Helios Towers plc announces results for the year and quarter ended 31 December 2021

Full year results in line with expectations

Significant portfolio expansion; building enlarged platform for growth

Organic tenancy guidance increased to reflect portfolio expansion

London, 17 March 2022: Helios Towers plc ("Helios Towers", "the Group" or "the Company"), the independent telecommunications infrastructure company, today announces results for the year to 31 December 2021 ("FY 2021").

	FY 2021	FY 2020	Change	**Q4 2021**	Q3 2021	Change
Sites	**9,560**	7,356	+30%	**9,560**	8,765	+9%
Tenancies	**18,776**	15,656	+20%	**18,776**	17,773	+6%
Tenancy ratio	**1.96x**	2.13x	-0.17x	**1.96x**	2.03x	-0.07x
Revenue (US$m)	**449.1**	414.0	+8%	**122.3**	114.4	+7%
Adjusted EBITDA (US$m)[1]	**240.6**	226.6	+6%	**65.6**	60.8	+8%
Adjusted EBITDA margin[1]	**54%**	55%	-1ppt	**54%**	53%	+1ppt
Operating profit (US$m)	**59.0**	56.3	+5%	**17.0**	15.1	+13%
Portfolio free cash flow (US$m)[1]	**168.3**	174.4	-3%	**49.6**	44.9	+10%
Cash generated from operations (US$m)	**195.9**	209.6	-7%	**97.3**	52.9	+84%
Net debt (US$m)[1]	**948.5**	692.4	+37%	**948.5**	835.9	+13%
Net leverage[1,2]	**3.6x**	2.9x	+0.7x	**3.6x**	3.4x	+0.2x

[1] Alternative Performance Measures are described in our defined terms and conventions.
[2] Calculated as per the Senior Notes definition of net debt divided by annualised Adjusted EBITDA.

Kash Pandya, Chief Executive Officer, said:

"I am delighted with the team's performance over the past year. We delivered record site and tenancy additions, as a result of one of our best ever years of organic tenancy growth complemented by two acquisitions closed in the year. We also continued to reduce our cost of capital and combined with the announced acquisitions targeted to close in 2022, we have positioned the Company well for high-quality growth and returns going forward."

Tom Greenwood, CEO-Designate, added:

"2021 was a transformational year. Through organic portfolio expansion, multiple acquisitions and continued investment in our teams and platform, we enter 2022 in a truly exciting position. Alongside the significant expansion, we also delivered record power uptime for our customers. We are proud to see that our culture of continuous improvement and business excellence is being driven across the company by our talented teams to create sustainable value for all our stakeholders."

Financial highlights

- FY 2021 revenue increased by 8% year-on-year to US$449.1m (FY 2020: US$414.0m), driven by the acquisition of tower portfolios in Senegal and Madagascar in Q2 and Q4 2021, respectively, and continued organic tenancy growth across the Group.
    - Q4 2021 revenue increased by 7% quarter-on-quarter to US$122.3m (Q3 2021: US$114.4m).

- FY 2021 Adjusted EBITDA increased by 6% year-on-year to US$240.6m (FY 2020: US$226.6m), driven by the acquisitions closed in 2021 and continued organic tenancy growth across our markets, partially offset by increased SG&A investment to support our expansionary strategy. FY 2021 Adjusted EBITDA margin of 54% decreased 1ppt year-on-year (FY 2020: 55%).
    - Q4 2021 Adjusted EBITDA increased by 8% quarter-on-quarter to US$65.6m (Q3 2021: US$60.8m), with Q4 2021 Adjusted EBITDA margin at 54% (Q3 2021: 53%).

- FY 2021 operating profit increased by 5% year-on-year to US$59.0m (FY 2020: US$56.3m) driven by Adjusted EBITDA growth.

- FY 2021 portfolio free cash flow decreased by 3% year-on-year to US$168.3m (FY 2020: US$174.4m), driven by an increase in corporate income tax, non-discretionary capex and lease payments.

- Q4 2021 portfolio free cash flow increased by 10% quarter-on-quarter to US$49.6 million (Q3 2021: US$44.9m), driven by Adjusted EBITDA growth and lower non-discretionary capex.

