwandacell PLC consists of 8 members, Including the CEO and CFO. They are set out below:

Cliff Muligande,

Chief Information Officer

Cliff Muligande has served as MTN Rwandacell PLC's Chief Information Officer since April 2019. He holds a bachelor's degree in Information Technology and an on-going MBA in project management. Cliff has over 15 years' experience in the Information Technology sector both in the private and public sectors.

He has extensive experience in managing IT operations, designing, implementing and leading IT solutions and initiatives.

He has previously worked in different capacities at MTN Rwandacell PLC since he joined in 2006 in roles that include Senior Manager In-Charge of Service Delivery, Enterprise Applications Manager, Database Administrator, as well as Network Administrator at General Prosecution Office in 2005.

Eugen Gakwerere,
Chief Technology Officer

Eugen Gakwerere serves as MTN Rwandacell PLC's Chief Technical Officer, a role he has filled since December 2020. Eugen holds a Bachelor of Science in Engineering Electronics and Telecommunication Engineering.

Eugen has over experience of 13 years in Network Design, Planning and Optimization, Operational Management and Implementation. He previously worked as MTN Rwandacell PLC's Head of Network Engineering from 2018 to 2020 and had a two-year period with Airtel Rwanda as Head of Network Engineering, Networking Design, Planning, Optimization and Assurance.

Prior to joining Airtel, he was with MTN Rwandacell PLC as Radio Planning and Optimization Manager and Engineer.

Mohammad Kiwan,
Expert Support to Chief Technical and Information Officers

Mohammad is energetic and results-driven, envisioning and leading technology based initiatives as Expert Support to Chief Technology Officer and Chief Information Officer at MTN Rwandacell PLC to which he joined in July 2017.

He has a fast-tracked management career marked by building peak performing teams to achieve cross-functional business objectives. He has contributed to seasoned broad-based perspectives to create pragmatic technical strategies and implementation plans designed for maximum returns at the lowest possible costs.

Prior to joining MTN Rwandacell PLC, Mohammed was the Chief Technical and Information Officer at MTN Benin for 9 Years and prior to that was the Chief Technical and Information Officer at MTN Ghana from 2004 to 2007.

Mohammad successfully completed the Program for Leadership Development (PLD) at Harvard Business School. He also completed the GAP program at MTN Academy and the University of Pretoria. He holds a bachelor of science degree in electronics and telecommunications engineering from Beirut Arab University (BAU), Lebanon.

Yaw Ankoma Agyapong,

Chief Consumer and Digital Officer

Yaw joined MTN Rwandacell PLC in February 2021 as the Chief Consumer and Digital officer with 15 years of experience of which 11 years are within the telecommunications sector.

Prior to joining MTN Rwandacell, Yaw was the Chief Marketing Officer of MTN Liberia for 2 years and previously with Liquid Financial Services as Chief Commercial and Operating Officer for 1 year. He was also the Chief Commercial Officer at Tigo Rwanda from 2016 to 2017 and prior to that, he was heading Pricing and Products at Tigo DRC from 2015 to 2016.

Yaw holds a Masters of Engineering Management degree and a Bachelor of Mechanical Engineering degree both from Cornell University.

Chantal Umutoni Kagame,

Chief Business and Corporate Affairs Officer

Chantal joined MTN Rwandacell PLC in May 2018 as the Chief Business and Corporate Affairs Officer. Chantal is a senior Telecoms Executive with over 19 years of experience in Multinational Telecommunications.

She has a track record of excellent achievement in the 3 Rwandan Telco companies in areas of Executive Leadership, Sales and Distribution, Mobile Financial Services, Strategy Development and Execution, Corporate Affairs and Credit Management.

Prior to joining MTN Rwandacell, Chantal was the Deputy CEO/COO, Tigo Rwanda for 3 years and Head of Sales, Distribution and Corporate Affairs at the same company from 2011 to 2015.

Chantal holds a bachelor's degree in Commerce from Kigali Institute of Science and Technology.

Norman Munyampundu,

Chief Sales and Distribution Officer

Norman is currently the Chief Sales and Distribution Officer at MTN Rwandacell PLC. He has served in different Senior positions at MTN Rwandacell PLC since its inception in 1998.

With Over 20 years' experience in the Telcom industry, Norman has vast experience in Strategic Corporate Business, Sales and Distribution Operations, Mobile Financial Services, Customer Care Operations, and Project Management.

Norman holds a Master of Business Administration in Finance from Maastricht School of Management – The Netherlands. He also holds a bachelor's degree in Social Sciences from Makerere University in Uganda.

Enock K. Luyenzi,

General Manager, Human Resources

Enock is a Chartered Human Resources Analyst (CHRA). He holds an MBA in International Strategic Management from Mt. Kenya University; a Telecom Mini MBA from the Telecoms Academy and a bachelor's degree from the National University of Rwanda.

He has done various executive trainings in Leadership and on Strategy Execution with Maps and Balance Scorecard Master Class from Harvard Business School.

Enock has a passion for Strategic Management with solid Human Resources and Administration skills in the Banking, the Public Sector and the Telecommunication Industry.

Enock joined MTN Rwandacell PLC in December 2017 with 16 years of experience from the Office of the President as a Director of Logistics and later as the Head of Human Resources and Administration at Bank of Kigali. He is passionate about developing high performing teams to drive customer demands, business growth and profitably.

George Kagabo,
Head of Internal Audit & Forensics

George joined MTN Rwandacell PLC in January 2018 as the Head of Internal Audit & Forensics at MTN Rwandacell PLC. Prior to that, he served in different Managerial positions at Crystal Ventures Ltd from Director of Finance Inyange Industries, Director of Finance NPD Ltd and Senior Internal Auditor Crystal Ventures Group Ltd. He also served as Director of Portfolio Management Division at Rwanda Social Security Board, Ag. Director of Finance, Head of Treasury Management Unit, and Internal Auditor at Rwanda Social Security Board.

George has over 12 years of experience in both public and private sectors with commanding knowledge in Finance and Auditing.

He holds an MBA Finance from Oklahoma Christian University, a bachelor's degree in Business Administration from Makerere University and is currently in the final stages of obtaining an ACCA qualification.

Oscar Oboma,
General Manager, Risk & Compliance

Oscar joined MTN Rwandacell PLC in February 2015 and was confirmed as the General Manager Risk and Compliance at MTN Rwandacell PLC in February 2021. Prior to that, he held managerial roles within MTN Rwandacell PLC Finance department as Senior Manager Financial Planning and Analysis, Senior Accountant Fixed Assets and at the CEO's office serving as Senior Manager, Strategy.

He possesses 9 years of working experience with 5 years coming from working in Telco.

He holds a bachelor's of science degree in Accounting. He is also a qualified member of the Association of Certified Chartered Accountants (ACCA).

Sharon Mazimhaka,

General Manager, Legal and Regulatory Affairs & Company Secretary

Sharon is currently the Head of Legal and Regulatory Affairs and the Company Secretary at MTN Rwandacell PLC, a position she has held since 2015.

Between 2011 and 2014, she was the Legal and Regulatory Affairs Supervisor and from 2009 to 2011 she was a Legal Officer at MTN Rwandacell PLC.

Sharon holds a Master of Laws Degree (LLM) and a Bachelor of Laws Degree (LLB) from the University of Witwatersrand in Johannesburg, South Africa which she obtained in 2007 and 2006 respectively.

Employees

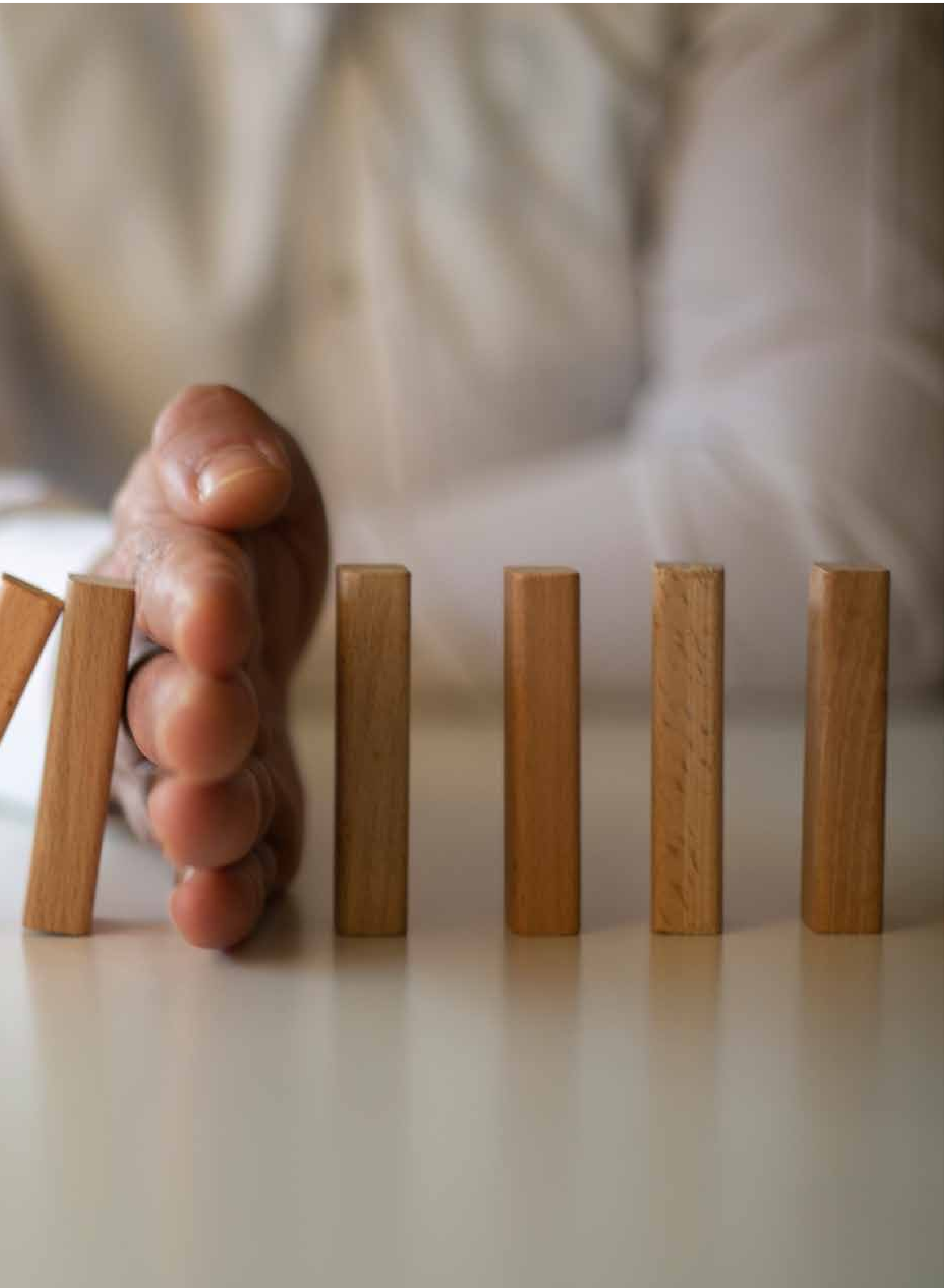
The average number of employees of MTN Rwandacell PLC and changes therein over the last five financial years (including a breakdown of Management) are set out in the table below:

MTN Rwandacell PLC	2016	2017	2018	2019	2020
Total Number of employees	255	269	281	285	279
General Manager & Executives	6	7	7	10	8
Senior Management	12	21	23	26	29
Junior & Middle management	53	54	57	58	63
Non – Management	184	187	194	191	179
Male	175	186	194	197	194
Female	80	83	87	88	85

MTN Rwandacell is committed to comply with CMA's Regulation on Capital Markets Public Offer and Issue of Securities by ensuring continued retention of suitably qualified management during listing and no change of management for a period of twelve months following the listing other than for reason of a serious offence that may be considered to affect the integrity or be inappropriate for management of a listed Company.

SECTION 9 | Risk Factors

MTN Rwandacell PLC's investment plans are influenced by its **modelling of anticipated investment returns**.



The risk factors described below are not an exhaustive list or explanation of all risks which may impact the Company's financial condition and future prospects and should be used as guidance only. The factors listed under a single heading may not provide a comprehensive view of all risks relevant to the subject to which the heading relates. Additional risks and uncertainties relating to MTN Rwandacell PLC that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on MTN Rwandacell PLC's business, financial condition, results of operations and prospects and, if any such risk should occur, shareholders could lose all or part of their investment. The risk factors described below are not ordered by reference to materiality or importance to MTN Rwandacell PLC's business, financial condition, results of operations and prospects.

The information contained in this Listing Memorandum is based on current legislation and tax practice and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of shareholders' investments in the Company.

RISKS RELATING TO MTN Rwandacell PLC's BUSINESS OPERATIONS

- ***4G License restricted to one wholesale operator. The 25-year license to KT Rwanda sees them having the only license to operate a 4G network which extends to 'future technologies.'***

MTN Rwandacell PLC's commercial success depends on its ability to provide services such as mobile voice, data access and digital services to its customers at a competitive cost. Many of the services offered by the Company are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services. The telecommunications industry is characterised by an increasing pace of technological change and advancement in existing mobile systems and industry standards combined with ongoing improvements in the capacity and quality of technology to cater to changing customer needs. As new technologies develop, the Company's equipment may need to be replaced or upgraded, the Company may need to acquire additional licences, increase its equipment capacity and/or its networks may need to be rebuilt in whole or in part, or significantly upgraded, in order to sustain the quality of its networks and competitive position as a market leader. While the Company seeks to upgrade its existing wireless infrastructure (such as by upgrading its second-generation wireless networks ("2G") to third and fourth generation wireless networks ("3G" and "4G" or "4G LTE", respectively) and fibre network to provide fixed wireless services, to respond successfully to technological advances and ensure that the quality of the Company's networks is sustained, the Government has licensed only one company (KT Rwanda Network) at the moment to provide wholesale 4G technology. This may result in MTN Rwandacell PLC having to rely on a 3rd party to support its innovations, and new products. It may also affect how quickly MTN Rwandacell PLC is able to roll out new technology that may require substantial capital expenditures and access to related or enabling technologies in order to integrate the new technology with the existing 3rd party technology.

- ***A failure in the operations of the Company's networks, gateways to the Company's networks or the networks of other operators could adversely affect the business of the Company, financial condition, results of operations and prospects.***

MTN Rwandacell PLC depends, to a significant degree, on the uninterrupted operation of the Company's networks to provide services to its customers. The company by policy maintains a certain level of network headroom to cater for forecasted organic growth trends. From time to time, where there are significant surges in customer demands that surpass this headroom, customers have experienced dropped calls or slow data. MTN Rwandacell PLC continues to expand its capacity annually with growth forecasts as a basis, but may not, in extraordinary circumstances, be able to maintain service levels where traffic volume surges significantly beyond its capacity. In particular, since the Rwandan market is predominantly a pre-paid market with only a very small proportion of fixed-term contracts, network outages or other issues can have a particularly significant impact as customers may choose an alternative service provider, causing MTN Rwandacell PLC to engage in costly marketing activities to attract, on board and retain or re-acquire customers.

The Company also relies, to a certain extent, on interconnection with the networks of other telecommunications operators and carriers to transmit calls from its customers to the customers of fixed-line operators and other mobile operators, both within Rwanda and internationally. While the Company has interconnection and international roaming agreements in place with several other telecommunications operators, it has no direct control over the quality of these networks and the interconnections and international roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to the Company on a consistent basis, could result in a loss of subscribers or a decrease in traffic, which could materially adversely affect the business of the Company, its financial condition, results of operations and prospects.

- ***Interoperability and Mobile Number Portability: For several years the industry has been anticipating the introduction of interoperability and number portability, while this has not yet occurred MTN Rwandacell PLC continues to monitor it as a risk and opportunity.***

Interoperability and Mobile Number Portability can be classified both as a business opportunity and a risk. Interoperability in the FinTech space implies transactions moving freely across networks with a competitor network leveraging on the customer base that MTN Rwandacell PLC has built over time, for growth. Similarly, Mobile Number Portability would allow customers in maintaining their phone numbers to freely switch from one network operator to another. These initiatives if implemented in the market, pose the inherent risk of customers moving across networks. This risk is however both ways across networks thus presenting itself as an opportunity as well. Furthermore, many subscribers have dual SIM devices in the Rwandan market, that enable them to use multiple service providers at the same time, without difficulty.

- ***MTN Rwandacell PLC's voice service offerings may be impacted by changes to the industry over time*.**

While there was increased demand for the Company's voice service offerings in the year ended 31 December 2019 and also YTD in 2020, and voice revenue is expected to continue to grow for the Company in the future, demand for traditional voice services is generally in decline across the telecommunications industry. This is due to increased use of OTT and other data-based voice services. At the same time, there is an upward demand for data services. As a percentage of total revenue, revenue from voice made up 49% and 50% of MTN Rwandacell PLC's revenue in the years ended 31 December 2019 and 2018 respectively, compared to 51% and 52% of revenue in the years ended 31 December 2017 and 31 December 2016, respectively, primarily due to the increasing use of voice and other digital services by MTN Rwandacell PLC's customers.

While other markets see significant increase in data usage and a drop in voice usage due to the introduction of products such as Whatsapp that offer free voice over internet calling, the Telecoms industry in Rwanda is still at a nascent stage with most of the consumers not holding smart phone devices, which the government is putting initiatives in place in order to increase smartphone and data penetration which currently stands at 17% and 76% respectively.

- ***MTN Rwandacell PLC is exposed to certain risks in respect of the development, expansion and maintenance of its telecommunications networks.***

MTN Rwandacell PLC's ability to increase its subscriber base and revenue depends in part upon the success of the expansion and management of its telecommunications networks, including in respect of the Company's rollout of new services such as 3G and 4G LTE services nationwide.

The expansion of MTN Rwandacell PLC's networks is subject to risks and uncertainties which could delay the introduction of services in some areas and increase the cost of network construction. Network expansion and infrastructure projects, including those in the Company's development pipeline, typically require substantial capital expenditure throughout the planning and construction phases.

MTN Rwandacell PLC is subject to a number of construction, financing, operating, regulatory and other risks, some of which are beyond the Company's control, including without limitation:

- shortages or unavailability of materials, equipment and skilled and unskilled labour;
- access to foreign currencies for financing activities;
- increases in capital and/or operating costs, including as a result of foreign exchange rate movements;
- changes in demand for the Company's services;
- labour disputes and disputes with contractors and sub-contractors;
- inadequate engineering, project management, capacity or infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- electricity and power interruptions due to electricity load-shedding and/or blackouts, and energy shortages;
- difficulties in obtaining and/or meeting project development permission or requisite governmental licences, permits or approvals;
- adverse weather conditions and natural disasters;
- environmental regulations, including the need to perform feasibility studies and conduct remedial activities;
- political, social and economic conditions, including terrorist incidents;
- fraud, accidents or theft and malfeasance;
- consumers and agents being affected by fraud in the mobile money environment such as identity theft through SIM swaps, phishing, promotional and social engineering scams;
- difficulties or delays in site acquisition, which is generally outsourced to third parties; and
- changes in tax law, rules, regulations, governmental priorities and regulatory regimes.

The occurrence of any of these events may have a material adverse effect on the Company's ability to complete its current or future network expansion projects on schedule or within budget, if at all, and may prevent it from achieving its projected revenues, internal rates of return or capacity associated with such projects. There can be no assurance that the Company will be able to generate revenues or profits from its expansion projects that meet its planned targets and objectives, or that such revenues will be sufficient to cover the associated construction and development costs, either of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

- ***The Company may be exposed to supplier concentration and supply chain disruptions in its operations***

The telecoms industry depends on certain key suppliers. While MTN Rwandacell PLC continues to monitor developments relating to the relationship between the US and Chinese telco suppliers, there is a risk of disruption to operations in the event of a key supplier's failure or its inability to deliver, which could impact on MTN Rwandacell PLC's supply chain.

- ***The Company is, and may in the future be, involved in disputes and litigation, the ultimate outcome of which is uncertain.***

MTN Rwandacell PLC is subject to risks relating to legal and regulatory proceedings to which it is currently a party or which could develop in the future. The Company's involvement in litigation and regulatory proceedings may adversely affect its reputation. Furthermore, litigation and regulatory proceedings are unpredictable and legal or regulatory proceedings in which MTN Rwandacell PLC is or may become involved (or settlements thereof) may have a material adverse effect on MTN Rwandacell PLC's business, financial condition, results of operations and prospects. For a description of current litigation and disputes, see "Claims and litigation" (Statutory and General Information).

- ***The Company's ability to grow profitably depends in part on its management's ability to identify opportunities and therefore continue to grow its business. In addition, if the Company fails to attract and retain qualified and experienced employees, its business may be harmed.***

MTN Rwandacell PLC's ability to grow profitably will depend in part on its ability to continue to grow its business and offer its customers appealing voice, data and digital services.
The success of MTN Rwandacell PLC's growth strategy depends on the ability of management to identify investment opportunities, to assess the value, strengths, weaknesses, contingent or other liabilities and potential profitability of such expansion. The Company's growth strategy also depends on its ability to obtain the appropriate regulatory and governmental approvals, licences, spectrum allocation and registrations, and may be limited by regulatory constraints due to antitrust and competition laws, asset control laws or political conflicts in Rwanda. In addition, the success of MTN Rwandacell PLC's growth will depend on, and may be limited by, its ability to finance appropriate capital expenditure and other investments, which may be limited by its overall level of indebtedness and liquidity profile, restrictions contained in the Company's existing and future financing arrangements.

MTN Rwandacell PLC's investment plans are influenced by its modelling of anticipated investment returns. The Company uses the results of its modelling to identify and execute potential investment strategies, such as acquisitions or greenfield network development. These models rely on certain assumptions of market fundamentals, such as macroeconomic assumptions about the market, economic growth forecasts, pricing and competition in determining a given investment's timing, cost and expected profitability for the Company. If actual market conditions deviate from the assumptions underlying these models, the Company could be required to modify, scale back, delay or not undertake its expansion plans. If the Company is not able to modify its plans, this could have a material adverse effect on its business, financial condition, results of operations and prospects.

If the Company is unable to attract and retain experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or if the Company fails to recruit skilled professional and technical staff at a pace consistent with its growth, its business, financial condition, results of operations and prospects may be materially adversely affected. Experienced and capable personnel in the Rwandan telecommunications industry remain in high demand and there is continuous competition for their talents. The loss of some members of the Company's senior management team or any significant number of its mid-level managers and skilled professionals may result in a loss of organizational focus, poor execution of operations and corporate strategy or an inability to identify and execute potential strategic initiatives, such as expansion of capacity or acquisitions and investments. These adverse consequences could, individually or in the aggregate, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

- ***The Company is exposed to a certain counterparty credit risk.***

MTN Rwandacell PLC is a party to traffic interconnection and roaming agreements with a number of network operators regionally and internationally. Interconnect revenue constituted 5%and 6% of MTN Rwandacell PLC's overall voice revenue for the years ended 31 December 2019 and 2018, respectively. A significant downturn in the business or financial condition of one or more of the operators with which the Company obtains interconnect revenue exposes it to the risk of default on contractual agreements and receivables. This risk may be increased by macro-economic conditions, which have in the past adversely affected consumer spending and consequently the businesses and financial conditions of a number of network operators in Rwanda. Furthermore, due to the economic impact of Covid-19, MTN Rwandacell PLC faces the risk of Enterprise Business Units (EBU), distributors and resellers becoming insolvent or illiquid and consequently not being in a position to pay their corporate accounts.

Bank failure related to the MTN Mobile Money offering could cause systemic risk which could lead to collapse of, or significant damage to, the financial system.

Any of these events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

- ***The Company has recently implemented internal controls and procedures appropriate for a publicly listed company in advance of the Listing.***

In advance to the Listing and consistent with applicable Rwandan laws and regulatory requirements, the Company has taken and will continue to take steps to enhance its financial reporting and internal control environment. In preparation for the Listing, the Company has ensured that it has in place the required governance committees and the appropriate disclosure policies for a listed company, implemented policies regarding and monitoring related-party transactions and implemented relevant accounting policies with respect to acquisitions and fraud detection. MTN Rwandacell PLC's reporting procedures, practices and internal controls are not comparable to those of companies that have been listed for some time. As part of the recently implemented internal controls, MTN Rwandacell PLC has introduced the Personal Account Dealing and Trading Policy which sets forth the guidelines related to dealing in MTN Rwandacell PLC shares.   There can be no assurance that these Internal controls and procedures will function as designed, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

MTN Rwandacell PLC follows international standards of reporting and internal controls. In particular, MTN Rwandacell PLC adopts the MTN Group Finance Policy which encompasses international financial reporting standards (IFRS). The Policy is updated in line with changes and emerging standards as set out by the International Accounting Standards Board.

The policy covers areas of accounting policies, borrowing costs, cash flow management and deferred taxation. It also caters for accounting for employee benefits, financial instruments as well as events after Balance Sheet date.

MTN Rwandacell PLC also puts emphasis on enhancing solid internal controls. The structure at MTN Rwandacell PLC is conducive towards attaining internal controls – with 2 separate departments i.e., the Internal Audit Department and the Risk and Compliance Department. Also, there are Risk Champions from every department who are the liaison staff that work closely with the Risk and Compliance department.
In addition to this, a monthly local audit committee (LAC) meeting is chaired by the Chief Executive Officer in which audit and compliance issues are discussed and monitored.

Finally, the Board of Directors' Audit Committee convenes at least 3 times in a year to review internal controls and hold Management accountable for any detected gaps.

- ***MTN Rwandacell PLC's telecommunications licences, permits and frequency allocations are subject to finite terms, ongoing review and/or periodic renewal, any of which may result in modification or early termination. In addition, the Company's inability to obtain new licences and permits could adversely affect its business.***

The terms of MTN Rwandacell PLC's licences, permits and frequency allocations are subject to finite terms, ongoing review and/or periodic renewal and, in some cases, are subject to modification or early termination or may require renewal with RURA. MTN Rwandacell PLC's Mobile, Fixed and Radio Frequency License are due for renewal in 2021.

MTN Rwandacell PLC began and is at the time of this memorandum in negotiations, with the Regulator, RURA, to renew its Mobile Cellular Licence and Second Operator License (2G, 3G) as well as Its Radio Frequency license. At the point of issuing this memorandum MTN Rwandacell PLC sees no cause for its license not to be renewed at the conclusion of the negotiations. This is expected to be granted before June 2021.

While the Company does not expect that it or any of its subsidiaries will be required to cease operations at the end of the term of the current licences, and while many of these licences provide for terms on which they may be renewed, there can be no assurance that these business arrangements or licences will in all cases be renewed on equivalent or satisfactory terms, or at all. Upon termination, some of its licences and assets may revert to governmental or telecommunications operators, in some cases, without adequate or any compensation being paid to MTN Rwandacell PLC.

RISKS RELATING TO THE TELECOMMUNICATIONS INDUSTRY

- ***The Company could experience breaches in privacy laws and other information security requirements, which may materially adversely affect its reputation, lead to subscriber lawsuits and loss of subscribers, or hinder its ability to gain new subscribers and thereby materially adversely affect its business.***

Mobile network operators are subject to stringent requirements in relation to privacy, data and customer protection laws. The Company may be adjudged to have breached any data protection or privacy laws and other information security requirements which could result in the unauthorised dissemination of information about its subscribers, including their names, addresses, home phone numbers, passport details and financial information. The breach of security of MTN Rwandacell PLC's database and illegal sale of its subscribers' personal information could materially adversely impact the Company's reputation, prompt lawsuits against the Company by individual and/or corporate subscribers, lead to adverse actions by RURA or other regulators, lead to a loss in subscribers and hinder MTN Rwandacell PLC's ability to attract new subscribers. If severe customer data security breaches are detected, RURA can sanction the Company, and such sanctions can include, among other sanctions, the suspension of operations for some time period. These factors, individually or in the aggregate, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

- ***The Company's operations could be adversely affected by natural disasters or other events beyond its control.***

MTN Rwandacell PLC's business operations, technical infrastructure (including its network infrastructure) and development projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons, including the on-going Covid-19 pandemic) or other catastrophic or otherwise disruptive events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns;
- major accidents, including chemical or other material environmental contamination;
- acts of terrorism and communal violence;
- vandalism, including in respect of the Company's fibre network or the tower sites which support its network;
- construction and repair work carried out by third parties without proper care;
- power loss or insufficient power supply;
- strikes or lock-outs or other industrial action by workers or employers; and
- medical pandemics.

The occurrence of any of these events, or a similar event, may cause disruptions to the Company's operations in part or in whole, may increase the costs associated with providing services as a result of, among other things, costs associated with remedial work, may subject the Company to liability or impact its brands and reputation and may otherwise hinder the normal operation of its business, which could materially adversely affect its business, financial condition, results of operations and prospects.

Further, any security breaches, such as misappropriation, misuse, penetration by viruses, worms or other destructive or disruptive software, leakage, falsification or accidental release or loss of information (including customer, personnel and vendor data) maintained in MTN Rwandacell PLC's information technology systems and networks or those of its business partners could damage MTN Rwandacell PLC's reputation, result in legal and/or regulatory action against the Company, and require it to expend significant capital and other resources to remedy any such security breach.

The effect of any of these events on the Company's business, financial condition, results of operations and prospects may be worsened to the extent that any such event involves risks for which the Company is uninsured or not fully insured, or which are not currently insurable in Rwanda on commercially reasonable terms or at all, such as acts of war and terrorism.

RISKS RELATING TO LAWS AND REGULATIONS

- ***Changes in relevant and applicable laws, regulations or policies especially relating to market position could adversely affect the Company's business, financial condition, results of operations and prospects.***

Currently, MTN Rwandacell PLC holds a market share of over 60%. Consequently, there is potential of regulation changing and assigning the Company new roles, requirements and or restrictions imposed on its activities.

MTN Rwandacell PLC's License Agreement, requires it to comply with the regulatory directives as set out in the Law Governing ICT in Rwanda (2016), which could, amongst other directives, include instruction from government to suspend internet services and access to certain applications. Failure to comply with an enforcement notice or a regulatory directive, could result in MTN Rwandacell PLC receiving an administrative fine, having additional conditions imposed on its license, a temporary suspension of its license or revocation of its license.

Due to the provisions of Rwanda's Data Sovereignty laws and regulations, there is a risk that MTN Rwandacell PLC will not be able to fully realize the benefit of the MTN Group initiatives such as shared services and platforms, which could result in additional investments being required and a missed opportunity to benefit from the broader group's economies of scale.

Given the significance of the sector to the country, MTN Rwandacell PLC could also be exposed to significant legal and regulatory changes in requirements, reporting and/or higher levels of scrutiny. Changes in government policy decisions, regulations, regulatory environment could affect the ability of MTN Rwandacell PLC to fulfil its obligations thereby being unable to keep up to the levels of expectations by the board, management and shareholders at large.

RISKS RELATING TO FOREIGN EXCHANGE

- ***Fluctuations in interest and exchange rates could increase the Company's finance costs and/or make it difficult to meet its obligations under finance facilities.***

Some of MTN Rwandacell PLC's finance costs are highly sensitive to many factors beyond its control, including the interest rate, exchange rate and other monetary policies of the Government and/or the BNR. Approximately 28% of MTN Rwandacell PLC's supplier contracts are denominated in US dollars with the remainder denominated in Francs. There can be no assurance that such rates will not be negatively affected by adverse financial, economic, political or other events. A significant depreciation of the Franc relative to the US dollar could adversely affect MTN Rwandacell PLC's operational costs, which in turn could have a material adverse impact on the Company's business, financial condition, results of operations and prospects.

RISKS RELATING TO RWANDA

- ***The Company is subject to risks associated with political, social and economic conditions in Rwanda, which impact the country's stability and may affect its business.***

The results of MTN Rwandacell PLC's operations are and will continue to be significantly affected by financial, economic and political developments in Rwanda. Any future domestic economic downturn could have a material adverse effect on MTN Rwandacell PLC's business, financial condition, results of operations and prospects. Investors should also note that MTN Rwandacell PLC's business and financial

performance could be adversely affected by political, financial, economic or related developments outside Rwanda because of inter-relationships within the global financial markets.
Specific risks related to doing business in Rwanda that may have a material adverse effect on the Company's business, financial condition, results of operations and prospects include, among other risks:

- political instability or other forms of civil disturbance;
- religious conflicts, terrorism and social and religious tension;
- disease outbreaks;
- government interventions, including expropriation or nationalisation of assets;
- increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal, regulatory and tax regimes;
- uncertainty in government action,
- restricted access to cash;
- restrictions on remittances;
- diesel fuel shortages in the country, which may lead to service disruptions;
- higher volatility and less liquidity in respect of the Company's shares;
- difficulties and delays in obtaining requisite governmental licences, permits or approvals;
- cancellation, nullification or unenforceability of contractual rights;
- risk of uncollectible accounts and long collection cycles;
- underdeveloped industrial and economic infrastructure;
- logistical and communications challenges;
- difficulties in staffing and managing operations; and
- security and safety of employees.

Changes in investment policies or shifts in the prevailing political climate in Rwanda could result in the introduction of increased government regulation with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental and planning legislation;
- customs and immigration;
- foreign ownership restrictions;
- corruption, anti-money laundering and combating the financing of terrorism;
- foreign exchange and currency controls; and
- abour and welfare benefit policies.

Additionally, the Company is partially owned by MTN Group and it has, in the past and may in the future, be subject to negative press attention or attacks on its employees or locations due to the incorrect perception of the Company as a foreign company.

Incidents that occur in other MTN operations may not be responded to adequately or there may be failure to sufficiently remediate the incident. As a result, MTN Rwandacell PLC Limited may suffer significant reputational risks which could adversely affect our business and results.
Any adverse changes in the political, social, economic or other conditions in Rwanda or in neighbouring countries, could have a material adverse effect on the investments that the Company has made or may make in the future, which in turn could have a material adverse effect on the Company's business, ßßßßfinancial condition, results of operations and prospects. Additionally, political and economic challenges in other emerging market economies in which MTN Group operates may have adverse effects for MTN Group and MTN Rwandacell PLC, which in turn could have a material effect on the Company's business, financial condition, results of operations and prospects.

- ***A downturn in the Rwandan or global economy may adversely affect the Company's business.***

MTN Rwandacell PLC is exposed to risks associated with any future downturn in the national or global economy. Global financial markets have remained volatile since the global financial crisis that started in 2008 and even within the current Covid-19 pandemic and remain susceptible to renewed shocks.

The ongoing disruptions experienced in the international and domestic capital markets since 2008 affected Rwanda particularly through the resulting reduced liquidity, decline in exports and increases in credit risk premiums for certain market participants, and have resulted in a reduction of available financing. Companies with operations in countries in emerging markets, such as Rwanda, may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs. Any future global downturn, such as that experienced from 2008 to 2011, could have a material and adverse effect on the Company's revenues, financial condition, results of operations and continued growth.

- ***The taxation and customs systems, laws and regulations in Rwanda may be subject to changes.***

As in many emerging market economies, the Government's policies and regulations on taxation, customs and excise duties may change from time to time as considered necessary for the development of the economy. In addition, the government has indicated that taxes, customs and excise duties may be the next major sources of revenue in view of the fluctuation in revenue derived from oil.

MTN Rwandacell PLC is subject to tax audits by the Rwanda Revenue Authority ("RRA"), which may result in the imposition of additional tax liabilities and adversely affect MTN Rwandacell PLC's results of operations. The RRA has the authority to conducted a tax audit on the books of MTN Rwandacell PLC and impose additional tax liabilities as a result of the audit.

- ***Any downgrading of Rwanda's debt rating by an international rating agency could have a negative impact on the Company's business and the trading price of its Ordinary Shares.***

As of the date of this Listing Memorandum, Rwanda's sovereign rating was "B2" (Moody's), "B+" (Fitch) and "B" (S&P). If these ratings were primarily downgraded as a result of overdependence on certain economic revenues and a weakening economy, principally due to a restrictive foreign exchange regime and delayed fiscal stimulus. Such revisions reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Any adverse revisions to Rwanda's credit ratings for domestic and international debt by international rating agencies may adversely affect the liquidity of the Rwandan financial markets, the ability of the Government and Rwandan companies, including MTN Rwandacell PLC, to raise additional financing, and the terms on which the Company is able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on MTN Rwandacell PLC's capital expenditure plans, business, cash flows, financial performance and prospects.

- ***Any downgrading of MTN Group Rating***

As of the date of this Listing Memorandum, MTN Group rating was BB (Fitch). If this rating is downgraded as a result of lack of stability, regulatory risks, weaknesses in the macroeconomic and operating environments of MTN's main operating subsidiaries, this could negatively affect MTN Rwandacell PLC's capital expenditure plans, business, cash flows, financial performance and prospects.

RISKS RELATING TO THE LISTING AND THE ORDINARY SHARES

- ***There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.***

Prior to Admission, CTL held 20% of the MTN Rwandacell PLC's shareholding, and was the only avenue through which investors could participate in MTN Rwandacell PLC. As a results of the agreement to swap the shares CTL into MTN Rwandacell PLC, the Company has applied to the CMA and RSE for the admission to its 270,177,320 Ordinary Shares representing the issued and fully paid Ordinary Shares of the Company, MTN Rwandacell PLC can give no assurance that an active trading market for the Ordinary Shares will develop. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected.

- ***Ordinary Shares in the Company may be subject to market price volatility and the market price of the Ordinary Shares in the Company may decline in response to a variety of factors, some of which may be unrelated to MTN Rwandacell PLC's operating performance.***

The market price of the Ordinary Shares may be volatile and subject to wide fluctuations. The market price of the Ordinary Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in this Risk Factors section; as well as period to period variations in operating results or changes in any revenue or profit estimates of MTN Rwandacell PLC, that industry participants or financial analysts may issue in the future. Furthermore, the value of the Ordinary Shares may be materially adversely affected by developments unrelated to MTN Rwandacell PLC's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to MTN Rwandacell PLC, speculation about MTN Rwandacell PLC or the MTN Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. The value of the Ordinary Shares may further be impacted by any public offering or capital raise undertaken by the Company in the future. Any or all of these factors could result in material fluctuations in the price of Ordinary Shares, which could diminish shareholders' returns or lead to a total loss of their investment.

- ***The Company cannot guarantee making dividend payments in the future.***

There can be no assurance as to the level or frequency of any future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, among other things, the economic conditions of Rwanda, foreign exchange conditions and the position taken by the Company's regulators, as well as MTN Rwandacell PLC's earnings, financial position, cash requirements and availability of profits and distributable reserves.
If MTN Rwandacell PLC's cash flow underperforms, its capacity to pay a dividend will be impacted negatively.

- ***The issuance of additional Ordinary Shares in the Company or any share incentive or share option plans or otherwise may dilute all other shareholdings.***

The Company may seek to raise financing to fund future acquisitions and other growth opportunities, invest in its business or for general corporate purposes. The Company may issue additional equity or convertible equity securities for these and other purposes, including in connection with employee share plans or as consideration for any potential future acquisitions. As a result, existing holders of Ordinary Shares may suffer dilution in their percentage ownership, or the market price of the Ordinary Shares may be materially adversely affected.

- ***Investing in securities of emerging market issuers generally involves a higher degree of risk than investing in more developed markets.***

Investing in securities of emerging market issuers, such as Rwandan issuers, generally involves a higher degree of risk than investments in securities of issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, higher volatility and limited liquidity in respect of the Ordinary Shares, political risk, social unrest, inflation, currency volatility, instability in neighbouring countries, corruption, low per capita customer purchasing power, a narrow export base, budget deficits, delays in reform and transformation agendas, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Any such risks may adversely impact Rwanda's economy.

SECTION 10

Statutory & General Information

10.1. Incorporation Details

MTN Rwandacell PLC is public limited liability company incorporated under the laws of Rwanda with company code 100019148, and its registered office located at MTN Centre, KG 7 Ave, Remera Sector, Gasabo District, City of Kigali in the Republic of Rwanda. The Company was incorporated in November 26, 1997.

10.2 Corporate Authorisations

The Listing by Introduction of MTN Rwandacell PLC on the RSE has been duly authorized by its Board of Directors and the shareholders.

10.3 Authorised and Issued Share Capital

The authorized share capital of the Company is Rwf 1,350,886,600 divided into 1,350,886,600 ordinary shares of the nominal value of Rwf 1 each. All shares of the Company are in issue and paid-up, and their ownership is evidenced by bearer certificates.

The authorized and issued share capital under the preceding paragraph resulted from the capital restructuring that MTN Rwandacell PLC underwent in preparation of the proposed listing. Prior to the capital restructuring, the authorized share capital of the company was Rwf 15,000,000 divided 1,500 shares of Rwf 10,000. As part of the capital restructuring, 1500 shares were split into 15,000,000 shares of Rwf 1 each ("Share Split"). After the Share Split, the share capital of MTN Rwandacell PLC increased its authorized share capital from Rwf 15,000,000 to Rwf 1,350,886,600 divided into 1,350,886,600 shares of Rwf 1 each.

The Directors of the Company hereby confirm that in their opinion, the Company's share capital is adequate for the purposes of the business of the Group.

10.4 Right attaching to the shares of the Company and restrictions

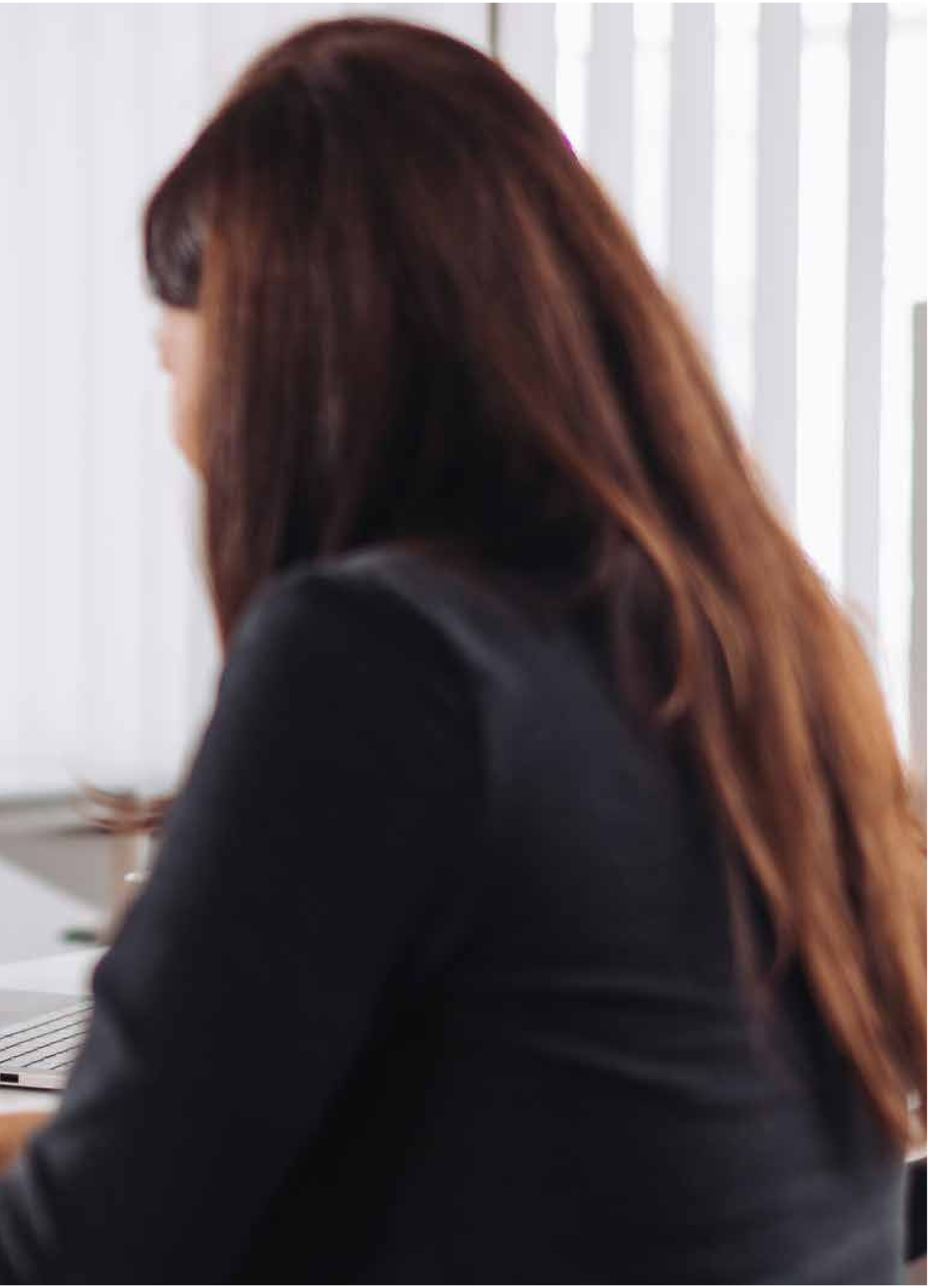
The Company has only one class of shares (i.e. ordinary shares). All ordinary shares of the Company carry the three fundamental rights attaching to the shares as provided under article 88 of the Companies Act, namely:

- the right to share in the distribution of the dividends from the profits of the Company;
- the right to share in the distribution of the surplus assets of the Company upon its liquidation; and
- the right to vote on shareholders' resolutions.

However, under the Articles, the rights attaching to the shares of the Company in respect of which the call was made, but not paid on the due date (including voting rights and right to distribution of dividend) are automatically suspended effective from the due date. All dividends are declared and paid according to the amounts paid up on the shares on which the dividend is paid; and apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any sum which by the terms of allotment of a share becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, are for all the purposes of the Articles deemed to be a call duly made and payable, on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment, all the relevant provisions of the Articles as to payment of interest, costs, charges and expenses, suspension of rights attaching to shares or otherwise apply as if such sum had become payable by virtue of a call duly made and notified.

The Directors of the Company hereby confirm that in their opinion, **the Company's share capital is adequate for the purposes of the business of the Group**



10.5 Shareholding

All shares issued in the share capital of the Company are held by the following three shareholders

	Shareholders	Number of shares held	Percentage
1	MTN REL (Mauritius) Limited	337,721,650	25%
2	MTN International (Mauritius) Limited	742,987,630	55%
3	Crystal Telecom PLC	270,177,320	20%
	TOTAL SHARES IN ISSUE	**1,350,886,600**	**100%**

Immediately after the listing of MTN Rwandacell PLC, the shares held by Crystal Telecom PLC will be distributed/transferred to the shareholders of CTL, and accordingly the shareholding of the Company post listing will be as follows:

	Shareholders	Number of shares held	Percentage
1	MTN REL (Mauritius) Limited	337,721,650	25%
2	MTN International (Mauritius) Limited	742,987,630	55%
3	Public	270,177,320	20%
	TOTAL SHARES IN ISSUE	**1,350,886,600**	**100%**

10.6. Relevant provisions of the Articles

The Directors of the Company believe the following provisions of the Articles are relevant and potential investors should be aware of them.

Article 6: Share capital

The authorized share capital of the Company is Rwf 1,350,886,600 divided into 1,350,886,600 ordinary shares of Rwf 1 each.

The Company may issue shares of other classes subject to the approval by a special resolution of shareholders (as defined under the Companies Act).

Article 7: Increase of share capital and issuance of new shares

The Company may from time to time by a special resolution of shareholders (as defined under the Companies Act) increase the share capital by such amount to be divided into shares of such par value as the shareholders resolution shall direct upon the recommendation of the Board.

The shareholders shall have a pre-emptive right to subscribe whenever any new shares may be issued by the Company.

Upon the issuance of any new shares in the Company, the shareholders shall have the first right to subscribe to such shares in proportion to their shareholding in the Company. The shareholders shall be offered by the Company, by way of a notice, to subscribe for the new shares pursuant to the above paragraph. The notice shall state, at a minimum, the number of shares to be issued, the proposed price or method of determining the price of issuance, and the time period and procedure for exercising the pre-emptive rights.

Upon receiving the notice to subscribe for the new shares, a shareholder shall either exercise its pre-emption right and subscribe to such shares or sell such right to any other person within 30 days from the date of receipt of the notice. For avoidance of any doubt, the right sold by the existing shareholder of the Company pursuant to this paragraph shall be exercised within a period not exceeding 30 days from the date of receipt of the offer by the selling shareholder.