- FY 2021 cash generated from operations decreased by 7% year-on-year to US$195.9m (FY 2020: US$209.6m), due to working capital movements offset by the increase in Adjusted EBITDA.

- Net leverage of 3.6x increased by +0.7x year-on-year (FY 2020: 2.9x) and +0.2x quarter-on-quarter (Q3 2021: 3.4x), remaining at the low-end of the Group's medium-term target range of 3.5x-4.5x.

- Contracted revenues increased by 39% year-on-year to US$3.9bn (FY 2020: US$2.8bn), with an average remaining life of 7.6 years (FY 2020: 6.8 years). With 99% of this contracted revenue from blue-chip MNOs, with embedded CPI and power price escalators, it underpins the growth and resilience of our business.

Operational highlights

- Sites increased by a record 2,204 year-on-year to 9,560 sites (FY 2020: 7,356 sites), reflecting 507 organic site additions and the acquisition of 1,697 sites during the year.
  - Sites increased by 795 quarter-on-quarter (Q3 2021: 8,765), reflecting 305 organic site additions and 490 acquired sites in Madagascar.

- Tenancies increased by a record 3,120 year-on-year to 18,776 tenants (FY 2020: 15,656 tenants), reflecting 1,262 organic tenancy additions and 1,858 acquired tenancies through the year.
  - Tenancies increased by 1,003 quarter-on-quarter (Q3 2021: 17,773), reflecting 409 organic tenancy additions and 594 acquired tenancies.

- Tenancy ratio decreased 0.17x year-on-year to 1.96x (FY 2020: 2.13x), reflecting the acquisition of two new portfolios with low initial tenancy ratios.
  - In-line with Helios Towers' business model, the Company expects to lease-up these portfolios, driving margin expansion and returns.
  - In the five markets where the Company was operational in 2020, tenancy ratio increased by 0.02x to 2.15x (FY 2020: 2.13x).

Environmental, Social and Governance (ESG)

- Helios Towers' Sustainable Business Strategy enables the company to deliver a positive impact for all stakeholders, in line with its purpose of driving the growth of mobile communications in Africa and the Middle East. The Company's second Sustainable Business Report will be published on 21 March 2022.

- On 25 November 2021, the Group published its carbon reduction roadmap and long-term ambition to become a net zero carbon emissions business by 2040.
  - Against a 2020 baseline, the Company targets a reduction in its carbon intensity per tenant by 46% by 2030[1].
  - Through 'Project 100' the Company will invest a total of US$100 million between 2022 and 2030 in cleaner, greener solutions to power its sites in markets where access to electricity is limited, unreliable and in some areas non-existent.
  - In 2021, Helios Towers delivered a reduction in scope 1 and 2 carbon emissions per tenant of 7% in the five markets where Helios Towers was operational in 2020.

Strategic Updates

- The Group continues to progress with the closings of the announced acquisitions in Oman and Malawi and potential acquisition of Airtel Africa's tower assets in Gabon and is providing the following updates:
  - Malawi: As previously announced, subject to completing remaining customary closing conditions including obtaining required regulatory approval, the acquisition of Airtel Africa's passive infrastructure company is expected to close in H1 2022.
  - Oman: Subject to completing the remaining customary closing conditions including obtaining regulatory approval, the Group anticipates the acquisition of Oman Telecommunications Company ("Omantel") to close in Q2 2022.

- Gabon: As previously announced, Helios Towers and Airtel Africa have extended the memorandum of understanding arrangement. Subject to obtaining a passive infrastructure licence, the acquisition of tower assets in Gabon is expected to close in H2 2022.

- Upon closing the pending deals the Group will have achieved its five-year strategy, laid out at IPO, well ahead of plan.

- Following Tom Greenwood's announced appointment as CEO, effective from the Company's AGM in April 2022, the Company will provide an update on its strategic outlook at a Capital Markets Day planned for 5 May 2022.