If the offered shares are not subscribed by the shareholders to whom they were offered within thirty (30) days from the date of such notice, such unsubscribed shares may be offered to the other shareholders for subscription pro rata to their respective shareholdings and such shareholders shall have the right to subscribe for such additional shares within a period of thirty (30) from the date of receipt of the offer for subscription for such shares.

The shares remaining unsubscribed following the offer under the preceding paragraph may be offered to other investors by the Company.

Article 8: Liability of shareholders

The liability of each shareholder to the company, or for the company's obligations shall be limited to any amount unpaid on a share held by the shareholder.

Article 9: Call on shares

The Board may from time to time make such calls as it thinks fit upon the shareholders in respect of any monies (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such shareholders (and not made payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof (the "Due Date"), the shareholder may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment.

Without prejudice to the discretion of the Board to impose interest on the monies remaining unpaid on the shares in accordance with the preceding paragraph, all rights attaching to the shares in respect of which the call was made, but not paid on the Due Date (including voting rights and right to distribution of dividend) shall become automatically suspended effective from the Due Date.

Any sum which by the terms of allotment of a share becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made and payable, on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest, costs, charges and expenses, suspension of rights attaching to shares or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article 12: Transfer of shares

Subject to the relevant provisions of these Articles and the Companies Act, the shares of the Company shall be freely transferrable.

Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Board, which is executed by or on behalf of the transferor; and (if any of the shares is partly paid) the transferee.

No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share. The company may retain any instrument of transfer which is registered. The transferor remains the holder of a share until the transferee's name is entered in the register of shareholders as holder of it.
The Board may refuse to register the transfer of a share if:

(i) the share is not fully paid;

(ii) the transfer is not lodged at the Company's registered office or such other place as the Board have appointed;

(iii) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the Board may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;

If the Board refuses to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

Notwithstanding anything contained under this article 12 of these Articles, the shares of the Company floated on any stock exchange shall be transferable only on the books of the Company by the holders thereof in person or by their duly authorized attorneys or legal representatives upon surrender and cancellation of certificates (if any was issued) for a like number of shares. Upon surrender to the Company or a transfer agent of the Company of a certificate for shares (if any was issued) duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Company (where applicable) to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Article 13: Transmission of shares

If a shareholder dies, the survivor and the executors or administrators of the deceased shall be the only persons recognized by the Company as having any title to his interest in the shares. Nothing in these articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member.

Any person becoming entitled by transmission to a share may, upon such evidence as to title being provided as the Company may require, elect either to be registered himself as holder of the share or have a person nominated by him registered as holder. All the provisions of these Articles relating to the transfer of shares apply to any such election as if the death or bankruptcy or other event giving rise to transmission had not occurred and the election was a transfer by the shareholder.

A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same rights to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a shareholder in respect of the shares, be entitled in respect of it to exercise any right conferred by shareholding in relation to meetings of the Company.

Article 19: Convening and presiding over the meeting

The General Meeting regularly constituted represents the universality of the shareholders. It is convened by the Board of Directors through its Chairperson, liquidator or by a person holding a court order.

The General Meeting may be convened by the Board of Directors upon the request of one or more shareholders holding the right to exercise not less than five per cent (5%) of the votes entitled to be cast on the issues to be discussed at the meeting as set out in the notice.

The Chairperson of the Board shall preside general meetings of shareholders. If at any meeting he/she is not present within thirty (30) minutes after the time appointed for holding the meeting or is unwilling to act as Chairperson, the members of the Board of Directors present or (if no Directors are present), the meeting, must appoint a Member of the Board of Directors (other than an executive member of the Board of Directors) or a shareholder to chair the meeting, and the appointment of the chairperson of the meeting must be the first business of the meeting.

Article 20: Notices, quorum and virtual attendance

The General Meeting is convened with at least thirty (30) days' notice or fifteen (15) days' notice in the case of extra-ordinary meetings, in writing by means of regular mail, fax or electronic mail. The notice of General Meetings shall specify the place, date and time of the meeting and the general nature of the business to be transacted. The notice can be waived by all shareholders either in writing or by appearing at the meeting.

Any shareholder present, either personally or by representative, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was called.

Except the appointment of the chairperson and adjournment of the General Meeting, no business shall be transacted at any General Meeting unless a quorum of 51 % of the shares is represented when the meeting proceeds to business. If within half an hour (or such longer period as those present may agree) after the time appointed for the meeting a quorum is not present, the meeting will stand adjourned to the same day of the next week (or if that day is not a Business Day, the following Business Day) at the same time and place. If at the adjourned meeting a quorum is not present within half an hour (or such longer period as those present may agree) after the time appointed for the meeting the person/s entitled to vote present at the adjourned meeting shall be deemed to constitute the requisite quorum.

The General Meeting may be held by radio, telephone, closed circuit television, video conferencing or other electronic means of audio or audio/visual communication ("conference") provided that each s hareholder is able to hear and understand all of the proceedings of the meeting and be heard and understood by all present or deemed present. Notwithstanding that the shareholders are not present together in one place at the time of the conference, a resolution passed by shareholders constituting a quorum at such a conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the conference was held.

Article 21: Powers of the General Meeting

A General Meeting of shareholders regularly constituted, represents the voting rights attached to the shares in the Company. Its decisions taken in accordance with these Articles of Association are binding for all the shares including unrepresented shares, abstention in relation to some represented shares as well as the dissention in respect to some represented shares.

*The General Meeting has the power of approving all matters reserved to the shareholders under the Companies Act, these Articles, Rwanda Stock Exchange Rules as may amended or re-enacted from time to time (the **"RSE Rules"**).*

Article 22: Exercise of powers reserved to the shareholders

The powers conferred to the Shareholders of the Company under the Companies Act and these Articles shall be exercised:

(1) at a shareholders' annual general meeting;
(2) at a shareholders' extraordinary general meeting;
(3) by a shareholders' written resolution in lieu of a meeting; and
(4) by a unanimous shareholders agreement.

Article 23: Representation at a General Meeting

Any shareholder can be represented at the General Meeting by another shareholder, by a Board member or by any other person appointed as his proxy.

An instrument of representation (which shall be in the form prescribed by the Company) shall be sent to the Chairperson of the meeting and be sufficient if received at least two days before the date fixed for the meeting. If the Chairperson has any doubt as to the origin or, authenticity of the signature, the latter can be notarized or/and the mandated person can provide an identification document.

Article 24: Voting at General Meetings

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles. Subject to any special terms as to voting upon which any share may be issued, or may be held, on a poll every shareholder present in person or by proxy and entitled to vote has one vote for every share of which he is the holder.

Article 25: Demanding a poll

A poll on a resolution may be demanded in advance of the general meeting where it is to be put to the vote; or at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared. It may be demanded by the chairperson of the meeting; the members of the Board of Directors; or a person or persons representing not less than 5% of the total voting rights of all the shareholders having the right to vote on the resolution.

Subject to these Articles, polls at general meetings must be taken when, where and in such manner as the chairperson of the meeting directs. The chairperson of the meeting may appoint scrutineers (who need not be shareholders) and decide how and when the result of the poll is to be declared. The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.

A poll on the election of the chairperson of the meeting; or a question of adjournment, must be taken immediately. Other polls must be taken within 30 days of their being demanded. A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.

No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least a 7 day notice must be given specifying the time and place at which the poll is to be taken.

Article 26: Resolutions of General Meetings

Unless otherwise provided for under the Companies Act and/or these Articles of Association, the resolutions of the General Meeting shall be taken on the basis of simple majority vote. They shall be signed by the Chairperson and in his/her absence, by the person who presided over the meeting and the Company Secretary. The resolutions shall be kept in a special register to be found at the Company head-office.

Article 27: Annual General Meetings

The Annual General Meeting shall convene once a year within six months of the end of the financial year of the Company at the head-office of the Company or any other location mentioned in the notice of the meeting when such location is convenient and in harmony with the interests of the Company. Such general meeting shall be called "Annual" or "Ordinary meeting". The Chairperson of Board of Directors shall cause the general meeting to convene.

The business to be transacted at the Annual General Meeting shall include the approval of annual accounts of the Company and Directors report on such accounts.

Article 28: Extraordinary General Meetings

All general meetings other than annual general meetings shall be called extraordinary meetings. An extraordinary meeting may be called each time the Board of Directors deems it necessary, or at the request of one or more shareholders holding the right to exercise not less than five per cent (5%) of the votes entitled to be cast on the issues to be discussed at the meeting as set out in the notice.

Article 32: Dividends and capitalisation of profits

Distributions

The company may by ordinary resolution of shareholders on recommendation by the Board of Directors declare dividends. The Directors may decide to pay interim dividends. Notwithstanding any other provision of these Articles, the Directors may fix any date as the record date for the dividend, distribution, allotment or issue. The record date may be on or at any time within six months before or after a date on which the dividend, distribution, allotment or issue is declared, made or paid.

A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors. No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

Unless the shareholders' resolution to declare or Directors' decision to pay an interim dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

Except as otherwise provided by these Articles or the rights attached to shares, all dividends must be declared and paid according to the amounts paid up on the shares on which the dividend is paid; and apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.

For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by the terms on which the share was issued; or the provisions of another agreement between the holder of that share and the Company.

All dividends or other sums which are payable in respect of shares and unclaimed after having been declared or become payable, may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it. If ten (10) years have passed from the date on which a dividend or other sum became due for payment; and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if the share has more than one holder; or more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise, the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

Capitalisation of profits

Subject to these Articles, the Directors may, if they are so authorised by an ordinary resolution of shareholders decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's capital redemption reserve and appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

Capitalised sums must be applied on behalf of the persons entitled and in the same proportions as a dividend would have been distributed to them. Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to

the persons entitled or as they may direct.
A capitalised sum which was appropriated from profits available for distribution may be applied in or towards paying up any amounts unpaid on existing shares held by the persons entitled.

10.7. Licenses and Regulatory Compliance

The Company holds all licenses required for it to conduct its business namely telecommunications services (voice, data and added value services) and payments services. All licenses held by the Company are valid and in full force and effect.

It should be noted that the license of the Company to provide telecommunications services (Cellular Mobile License) was issued for a period of thirteen (13) years due to expire on June 30, 2021. The Cellular Mobile License may be renewed for successive periods of five (5) years.
The Company has started discussions with RURA on the renewal of its Mobile Cellular License and is not aware of any factor that would prejudice the renewal of its Mobile Cellular License.

Additionally, at the time of this Memorandum, the Company has initiated a process to conduct its FinTech business through a new company that would be wholly owned by MTN Rwandacell PLC.
This new company once established would hold the Payment Service Provider license. Having seen significant business growth in this area, it is expected that this new structure will see stronger governance, better agility and positioning for future growth. The proposed set up is subject to the approval of BNR and is likely to occur before the proposed Listing by Introduction of MTN Rwandacell PLC on the RSE.

The Company is not (to the best of its knowledge) aware of any breach of regulatory requirements applicable to it that are currently in force.

10.8. Company's borrowing powers and indebtedness

Company's borrowing powers

The borrowing powers of the Company are reserved to its Board of Directors in accordance with article 14 of the Articles which states that the Board determines the general policies and principles of the Company and the scope of its activities and operations, including the power to borrow or raise money by the issue or sale of any shares, stocks, bonds, debentures, obligations or other securities as well as the power to guarantee any borrowing by the Company by mortgaging and/or pledging the assets of the Company or authorize the Company to guarantee the borrowing of a third party.

However, pursuant to article 196 of the Companies Act and article 21 the Articles, any transaction (including borrowing) which has or is likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities including contingent liabilities the value of which is more than half the value of the Company's assets before the transaction must be approved by a special resolution of its shareholders.

The borrowing powers of the Company can be varied by the shareholders of the Company by altering the relevant provisions of the Articles.

The Company is not aware of any exchange control and other restrictions on the borrowing powers of the Group that are currently in force.

Indebtedness of the Company

The total amount of the Company's indebtedness outstanding as at December 2020 is Rwf 29,449,960,000. This indebtedness relates to the Company syndicated borrowing and shareholder loans described below:

	Facility Agreement of November 28, 2018
Date of the loan	November 28, 2018
Borrower	MTN Rwandacell PLC
Lenders	Ecobank Rwanda Plc, Banque Populaire du Rwanda Plc, Compagnie Générale de Banque (COGEBANQUE) Plc, Bank of Kigali Plc, I&M Bank Rwanda Plc, KCB Bank Rwanda Plc, Equity Bank Rwanda Plc and Grant Trust Bank (Rwanda) Plc
The rate of interest payable	The aggregate of the Base Rate of 9.5% and the Margin of 5.50%
Facility Amount	Facility A (a medium-term loan facility of 35,000,000,000.00 Rwf) and Facility B (a revolving loan facility of 15,000,000,000.00 Rwf)
The period of the loan	84 Months
Interest in arrears	None
Any security held	None
If it is unsecured, the reasons why it is unsecured	This was an investment grade syndicated loan based on the borrower's creditworthiness and it being part of MTN Group, hence the lack of any collaterals.

Shareholder Loans as at 30th December 2020

	2020 RWF 000
Crystal Telecom Limited	732,000
MTN International (Mauritius) Limited	2,013,000
MTN REL Limited	915,000
	3,660,000

The Board of MTN Rwandacell PLC on 02nd March 2021 approved to repay the Shareholder loans in the current fiscal year with Crystal Telecom's portion Rwf 732,000,000 paid in March 2021.

Except for the material loan and shareholder loan whose details are contained hereunder, there is/are no:
- loan capital outstanding in all members of the Group;
- amount of loan capital created but un-issued;
- other term loans whether guaranteed or unguaranteed;
- other secured or unsecured loans;
- off-balance sheet financing by the MTN Rwandacell PLC and any of its subsidiaries;
- overdrafts, liabilities under acceptances (other than normal trade bills) acceptance credits, hire purchase commitments and finance leases;
- loans made for the benefit of any of the directors, chief executive or senior management;
- material loans extended by the Company or any of its subsidiaries.

10.9. Property

MTN Rwandacell PLC owns 210 land parcels with the following details:

No	PLOT	SQM	DISTRICT	SECTOR	CELL	VILLAGE
1	3/02/06/06/11995	259	Rutsiro	Mukura	Mwendo	Gitega
2	3/02/09/02/2100	165	Rutsiro	Mushonyi	Kaguriro	Regerero
3	3/02/07/02/6298	592	Rutsiro	Murunda	Mbura-mazi	Kamuhoza
4	3/02/09/02/12677	885	Rutsiro	Mushonyi	Kaguriro	Ryarwasa
5	3/02/02/02/491	394	Rutsiro	Gihango	Congo-Nil	Kindoyi
6	3/02/03/01/7443	591	Rutsiro	Kigeyo	Buhindure	Nturo
7	3/02/05/02/4148	639	Rutsiro	Mahinira	Muyira	Kamishunguro
8	3/02/09/03/8345	1310	Rutsiro	Mushonyi	Magabo	Nkomero
9	4/01/01/02/680	484	Rulindo	Base	Gitare	Mugenda I
10	4/01/07/02/4978	387	Rulindo	Kinihira	Kare-gamazi	Bwishya
11	4/01/16/01/484	401	Rulindo	Shyorongi	Bugaraga-ra	Gatwa
12	4/01/10/01/247	249	Rulindo	Mbogo	Bukoro	Kinini Ya Mbo-go
13	4/01/15/02/4018	182	Rulindo	Rusiga	Kirenge	Ntaruka
14	4/01/15/01/6531	155	Rulindo	Rusiga	Gako	Kabungu
15	4/01/04/06/5373	156	Rulindo	Buyoga	Mwumba	Mataba
16	4/01/12/03/5029	203	Rulindo	Ngoma	Mugote	Rukoma
17	4/01/03/03/814	322	Rulindo	Bushyoki	Kayenzi	Rwanzu
18	1/01/08/04/2439	157	Nyaru-genge	Nyamiram-bo	Rugarama	Rugarama
19	1/01/08/01/482	215	Nyaru-genge	Nyamiram-bo	Cyivugiza	Karisimbi
20	1/01/03/03/3081	285	Nyaru-genge	Kigali	Nyabugo-go	Gatare
21	2/02/06/03/66	676	Gisagara	Mamba	Mamba	Mashenyi
22	2/02/07/01/4390	1026	Gisagara	Muganza	Cyumba	Byiza
23	2/02/02/03/3232	649	Gisagara	Gishubi	Nyakibin-go	Rusasa

24	2/02/05/03/2967	414	Gisagara	Kigembe	Impinga	Icyijana
25	2/02/07/03/2162	926	Gisagara	Muganza	Remera	Taba
26	1/03/10/01/2050	343	Kicukiro	Nyarugun-ga	Kama-shashi	Indatwa
27	1/03/10/03/1315	762	Kicukiro	Nyarugun-ga	Rwimbogo	Nyandungu
28	1/03/04/03/69	225	Kicukiro	Kagarama	Rukatsa	Nyacyonga
29	1/03/05/04/1145	248	Kicukiro	Kanombe	Rubirizi	Umunara
30	1/03/09/01/2	268	Kicukiro	Niboye	Gatare	Gatare
31	1/03/05/01/1922	688	Kicukiro	Kanombe	Busanza	Antene
32	1/03/01/01/166	320	Kicukiro	Gahanga	Gahanga	Ubumwe
33	1/03/10/03/1144	218	Kicukiro	Nyarugun-ga	Rwimbogo	Rwinyange
34	1/03/06/04/372	372	Kicukiro	Kicukiro	Ngoma	Urugero
35	4/05/05/02/2895	589	Gicumbi	Giti	Murehe	Butare
36	4/05/04/03/524	380	Gicumbi	Cyumba	Nyaka-bungo	Gashija
37	4/05/02/01/6427	402	Gicumbi	Bwisige	Bwisige	Nyarubuye
38	4/05/19/05/7193	438	Gicumbi	Ruvune	Rebero	Gatare
39	4/05/06/01/4838	351	Gicumbi	Kageyo	Gihembe	Gitaba
40	4/05/07/03/5954	312	Gicumbi	Kaniga	Mulindi	Centre Mulindi
41	4/05/08/02/4460	659	Gicumbi	Manyagiro	Nyiragi-fumba	Kiyovu
42	4/05/14/04/3167	693	Gicumbi	Nyakenk E	Rusasa	Nyangezi
43	4/05/16/04/4301	469	Gicumbi	Rukomo	Kinyami	Ryarubanza
44	4/05/18/05/2076	177	Gicumbi	Rutare	Munanira	Kirwa
45	4/05/11/05/5793	386	Gicumbi	Muko	Rebero	Kirwanirwa
46	4/05/02/01/1669	574	Gicumbi	Bwisige	Bwisige	Rutoma
47	4/05/13/02/4261	509	Gicumbi	Nyamiyaga	Jamba	Rugarama
48	4/03/09/01/5171	321	Musanze	Muko	Cyivugiza	Sangano
49	4/03/08/03/1478	603	Musanze	Muhoza	Mpenge	Giramahoro
50	4/03/11/01/9892	310	Musanze	Nkotsi	Bikara	Barizo

51	4/03/04/03/1599	335	Musanze	Gashaki	Mbwe	Ngambi
52	4/03/07/05/2359	354	Musanze	Kinigi	Nyonirima	Butorwa I
53	4/03/01/03/525	316	Musanze	Busogo	Nyagisozi	Rurembo
54	4/03/07/04/4360	414	Musanze	Kinigi	Nyabigo-ma	Rebero
55	4/03/07/02/226	526	Musanze	Kinigi	Kaguhu	Impano
56	4/03/08/02/9138	174	Musanze	Muhoza	Kigombe	Kiryi
57	1/02/08/01/910	147	Gasabo	Kimihurura	Kamukina	Ituze
58	1/02/04/02/401	467	Gasabo	Gisozi	Ruhango	Umurava
59	1/02/11/04/168	566	Gasabo	Ndera	Masoro	Matwari
60	1/02/10/03/1206	282	Gasabo	Kinyinya	Kagugu	Dusenyi
61	1/02/10/04/357	114	Gasabo	Kinyinya	Murama	Taba
62	1/02/06/06/1837	351	Gasabo	Jali	Nyaka-bungo	Gitaba
63	1/02/04/02/2322	303	Gasabo	Gisozi	Ruhango	Kanyinya
64	1/02/15/02/1835	601	Gasabo	Rutunga	Indatem-wa	Nyakabande
65	1/02/13/04/206	9,316	Gasabo	Remera	Rukiri2	Amahoro
66	1/02/13/01/1431	257	Gasabo	Remera	Nyabisin-du	Kagara
67	1/02/09/02/159	340	Gasabo	Kimironko	Kibagab-aga	Rugero
68	1/02/07/02/820	782	Gasabo	Kacyiru	Kamutwa	Kanserege
69	1/02/06/01/65	304	Gasabo	Jali	Agateko	Kinunga
70	1/02/12/06/3121	506	Gasabo	Nduba	Sha	Gatare
71	1/02/05/03/3409	437	Gasabo	Jabana	Kabuye	Buliza
72	1/02/01/03/377	416	Gasabo	Bumbogo	Mvuzo	Kigabiro
73	1/02/01/06/4102	317	Gasabo	Bumbogo	Nyabiken-ke	Karama
74	1/02/14/03/937	937	Gasabo	Rusororo	Kabuga I	Kabeza
75	1/02/11/03/811	120	Gasabo	Ndera	Kibenga	Nezerwa
76	2/01/06/04/3129	373	Nyanza	Mukingo	Mpanga	Birembo
77	2/01/04/04/5015	2303	Nyanza	Kibilizi	Rwotso	Nyarurama

78	2/01/06/02/1044	173	Nyanza	Mukingo	Gatagara	Karuhwanya
79	2/01/10/05/1280	144	Nyanza	Rwabicu-ma	Nyaru-sange	Kamushi
80	2/01/06/06/6581	676	Nyanza	Mukingo	Nkomero	Nzuki
81	2/01/01/01/2799	1224	Nyanza	Busasa-mana	Gahondo	Kamatovu
82	2/06/08/04/3348	1388	Ruhango	Ntongwe	Kebero	Nyabitare
83	2/06/02/02/2154	340	Ruhango	Byimana	Kirengeri	Kirengeri
84	2/06/05/06/3513	516	Ruhango	Kinihira	Rukina	Munini
85	2/06/04/01/1330	279	Ruhango	Kinazi	Murima	Nyarugenge
86	2/06/09/01/3482	373	Ruhango	Ruhango	Buhoro	Muhororo
87	2/06/05/05/1848	558	Ruhango	Kinihira	Nyakogo	Bweramana
88	2/06/09/04/567	171	Ruhango	Ruhango	Munini	Kanazi
89	2/08/03/02/3171	571	Kamonyi	Kayenzi	Cubi	Gitwa
90	2/08/04/03/1758	186	Kamonyi	Kayumbu	Giko	Gasharu
91	2/08/01/04/5205	160	Kamonyi	Gaku-rabwenge	Nkingo	Kamonyi
92	2/08/10/02/4800	235	Kamonyi	Rugarika	Kigese	Kirega
93	2/08/12/05/227	354	Kamonyi	Runda	Ruyenzi	Nyabitare
94	2/08/11/06/4663	261	Kamonyi	Rukoma	Remera	Kabande
95	2/08/05/05/253	1154	Kamonyi	Mugina	Nteko	Nyagisozi
96	2/08/07/01/2011	264	Kamonyi	Ngamba	Kabuga	Cyamigenge
97	2/07/09/04/1527	358	Muhanga	Nyaru-sange	Rusovu	Rwambariro
98	2/07/08/01/2572	363	Muhanga	Nyam-abuye	Gahogo	Nyarucyamu II
99	2/07/08/01/1314	180	Muhanga	Nyam-abuye	Gahogo	Rutenga
100	2/07/12/01/569	273	Muhanga	Shyogwe	Kinini	Kabungo
101	2/07/12/04/3254	539	Muhanga	Shyogwe	Ruli	Munyinya
102	2/07/08/04/4036	224	Muhanga	Nyam-abuye	Remera	Kinyenkanda
103	2/07/11/01/3126	91	Muhanga	Rugend-abari	Gasave	Nyagasozi