2022 outlook and guidance

- As a result of the portfolio and new market expansion in 2021, the Group is now targeting organic tenancy additions of 1,200 – 1,700 in 2022 (prior: 1,000 – 1,500), reflecting continued momentum within Helios Towers' established markets and organic growth targeted in the Group's new markets, Madagascar and Senegal.
    - 60% of the organic tenancy additions are expected to be new sites (FY 2021: 40%), reflecting demand for expanded network coverage from MNOs in the year ahead.
    - In-line with prior periods, the Group anticipates the majority of its tenancy rollout to occur in the second half of the year. The Group is targeting 25% of new tenancies in the first half of 2022, with 75% in the second half.
    - Subject to closing announced acquisitions in Oman and Malawi, the Group targets medium-term annual tenancy additions of 1,600 – 2,100.

- The Group anticipates lease rate per tenant to increase in the range of 3-5% in 2022 (2021: $26.4k per tenant), driven by CPI and power price escalator movements embedded into customer contracts.

- The Group is targeting an Adjusted EBITDA margin of 51-53% in 2022 compared to 54% in 2021. The year-on-year decrease largely reflects the initial impact of acquisitions with lower tenancy ratios primed for growth and incremental Group SG&A required for the expansion of our operations from five to ten markets, in addition to the potential impact of the short-term volatility of global inflation and energy prices on its cost base.

- Excluding acquisitions, the Group is targeting 2022 capex of US$160m – US$200m, of which, US$27m – US$32m is non-discretionary capex.
    - The Group expects to deploy approximately $650m on acquisitions in 2022, reflecting the acquisitions in Oman and Malawi and deferred acquisition payments in Senegal and Madagascar.

[1] *Reflects Scope 1 and 2 emissions against a 2020 baseline and covers the five markets where the Company was operational in 2020.*

For further information go to:
www.heliostowers.com

Investor Relations
Chris Baker-Sams – Head of Strategic Finance and Investor Relations
+44 (0)752 310 1475

Media relations
Edward Bridges / Stephanie Ellis
FTI Consulting LLP
+44 (0)20 3727 1000

Helios Towers' management will host a conference call for analysts and institutional investors at 09.30 BST on Thursday, 17 March 2022. For the best user experience, please access the conference via the webcast. You can pre-register and access the event using the link below:

Registration Link - Helios Towers FY 2021 Results Conference Call
Event Name: FY2021
Password: HELIOS

If you intend to participate in Q&A during the call or are unable to use the webcast, please dial in using the details below:

Europe & International	+44 203 936 2999
South Africa (local)	087 550 8441
USA (local)	+1 646 664 1960
Passcode:	**181913**

About Helios Towers

- Helios Towers is a leading independent telecommunications infrastructure company, having established one of the most extensive tower portfolios across Africa. It builds, owns and operates telecom passive infrastructure, providing services to mobile network operators.

- Helios Towers owns and operates telecommunication tower sites in Tanzania, Democratic Republic of Congo, Congo Brazzaville, Ghana, South Africa, Senegal and Madagascar. Following recent acquisition agreements and subject to regulatory approval, Helios Towers expects to establish a presence in three new markets across Africa and the Middle-East. Including these acquisitions and committed BTS, the Group's total site count is expected to increase from over 9,500 towers to over 14,000.

- Helios Towers pioneered the model in Africa of buying towers that were held by single operators and providing services utilising the tower infrastructure to the seller and other operators. This allows wireless operators to outsource non-core tower-related activities, enabling them to focus their capital and managerial resources on providing higher quality services more cost-effectively.

Alternative Performance Measures

The Group has presented a number of Alternative Performance Measures ("APMs"), which are used in addition to IFRS statutory performance measures. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Loss before tax, gross profit, non-current and current loans and long-term and short-term lease liabilities are the equivalent statutory measures (see 'Certain defined terms and conventions'). For more information on the Group's Alternative Performance Measures, see page 68 of the Group's Annual report for the year ended 31 December 2021, published on the Group's website. Reconciliations of APMs to the equivalent statutory measure are included in the Group's half-year and Annual financial reports.

Chair’s statement, Sir Samuel Jonah KBE, OSG

“A truly transformational year for the Company”

2021 marked our second full year as a public company, and a year in which we continued to drive sustainable value for our stakeholders.

It was a period of considerable over-achievement against the growth targets we announced during our IPO in October 2019.

Indeed, alongside closing acquisitions in Madagascar and Senegal in 2021, our M&A pipeline produced a further three acquisitions we are targeting to close. When they are complete, and when we factor in the committed BTS towers that come with them, we will have doubled the size of the Company since IPO.