104	2/05/03/02/1629	163	Nyamagabe	Gasaka	Ngiryi	Sumba
105	2/05/02/02/2816	285	Nyamagabe	Cyanika	Karama	Nyanza
106	2/05/01/02/571	829	Nyamagabe	Buruhukiro	Byimana	Buhoro
107	2/05/01/03/571	706	Nyamagabe	Buruhukiro	Gifurwe	Nyamaberi
108	2/04/05/05/6227	983	Huye	Kinazi	Sazange	Kigarama
109	2/04/14/03/201	163	Huye	Tumba	Gitwa	Rebero
110	2/04/11/04/48	586	Huye	Rusatira	Kimuna	Murambi
111	2/04/14/02/146	374	Huye	Tumba	Cyimana	Ubumwe
112	2/04/07/01/1332	452	Huye	Mbazi	Gatobot-obo	Agasharu
113	2/04/10/07/824	1742	Huye	Ruhashya	Ruhashya	Rugarama
114	2/04/01/01/2220	626	Huye	Gishamvu	Nyakiban-da	Kamabuye
115	2/03/03/02/829	318	Nyaruguru	Kibeho	Kibeho	Agateko
116	2/03/10/03/3780	2943	Nyaruguru	Nyabimata	Mishun-gero	Rubindi
117	2/03/11/03/2584	338	Nyaruguru	Nyagisozi	Nkakwa	Nyarubuye
118	2/03/10/01/424	1553	Nyaruguru	Nyamimata	Gihemvu	Bihembe
119	2/03/08/04/613	583	Nyaruguru	Ngera	Nyamira-ma	Nyamirama
120	2/03/09/01/2728	151	Nyaruguru	Ngoma	Fugi	Nteko
121	2/03/02/02/2745	295	Nyaruguru	Cyahinda	Cyahinda	Kinyaga
122	2/03/01/02/3853	522	Nyaruguru	Busanze	Nkanda	Nkanda
123	2/03/13/04/2899	2940	Nyaruguru	Ruramba	Rugogwe	Rugogwe
124	2/03/07/04/5541	2328	Nyaruguru	Munini	Ntwali	Ntwali
125	2/03/08/03/1762	112	Nyaruguru	Ngera	Murama	Nyarugano
126	5/02/07/05/646	646	Nyagatare	Mimuri	Rugari	Amahoro
127	5/02/06/03/251	251	Nyagatare	Matimba	Cyembogo	Byimana
128	5/05/08/05/2510	330	Kirehe	Musaza	Nganda	Nganda Ville II
129	5/05/01/06/2691	353	Kirehe	Gahara	Rubimba	Agatangaza
130	5/05/11/04/3110	271	Kirehe	Nyamugari	Kiyanzi	Karambi
131	5/06/11/04/2078	453	Ngoma	Rukumberi	Rubona	Maswa I

132	5/06/06/04/3012	370	Ngoma	Mugesera	Nyamugari	Gishandaro
133	5/06/01/04/1102	416	Ngoma	Gashanda	Mutindo	Nyakarambo
134	5/06/02/02/3990	648	Ngoma	Jarama	Jarama	Twizerane
135	5/04/12/03/4046	382	Kayonza	Rwink-wamvu	Mukoyoyo	Bwiza
136	5/04/06/01/2279	1720	Kayonza	Murundi	Buhabwa	Buhabwa
137	5/01/02/07/58	267	Rwamaga-na	Gahengeri	Runyinya	Akamasasa
138	5/01/07/01/2219	387	Rwamaga-na	Munyaga	Kaduha	Kamamana
139	5/01/14/02/5184	315	Rwamaga-na	Rubona	Kabatasi	Kibabara
140	5/03/12/03/48	360	Gatsibo	Remera	Kigabiro	Kigabiro
141	5/03/14/04/6820	3310	Gatsibo	Rwimbogo	Rwikiniro	Ndama I
142	3/01/05/04/1287	923	Karongi	Mubuga	Ryaru-hanga	Rwamiko
143	3/01/01/07/3664	732	Karongi	Bwishyura	Nyarusazi	Karongi
144	3/01/02/01/1299	201	Karongi	Gashari	Birambo	Nyarusange
145	3/01/01/05/362	786	Karongi	Bwishyura	Kibuye	Gacumba
146	3/01/06/05/5079	360	Karongi	Murambi	Shyembe	Nyabaguma
147	3/01/10/01/161	418	Karongi	Rugabano	Gisiza	Rugabano
148	3/01/08/02/1789	789	Karongi	Mutuntu	Gasharu	Mutuntu
149	3/01/13/02/4526	526	Karongi	Twumba	Gakuta	Gakoko
150	3/01/12/05/149	1280	Karongi	Rwankuba	Nyakamira	Mahembe
151	3/01/08/05/874	487	Karongi	Mutuntu	Kinyonzwe	Matyazo
152	3/03/12/05/2269	245	Rubavu	Rugerero	Rugerero	Nyarurembo
153	3/03/09/06/2706	283	Rubavu	Nyamyum-ba	Rubona	Burima
154	3/03/06/04/507	177	Rubavu	Kanzenze	Nyamikon-gi	Rwamikungu
155	3/03/11/06/3148	763	Rubavu	Rubavu	Murara	Gasayo
156	3/03/04/04/889	329	Rubavu	Gisenyi	Mbugan-gari	Gasutamo

157	3/03/12/07/2062	1830	Rubavu	Rugerero	Rwaza	Cyanika
158	3/03/05/03/1287	236	Rubavu	Kanama	Mahoko	Nyamugari
159	3/03/04/03/804	255	Rubavu	Gisenyi	Kivumu	Kivumu
160	3/03/09/06/2707	152	Rubavu	Nyamyum-ba	Rubona	Burima
161	3/03/02/02/10500	564	Rubavu	Busasa-mana	Gasiza	Munanira
162	3/03/06/02/712	621	Rubavu	Kanzenze	Kirerema	Kirerema
163	3/05/12/03/9105	313	Ngororero	Nyange	Nsibo	Nyarusange
164	3/05/12/02/3327	346	Ngororero	Nyange	Gaseke	Giko
165	3/05/09/05/1799	386	Ngororero	Muhororo	Rusororo	Ryabadanga
166	3/05/11/05/804	541	Ngororero	Ngororero	Rususa	Rususa
167	3/05/04/02/11139	158	Ngororero	Kabaya	Gaseke	Mitabo
168	3/05/03/02/7757	310	Ngororero	Hindiro	Gatega	Kagarama
169	3/04/10/01/4391	272	Nyabihu	Rugera	Gakoro	Mubuga
170	3/04/04/01/185	458	Nyabihu	Kabatwa	Batikoti	Kamuhe
171	3/04/02/06/1167	779	Nyabihu	Jenda	Rega	Gakarara
172	3/04/09/02/2846	568	Nyabihu	Rambura	Guriro	Nyanguran-gura
173	3/04/07/05/4151	121	Nyabihu	Mukamira	Rugeshi	Kazibake
174	3/07/09/04/3706	851	Nya-masheke	Kirimbi	Nyaru-sange	Gitsimbwe
175	3/07/03/02/3611	326	Nya-masheke	Cyato	Murambi	Kamonyi
176	3/07/06/01/1542	898	Nya-masheke	Kanjongo	Kibogora	Gataba
177	3/07/01/01/3531	376	Nya-masheke	Bushekeri	Buvungira	Mujabagiro
178	3/07/15/04/160	311	Nya-masheke	Shangi	Nyamugari	Nyamateke
179	3/07/04/04/2810	886	Nya-masheke	Gihombo	Kibingo	Kigarama
180	3/07/15/03/2468	783	Nya-masheke	Shangi	Mugera	Karugero

181	3/07/10/05/6556	524	Nya-masheke	Macuba	Vugango-ma	Nyagahinga
182	3/07/05/03/70	149	Nya-masheke	Kagano	Ninzi	Rugabano
183	3/06/11/07/200	180	Rusizi	Mururu	Tara	Rugerero
184	3/06/16/02/3247	1,020	Rusizi	Nyakaren-zo	Kabagina	Nyamugari
185	3/06/11/04/4191	501	Rusizi	Mururu	Kagarama	Kamatene
186	3/06/14/04/2676	155	Rusizi	Nkungu	Ryamuhir-wa	Kinanira
187	3/06/01/01/2886	108	Rusizi	Bugarama	Nyange	Kabeza
188	3/06/05/03/2113	192	Rusizi	Giheke	Giheke	Murambi
189	3/06/17/05/4264	590	Rusizi	Nzahaha	Rebero	Gatovu
190	3/06/09/01/2133	217	Rusizi	Kamembe	Cyangugu	Mont Cyangu-gu
191	3/06/12/01/669	243	Rusizi	Nkanka	Gitwa	Buganda
192	3/06/09/01/527	158	Rusizi	Kamembe	Cyangun-gu	Karambo
193	4/04/13/02/1041	706	Burera	Rugarama	Gafumba	Rutamba
194	4/04/15/03/4123	733	Burera	Ruhunde	Gitovu	Ngoma
195	4/04/12/02/9314	529	Burera	Nemba	Nyamugari	Nyiraruhuha
196	4/04/01/01/398	816	Burera	Bungwe	Bungwe	Gakeri
197	4/04/08/04/1969	500	Burera	Kagogo	Nyam-abuye	Kabana
198	4/04/12/02/10118	508	Burera	Nemba	Nyamugari	Nyiraruhuha
199	4/04/02/05/11923	323	Burera	Butaro	Rusumo	Butaro
200	4/04/11/04/6842	681	Burera	Kivuye	Nyirataba	Kanyenzugi
201	4/04/17/02/5710	623	Burera	Rwerere	Gashoro	Kibuye
202	4/04/02/05/11922	250	Burera	Butaro	Rusumo	Kanyesogo
203	4/02/03/03/4463	408	Gakenke	Cyabingo	Muramba	Rugaragara
204	4/02/11/04/4135	317	Gakenke	Minazi	Raba	Mutara
205	4/02/02/01/4308	823	Gakenke	Coko	Kiruku	Bukamba
206	4/02/07/01/7431	874	Gakenke	Kamubuga	Kamubuga	Kanshenge

207	4/02/02/02/7214	972	Gakenke	Coko	Mbirima	Burengo
208	4/02/15/01/9001	982	Gakenke	Muzo	Kabatezi	Curugusi
209	4/03/08/02/9139	195	Musanze	Muhoza	Kigombe	Nduruma
210	4/03/02/06/485	335	Musanze	Cyuve	Rwebeya	Nyiraruhengeri

MTN Rwandacell PLC holds land titles (certificates of empheteutic lease) for only 186 land parcels, and it is under the process of ensuring that the other 24 land parcels are registered in its name, and relevant land documentation are issued by the Registrar of Land Titles.

General information for other fixed assets of the Company are contained under Section 12.

10.10 Material and Related Party Contracts

Over the last preceding two years MTN Rwandacell PLC entered into two material/related party contracts outside the ordinary course of its business. We provide the details of such contracts below:

1. Intellectual Property License, Know-How License and Management Services Agreement (capitalized terms that are not defined herein shall have their meanings under this agreement)	
Parties	MTN Rwandacell PLC and MTN International (Mauritius) Limited
Signature/Commencement Date	This agreement was entered into on December 9, 2020 and shall continue until 12 March 12,2029 unless earlier terminated in accordance with its terms
Relevant Terms	Under this agreement MTN International (Mauritius) Limited: • grants MTN Rwandacell PLC the right to use the Intellectual Property; • permits MTN Rwandacell PLC the right to use the Know-How; and • undertook to provide MTN Rwandacell PLC with the Management Services.
Consideration	MTN Rwandacell PLC pays MTN International (Mauritius) Limited (i) the Management Fee equal to 3% of Revenues and 2% of Profits Before Tax per annum and (ii) the IP Licence Fee equal to 1% of Revenues, payable on a monthly basis; and (iii) any Disbursements incurred by MTN International (Mauritius) Limited
2. Relationship Agreement (capitalised terms that are not defined herein shall have their meanings under this agreement)	
Parties	MTN Rwandacell PLC and MTN Group Limited
Signature/Effective Date	Signed. Effective from 4th May 2021

Relevant Terms	Under this agreement MTN Rwandacell PLC has (among others) the obligation: • to collaborate with MTN Group Limited and have regard to MTN Group Limited's strategic plans in devising its own strategy (which expression includes any material acquisitions or disposals or the raising of any significant amount of capital), which should be designed to maximize the long-term shareholder value of both entities; • to provide MTN Group Limited with various information including price sensitive financial information before their publication. However MTN Group Limited undertakes that to treat all unpublished information that it receives from MTN Rwandacell PLC which is of a price sensitive nature with appropriate confidentiality and acknowledges that, it shall at all times ensure that it will treat and procure the treatment of the information disclosed to it [as inside information as envisaged in the Capital Market Law and will not use such inside information in breach of the Capital Market Law. It further undertakes that it will procure that all related companies from time • to time will be made aware of and abide by this restriction, and its directors and any of its other senior employees are made aware of the restrictions arising therefrom on such person's freedom to deal in securities of MTN Rwandacell PLC.
	• to consult with MTN Group Limited with respect to the appointment, dismissal and any material proposed changes to the terms and conditions of employment or engagement, remuneration or share incentive arrangements of its directors, senior management employees and auditors before any such actions are implemented or publicly announced, provided that the final decision on any such appointments, dismissals or changes would remain with MTN Rwandacell PLC in so far as they are done in accordance with all local laws and regulations
Consideration	This agreement does not provide for any financial consideration.

10.11 Material Litigation and Claims

For the purpose of this section "Material Litigation and Claims" means all actual, threatened or anticipated investigations, court proceedings, insolvency proceedings or other litigation, including prosecutions, other legal or administrative hearings, enquiries (e.g. environmental, tax audits, etc.) by or before official bodies, and any arbitrations or pending disputes that individually have a value or impact or potential value or impact that exceeds (or in the case of contingencies, the likelihood is greater than remote that the value or impact will exceed) 5 % of the Company's net asset value (NAV) as of December 31, 2019 which is Rwf 1,772,675,800

Over the last preceding five (5) years the Company was involved in the following Material Litigations and Claims:

Tax Audit

In 2017 the Company was audited by Rwanda Revenue Authority (RRA) for the tax periods of 2011, 2012 and 2015. The Company was issued with notices of assessments imposing upon it a tax liability in the amount of Rwf 12,208,844,601 (including fines and penalties). This tax liability has been fully discharged by the Company and the latter secured credit notes following the amicable settlement with the RRA.

Regulatory Proceedings and Administrative Fine

On May 16, 2017, RURA imposed on the Company an administrative fine in the amount of Rwf 7,030,000,000 for non-compliance with its instruction prohibiting the Company from joining the MTN regional IT shared services Hub in Uganda in 2011. This fine has been fully settled by the Company.
In addition to the material litigation and claims described above, MTN Rwandacell PLC has been /is involved in in a number of litigations, which albeit not individually meeting the materiality threshold under this section, in aggregate exceed such threshold. The details thereof are provided hereunder:

Charles Habyariman v MTN Rwandacell PLC, RCOMA 00876/2019/HCC

This case relates to intellectual property dispute where Charles Habyarimana ("Plaintiff") asserts that MTN Rwandacell PLC violated his intellectual property rights by using his protected and non-protected intellectual works as a writer, producer and author of movies and books constituting Drama series (Kanyombya and Sekaganda used as VAS on MTN Platforms).

The Plaintiff claims damages in the amount of Rwf 977,404,800. The Commercial Court ruled in favour of MTN Rwandacell PLC and dismissed the claim of the Plaintiff, but the latter appealed before the Commercial High Court which also ruled that his claim is not founded. The Plaintiff has not yet appealed against the decision of the Commercial High Court.

Cooperative Duhahirane Gisozi v MTN Rwandacell PLC, RCA 00020/2020/HC/KIG

In this case Cooperative Duhahirane Gisozi ("Plaintiff") sued MTN Rwandacell PLC on the ground that the latter illegally occupied its property with plot no UPI: 1/02/04/01/1567 located in Gisozi on which MTN installed its telecommunication tower without authorization and claims damages in the amount of Rwf 66,000,000. At the first instance, the Intermediate Court dismissed the claim of the Plaintiff, but the latter appealed, and the matter is pending before the High Court.

Equity Bank Rwanda PLC v MTN Rwandacell PLC, RPA 00529/2018/HC/MUS

This is a criminal case relating to fraud allegedly committed MTNR Rwandacell PLC agent by sim swapping an MSISDN which was used to effect a fraudulent transfer of USD 88,100 from an Equity Bank customer bank account. MTN Rwandacell PLC was subpoenaed in this case on the request of Equity Bank Rwanda PLC claiming against MTN Rwandacell PLC damages in the amount of USD 88,100 with an interest of 18% and Rwf 7,200,000 in punitive damages. The first instance court ruled in favor of MTN Rwandacell PLC, but the decision was appealed against and the High Court, Musanze Division ruled in favor of the appellant (Equity Bank) and held that MTN Rwandacell PLC must be held liable for the role of its Agent in the commission of the offence which resulted in Equity Bank being defrauded of 80,000 USD and thus MTN Rwandacell PLC is liable to pay 1/3 of the defrauded amount. However, MTN Rwandacell PLC is in the process of appealing against that court decision.

Nduwamungu Jean Pierre & Mukarubayiza Claudine v MTN Rwandacell PLC, RCOM 00129/2020/TC

This is an intellectual property case whereby Nduwamungu Jean Pierre & Mukarubayiza Claudine ("Plaintiffs") claims Rwf 300,000,000 against MTN Rwandacell PLC for using their images on its Rwf 5000 Airtime Scratch Card without their consent or payment of loyalties over the image. The claim against MTN Rwandacell PLC was dismissed by the Commercial Court, and its now pending before the Commercial High Court following the appeal by the Plaintiffs.

Julienne Mutuyimana v MTN Rwandacell PLC, RCOM 02064/2019/TC

In this case, Julienne Mutuyimana ("Plaintiff") claims against MTN Rwandacell PLC Rwf 650,000 stolen from her bank account after her MSISDN was SIM swapped and damages in the amount of Rwf 1,300,000. The Commercial Court ruled in favor of the Plaintiff, but MTN Rwandacell PLC appealed before the Commercial High Court and the case is pending.

Emmanuel Ntawukuriryayo v MTN Rwandacell PLC, RCOM 01416/2019/TC

This is a case brought against MTN Rwandacell PLC by Emmanuel Ntawukuriryayo ("Plaintiff"), its agent claiming Rwf 2,018,700 in damages for blocking his SIM card. The Commercial Court dismissed the claim of the Plaintiff. The Plaintiff appealed before the Commercial High Court, and the latter ruled in favor of MTN Rwandacell PLC and upheld the decision of the lower court. This case is closed as due the amount it involves the Plaintiff is not allowed to appeal before the Court of Appeal.

Ntimugura Cyprien v MTN Rwandacell PLC, RCA00421/2018/HC/KIG

This case relates to the claim brought against MTN Rwandacell PLC by Ntimugurua Cyprien ("Plaintiff") on the ground that MTN Rwandacell PLC installed a tower on his property without his consent. The Intermediate Court of Nyarugenge awarded the Plaintiff Rwf 10,100,300 in damages to be paid on fifty-fifty basis by MTN Rwandacell PLC and Karongi District. MTN Rwandacell PLC appealed against the decision of the Intermediate Court of Nyarugenge before the High Court, but the latter upheld the decision of the lower court. The case is still pending before the High Court as MTN Rwandacell PLC has made an application for review.

Dieudonné Munyanshoza v MTN Rwandacell PLC, RC00155/2019/TB/KMB

This case relates to a land dispute commenced by Dieudonné Munyanshoza before the Primary Court of Kamembe claiming against MTN Rwandacell PLC damages in the amount of 197,340,000 on the ground MTN Rwandacell PLC built a tower on his deceased father's land. The case still pending before the Primary Court of Kamembe.

Rwabutogo Marie Odette v MTN Rwandacell PLC, RCOM 00161/2020/TC

This case relates to a land dispute commenced by Rwabutogo Marie Odette ("Plaintiff") before the Commercial Court claiming against MTN Rwandacell PLC damages in the amount of 84,000,000 on the ground MTN Rwandacell PLC built a tower on his deceased father's land. The Plaintiff later withdrew her claim and the case is now closed.

Munyankindi Joseph v MTN Rwandacell PLC, RCOMA 00491/2018/HCC

This case relates to a land dispute commenced by Munyankindi Joseph ("Plaintiff") claiming against MTN Rwandacell PLC damages in the amount of Rwf 39,993,000 on the ground that MTN Rwandacell PLC encroached on the Plaintiff's right to property. The case was last decided by the Commercial High Court in favour of MTN Rwandacell PLC, and the Plaintiff's attempt to lodge an appeal before the Court of Appeal was rejected by the Court's registry, and the case is now closed.

Tuyishime Derrick v MTN Rwandacell PLC, RC 00019/2018/TGI/KNG

This case relates to a land dispute commenced by Tuyishime Derrick ("Plaintiff") claiming damages in the amount of Rwf 12,000,000 on the ground that MTN Rwandacell PLC encroached on the land of his parents (of whom the Plaintiff claims to be the first heir). The case was last decided by the Intermediate Court of Karongi which ruled in favour of MTN Rwandacell PLC and dismissed the Plaintiff's claim. The case is now closed.

Hakizimana Gerard v MTN Rwandacell PLC, RCA 00199/2018/HC/KIG

This case was commenced by Hakizimana Gerard ("Plaintiff") against MTN Rwandacell PLC claiming damages on the ground that MTN Rwandacell PLC obstructed execution of case number RCOM 0101/2016/TC/NYGE by refusing to disclose the SMSs/information exchanged between the Plaintiff and an insurance company and sought a court order against MTN Rwandacell to release the said information and damages in the amount of Rwf 10,000,000Rwf plus lawyer's and procedural fees. The case was last decided by the High Court which granted the requested order, but did not award any damages. MTN has complied with the court order, and the case is now closed.

Kayiranga Anicet v MTN Rwandacell PLC, RC 00130/2018/TB/NYGE

This case was commenced by Kayiranga Anicet ("Plaintiff") before the Primary Court of Nyarugenge against MTN Rwandacell PLC claiming that MTN Rwandacell PLC inherited his parents' land, but the claim was dismissed by the Court. The Plaintiff did not appeal and the case is now closed.

Makuza Lauren v MTN Rwandacell PLC, RCOM 00798/2019/TC

This case was commenced by Makuza Lauren ("Plaintiff") against MTN Rwandacell PLC claiming that the latter had breached the terms of the lease contract between the Plaintiff and MTN Rwandacell PLC and claimed damages in the amount of Rwf 7,730,000. The case was dismissed by the Commercial Court on the ground that the lease agreement between the parties had an arbitration clause. The Plaintiff did not appeal against the decision of the Commercial Court, and the case is now closed.

10.12 Expenses of the Listing

All the expenses of the Listing by Introduction will be paid by MTN Rwandacell PLC

	Amount RWF 000
Transaction Advisory & Stockbroker	114,147
Legal fees	53,790
Reporting Accountant fees	55,822
CMA fess	90,847
RSE Listing fees	50,000
Advertisement & Printing costs (est.)	15,000
TOTAL EXPENSES TO THE LISTING	369,474

10.13. Taxation

Capital gains arising from the sale and/or transfer of shares listed on the RSE is exempted from capital gains tax (CGT).

Dividends paid on the shares listed on the RSE are subject to withholding tax at a rate of 15% except when the beneficiary of such dividends is a resident taxpayer of Rwanda or of the East African Community in which case only the withholding tax of 5% applies.

No VAT and stamp duty are applicable on the transfer of shares listed on the RSE.

10.14. Governing Law

This Information Memorandum and the Listing by Introduction shall be governed by the Laws of Rwanda.

10.15. Documents Available for Inspection

The following documents are available for inspection:

- The Memorandum and Articles of Association of the Company;
- Copies of material contracts;
- Certificate of incorporation of the Company;
- The audited financial statements of the company in respect of the financial years ended 2019, 2018, 2017 and 2016; and
- Certified true copies of the relevant AGM/EGM and board resolution authorizing the listing of the Company

SECTION 11 | Legal Opinion

MTN Rwandacell PLC
MTN Centre, Nyarutarama
P.O. BOX 264
Kigali, Rwanda

D. Kamanzi	our ref
	your ref
19th April 2021	date

Attn:

Members of the Board of Directors

Dear Sirs,

RE: INTRODUCTION OF THE ORDINARY SHARES OF MTN RWANDACELL PLC ON THE MAIN INVEST MENT MARKET SEGMENT OF THE RWANDA STOCK EXCHANGE

1. Introduction

1.1. We, ENSafrica Rwanda Limited (Registration n° 102772658) **("ENSafrica")** have acted as legal advisors to MTN Rwandacell PLC ("**MTN Rwandacell PLC**" or the "**Company**") in relation to the introduction of 1,350,886,600 ordinary shares in the issued share capital of MTN Rwandacell PLC (the "**Ordinary Shares**") to the Main Investment Market Segment of the Rwanda Stock Exchange (the "**RSE**") (the "**Introduction**").

1.2. ENSafrica is a law firm registered in the Republic of Rwanda ("**Rwanda**"), practising and qualified as such to practice in Rwanda and to advise upon the laws of Rwanda.

1.3. ENSafrica is required to prepare a legal opinion (the "**Opinion**") which will form part of the Information Memorandum dated 31st MArch 2021 to be distributed as part of the Introduction (the "**Information Memorandum**") as required under regulations n° 07 of 06/06, 2012 on capital markets (public offer and issue of securities) (the "**Regulation on Public Offer and Issue of Securities**"). All terms defined in the Information Memorandum shall have the same meanings ascribed to such terms in this Opinion and all references to "us" "we" shall mean ENSafrica, unless otherwise defined in this Opinion.

1.4. This Opinion given shall be governed by and construed in accordance with the laws of Rwanda. We express no opinion on the laws of any other jurisdiction.

2. Background

2.1. For the purposes of this Opinion, we have assumed

2.1.1. Accuracy of information supplied

2.1.1.1. All written information supplied by MTN Rwandacell PLC and by its officers and advisors is true, accurate and up to date.

2.1.2. Authenticity of copies

The authenticity of documents submitted as originals, the conformity with the original documents of all documents submitted as copies and the authenticity of the originals of such latter documents.

2.1.3. Signatures

The genuineness of all signatures on all documents.

MTN Rwandacell PLC is a public company duly incorporated in Rwanda pursuant to the provisions of law n°17/2018 of 13/04/2018 governing companies (the "Companies Act") with powers to execute, deliver and exercise its rights and perform its obligations pursuant to the Introduction, and such execution, delivery and performance have been duly authorised by appropriate corporate actions.

2.1.4. Due execution by other parties

All agreements and other relevant documents have been duly authorised, executed and delivered by the parties to those documents other than MTN Rwandacell PLC; and

2.1.5. Factual matters

With respect to matters of fact, we have relied on the representations of MTN Rwandacell PLC and its officers and advisors.

3. Opinion

3.1. In accordance with article 20 of the Regulation on Public Offer and Issue of Securities and subject to: (i) the foregoing; (ii) paragraph 2 of this Opinion; (iii) any matters set out in the Information Memorandum; (iv) the reservations set out below and (v) any matters not disclosed to us, we confirm the following:

3.1.1. Status

MTN Rwandacell PLC is a public company duly incorporated in Rwanda pursuant to the provisions of law n°17/2018 of 13/04/2018 governing companies (the "**Companies Act**") with powers to execute, deliver and exercise its rights and perform its obligations pursuant to the Introduction, and such execution, delivery and performance have been duly authorised by appropriate corporate actions.

3.1.2. Share capital and Transfer

The existing share capital of MTN Rwandacell PLC has been authorised and issued in conformity with all laws applicable in Rwanda and has received all necessary authorisations.

All regulatory approvals required for the transfer/distribution of the shares held by Crystal Telecom PLC (CTL) in MTN Rwandacell PLC to its shareholders have been obtained.

3.1.3. Statutory Books

MTN Rwandacell PLC continues to maintain its statutory books at its registered office.

3.1.4. Licences

All material licenses and material consents required in connection with the business of MTN Rwandacell PLC (i.e. the payment services license issued by the National Bank of Rwanda; and cellular mobile license and license for usage of radio frequency spectrum resource and operation of radio communication in Rwanda issued by Rwanda Utilities Regulatory Authority) have been duly obtained and are in full force and effect as of the date of the Opinion.

3.1.5. Land and equipment

Except as otherwise stated in the Information Memorandum, the land and equipment of MTN Rwandacell PLC are validly owned.

3.1.6. Material Contracts

Material contracts entered into by the Company outside the ordinary course of its business are set out under section 10.10 of the Information Memorandum.

3.1.7. Material Litigation

To the best of our knowledge and after due inquiry, except as otherwise stated in the Information Memorandum, there is no Material Litigation in which MTN Rwandacell PLC is currently involved in Rwanda.

3.1.8. Bankruptcy / Receivership Proceedings

To the best of our knowledge and after due enquiry, no bankruptcy, receivership or similar proceeding has been brought against MTN Rwandacell PLC or any of its Directors in Rwanda in the preceding three years.

3.1.9. Mergers and Acquisitions

MTN Rwandacell PLC has not been involved in any mergers or acquisitions outside its ordinary course of business in the previous three years.

3.1.10. The Introduction

3.1.10.1. There are no securities to be issued in connection with the Introduction.

3.1.10.2. MTN Rwandacell PLC has not entered into any underwriting agreement or any other agreement or contract in respect of the Introduction other than the appointments of the transaction advisors.

3.1.10.3. MTN Rwandacell PLC, has applied for and obtained no objection of its primary regulators (i.e. RURA and BNR) to the Introduction.

3.1.10.4. The Introduction of Ordinary Shares to the Rwanda Stock Exchange has been approved by the Capital Markets Authority and the Rwanda Stock Exchange through the issue of appropriate letters of approval.

3.1.10.5. We, as the legal advisors, confirm that we have given and have not, prior to the date of the Information Memorandum, withdrawn our written consent to the inclusion of the Opinion in the form and context in which it appears.

3.1.11. Articles

3.1.11.1. MTN Rwandacell PLC was incorporated with its principal object as set out in section 5 of the Memorandum of Association, being to conduct (whether directly or indirectly) telecommunication business, payment services and related business affairs.

3.1.11.2. The Articles of MTN Rwandacell PLC are compliant with the relevant laws of Rwanda

3.1.11.3. The details of the relevant provisions of the Articles are set out in section 10.6 of the Information Memorandum.

4. Conclusion

In light of the above, we are of the view that MTN Rwandacell PLC is in a position to list the Ordinary Shares on the RSE in terms of the Introduction.

Yours faithfully

Désiré Kamanzi
Head of ENSafrica Rwanda

SECTION 12

Reporting Accountant's Report

Introduction

We hereby submit our Reporting Accountant's report in accordance with the requirements of Rwanda Stock Exchange Limited Rule Book (hereafter referred to as "the regulations")

We have examined the audited financial statements of MTN RwandaCell PLC Company for the following years:
i) Year ended 31 December 2019
ii) Year ended 31 December 2018
iii) Year ended 31 December 2017

We have also compiled the accompanying financial information based on the audited financial statements and information you have provided. This financial information comprises the statements of financial position of MTN Rwandacell limited as at 31 December 2017, 31 December 2018 and 31 December 2019, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagement PWC acted as the auditor of the company for the year ended 31 December 2017,31 December 2018 and 31 December 2019 the audit reports issued auditor did not contain qualifications that would materially impact the balances and disclosures in the compiled financial information for the years ended 31 December 2017, 31 December 2018 and 31 December 2019

Responsibility of the directors

The directors of the Company are responsible for the preparation of the Prospectus and all the information contained therein and for the fair presentation of the financial statements and financial information to which this Accountant's Report relates and from which it has been prepared.

Our responsibility

You required us to prepare an Accountant's Report for the purpose of preparing an IPO Prospectus. Our responsibility is detailed in our letter of engagement. The objective of the engagement was to enable us to state whether, on the basis of our review procedures which do not provide all the evidence that would be required in an audit, anything has come to our attention that causes us to believe that the financial statements were not prepared, in all material respects, in accordance with International Financial Reporting Standards.

Basis of conclusion

The financial information set out in this report was prepared in accordance with the International Standard on Related Services 4410 – Engagement to compile financial statements ('ISRS 4410), and is based on the audited financial statements of the company after making the adjustments considered appropriate to make all the financial statements compliant with International Financial Reporting Standards. Further, to enable us to prepare an Accountant's Report, we carried out procedures to satisfy ourselves that the information presented in the financial statements was in accordance with the Regulations.

In compiling the financial information, we have not affected adjustments to the information presented in the audited financial statements.

In addition to our compilation engagement, we have reviewed the financial information of the company for the three years presented. We conducted our review in accordance with the International Standard on Review Engagements 2400, Engagements to Review Financial Statements ("ISRE 2400"). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of management and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

REPORTING ACCOUNTANTS' REPORT ON MTN RWANDACELL PLC

Conclusion

Based on our review, nothing has come to our attention to indicate that the accompanying financial information of MTN Rwandacell PLC is not presented fairly, in all material respects, in accordance with International Financial Reporting Standards

Consent

We consent to the inclusion of this report in the MTN Rwandacell PLC information memorandum on Listing by introduction to be issued on or about 31 March 2021 in the form and context in which it appears.

Stephen K Sang
Ernst & Young Rwanda Limited
Kigali

19th April 2021

Statement of Comprehensive Income For the year ended 31 December 2019

	Notes	2019 RWF 000	2018 RWF 000	2017 RWF 000
Revenue	5(a)	124,395,112	101,775,668	83,542,929
Other Income	5(b)	1,022,892	1,039,602	1,032,675
Direct network operating costs		(11,118,763)	(21,961,418)	(19,976,228)
Government and regulatory costs		(3,968,600)	(3,163,416)	(2,598,902)
Cost of handsets and other accessories		(3,856,515)	(2,492,841)	(1,931,483)
Interconnection and roaming fees		(6,271,204)	(7,222,414)	(6,469,794)
Employee benefits expense	6	(12,865,209)	(10,645,967)	(7,860,465)
Sales, distribution and marketing costs		(18,899,403)	(15,019,889)	(11,423,116)
Other operating expenses		(16,879,083)	(11,922,057)	(26,296,560)
Net impairment losses on financial assets		(577,182)	(332,275)	(317,732)
Depreciation	20(a)	(13,679,354)	(12,712,379)	(12,384,951)
Depreciation-Right of use asset	20(b)	(8,284,257)	-	-
Amortization	19	(32,406)	(55,977)	(62,476)
Operating profit	7	28,986,028	17,286,637	(4,746,103)
Finance income	8	541,129	315,342	549,159
Finance costs	8	(17,055,004)	(3,044,410)	(681,073)
Profit before income tax		12,472,153	14,557,569	(4,878,017)
Income tax expense	9	(5,661,477)	(6,808,091)	(3,684,374)
Profit for the year		6,810,676	7,749,478	(8,562,391)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the year		6,810,676	7,749,478	(8,562,391)
Attributable to:				
Equity holders of the Company		6,810,676	7,749,478	(8,562,391)
Basic and diluted earnings per share		4,450	5,166	(5,708)

Statement of Financial Position For the Year ended 31 December 2019

	Notes	2019 RWF 000	2018 RWF 000 Restated	2017 RWF 000 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	20 (a)	60,577,528	57,211,671	48,137,565
Right of use assets	20 (b)	76,982,625	-	-
Intangible assets	19	46,307	78,713	134,688
Total IRU assets	16	3,601,535	4,222,990	3,686,445
Total non-current assets		141,207,995	61,513,374	51,958,698
Current assets				
Non-current assets held for sale		-	-	18,433
Inventories	21	654,351	456,741	147,346
Current income tax	9	3,111,279	8,161,550	9,390,376
Current portion of IRU assets	16	1,152,672	1,010,817	817,033
Trade and other receivables	22	27,242,832	25,885,007	13,417,468
Deposits with financial institutions	18	3,176,328	3,216,250	2,200,000
Restricted cash	17(b)	23,341,620	19,960,291	12,915,071
Cash and cash equivalents	17(a)	24,362,837	34,360,313	6,567,193
Total current assets		83,041,919	93,050,969	45,472,920
Total assets		224,249,914	154,564,343	97,431,617
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	11	15,000	15,000	15,000
Retained earnings		31,777,016	37,366,340	32,061,862
Shareholders loans	12	3,660,000	3,660,000	3,660,000
Other reserves	13	1,500	1,500	1,500
Total equity		35,453,516	41,042,840	35,738,362

Statement of Financial Position For the Year ended 31 December 2019 (Continued)

Liabilities				
Non-current liabilities				
Borrowings	15	23,911,831	33,725,353	-
Deferred income tax liability	14	12,551,855	12,507,076	10,391,901
Lease liabilities	25	66,380,689	740,402	887,580
Total non-current liabilities		102,844,375	46,972,831	11,279,481
Current liabilities				
Trade and other payables	23	56,386436	56,476,204	41,888,843
Provisions for liabilities and other charges	24	1,567,768	953,478	801,503
Lease liabilities	25	13,927,924	622,690	491,813
Borrowings	15	11,052,875	4,225,990	-
Deferred revenue	5(c)	3,017,020	2,177,987	2,304,320
Bank overdraft	17	-	2,092,323	4,927,295
Total current liabilities		85,952,023	66,548,672	50,413,774
Total liabilities		188,796,398	113,521,503	61,693,255
Total equity and liabilities		224,249,914	154,564,343	97,431,617

Statement of Changes in Equity For the year ended 31 December 2019

	Notee	Ordinary share capital RWF 000	Retained earnings RWF 000	Other reserves RWF 000	Total equity RWF 000
At 1 January 2019		15,000	3,660,000	37,366,340	41,042,840
Total profit and compre-hensive income for the year		-	-	6,810,676	6,810,676
Transactions with owners:					
Dividends paid	10	-	-	(12,400,000)	(12,400,000)
At 31 December 2019		15,000	3,660,000	31,777,016	35,453,516
At 1 January 2018		15,000	3,660,000	32,061,862	35,738,362
Impact of changes in accounting policy (IFRS9)	3	-	-	(445,000)	(445,000)
Restated balance at 1 January		15,000	3,660,000	31,616,862	35,293,362
Total profit and compre-hensive income for the year		-	-	7,749,478	7,749,478
Transactions with owners:					
Dividends paid	10	-	-	(2,000,000)	(2,000,000)
At 31 December 2018		15,000	3,660,000	37,366,340	41,042,840
At 1 January 2017		15,000	3,660,000	48,124,253	51,800,753
Transactions with owners:					
Dividends paid		-	-	(7,500,000)	(7,500,000)
Total Loss and compre-hensive loss for the year		-	-	(8,562,391)	(8,562,391)
At 31 December 2017		15,000	3,660,000	32,061,862	35,738,362

Statement of Cash Flows For the year ended 31 December 2019

	Notes	2019 RWF 000	2018 RWF 000 Restated	2017 RWF 000
Cash flows from operating activities				
Cash generated from operations	30	70,780,666	39,303,255	27,910,515
Interest received	8	588,943	264,800	437,460
Interest paid		(5,330,972)	(697,349)	(65,238)
Tax paid	9	(3,614,130)	(3,673,586)	(11,073,829)
Net cash generated from operating activities		**62,424,507**	**35,197,120**	**17,208,908**
Cash flows from investing activities				
Purchase of property, plant and equipment	20 (c)	(16,109,032)	(14,231,835)	(11,524,015)
Deposit placements with financial institutions		(81,737)	(900,000)	(1,200,000)
Proceeds on disposal of property, plant and equipment and intangibles		26,627	202,168	18,196
Net cash used in investing activities		(16,164,142)	(14,929,667)	(12,705,819)
Cash flows from financing activities				
Obligations under finance leases		(13,633,449)	(776,480)	(648,282)
Dividends paid	10	(13,339,269)	(6,871,754)	(3,904,810)
(Decrease)/Increase in Borrowings	15	(3,750,000)	37,951,343	-
Restricted Cash		(23,381,368)	(19,960,291)	(12,915,071)
Net cash used in financing activities		(54,104,086)	10,342,818	(17,468,163)
Net increase/decrease in cash and cash equivalents		(7,843,721)	30,610,271	(12,965,074)
Cash and cash equivalents at beginning of the year		32,267,990	1,639,898	14,584,468
Exchange gains on cash and cash equivalents		(61,433)	17,821	20,504
Cash and cash equivalents at end of the year	17 (a)	32,267,990	1,639,898	14,584,468

NOTES

1. General information

The company is incorporated in Rwanda as a limited liability company. 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.

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 Company financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.17/2018 of 13/04/2018 Governing Companies. The Company has adopted all new accounting pronouncements that became effective in the current reporting period. In addition, the company changed its accounting policy with regards to Mobile Money deposits and payables during the current financial year.

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 recognized in the financial statements are included in note 4.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Company

The company has adopted IFRS 16 Leases (IFRS 16) with effect from 1 January 2019. A number of other new standards are effective from 1 January 2019, but they do not have a material effect on the company's financial statements.

a) Adoption of IFRS 16

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

After the adoption of IFRS 16, the company recognized a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities and no longer recognized an operating lease expense for these leases. Cash generated from operations increased as lease costs are no longer included in this category. Interest paid increased, as it includes the interest portion of the lease liability payments and the capital portion of lease liability repayments is included in cash used in financing activities. Lessor accounting remains similar to previous accounting policies.

The company has adopted IFRS 16 retrospectively from 1stJanuary 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognized in the opening statement of financial position on 1 January 2019.

a.1) The company's leasing activities and significant accounting policies

The company's leases include network infrastructure (including tower space and land), retail stores, and vehicles. Rental contracts are typically made for fixed periods varying between 1 to 10 years but may have renewal periods as described below.

As a lessee, the company 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.

From 1 January 2019, the company recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. rentals for excutive staff) and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less.

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

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Company (continued)

a) Adoption of IFRS 16 (continued)
a.1) The company's leasing activities and significant accounting policies (continued)

The recognized right-of-use assets relate to the following types of assets:

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 company'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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Company (continued)

a) Adoption of IFRS 16 (continued)

a.1) The company's leasing activities and significant accounting policies (continued)

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 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.

A number of leases entitle both the company 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 company 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 company 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 recognized in profit or loss as they are incurred.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Company (continued)

a) Adoption of IFRS 16 (continued)

a.2) Transition

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate, for the remaining lease terms, as at 1 January 2019.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The company used the following practical expedients as permitted by the standard, when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Accounted for leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Relied on previous assessments on whether leases are onerous contracts as opposed to performing an impairment review on 1 January 2019.

The company has also elected not to reassess whether a contract is, or contains a lease, at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement Contains a Lease (IFRIC 4).

The company classified a number of leases of vehicles as finance leases under IAS 17. For finance leases, the carrying amount of the right-of use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Company (continued)

a) Adoption of IFRS 16 (continued)

a.3) Impacts on financial statements

a.3.1) Impacts on transition

On transition to IFRS 16, the company recognized right-of-use assets and lease liabilities. The impact on transition is summarised below:

	1 January 2019 RWF 000
Property, plant and equipment	1,301,963
Right-of use assets	74,012,187
Prepayments1	1,210,093
Total assets	76,524,243
Lease liabilities – non-current	65,211,124
Lease liabilities – current	10,103,026
	75,314,150

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Company (continued)

a) Adoption of IFRS 16 (continued)

a.3) Impacts on financial statements

a.3.1) Impacts on transition

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 15%. A reconciliation of the operating lease commitments disclosed as at 31 December 2018 discounted using the incremental borrowing rate at 1 January 2019 to the lease liability recognized on 1 January 2019 is disclosed below:

	1 January 2019 RWF 000
Operating lease commitments disclosed as at 31 December 2018	77,851,359
Discounted using the incremental borrowing rate at 1 January 2019	49,110,904
Add: finance lease liabilities recognized as at 31 December 2018	1,363,092
(Less): short-term leases not recognized as a liability	-
(Less): low-value leases not recognized as a liability	-
(Less): Non-lease components	(1,050,057)
Add: Extension and termination options reasonably certain to be exercised	25,890,210
Lease liability recognized as at 1 January 2019	75,314,150
Of which are:	
Current lease liabilities	10,103,026
Non-current lease liabilities	65,211,124
	75,314,150

NOTES (Continued)

Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Company (continued)

a) Adoption of IFRS 16 (continued)

a.3) Impacts on financial statements

a.3.2) Impacts for the period

As a result of applying IFRS 16, in relation to the leases that were previously classified as operating leases, the company recognized Rwf 76,982 million of right-of-use assets and Rwf 80,309 million of lease liabilities as at 31 December 2019. Also in relation to those leases under IFRS 16, the company has recognized depreciation and interest costs, instead of operating lease expenses of Rwf 13,633 million that would have been recognized under IAS 17. During the twelve months ended 31 December 2019, the company recognized Rwf 7,981 million of depreciation charges and Rwf 10,643 million of interest costs from these leases.

Cash from operating activities includes interest paid on lease liabilities of Rwf 10,643 million and cash used in financing activities includes Rwf 13,633 million for the capital portion of lease liability repayments. The cash flows were previously recognized as net cash generated from operations.

i) New and amended standards not yet adopted by the Company

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. (Annual periods beginning on or after 1 January 2020.)

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- Use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- Clarify the explanation of the definition of material; and
- Incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is:
"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

B. Revenue recognition

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

- 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 company 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.

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

The company 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 Company 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 Company 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 Company sells mobile devices and network services separately.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

B .Revenue recognition (continued)

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 recognized on usage whereas post pay revenue is recognized at the end of every month based on a monthly charge.

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 recognized 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 company 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 recognized 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 MTN Rwandacell 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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

B. Revenue recognition (continued)

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 recognized for amounts received in advance, until the services are provided or when the usage of services becomes remote.

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

ICT

The company 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 MTN Rwandacell fibre infrastructure ready and have applied to have their homes /premises connected to the MTN Rwandacell 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 company 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 recognized when partners' calls are terminated to the company's network i.e. the service is rendered.

The company 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 MTN Rwandacell network, revenue is earned by billing the visiting customers' network while revenue from MTN Rwandacell customers is earned from customer billing for voice, SMS and data usage while roaming on other networks. Revenue is recognized on billing.

Payment for interconnect and roaming is generally received on a monthly basis. The company 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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

A. Basis of preparation (continued)

B. Revenue recognition (continued)

Mobile devices
The company sells a range of mobile devices. The company 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 company assesses these contracts including handsets to determine if they contain a significant financing component. The Company 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 Company does not adjust any of the transaction prices for the time value of money.

Capitalisation of subscriber acquisition costs
The Company 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 Company has not capitalised these expenses as contract costs because they are not material to the financial statements.

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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

C. Functional currency and translation of foreign currencies

(i) Functional and presentation currency

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

(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 recognized 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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

D. Property, plant and equipment (continued)

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 Company 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 Company enters into an asset exchange transaction, the Company 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 Company receives assets for no consideration, the Company 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.

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 recognized 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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

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 Company 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.

Amortization 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	13 years
Softwaret	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 recognized as an expense as incurred.

Costs that are directly associated with the production of identifiable intangible assets controlled by the Company, 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 recognized as a capital improvement and added to the original cost of the assets. Expenditure on research activities is recognized as an expense in the period in which it is incurred.

G. Accounting for leases

As explained in note (A) above, the company has changed its accounting policy for leases where the company is the lessee. The new policy and the impact of the change is described in note (A).

Until 31 December 2018. leases of property, plant and equipment where the company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases.
Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the company as lessee were classified as operating leases. 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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

G. Accounting for leases (continued)

Lease income from operating leases where the company is a lessor is recognized in income on a straightline basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

H. Indefeasible right of use (IRU) arrangements

The company enters into long-term service contracts under which it purchases lit 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 amortized and recognized in the profit or loss on a straight-line basis over the life of the contract.

The Company 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 Company 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 recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method less loss allowance. Details about the Company's impairment polies and the calculation of the loss allowance are provided in note 3.

NOTES (Continued)

K. Income tax expense

The tax expense for the year comprises current, deferred tax and withholding tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity. For these items the tax is also recognized 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 Company operates and generate taxable income, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which 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 recognized 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 recognized 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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

L. Borrowings

Borrowings are accounted for as financial liabilities. Fees paid on the establishment of loan facilities are recognized 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 amortized 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 amortized over the period of the facility to which it relates.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 statement of financial position.

N. Restricted cash

The company offers payment services from mobile devices. These Mobile Money services involve the issuing of electronic money (MoMo) into a MoMo electronic wallet in return for cash paid by the mobile phone subscriber. MTN provides the software to administer the MoMo wallet. In all instances, any monetary value stored on a customer's MoMo wallet must be supported by an equivalent cash deposit held with a bank or multiple banks.

This cash deposit has been accounted for as restricted cash. Restricted cash is an asset that is constrained from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

O. Provisions

A provision is recognized 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 recognized 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 recognized 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 recognized as a finance cost.

Provision for unwind sites on tower sale

This provision relates to the estimated cost of tower sites sold to IHS Limited unwinding before the second longstop date based on the provisions of the sale agreement.

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.

Decommissioning provision

This provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. The Company provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment that are erected on leased land.

The Company only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

Regulatory and fiscal provisions

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

NOTES (Continued)

2. Summary of significant accounting policies (continued)

P. Dividends

Dividend distribution to the Company's shareholders is recognized 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.

Q. Trade payables

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

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.

R. Share capital

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

S. 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 recognized 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 recognized 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.

T. 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 Company. Contingent liabilities also represent present obligations that arise from past events but are not recognized because an outflow of resources is not probable or a reliable estimate cannot be made. The Company 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.

U. Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Company and a party related to the Company, 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 Company's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

V. 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 recognized 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 share incentive schemes, the MTN Group Performance Share Plan and the MTN Group Share Appreciation Rights scheme which applies to MTN Rwandacell Limited 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 Company operates a defined contribution plan. A defined contribution plan is a post-employment benefit plan (such as a pension plan) under which the Company 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 recognized as an employee benefit expense when they are due.

The Company 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 accepts voluntary redundancy in exchange for these benefits.

The Company recognises termination benefits at the earlier of the following dates:
- when the Company can no longer withdraw the offer of those benefits; and
- when the Company 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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

W. 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

IFRS 9 replaced the provisions of IAS 39 that relate to 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 recognized on the Company's statement of financial position when the Company 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 recognized 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 recognized 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 Company classifies its financial instruments into the following categories:

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

The Company classifies its financial assets as at amortized 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.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

W. 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 amortized cost using the effective interest method, less any impairment losses.

Interest income is recognized 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 amortized cost using the effective interest method.

De-recognition

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

Impairment of financial assets

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

The Company'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.

X. Shareholder loan

Shareholder loans are equity loans and are linked for the purposes of transfer to ordinary shares held by each shareholder.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

Y. Comparatives

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

Z. Mobile Money (MoMo) deposits and payables

Mobile money ("MoMo") deposits 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 company'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 company earns transactional fees and also earns interest on these MoMo balances and recognises the interest and transactional fees as part of revenue. Transactional fees are recognized over time as the transactions occur. The company 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 company utilises MoMo agents to facilitate customer activities i.e. depositing cash and loading and storing the mobile money in wallets. The company 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 company 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.

NOTES (Continued)

3. Financial risk management

The Company 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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.
Further quantitative disclosures are included throughout these financial statements.

Market risk

(i) Foreign exchange risk

The Company 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 recognized assets and liabilities.

The Company 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 Company does not utilise forward contracts or other methods of hedging foreign exchange risk that are speculative in nature.

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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Current assets			
US Dollar	8,345,882	4,836,466	4,180,647
Euro	-	-	803
	8,345,882	4,836,466	4,181,450
Current liabilities			
US Dollar	5,387,180	10,109,507	7,883,697
	5,387,180	10,109,507	7,883,697

The Company has used a sensitivity analysis technique that measures the estimated change to profit or loss and equity of an instantaneous 4% 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 Company 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.

NOTES (Continued)

3. Financial risk management (continued)

(i) Foreign exchange risk (continued)

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

	2019			2018			2017		
	Increase/(decrease) in profit before tax			(Decrease)/Increase 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'	Change in exchange rate %	Weakening in functional currency Rwf '000'	Strengthening in functional currency Rwf '000'
US $	4	(215,487)	215,487	4	(404,380)	404,380	10	(788,370)	788,370

NOTES (Continued)

(ii) Interest rate risk

The Company 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 Company's exposure to market risks or the manner in which these risks are managed and measured as compared to previous years.

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

During 2019, the company'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.

NOTES (Continued)

3. Financial risk management (continued)

(iii) Credit risk

Credit risk is managed on a Company basis. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The Company does not have any significant concentrations of credit risk. The Company 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 Company's network. Dealer debtors are also required to present post-dated cheques and bank guarantees before being granted credit. The Company does not grade the credit quality of receivables.

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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Deposits with financial institutions (note 18)	3,176,328	3,216,250	2,200,000
Cash and cash equivalents (note 16)	24,362,837	34,360,313	6,567,193
Trade receivables - Gross (note 22)	15,527,921	17,918,830	10,405,871
Other receivables (note 22)	5,999,718	3,969,167	784,670
Restricted cash (note 17)	23,341,620	19,960,291	12,915,071
Receivables from related parties (note 31)	4,631,096	2,587,847	2,229
	77,039,520	82,012,698	32,875,034

Impairment of financial assets at amortized cost

While receivables from related companies and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Company 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 2019 or 1 January 2019 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 company 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.

NOTES (Continued)

3. Financial risk management (continued)

(iii) Credit risk (continued)

Trade receivables (continued)

The default rates as at 31 December 2019 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	More than 9 days past due	Govern-ment debtors
31 December 2019	3.56%	5.68%	7.56%	100%	0.46%
31 December 2018	3.57%	5.23%	6.57%	100%	0.98%
31 December 2017	6.96%	9.84%	12.60%	100%	0.98%

NOTES (Continued)

The loss allowance as at 31 December 2019 and 2018 was determined as follows for trade receivables:

31 December 2019	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 (Rwf '000)	13,453,707	443,840	279,743	3,068,746	447,963	17,693,999
Loss allowance (Rwf'000)	63,840	11,012	8,560	2,080,605	2,061	2,166,078
31 December 2018	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 (Rwf'000	10,778,851	2,430,241	741,049	5,140,764	503,466	19,594,371
Loss allowance (Rwf'000	58,086	24,416	10,029	1,578,076	4,934	1,675,541
31 December 2017	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 (Rwf '000)	3,447,005	1,596,685	872,581	5,241,406	442,579	11,600,256
Loss allowance (Rwf '000	81,270	66,226	50,168	1,141,265	4,337	1,343,266

NOTES (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 Company, 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 and other receivables

Deposits with financial institutions, cash at bank and restricted cash are considered to have low credit risk, and the loss allowance recognized 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.

NOTES (Continued)

3. Financial risk management (continued)

(iii) Credit risk (continued)
Deposits with financial institutions, cash at bank, restricted cash and other receivables

The loss allowance for the other financial assets at amortized cost as at 31 December 2019 is;

	Deposits with financial institutions RWF 000	Cash at bank RWF 000	Restricted cash RWF 000	Related parties RWF 000	Other receivables RWF 000
Opening loss allowance as at 1 January 2019	-	-	-	-	-
Increase in the allowance recognized in profit or loss during the period	5,409	41,487	39,748	-	-
Closing loss allowance as at 31 December 2019	5,409	41,487	39,748	-	-

(iv) Fair value
The Company 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 Company had no financial instruments at fair value as at 31 December 2019 and 31 December 2018. As such, there were no movements between levels in 2018 and 2019.

NOTES (Continued)

3. Financial risk management (continued)

(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 Company's liquidity reserve on the basis of expected cash flow.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting 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.

	LESS THAN 1 YEAR RWF 000	BETWEEN 1 AND 2 YEARS RWF 000	BETWEEN 2 AND 5 YEARS RWF 000	MORE THAN 5 YEARS RWF 000
At 31 December 2019:				
- borrowings	11,748,303	10,589,887	25,731,909	6,564,719
- lease liabilities	15,770,610	15,994,702	48,027,648	63,013,481
- trade and other payables	33,005,068	-	-	-
- mobile money payables	23,381,368	-	-	-
	83,905,349	26,584,589	73,759,557	69,578,200
At 31 December 2018:				
- borrowings	5,711,880	11,936,877	29,630,378	15,012,724
- lease liabilities	622,690	696,148	44,254	-
- trade and other payables	35,942,412	573,501	-	-
- mobile money payables	19,960,291	-	-	-
	62,237,273	13,206,526	29,674,632	15,012,724
At 31 December 2017:				
- finance lease obligations	-	616,959	373,149	27,190
- trade and other payables	28,665,540	308,232	-	-
	28,665,540	925,191	373,149	27,190

NOTES (Continued)

3. Financial risk management (continued)

(vi) Financial instruments by category

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Financial assets at amortized cost			
Trade and other receivables (note 22)	21,527,639	21,887,997	11,192,770
Deposits with financial institutions (note 18)	3,176,328	3,216,250	2,200,000
Cash and cash equivalents (note 17(a))	24,362,837	34,360,313	6,567,193
Restricted cash (note 17)	23,341,620	19,960,291	12,915,071
Receivables from related parties (note 31)	4,631,096	2,587,847	2,229
	77,039,520	81,012,698	32,877,263
Financial liabilities at amortized cost			
Bank overdraft (note 17)	-	2,092,323	4,927,295
Borrowings (note 15)	34,964,704	37,951,343	-
Trade and other payables (note 23)	56,386,436	56,476,204	41,888,843
Obligations under finance leases	994,628	622,690	491,813
	92,345,768	97,142,560	34,392,880

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 company'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 company 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 company'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 company 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.

The gearing ratios at 31 December 2019 , 2018 and 2017 were as follows:

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Bank overdraft (note 17)	-	2,092,323	4,927,295
Borrowings (note 15)	34,964,704	37,951,343	-
Total borrowings	34,964,704	40,043,666	4,927,295
Less: cash and cash equivalents (note 17)	(24,362,837)	(34,360,313)	(6,567,193)
Net debt	10,601,867	5,683,353	(1,639,898)
Total equity	35,453,516	41,042,838	35,738,360
Total capital	46,055,383	46,726,191	34,098,462
Gearing ratio	23.02%	12.16%	-

4 Critical accounting estimates and judgements

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 Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company'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 above.
Sensitivity analysis on impairment of trade receivables

(Decrease)/Increase in provisions

	Change in default rate %	Upward change in default rate Rwf '000'	Downward change in default rate
2019			
Default rate	3.57%	89,142	(89,142)
2018			
Default rate	3.57%	59,817	(59,817)
2017			
Default rate	10%	(89,827)	89,827

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

Interconnect revenue recognition

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

Income taxes

The Company 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 Company 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 company previously recognized MoMo balances based on its assessment of the risks and rewards relating to the underlying financial asset. The company'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.

4. Critical accounting estimates and judgements (continued)

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

Accounting for Mobile Money (MoMo) deposits and payables (continued)

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 company's MoMo policy refer to note 35.

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 recognized lease liabilities and right-of-use-assets of Rwf 24,030 million and annual depreciation for right of use reducing from the current Rwf 7,140million to Rwf 4,442 million.

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the Company's asset base. Therefore, the judgements made in determining their estimated useful lives and residual values are critical to the Company'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.
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.

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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Airtime and subscription	61,823,297	52,662,916	43,164,682
Data	19,881,299	14,298,203	11,577,213
ICT	6,311,576	6,344,644	5,781,127
SMS	2,486,286	2,097,016	1,534,681
Interconnect and roaming	5,635,880	5,371,439	5,549,361
Value added Service	-	-	1,742,434
Mobile money	24,299,277	17,769,832	11,236,478
Digital	838,960	807,763	1,316,121
Handsets and accessories	2,311,201	1,739,244	1,073,050
Short-code fees	3,347	2,866	3,856
Itemised billing	81,823	73,697	50,182
Simcard	722,166	608,048	513,744
Total revenue	124,395,112	101,775,668	83,542,929

(b) Sundry income relates to;

IHS land rental income	1,022,892	1,039,602	1,032,675
	1,022,892	1,039,602	1,032,675

(b) Sundry income relates to;

IHS land rental income	1,022,892	1,039,602	1,032,675
	1,022,892	1,039,602	1,032,675

(c) Liabilities related to contracts with customers

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Contract liabilities deferred revenue	3,017,020	2,177,987	2,304,320

Deferred revenue represents unused activated airtime subscriber balances for prepaid products.

Revenue is recognized in profit or loss account as calls are made using the unused activated airtime. Contract liabilities increased due to an increase in prepaid sales.

(d) Revenue recognized in respect of contract liabilities

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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Revenue recognized that was included in deferred revenue at start of year	2,177,987	2,304,320	2,650,217

6. Employee benefits expenses

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Salaries and wages	7,211,211	6,452,489	6,237,507
Share option granted to directors and employees	130,488	(10,148)	(352,904)
Pension fund contributions	256,004	381,973	204,156
Rwanda Social Security Board contributions	353,434	323,724	246,990
Medical	329,488	312,351	237,877
Bonus provision	2,314,773	1,384,632	616,485
Other	2,269,811	1,800,946	670,354
	12,865,209	10,645,967	7,860,465

7. Operating profit

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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Directors' emoluments			
Directors' fees	29,986	23,103	15,252
Employee benefits expense (note 6)	12,865,209	10,645,967	7,860,465
Profit on disposal of property, plant and equipment	68,205	(160,521)	(13,387)
Expected credit loss on trade receivables (note 22)	490,537	332,275	317,732
Expected credit loss on cash at bank (note 17)	81,236	-	-
Expected credit loss on deposits held in financial institutions note 18)	5,409	-	-
Bad debt written-off	444,997	-	-
Inventories expensed	3,856,515	2,492,841	1,931,483
Write down / write (back) of inventories	(609)	19,234	(32,579)
Management fees paid to related parties (Note 31)	5,135,584	4,267,600	3,528,011
Auditors' remuneration			
Audit fees	220,868	211,694	188,751
Fees for other services	8,029	30,358	25,551
Expenses	13,749	55,360	34,558
Licence fees	3,968,600	3,136,416	2,598,902
Dealers' commissions	5,168,230	4,839,726	4,046,271
Advertising, promotions and sponsorships	2,454,591	2,571,740	1,496,996
Distribution costs	557,581	157,701	236,988
Utilities	1,197,498	771,752	775,624
Operating leases			
Property	89,511	12,429,982	10,953,695
Equipment and vehicles	298,387	236,670	151,669
Fees paid for professional and consulting services	1,781,479	1,661,604	1,540,182
Depreciation (note 20)	13,679,354	12,712,379	12,384,951
Depreciation right of use asset	8,284,257	-	-
Amortization (note 19)	32,406	55,977	62,476
RURA Fine	-	-	7,030,000
Tax penalties	3,814,964	1,627,515	8,349,570

8. Finance income/ (costs)

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Finance costs:			
Interest expense and other charges on borrowings	(5,567,342)	(1,794,065)	(137,918)
Finance costs on leases	(10,643,157)	-	-
Realised foreign exchange losses	(432,497)	(702,779)	(507,471)
Unrealised foreign exchange losses	(412,008)	(547,566)	(35,684)
	(17,055,004)	(3,044,410)	(681,073)
Finance income:			
Interest income from banks	588,943	264,800	437,461
Realised foreign exchange gains	(3,793)	25,700	51,492
Unrealised foreign exchange gains	(44,021)	24,842	60,206
	541,129	315,342	549,159

9. Income tax expense

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Current income tax	5,616,698	4,692,916	4,593,960
Deferred income tax charge /(credit) (note 14)	44,779	2,115,175	(909,586)
	5,661,477	6,808,091	3,684,374

9. Income tax expense (continued)

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

	2019 RWF 000	%	2018 RWF 000	%	2017 RWF 000	%
Profit before income tax	12,472,153		14,557,569		(4,878,018)	
Statutory tax rate	30%		30%		30%	
Tax at standard rate	3,741,646	30	4,367,271	30	(1,463,405)	30
Tax effects of:						
Income not subject to tax						
Expenses not deductible for tax purposes	2,116,661	17.0	1,586,309	10.9	4,787,053	(98.1)
Under provision in current year current tax			698,140	4.8	344,465	(7.1)
Under provision in prior years deferred tax	(196,830)	-1.6	156,371	1.1	16,261	(0.3)
Total income tax expense	5,661,477		6,808,091		3,684,374	
Effective tax rate		45.4		46.8		(75.5)

Income tax paid is as follows:			
	2019 RWF 000	2018 RWF 000	2017 RWF 000
	8,161,550	9,390,376	4,779,998
	(5,661,477)	(6,808,091)	(3,684,374)
	44,779	2,115,175	(909,586)
	(3,047,703)	(209,496)	(1,869,492)
	(3,111,279)	(8,161,550)	(9,390,376)
	(3,614,130)	(3,673,586)	(11,073,829)
	(3,614,130)	(3,673,586)	(11,073,829)

10. Dividends

	2019 Dividend per share Rwf'000	Total Rwf'000	2018 Dividend per share Rwf'000	Total Rwf'000	2017 Dividend per share Rwf'000	Total Rwf'000
Dividends declared	8,267	12,400,000	1,333	2,000,000	5,000	7,500,000

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 RWF 000
Authorised:		
Ordinary shares each with a par value of Rwf 10,000	1,500	15,000
Issued and fully paid:		
Ordinary shares each with a par value of Rwf 10,000 at 1 January 2017, 31 December 2017,31 December 2018 and 31 December 2019	1,500	15,000

12. Shareholder loans

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Crystal Telecom Limited	732,000	732,000	732,000
MTN International (Mauritius) Limited	2,013,000	2,013,000	2,013,000
MTN REL Limited	915,000	915,000	915,000
	3,660,000	3,660,000	3,660,000

The capital portions of the shareholder loans are not repayable, and no interest is charged on the loan amount.

13. Other reserves

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Balance at beginning and at end of year	1,500	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 liability

	2019 RWF 000	2018 RWF 000	2017 RWF 000
At start of year	12,507,076	10,391,901	11,301,487
Charge/(Credit) to profit or loss	44,779	2,115,175	(909,586)
At end of year	12,551,855	12,507,076	10,391,901

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 2019	1 January 2019	Charge/ (credit) to profit or loss	31 December 2019
Deferred income tax liabilities:			
Accelerated tax depreciation	13,324,136	567,453	13,891,589
Deferred income tax assets:			
Provisions	(817,060)	(522,674)	(1,339,734)
Net deferred income tax liability	12,507,076	44,779	12,551,855

Year ended 31 December 2018	1 January 2018	Charge/ (credit) to profit or loss	31 December 2018
Deferred income tax liabilities:			
Accelerated tax depreciation	10,998,966	2,325,170	13,324,136
Deferred income tax assets:			
Provisions	(607,065)	(209,995)	(817,060)
Net deferred income tax liability	10,391,901	2,115,175	12,507,076

14. Deferred income tax liability(continued)

Year ended 31 December 2017	1 January 2017	Charge/ (credit) to profit or loss	31 December 2017
Deferred income tax liabilities:			
Accelerated tax depreciation	12,045,474	(1,046,508)	10,998,966
Deferred income tax assets:			
Provisions	(743,287)	136,922)	(607,065)
Net deferred income tax liability	11,301,487	(909,586)	10,391,901

15. Borrowings

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Non-current bank loans			
Tranche A	35,481,250	34,329,200	-
Current bank loans			-
Tranche B	-	4,225,990	
Interest bearing loans	35,481,250	38,555,190	
Capitalised transaction costs	(516,544)	(603,847)	
			-
Total borrowings	34,964,706	37,951,343	-

The movement in borrowings is as follows:

At start of year	37,951,343	-	-
Proceeds from borrowings	670,800	38,079,200	-
Transaction costs	-	(611,122)	-
Interest expense	5,315,287	475,990	-
Amortization of transaction costs	87,303	7,275	-
Principal repayments	(3,750,000)	-	-
Interest repayments	(5,310,027)	-	-
At end of year	34,964,706	37,951,343	-

15. Borrowings (continued)

The Company obtained a syndicated loan of Rwf 50 billion as contractually agreed upon on 28 November 2018 and Rwf 38,750 million had been drawn down as at 31 Dec 2019. The loan is split between two Tranches; being Tranche A Facility and a Tranche B Facility. Facility A shall be used to f inance capital expenditure while Facility B shall be used to finance working capital.

Tranche A Facility is a medium-term loan of Rwf 35 billion repayable in 12 semi-annual instalments following an 18 months grace period commencing from the signing date. The first draw down date was December 2018. In November 2019 principal payment of tranche B was done of Rwf 3.75 billion and accrued interest of Rwf 5.31 billion was paid in the same month. The final repayment is due in November 2025.

The Tranche B Facility is a short-term revolving credit facility of Rwf 15 billion payable in 1,3 or 6 months at the option or election of the borrower with effect from the signing date.
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 loan is a secured by a negative pledge over all existing and future assets of the Company.

As at 31 December 2019, the Company had drawn down Rwf 38,750,000,000 of the committed facility.

The facility is still available for drawdown.

The currency and interest rates under each participating bank are as follows:

Bank	Currency	Interest rate p.a	2019 RWF 000	2018 RWF 000	2017 RWF 000
Bank Populaire du Rwanda Plc	Rwf	15%	5,000,000	6,350,000	-
COGEBANQUE Plc	Rwf	15%	4,500,000	5,100,000	-
Bank of Kigali Plc	Rwf	15%	5,000,000	5,600,000	-
Equity Bank Rwanda Plc	Rwf	15%	4,000,000	3,929,200	-
KCB Bank Rwanda Ltd	Rwf	15%	4,000,000	4,600,000	-
Ecobank Rwanda Ltd	Rwf	15%	6,500,000	6,500,000	
I&M Bank Rwanda Ltd	Rwf	15%	6,000,000	6,000,000	-
			35,000,000	38,079,200	-

Repayments of tranche A principal for the syndicated loan commenced in May 2020. The loan is payable by November 2025.

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

15. Borrowings (continued)

	Threshold per loan covenants	Status as at 31 December 2019	Conclusion
Net Debt to EBITDA	<2.5x	0.22x	Compliant
Debt Service Coverage Ratio	>1.25x	9.8x	Compliant
Net Debt/ (Equity and shareholder loans)	<70:30	24:76	Compliant
Interest Coverage Ratio	>4.5x	9x	Compliant

Capitalised transaction costs relate to costs that are directly attributable to the acquisition of the above borrowings 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 16.1% in the period.

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

Net debt	2019 RWF 000	2018 RWF 000	2017 RWF 000
Cash and cash equivalents	24,404,324	34,360,313	6,567,193
Current borrowings (including overdrafts)	(11,052,875)	(6,318,313)	(4,927,295)
Non-current borrowings	(23,911,831)	(33,725,353)	-
Lease liability	80,308,613	-	-
At end of year	(90,868,995)	(5,683,353)	1,639,898

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

Net debt reconciliation	Cash/ Overdraft RWF 000	Current borrowings RWF 000	Non-current borrowings RWF 000	Total
Year ended 31 December 2018				
At 1 January 2018	1,639,898	-	-	1,639,898
Cash flows	30,610,271	(3,750,000)	(33,725,353)	(6,865,082)
Foreign exchange gains	17,821	-	-	17,821
Other charges	-	(475,990)	-	(475,990)
Net debt at 31 December 2018	32,267,990	(4,225,990)	(33,725,353)	(5,683,353)

Year ended 31 December 2019				
At 1 January 2019	32,267,990	(4,225,990)	(33,725,353)	32,267,990
Cash flows	(7,802,235)	(6,826,885)	9,813,522	(42,766,941)
Foreign exchange gains	(61,431)	-	-	(61,433)
Other charges	-	-	-	-
Lease liabilities	-	(13,927,924)	(66,380,689)	(80,308,613)
Net debt at 31 December 2019	24,404,324	(24,980,799)	(90,292,520)	(90,868,995)

16. Other changes in the net debt reconciliation above include amortisation of transaction costs and interest accruals.

Total IRU assets	2019 RWF 000	2018 RWF 000	2017 RWF 000
Cash and cash equivalents	24,404,324	34,360,313	6,567,193
Total IRU assets	4,754,207	5,233,807	4,503,478
Less current portion of total IRU	(1,152,672)	(1,010,817)	(817,033)
Non-current portion of total IRU	3,601,535	4,222,990	3,686,445

IRU costs for leased lines are recoverable over a 15-year period.

17 (a) Cash and cash equivalents

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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Cash at bank and on hand	24,404,324	34,360,313	6,567,193
Overdraft	-	(2,092,323)	(4,927,295)
Expected credit loss	(41,487)	-	-
	24,362,837	32,267,990	1,639,898

17 (b) Restricted cash

	2019 RWF 000	Restated 2018 RWF 000	Restated 2017 RWF 000
Mobile money deposits (note 35)	23,381,368	19,960,291	12,915,071
Expected credit loss	(39,748)	-	-
	23,341,620	19,960,291	12,915,071

18. Deposits held in financial institutions

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Deposits held with KCB	3,100,000	2,600,000	2,200,000
Deposits held with Equity	-	500,000	-
Interest accrued	81,737	116,250	-
Expected credit loss	(5,409)	-	-
	3,176,328	3,216,250	2,200,000

For 2019, this relates to Rwf 3,100,000,000 held in a fixed deposit account in KCB maturing on 30 January 2020, earning interest at a rate of 8.4% p.a

19. Intangible assets

	Network licenses RWF 000	Software RWF 000	2019 Total RWF 000	Network licenses RWF 000	Software RWF 000	2018 Total RWF 000
Cost At beginning of year	445,157	660,346	1,105,503	445,157	660,346	1,105,503
Additions	-	-	-	-	-	-
At end of year	445,157	660,346	445,157	445,157	660,346	1,105,503
Accumulated amortization						
At beginning of year	(366,444)	(660,346)	(1,026,790)	(310,467)	(660,346)	(970,813)
Amortization charge	(32,406)	-	(32,406)	(55,977)	-	(55,977)
At end of year	(398,850)	(660,346)	11,059,196)	(366,444)	(660,346)	(1,026,790)
Carrying amount						
At end of year	46,307	-	46,307	78,713	-	78,713

19. Intangible assets (Continued)

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Cost			
At beginning of year	445,157	660,346	1,105,503
Additions	-	-	-
At end of year	445,157	660,346	1,105,503
Accumulated amortization			
At beginning of year	(283,283)	(625,058)	(908,339)
Amortization charge	(27,186)	(35,290)	(62,476)
At end of year	(310,469)	(660,346)	(970,815)
Carrying amount			
At end of year	134,688	-	134,688

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 2019	130,061,930	731,219	29,995,852	2,413,022	1,868,843	5,694,564	170,765,430
Additions	-	18,325,301	-		-	115,769	18,441,070
Opening balance restatements	-	-	-	(2,413,022)	-	-	(2,413,022)
Reallocation from capital works in progress	8,511,757	(17,662,394)	8,691,733	-	367,104	91,800	-
Disposals	(11,522,143)	-	(4,718,653)	-	(10,116)	(7,623)	(16,258,535)
Balance at 31 December 2019	127,051,544	1,394,126	33,968,932	-	2,225,831	5,894,510	170,534,943
ACCUMULATED DEPRECIATION							
At 1 January 2019	(89,880,301)	-	(18,299,756)	(1,111,058)	(837,411)	(3,425,233)	(113,553,759)
Opening balance estatements	-	-	-	1,111,058	-	-	1,111,058
Disposals	11,429,163	-	4,717,278	-	9,640	8,559	16,164,640
Depreciation charge for the year	(8,105,931)	-	(5,191,868)	-	(224,670)		(13,679,354)
Balance at 31 December 2019	(86,557,069)	-	(18,774,346)	-	(1,052,441)	(156,885)	(109,957,415)
CARRYING AMOUNT							
At 31 December 2019	40,494,475	1,394,126	15,194,586	-	1,173,390	2,320,951	60,557,528

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 2017	111,976,181	3,046,749	19,960,912	1,709,655	1,308,967	5,541,175	143,543,639
Additions	-	9,747,031	-	895,708	-	66,950	10,709,689
Reallocation from capital works in progress	5,167,279	(9,789,731)	4,406,417	-	201,346	(14,498)	(29,187)
Disposals	(1,825,772)	-	(939,146)	(518,135)	(26,218)	-	(3,309,271)
Balance at 31 December 2017	115,317,688	3,004,049	23,428,183	2,087,228	1,484,095	5,593,627	150,914,870
ACCUMULATED DEPRECIATION							
At 1 January 2017	(78,238,356)	-	(10,673,775)	(784,530)	(838,354)	(3,172,558)	(93,707,573)
Disposals	1,825,752	-	938,955	514,127	25,629	-	3,304,463
Reallocations	-	-	-	-	-	10,755	10,755
Depreciation charge for the year	(7,820,261)	-	(3,804,293)	(479,098)	(147,162)	(134,137)	(12,384,951)
Balance at 31 December 2017	(84,232,865)	-	(13,539,113)	(749,501)	(959,887)	(3,295,940)	(102,777,306)
CARRYING AMOUNT							
At 31 December 2017	31,084,823	3,004,049	9,889,070	1,337,727	524,208	2,297,687	48,137,564

20 (b) Right-of-use assets

	Cellular Network Equipment RWF 000	Motor Vehicles RWF 000	Land and Buildings RWF 000	Total RWF 000
COST				
At 1 January 2019	-	2,413,022	-	2,413,022
Opening balance restate-ments	71,459,549	-	3,762,731	75,222,280
Additions	8,440,833	301,806	-	8,742,639
Disposals	-	(303,454)	-	(303,454)
At 31 December 2019	79,900,382	2,411,374	3,762,731	86,074,487
ACCUMULATED DEPRECIATION				
At 1 January 2019	-	(1,111,059)	-	(1,111,059)
Disposals	-	303,454	-	303,454
Depreciation charge for the year	(7,140,079)	(609,141)	(535,037)	(8,284,257)
At 31 December 2019	(7,140,079)	(1,416,746)	(535,037)	(9,091,862)
CARRYING AMOUNT				
At 31 December 2019	72,760,303	994,628	3,227,694	76,982,625

In the previous year, the company only recognized lease assets and lease liabilities in relation to leases that were classified as "finance leases" under IAS 17 Leases (IAS 17). The assets were presented in property, plant and equipment and the liabilities as part of other noncurrent liabilities and trade and other payables. For adjustments recognized on adoption of IFRS 16 on1 January 2019, please refer to note 2(A). IRU costs for leased lines are recoverable over a 15-year period.

Finance lease commitments are disclosed in note 25.

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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Additions as above	27,183,709	21,809,700	10,709,689
Finance lease	(828,676)	(776,480)	(648,282)
Accruals for PPE items received but not invoiced at start of year	(2,595,793)	(4,215,592)	5,678,200
Accruals for PPE items received but not invoiced at end of year	(7,650,208)	(2,595,793)	(4,215,592)
At 31 December	16,109,032	14,231,835	11,524,015

21. Inventories

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Airtime cards, sim cards, phones and accessories	683,145	486,144	172,268
Provision for obsolete stock	(28,794)	(29,403)	(24,922)
	654,351	456,740	147,346
Inventories expensed during the year	3,856,515	2,492,841	-

Movements in the provision for obsolete stock

	Balance at beginning of year	Additions RWF 000	Written off during the year RWF 000	Balance at the end of the year RWF 000
2019				
Movement in provision	(29,403)	-	609	(28,794)
2018				
Movement in provision	(24,992)	(19,165)	14,754	(29,403)
2017				
Movement in provision	(122,882)	(32,580)	130,470	(24,922)

22. Trade and other receivables

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Trade receivables	12,577,417	12,572,110	8,695,362
Unbilled mobile money receivables	5,116,582	7,022,261	2,608,775
Expected credit losses	(2,166,078)	(1,675,541)	(898,266)
Trade receivables - net	15,527,921	17,918,830	10,405,871
Prepayments	903,498	1,409,163	2,224,698
Other receivables	6,180,317	3,969,167	784,670
Receivables from related parties (note 31)	4,631,096	2,587,847	2,229
	27,242,832	25,885,007	13,417,468

22. Trade and other receivables (Continued)

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 as at 31 December 2019 reconcile to the opening loss allowances as set out below.

	2019 RWF 000	2018 RWF 000	2017 RWF 000
31 December	1,675,541	898,266	861,244
Amounts restated through opening retained earnings	-	445,000	-
Opening loss allowance as at 1 January 2019 – calculated under IFRS 9	1,675,541	1,343,266	861,244
Increase in loss allowance recognized in income statement during the year	490,537	332,275	317,732
Receivables written off during the year as uncollectible	-	-	(280,710)
At 31 December	2,166,078	1,675,541	898,266

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

23 Trade and other payables

	2019 RWF 000	Restated 2018 RWF 000	Restated 2017 RWF 000
Trade payables	9,119,093	16,834,019	6,928,923
Intercompany payables (note 31)	4,513,179	6,777,378	5,810,719
Sundry payables	148,526	343,940	369,513
Other liabilities	2,381,112	3,974,010	4,103,964
Mobile money payables (note 35)	23,381,368	19,960,291	12,915,071
Dividends payable	4,072,694	3,378,759	6,807,500
Accrued expenses	12,770,464	5,207,807	4,953,154
	56,386,436	56,476,204	41,888,843

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, restricted cash due to mobile money customers and other payables.

24. Provisions

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Provisions			
Provision for unwind sites	-	-	287,579
Bonus provision	1,567,768	946,574	507,025
Decommissioning provision	-	6,904	6,899
	1,567,768	953,478	801,503

	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
2019					
Provision for unwind sites	-	-	-	-	-
Bonus provision	946,574	2,314,773	(1,693,579)	-	1,567,768
Decommissioning provision	6,904	-	(6,904)	-	-
	953,478	2,314,773	(1,700,483)	-	1,567,768

	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
2018					
Provision for unwind sites	287,579	-	(287,579)	-	-
Bonus provision	507,025	1,384,632	(945,083)	-	946,574
Decommissioning provision	6,899	5	-	-	6,904
	801,503	1,384,637	(1,232,662)	-	953,478

24. Provision for liabilities and other charges (continued)

	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
2017					
Provision for unwind sites	718,946	-	(431,367)	-	287,579
Bonus provision	120,218	616,485	(229,678)	-	507,025
Decommissioning provision	6,899	-	-	-	6,899
	846,063	616,485	(661,045)	-	801,503

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.

Decommissioning provision

This provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. The Company provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment that are erected on leased land.

Provision for unwind sites on tower sale

This provision relates to the estimated cost of tower sites sold to IHS Limited unwinding before the second longstop date based on the provisions of the sale agreement.

25. Finance lease obligations

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Obligations under finance leases	-	1,363,092	1,379,393
Less current portion of obligations under finance leases	-	(622,690)	(491,813)
Non-current portion of obligations under finance leases	-	740,402	887,580

25. Finance lease obligations (continued)

At the reporting date, the company had outstanding commitments under non-cancellable finance leases which fall due as follows:

Gross finance lease liabilities- minimum lease payments;

	2019 RWF 000	2018 RWF 000	2017 RWF 000
No later than 1 year	-	717,042	590,345
Later than 1 year and no later than 5 years	-	777,831	922,194
Later than 5 years	-	51,480	95,104
	-	1,546,353	1,607,643
Future finance charges on finance lease liabilities	-	(183,260)	(228,251)
Present value of finance lease liabilities	-	1,363,093	1,379,392

The present value of the finance lease liabilities is as follows:

	2019 RWF 000	2018 RWF 000	2017 RWF 000
No later than 1 year	-	622,690	491,813
Later than 1 year and no later than 5 years	-	696,148	807,554
Later than 5 years	-	44,254	80,026
	-	1,363,092	1,379,393

As at 31 December 2018, the company leased motor vehicles with a carrying amount of Rwf 1,363 million under finance leases. Finance leases were included in property, plant and equipment until 31 December 2018, but were reclassified to lease liabilities on 1 January 2019 in the process of adopting the new leasing standard. See note 2(A) for further information about the change in accounting policy for leases.

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 2019, the total liability arising from the Notional Share scheme amounted to Rwf 228,934,961 (2018: Rwf 130,488,336) for the qualifying staff.

The weighted average price of the shares exercised during the year was Rwf 9,091.97 per share (2018: Rwf 0 per share).

26. Notional share Scheme (Continued)

Movements in number of share options outstanding are as follows:

	2019	2018	2017
At 1 January	303	326	228
Granted	159	-	120
Forfeited	-	(23)	(22)
Exercised	(23)	-	-
At 31 December	439	303	326

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

	2019	2018	2017
2020	110	120	120
2021	170	150	150
2022	159	33	56
	439	303	326

27. Operating lease commitments

At 31 December 2018, the company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Operating lease-Build and Site	-	12,429,982	10,310,360
Rent and utilities	-	835,965	725,216
Operating lease-Motor Vehicles	-	236,670	151,669
	-	13,502,617	11,187,245

Non-Cancellable leases contracted into at year end

The Company 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 Company 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.

27. Operating lease commitments (Continued)

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 RWF 000	2018 RWF 000	2017 RWF 000
No later than 1 year	-	12,209,133	10,474,027
Later than 1 year and no later than 5 years	-	65,642,226	60,769,393
More than 5 years	-	-	9,357,465
	-	77,851,359	80,600,885

28. Capital commitments

Capital commitments as at the reporting date not recognized in the financial statements are as follows:

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Property, plant and equipment			
Authorised and contracted for	5,126,279	-	-
Authorised but not contracted for	-	15,814,000	17,243,845
	5,126,279	15,814,000	17,243,845

29. Contingent liabilities

The Company 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 loss.

30. Cash generated from operations

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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Profit/(loss) before income tax	12,472,153	14,557,569	(4,878,018)
Depreciation (note 20)	13,679,354	12,712,379	12,384,951
Depreciation-right of use asset	8,284,257	-	
Amortization (note 19)	32,406	55,977	62,476
Movement in provisions	2,273,288	1,384,632	616,485
Profit on sale of property, plant and equipment	68,205	(160,522)	(13,387)
Adjustment for non-cash items	24,337,510	13,992,466	13,050,525
Finance income (note 8)	(541,129)	(315,342)	(549,159)

30. Cash generated from operations (Continued)

Finance costs (note 8)	17,055,004	3,044,410	681,073
Adjustments for finance charges	16,513,875	2,729,068	131,914
Cash generated before working capital changes	53,323,538	31,279,103	8,304,421
Decrease/(increase) in inventory	(197,612)	(309,393)	556,178
(Increase)/ decrease in trade and other receivables	888,296	(7,834,212)	4,191,863
Increase in IRU assets	479,600	(488,113)	(2,145,371)
Decrease in intercompany debtors	(2,043,249)	(1,311,352)	331,768
(Decrease) /increase in short term provisions	(1,700,478)	(945,083)	(846,163)
Decrease in trade and other payables	21,455,696	(5,429,732)	14,906,951
Increase in intercompany payables	(2,264,158)	4,508,079	2,960,408
(Decrease) /Increase in deferred income	(10,224)	15,907	(1,821)
Increase/(decrease) in unearned income	849,257	(142,240)	(347,719)
Net changes in working capital	(17,457,128)	(11,936,139)	19,606,094
Net cash generated from operations	70,780,666	19,342,964	27,910,515

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 Limited, 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

	2019 RWF 000	2018 RWF 000	2017 RWF 000
MTN Zambia Limited – Interconnect services	3,545	9,274	-
MTN Uganda Limited - Interconnect Services	693,551	1,012,594	860,440
Belgacom International Carrier Services - Interconnect services	203,585	1,276,954	779,813
MTN Dubai Limited - Leased lines	9,041	28,154	43,001
MTN Business Kenya- Leased lines	61,055	45,422	17,092
MTN Nigeria Communications Limited- Interconnect Services	30,171	17,371	-
MTN Benin- Interconnect Services	1,237	1,055	-

31. Related party transactions
i) Sale of services (Continued)

MTN Namibia- Interconnect Services	296	67	-
MTN Cameroon- Interconnect Services	3,669	4745	-
MTN Congo- Interconnect Services	3,474	3,896	-
MTN Ghana- Interconnect Services	2,958	9,653	-
MTN Ivory Coast- Interconnect Services	894	2,264	-
MTN Global Connect Solutions-Leased lines	2,484,516	8,809	-
MTN Afghanistan	20	-	-
	3,498,012	2,420,258	1,700,346

ii) Purchases of services

Belgacom International Carrier Services SA -Interconnect and Roaming services	821,296	76,677	2,976,741
MTN Uganda Limited - Interconnect, Seamless Roaming Services, IT Shared Services and leased line services	512,113	1,728,546	4,176,611
Swazi MTN Limited - Seamless Roaming Services	-	-	46
Scancom Limited -costs reimbursed			8,632
MTN Zambia Limited – - Interconnect Services	3,053	8,812	-
MTN Dubai Limited - Leased lines	183,088	700,693	1,634,034
MTN Business Kenya Limited- Leased lines	115,253	52,251	49,388
MTN Benin-- Interconnect Services	1,004	1,128	-
MTN Namibia- - Interconnect Services	53	117	-
MTN Cameroon- - Interconnect Services	1,153	2,074	-
MTN Congo- - Interconnect Services	1,124	3,230	-
MTN Ghana- - Interconnect Services	2,174	7,684	-
MTN Ivory Coast- - Interconnect Services	375	1,171	-
MTN Global Connect Solutions- leased lines	4,624,674	1,152,658	-
MTN Nigeria Communications Limited- - Interconnect Services	9,802	7,655	-
MTN Afghanistan	20	-	
Global Trading Company	254,157	-	-
	6,529,339	3,742,696	8,845,452
iii) Management fees paid			
MTN International (Mauritius) Limited	2,567,792	2,133,800	1,613,762
MTN REL (Mauritius) Limited	2,567,792	2,133,800	1,613,762

31. Related party transactions (continued)

iv) Interest expense

	2019 RWF 000	2018 RWF 000	2017 RWF 000
MTN Dubai Limited	9,073	6,850	5,656
MTN Global Connect Solutions	11,872	-	212
MTNREL - Mauritius	-	-	24,767
SEA Shared Services - Division of MTN Uganda	-	5,736	-
MTN Uganda Limited	6,423	9,595	
Interserve Overseas Limited	-	461	2,764
	27,368	22,642	33,399

v) Dividends declared

MTN International (Mauritius) Limited	6,820,000	1,100,000	4,125,000
MTN REL- Mauritius	3,100,000	500,000	1,875,000
Crystal Telecom Limited	2,480,000	400,000	1,500,000
	12,400,000	2,000,000	7,500,000

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

Management and technical fees are in accordance with agreements between the Company and the respective parties. The fees are based on 2% of revenue and 1% on Profit before tax for MTN International (Mauritius) Limited and MTN REL (Mauritius) Limited.

31. Related party transactions (continued)

vi) Outstanding balances arising from sale and purchase of goods/services
a) Receivables from related parties

	2019 RWF 000	2018 RWF 000	2017 RWF 000
MTN Holdings Ltd	972	(972)	972
MTN Zambia Limited	-	9,274	
MTN Uganda Limited	822,441	636,210	
MTN Group Management Services (Pty)Ltd	167,111	86,026	
Belgacom International Carrier Services	-	1,719,978	
MTN Business Kenya	50,249	81,997	
MTN Namibia	33,052	16,332	
MTN Cameroon	-	4,745	
MTN Congo	8,174	4,700	
MTN Ghana		8,848	
MTN Ivory Coast	3,159	2,264	
MTN Nigeria Communications Limited	5,649	17,389	1,257
MTN Benin	2,292	1,056	
MTN Global Connect Solutions- leased lines	1,475,989		-
MTN Afghanistan	20		-
MTN International	2,032,855		-
MTN OPCO	17,980		-
MTN Guinea Bissau	11,153	-	-
	4,631,096	2,587,847	2,229

31. Related party transactions (continued)

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

b) Payables to related parties

	2019 RWF 000	2018 RWF 000	2017 RWF 000
MTN International (Mauritius) Limited	1,093,633	804,696	731,300
Belgacom International Carrier Services	18,957	2,551,687	1,447,675
MTN Dubai Limited	100,227	81,657	872,043
Mobile Telephone Networks (Pty) Limited	-	28,724	10,846
MTN Uganda Limited	766,499	1,153,678	201,295
MTN Guinea Bissau	20	1	1
MTN Group Management Services (Pty) Limited	230,768	188,432	123,682
MTN REL Limited	234,305	193,322	293,892
Interserve Overseas Limited	435,491	173,156	-
MTN Business Kenya Limited	52,348	118,069	33,583
Swazi MTN Limited	-	-	58
SEA Shared Services - Division of MTN Uganda	-	5,736	2,064,726
MTN Benin	2,132	1,128	
MTN Namibia	3,301	117	-
MTN Cameroon	-	2,074	-
MTN Congo	4,335	3,230	-
MTN Ghana	27,231	8,230	-
MTN Ivory Coast	-	1,171	-
MTN Global Connect Solutions	1,522,306	1,407,841	-
MTN Nigeria Communications Limited	-	21,880	-
MTN Zambia	-	8,201	-
Global Trading Company Limited	21,626	24,348	31,618
	4,513,179	6,777,378	5,810,719

31. Related party transactions (continued)

vii) Key management compensation

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Short term employee benefits	1,345,209	1,377,812	836,834
Post-employment benefits	117,703	87,260	128,777
Share based provisions	80,648	73,719	46,355
	1,543,560	1,538,791	1,011,966

viii) Directors' emoluments

Directors fees	29,986	23,103	15,252

Directors' remuneration attributable to service provided to the company by the MTN Group nominated independent directors during the year was RWF 000 40,551 (2018: RWF 000 38,008). These amounts are paid out of the management fee disclosed in Note 31(iii). Directors that are employees of MTN Group are not separately remunerated.

ix) Rwandacell Limited Staff Provident Fund

	2019 RWF 000	2018 RWF 000	2017 RWF 000
Employer contributions	256,004	171,089	61,100

32. Going concern

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

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

33. Retirement benefit plans

The Company 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 Company contribute to the provident fund on a fixed contribution basis.

Under this plan, the Company 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 theemployee service in the current or prior period. Consequently, no actuarial valuation of the fund is required.

34. Events after the reporting period

Subsequent to 31 December 2019, there has been a global pandemic due to the spread of Covid 19 that has seen the Government of Rwanda in the month of March 2020 take strict containment measures including closing of international commercial flights and restriction of non-essential local movements. The telecommunication sector has however remained largely uninterrupted as our services are categorized by the regulator as essential. In the interim period we have seen increased emphasis on cashless transactions leading to a surge on mobile money and remote working has seen increased data usage. The full impact of these measures are however uncertain at this point and the directors continue to monitor the events and take action to limit the effect to the Company

35. Restatement due to change in accounting policy for MoMo balances.

Limited accounting guidance exists in IFRS relating to mobile money customers' balances held with banks. The company previously recognized MoMo balances based on its assessment of the risks and rewards relating to the underlying financial asset. The company'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.

Asa result of this the company, has reviewed and changed its current accounting policy, as follows; the company now recognises MoMo balances held by the respective banks and the customers' rights to these balances as an obligation (financial liability) in the ordinary course to repay the balances to the MoMo customers and a right to claim the corresponding amounts from the relevant banks (financial asset).

Cash flows that relate to the principal MoMo deposit balances and corresponding liabilities are reflective of customer transactions and, consequently, are not recorded on MTN's statement of cash flows.

The company is of the view that the revised policy will provide a more consistent treatment of mobile money and provide more meaningful information about the MoMo business.

The change in accounting policy has resulted in Rwf 19.9 billion of mobile money assets and liabilities being brought onto the statement of financial position in 2018 (2017: Rwf 12.9 billion)

Impact on financial statements

Statement of financial position

	Total assets RWF 000	Total Liabilities RWF 000	Total Equity RWF 000
At 31 December 2017			
As previously stated	84,516,546	(48,778,184)	35,738,362
Adjustments for:			
Change in accounting policy:			
Recognition of MoMo balances	12,915,071	(12,915,071)	-
As restated	97,431,617	61,693,255	35,738,362

35. Restatement due to change in accounting policy for MoMo balances.

Impact on financial statements

Statement of financial position (Continued)

	Total assets RWF 000	Total Liabilities RWF 000	Total Equity RWF 000
At 31 December 2018			
As previously stated	134,604,052	(93,561,212)	41,042,840
Adjustments for:			
Change in accounting policy:			
Recognition of MoMo balances	19,960,291	(19,960,291)	-
As restated	154,564,343	(113,521,503)	41,042,840

Compilation report on the financial information of MTN Rwandacell PLC as at 31 December 2020

On the basis of information provided by management we have compiled, in accordance with the International Standard on Related Services applicable to compilation engagements, the statement of financial position, statement of and statement of changes in equity of MTN Rwandacell Limited for the year ended 30 December 2020 (together "the financial information"). The financial information has been compiled from the unaudited management accounts of the company.

The Directors of MTN Rwandacell Limited are responsible for the financial information. We have not audited the financial information and accordingly express no assurance thereon.

We confirm that we have not at the date hereof withdrawn our consent and, provided that the information memorandum on the listing by introduction is not amended in any material manner after the date of this letter, will not do so prior to the date of issue of the information memorandum on the listing by introduction.

Stephen K Sang
Ernst & Young Rwanda Limited
Kigali

19th April 2021

Statement of Comprehensive income For the year ended 31 December 2020

	Notes	2020 RWF 000
Revenue	5(a)	150,787,399
Other Income	5(b)	1,225,644
Direct network operating costs		(12,405,250)
Government and regulatory costs		(4,994,799)
Cost of handsets and other accessories		(3,184,204)
Interconnection and roaming fees		(3,820,275)
Employee benefits expense	6	(12,426,423)
Sales, distribution and marketing costs		(22,732,150)
Other operating expenses		(16,915,711)
Net impairment losses on financial assets		(1,048,383)
Depreciation	20 (a)	(14,962,683)
Depreciation – right of use asset	20 (b)	(11,264,385)
Amortisation	19	(36,859)
Unwind of government grant		566,668
Operating profit	7	**48,788,589**
Finance income	8	1,118,744
Finance costs	8	(17,298,102)
Profit before income tax		**32,609,231**
Income tax expense	9	(12,382,459)
Profit for the year		**20,226,772**
Other comprehensive income, net of tax		
Total comprehensive income for the year		**20,226,772**
Attributable to:		
Equity holders of the Company		**20,226,772**

Statement of Financial Position For the year ended 31 December 2020

	Notes	2020 RWF 000
ASSETS		
Non-current assets		
Property, plant and equipment	20 (a)	66,825,277
Right of use assets	20 (b)	80,530,138
Intangible assets	19	9,448
Total IRU assets	16	6,963,134
Total non-current assets		**154,327,997**
Current assets		
Inventories	21	1,129,941
Current income tax	9	
Current portion of IRU assets	16	995,567
Trade and other receivables	22	40,136,497
Deposits with financial institutions	18	3,642,250
Restricted cash	17(b)	66,269,879
Cash and cash equivalents	17(a)	22,211,731
Total current assets		**134,385,865**
Total assets		**288,713,862**
EQUITY AND LIABILITIES		
Equity		
Ordinary share capital	11	15,000
Retained earnings		45,053,788
Shareholders loans	12	3,660,000
Other reserves	13	1,500
Total equity		**48,730,288**
Liabilities		
Non-current liabilities		
Borrowings	15	23,999,135
Deferred income tax liability	14	14,159,020

Statement of Financial Position For the year ended 31 December 2020 (Continued)

Lease liabilities	2(a)	66,380,689
Total non-current liabilities		**104,538,844**
Current liabilities		
Trade and other payables	23	100,773,991
Provisions for liabilities and other charges	24	1,332,101
Current tax liabilities	9	3,534,936
Lease liabilities	2(a)	22,167,004
Borrowings	15	5,021,585
Deferred revenue	5(c)	2,615,113
Total current liabilities		**135,444,730**
Total liabilities		**239,983,574**
Total equity and liabilities		**288,713,862**

The notes on pages 141 to 176 are an integral part of these financial statements

Statement of Changes in Equity For the year ended 31 December 2020

	Notes	Ordinary share capital RWF 000	Share-holders loans RWF 000	Retained earnings RWF 000	Other reserves RWF 000	Total equity RWF 000
At 1 January 2020		15,000	3,660,000	31,777,016	1,500	35,453,516
Total profit and comprehen-sive income for the year				20,226,772		21,303,437
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	49,806,953

Statement of Cash flows For the year ended 31 December 2020

		2020 RWF 000
Profit before income tax		**32,609,231**
Depreciation (note 20)		14,962,683
Depreciation-right of use asset		11,264,385
Amortisation (note 19)		36,859
Movement in provisions		1,827,585
Profit on sale of property, plant and equipment		-
Adjustment for non-cash items		28,091,513
Finance income (note 8)		(1,118,744)
Finance costs (note 8)		17,298,102
Adjustments for finance charges		16,179,358
Cash generated before working capital changes		**76,880,102**
Decrease/(increase) in inventory		(475,590)
(Increase)/ decrease in trade and other receivables		(9,422,476)
Increase in IRU assets		(3,204,495)
Decrease in intercompany debtors		(1,174,180)
(Decrease) /increase in short term provisions		(2,063,252)
Decrease in trade and other payables		(3,207,019)
Increase in intercompany payables		5,100,245
(Decrease) /Increase in deferred income		1,100
Increase/(decrease) in unearned income		400,805
Net changes in working capital		(14,044,862)
Net cash generated from operations		**62,835,240**
Interest received	8	718,118
Interest paid		(5,144,640)
Tax paid	9	(6,315,472)
Net cash generated from operating activities		**52,093,277**
Cash flows from investing activities		
Purchase of property, plant and equipment	20	(22,583,362)

Statement of Cash flows For the year ended 31 December 2020 (Continued)

Deposit placements with financial institutions		(218,263)
Proceeds on disposal of property, plant and equipment and intangibles		
Net cash used in investing activities		**(22,801,625)**
Cash flows from financing activities		
Obligations under finance leases		(18,592,606)
Dividends paid	10	(6,950,000)
(Decrease)/Increase in Borrowings	15	(5,932,138)
Net cash used in financing activities		**(31,474,744)**
Net increase/decrease in cash and cash equivalents		(2,183,092)
Cash and cash equivalents at beginning of the year		24,404,324
Exchange gains on cash and cash equivalents		(9,501)
Cash and cash equivalents at end of the year	17(a)	**22,211,731**

NOTES

5. Revenue

(a) Disaggregation of revenue from contracts with customers

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

	RWF 000
Airtime and subscription	72,638,223
Data	27,048,677
ICT	6,741,034
SMS	3,642,178
Interconnect and roaming	5,502,156
Mobile money	30,591,497
Digital	1,601,886
Handsets and accessories	2,336,965
Short-code fees	7,087
Itemised billing	47,748
Simcard	629,948
	150,787,399

(b) Sundry Income relates to:

IHS land rental Income	1,225,644

(c) Liabilities related to contracts with customers

	2020 RWF 000
Contract liabilities - deferred revenue	**2,615,113**

Deferred revenue represents unused activated airtime subscriber balances for prepaid products.

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

Contract liabilities increased due to an increase in prepaid sales.

NOTES (Continued)

(d) Revenue recognized in respect of contract liabilities

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

	2020 RWF 000
Revenue recognized that was included in deferred revenue at start of year	**2,615,113**

6. EMPLOYEE BENEFITS EXPENSES

	2020
Salaries and wages	7,548,533
Share option granted to directors and employees	57,000
Pension fund contributions	258,560
Rwanda Social Security Board contributions	383,655
Medical	363,253
Bonus provision	1,827,585
Other	1,987,837
	12,426,423

NOTES (Continued)

7. Operating profit

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

	2020 RWF 000
Directors' emoluments	
- Directors' fees	30,652
Employee benefits expense (note 6)	12,426,423
Profit on disposal of property, plant and equipment	-
Expected credit loss on trade receivables (note 22)	646,139
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	3,184,204
Write down / write (back) of inventories	11,319
Management fees paid to related parties (Note 31)	7,758,472
Auditors' remuneration	
- Audit fees	237,895
- Fees for other services	29,700
- Expenses	18,410
Licence fees	4,994,799
Dealers' commissions	5,197,445
Advertising, promotions and sponsorships	1,969,519
Distribution costs	610,946
Utilities	771,752
Operating leases	
- Property	-
- Equipment and vehicles	-
Fees paid for professional and consulting services	2,271,368
Depreciation (note 20)	14,962,683

NOTES 9 (Continued)

7. Operating profit (Continued)

Depreciation-right of use asset	11,264,385
Amortization (note 19)	36,859
Tax penalties*	140,275

8. Finance income/ (costs)

	2020 RWF 000
Finance costs:	
Interest expense and other charges on borrowings	(5,160,860)
Finance costs on leases	(11,511,726)
Realised foreign exchange losses	(151,831)
Unrealised foreign exchange losses	(473,685)
	(17,298,102)
Finance income:	
Interest income from banks	718,118
Realised foreign exchange gains	58,377
Unrealised foreign exchange gains	342,249
	1,118,744

9. Income tax expense

	2020 RWF 000
Current income tax	10,775,293
Deferred income tax charge /(credit) (note 14)	1,607,165
	12,382,459

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

9. Income tax expense (continued)

	2020 RWF 000	%
Profit before income tax	32,609,231	
Statutory tax rate	30%	
Tax at standard rate	**9,782,769**	30
Tax effects of:		
Income not subject to tax		
- Expenses not deductible for tax purposes	2,925,782	5.7
-Under provision in current year current tax		
- Under provision in prior years deferred tax	(326,092)	-1.0
Total income tax expense	**12,382,459**	
Effective tax rate		34.7

Income tax paid is as follows:

	2020 RWF 000
At beginning of the year	3,111,279
Income tax charge for the year	(12,382,459)
Deferred tax credit	1,607,165
Withholding tax	(2,186,393)
At the end of the year	3,534,936
Total tax paid	**(6,315,472)**

10. Dividends

	2020 Dividends	
	per share RWF 000	**Total RWF 000**
Dividends declared	**8,267**	**4,633**

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 RWF 000
Authorised:		
Ordinary shares each with a par value of Rwf 10,000	**1,500**	**15,000**
Issued and fully paid:		
Ordinary shares each with a par value of Rwf 10,000 at 1 January 2020 and 31 December 2020	**1,500**	**15,000**

12. Shareholder loans

	2020 RWF 000
Crystal Telecom Limited	732,000
MTN International (Mauritius) Limited	2,013,000
MTN REL Limited	915,000
Withholding tax	
	3,660,000

The capital portions of the shareholder loans are not repayable, and no interest is charged on the loan amount.

13. Other reserves

	2020 RWF 000
Balance at beginning and at end of year	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 Company's deferred income tax assets and liabilities will crystallise within 12 months from the year end, the Company'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% (2019: 30%). The movement on the deferred income tax account is as follows:

	2020 RWF 000
At start of year	12,551,855
Charge/(Credit) to profit or loss	1,607,165
At end of year	**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 2020	1 January 2020 RWF 000	Charge/ (credit) to profit or loss RWF 000	31 December 2020 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 RWF 000
Non-current bank loans	
- Tranche A	29,449,960
Current bank loans	
- Tranche B	
Interest bearing loans	29,449,960
Capitalised transaction costs	(429,240)
Total borrowings	**29,020,720**

15. Borrowings (continued)

The movement in borrowings is as follows:

At start of year	34,964,706
Proceeds from borrowings	
Transaction costs	
Interest expense	5,022,668
Amortization of transaction costs	87,303
Principal repayments	(5,932,138)
Interest repayments	(5,121,819)
At end of year	**34,964,706**

The Company obtained a syndicated loan of Rwf 50 billion as contractually agreed upon on 28 November 2018 and Rwf 35,000 million had been drawn down as at 31 Dec 2020. The loan is split between two Tranches; being Tranche A Facility and a Tranche B Facility. Facility A shall be used to finance capital expenditure while Facility B shall be used to finance working capital.

Tranche A Facility is a medium-term loan of Rwf 35 billion repayable in 12 semi-annual instalments following an 18 months grace period commencing from the signing date. The first draw down date was December 2018. In November 2020 principal payment of tranche A was done of Rwf 5.93 billion and accrued interest of Rwf 5.12 billion was paid in 2020. The final repayment is due in November 2025.

The Tranche B Facility is a short-term revolving credit facility of Rwf 15 billion payable in 1,3 or 6 months at the option or election of the borrower with effect from the signing date.

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

As at 31 December 2020, the Company had drawn down Rwf 35 billion of the committed facility.

The facility is still available for drawdown.

15. Borrowings (continued)

The currency and interest rates under each participating bank are as follows:

Bank	Currency	Interest rate p.a	2019 RWF 000
Bank Populaire du Rwanda Plc	Rwf	15%	4,150,000
COGEBANQUE Plc	Rwf	15%	3,750,000
Bank of Kigali Plc	Rwf	15%	4,166,666
Equity Bank Rwanda Plc	Rwf	15%	3,320,000
KCB Bank Rwanda Ltd	Rwf	15%	3,333,333
Ecobank Rwanda Ltd	Rwf	15%	5,367,861
I&M Bank Rwanda Ltd	Rwf	15%	4,980,000
			29,067,861

Repayments of tranche A principal for the syndicated loan commenced in May 2020. The loan is payable by November 2025.

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

	Threshold per loan covenants	Status as at 31 December 2020	Conclusion
Net Debt to EBITDA	<2.5x	0.10x	Compliant
Debt Service Coverage Ratio	>1.25x	11.58x	Compliant
Net Debt/ (Equity and sharehold-er loans)	<70:30	13:87	Compliant
Interest Coverage Ratio	>4.5x	14.43x	Compliant

Capitalised transaction costs relate to costs that are directly attributable to the acquisition of the above borrowings 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 16.1% in the period.

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

15. Borrowings (continued)

	2019 RWF 000
Cash and cash equivalents	22,211,731
Current borrowings (including overdrafts)	(10,978,975)
Non-current borrowings	(18,041,745)
Lease liabilities	(88,547,693)
At end of year	**(95,356,682)**

Net debt reconciliation	Cash/ Overdraft RWF 000	Current borrowings RWF 000	Non-current borrowings RWF 000	Lease liabilities RWF 000	Total RWF 000
Year ended 31 December 2020					
At 1 January 2020	24,404,324	(4,225,990)	(18,066,997)	(77,433,564)	(75,322,227)
Cash flows	(2,183,092)	(795,595))	(5,932,138)		(8,910,825)
Foreign exchange gains	(9,501)				(9,501)
Other charges					
Lease liabilities					
Net debt at 31 December 2020	**22,211,731**	**(5,021,585)**	**(23,999,135)**	**(88,547,693)**	**(95,356,682)**

Other changes in the net debt reconciliation above include amortization of transaction costs and interest accruals.

16. IRU assets

	2020 RWF 000
Total IRU assets	7,958,701
Less current portion of total IRU	(995,567)
Non-current portion of total IRU	6,963,134

IRU costs for leased lines are recoverable over a 15-year period.

17 (a) Cash and cash equivalents

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

	2020 RWF 000
Cash at bank and on hand	22,211,731
Overdraft	
Expected credit loss	-
	22,211,731

17 (b) Restricted cash

	2020 RWF 000
Mobile money deposits (note 35)	66,269,879
Expected credit loss	-
	66,269,879

18. Deposits held in financial institutions

	2020 RWF 000	2020 RWF 000
Deposits held with KCB	3,400,000	3,400,000
Deposits held with Equity		
Interest accrued	242,250	242,250
Expected credit loss		
	3,642,250	**3,642,250**

For 2020, this relates to Rwf 3,400,000,000 held in a fixed deposit account in KCB maturing on 31 March 2021, earning interest at a rate of 9.5% p.a

19. Intangible assets

	Network licenses RWF 000	Software RWF 000	2020 Total RWF 000
Cost			
At beginning of year	445,157	660,346	**1,105,503**
Additions	-	-	**-**
At end of year	445,157	660,346	**1,105,503**
At beginning of year	(398,850)	(660,346)	**(1,059,196**
Amortization charge	(36,859)		**(36,859)**
At end of year	(435,709)	(660,346)	**(1,096,055)**
Carrying amount			
At end of year	**9,448**	**-**	**9,448**

Network licenses

Type of license	Date granted/ renewed	License term
GSM	01/07/2008	13 years
SNO	30/06/2006	15 years

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
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					20,717,618
Opening balance restatements	-	-	-	-	-	-	-
Reallocation from capital works in progress	14,053,532	(21,077,750)	6,648,749		375,469	-	-
Disposals						492,813	492,813
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)
Opening balance restatements							
Disposals							
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**	**66,825,276**

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 2020	79,900,382	2,411,374	3,762,731	**86,074,487**
Opening balance restatements				
Additions	14,307,655	504,243		**14,811,898**
Disposals		(551,398)		**(551,398)**
At 31 December 2020	**94,208,037**	**2,364,219**	**3,762,731**	**100,334,987**
ACCUMULATED DEPRECIATION				
At 1 January 2020	(7,140,079)	(1,416,746)	(535,037)	**(9,091,862)**
Disposals		551,398		
Depreciation charge for the year	(10,241,87)	(487,541)	(535,037)	**(11,264,385)**
At 31 December 2020	**(17,381,86)**	**(1,352,889)**	**(1,070,04)**	**(19,804,849)**
CARRYING AMOUNT				
At 31 December 2020	**76,826,151**	**1,011,330**	**2,692,657**	**80,530,138**

In the previous year, the company only recognized lease assets and lease liabilities in relation to leases that were classified as “finance leases” under IAS 17 Leases (IAS 17). The assets were presented in property, plant and equipment and the liabilities as part of other noncurrent liabilities and trade and other payables. For adjustments recognized on adoption of IFRS 16 on1 January 2019, please refer to note 2(A).

Finance lease commitments are disclosed in note 25.

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

	2020 RWF 000
Additions as above (notes 20 (a), 20 (b))	20,717,618
Finance lease	
Accruals for PPE items received but not invoiced at start of year	7,650,208
Accruals for PPE items received but not invoiced at end of year	(5,794,833)
At 31 December	**22,572,993**

21. nventories

Airtime cards, sim cards, phones and accessories	1,170,054
Provision for obsolete stock	(40,113)
	1,129,941
Inventories expensed during the year	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
2020				
Movement in provision	(28,794)	(11,319)		(40,113)

22. Trade and other receivables

	2020 RWF 000
Trade receivables	14,189,259
Unbilled mobile money receivables	8,880,713
Expected credit losses	(2,799,261)
Trade receivables – net	20,270,711
Prepayments	4,645,300
Other receivables	9,386,002
Receivables from related parties (note 31)	5,834,484
	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 as at 31 December 2020 reconcile to the opening loss allowances as set out below.

22. Trade and other receivables (Continued)

	2019 RWF 000
31 December	2,166,078
Amounts restated through opening retained earnings	-
Opening loss allowance as at 1 January 2019 – calculated under IFRS 9	2,166,078
Increase in loss allowance recognized in income statement during the year	646,139
Receivables written off during the year as uncollectible	-
At 31 December	**2,812,217**

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

23. Trade and other payables

	2020 RWF 000
Trade payables	8,371,863
Intercompany payables (note 31)	9,613,464
Sundry payables	86,575
Other liabilities	396,180
Mobile money payables (note 35)	68,858,477
Dividends payable	3,939,830
Accrued expenses	9,507,602
	100,773,991

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, restricted cash due to mobile money customers and other payables.

24. Provisions

	2020 RWF 000
Provisions	
Provision for unwind sites	
Bonus provision	1,332,101
Decommissioning provision	
	1,332,101

NOTES (Continued)

	Balance at beginning of year	Current borrowings RWF 000	Additional provisions RWF 000	Utilised 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

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.

Decommissioning provision
This provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. The Company provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment that are erected on leased land.

Provision for unwind sites on tower sale
This provision relates to the estimated cost of tower sites sold to IHS Limited unwinding before the second longstop date based on the provisions of the sale agreement.

REPORT ON FINANCIAL PROJECTIONS OF MTN RWANDACELL PLC COMPANY FOR THE YEAR ENDING 31 DECEMBER 2021

We have examined the accompanying financial projections of MTN Rwandacell PLC ('the company') in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information. Management is responsible for the preparation and fair presentation of the financial projections including the accuracy of the assumptions set out in the notes to the projected financial information on which they are based. Our responsibility is to issue a report on the financial projections based on our review.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the financial projections. Further, in our opinion the financial projections are properly prepared on the basis of the assumptions and are presented in accordance with the accounting policies normally used by the group.

Actual results are likely to be different from the financial projections since anticipated events frequently do not occur as expected and the variation may be material.

Stephen K Sang
Ernst & Young Rwanda Limited
Kigali
19th April 2021

Projected statement of profit or loss and other comprehensive income
For the year ending 31 December 2021

	FY 21 PROJECTED
	FY 21 Projected for year-ending 31 December 2021
Total Revenues	174,098
Service Revenue	171,097
Total Voice Revenue	84,254
Total Data Revenue	31,199
Digital Revenue	2,314
Fin Tech	39,740
SMS Revenue	3,737
Total Wholesale	1,076
Other-service Revenue	8,778
Non-service revenue	3,001
Cost of sales	**38,364**
Gross profit	**135,735**
Operating expenditure	**51,225**
EBITDA	**84,510**
Depreciation and amortization	26,575
Finance costs	20,847
Taxation	13,352
Profit after tax	**23,736**

[1] Prospective financial information, not audited financial information.
[2] Refer to Note 1

Projected statement of financial position For the years ending 31 December 2021

Interim actual and projected[1]

	FY 21 Projected as at 31 December 2021
ASSETS	
Non-current assets	178,037,226
Property, plant and equipment	67,325,266
Right of use asset	76,105,229
Intangible assets and goodwill	31,290,540
Non-current prepayments	403,777
Total IRU Assets	2,912,414
Current assets	148,657,967
Inventories	474,461
Trade and other receivables	39,073,741
Taxation prepaid	5,961,646
Current investments	6,162,323
Restricted cash	66,708,662
Cash and cash equivalents	29,940,590
Current Portion of IRU Asset	336,536
TOTAL ASSETS	**326,695,193**
EQUITY AND LIABILITIES	
Share Capital and premium	3,675,000
Retained earnings	60,180,828
Other reserves	1,500
Attributable to equity holders	63,857,328
Total equity	63,857,328
Non-current liabilities	101,920,267
Borrowings	24,428,375
Deferred tax liability	11,111,203
Obligations fin leases over 1 yr	66,380,689

Projected statement of financial position For the years ending 31 December 2021 (Continued)

Current liabilities	160,917,598
Trade and other payables	51,164,431
Restricted cash	66,708,662
Unearned income	1,316,638
Provisions	1,670,855
Taxation liabilities	6,447,871
Current portion of deferred income	610,176
Borrowings	22,344,634
Obligations fin leases	10,654,332
EQUITY AND LIABILITIES	**326,695,193**

The Company expects to comply with the financial covenants of its borrowing's facilities during the reporting period.

	Threshold per loan covenants	Status as at 31 December 2021	Conclusion
Net Debt to EBITDA	<2.5x	0.20x	Compliant
Debt Service Coverage Ratio	>1.25x	3.2x	Compliant
Net Debt/ (Equity and shareholder loans)	<70:30	42	Compliant
Interest Coverage Ratio	>4.5x	12.7x	Compliant

Management fundamental assumptions

Management, in their final submission of their 2021 business plan expects to exceed its targets in the forecast period.

The assumptions employed in the estimation of the forecasted performance included;

1. Macroeconomic conditions (GDP)

- Gross domestic product (GDP) was projected to dip to -0.2% in 2020 according to the Central Bank of Rwanda. This resulted from the general business slowdown brought about by the spread of Covid-19.

2. Macroeconomic conditions (CPI)

- The country's CPI increased to 11.5% (Urban, 9.2% and rural, 13.2%) in July 2020 pushed by prices of food (prices under pressure as imports are constrained and local production is insufficient on the back of recent floods), beverages and transport (strict enforcement of social distancing rules on public transport).

3. Customer market share and value share

- The business plan assumes a steady hold on customer value and share.

4. Smartphone acceleration

- The current national smartphone penetration is 16%.
- The business plan projects to have a 21% year on year growth on handsets costs primarily driven by projected growth in volumes to grow smartphone penetration.
- MTN plans to explore the fixed wireless access and fibre to the home solutions