Of course, such extensive and rapid growth needs careful management. In particular, the demands, albeit welcome, of expansion must never come at the cost of customer service and business excellence in our existing markets.

It was, therefore, equally significant that in 2021 we improved our power uptime to all-time-highs and achieved one of our best ever years of organic tenancy additions, supporting the expansion and densification of reliable mobile communications across our markets. MNOs trust us to power their voice and data traffic whether in city centre locations or in remote regions where grid electricity may be limited, unreliable or non-existent.

Delivering connectivity in a sustainable manner

Our tower-sharing model is innately sustainable, but we strive to do more for our stakeholders. I am pleased to see the team deliver on our ambitious growth targets and further advance our Sustainable Business Strategy through further empowering our local teams and also setting ambitious but achievable carbon reduction targets for the first time.

Our Carbon Reduction Roadmap has been prepared to deliver a transparent plan of how we will reduce our carbon intensity, while we continue to expand critical mobile coverage in our markets, and bring with it, life changing services to individuals and communities.

From my home in Ghana I get to see our work in action. For example, farmers are now able to share pictures and details of their crops and find new markets for them. And it’s always a privilege to see remote schools connecting to the world’s knowledge and experiences for the first time.

Governance

We were delighted to welcome Manjit Dhillon to the Board on 1 January 2021, following his announced appointment as Chief Financial Officer in December 2020.

Otherwise, our composition remained unaltered. This continuity has served us well and we have a strong and diverse mix of genders and ethnicities, together with an appropriate balance of Non-Executive Directors, including the contribution of Sally Ashford as a representative of our colleagues.

As importantly, we have individuals with deep skills in the fields of towerco operation, mobile communications, HR and workforce engagement, and finance and business leadership.

Section 172(1)

We believe our strategy and actions reflect the requirements and our compliance of Section 172(1) with the information outlined in the Strategic Report within the Group Annual Report which will be published on our website. This includes our commitment to our workforce, customers, suppliers, investors, communities and the environment, operating both sustainably and with integrity.

Our new CEO

In August 2021 we announced that Kash Pandya had elected to retire from his post as Chief Executive Officer (‘CEO’), after a successful tenure spanning six years. He will step down in an orderly transition at the Annual General Meeting (‘AGM’) in April 2022.

Kash has led Helios Towers through a successful listing on the London Stock Exchange, as well as multiple financing transactions and the Company’s expansion from four markets to ten including announced acquisition agreements. His strong leadership, and focus on customers’ needs and the well-being of colleagues, will leave an indelible mark. His guidance and experience will also be staying with us; he has accepted the Board’s request to continue to serve as a Non-Executive Deputy Chair.

We are also excited to appoint Tom Greenwood to succeed Kash as CEO. Tom was one of the Company’s very first employees, rising to CFO in 2015 and leading the Group’s journey to our IPO in 2019.

Tom was an exemplary candidate for the CEO role. As Chief Operating Officer (‘COO’) since 2020 he has overseen a period of significant growth, including the recent acquisition announcements. He was the natural choice to take up the reins, and we feel this is succession planning at its best.

Outlook 2022

We expect 2022 will be another significant year for the business, and one in which we continue to drive sustainable value for our stakeholders. Tom will formally assume the CEO position from our 2022 AGM, and will be detailing our new five-year strategy in due course.

Through our targeted entry into three new countries, and continued expansion within our existing markets, we have an exciting year ahead and will continue to deliver on our mission to drive the growth of mobile communications across Africa and the Middle East.

Sir Samuel Jonah KBE, OSG Chair

Chief Executive Officer's statement, Kash Pandya

"Delivering for our stakeholders"

In my final year as CEO, I am delighted with the team's performance. We delivered record achievements on multiple fronts and positioned the business for sustained success going forward.

A broader and stronger platform

Through multiple acquisition announcements in the year, alongside the closing of Free Senegal's tower portfolio first announced in 2020, we eclipsed our previously stated 2025 ambition of operating 12,000+ towers across 8+ markets, well ahead of plan. Combined, these acquisitions will effectively double our tower portfolio since IPO and extend our operations to ten markets.

The result of this highly productive year in M&A is that the Company emerges even stronger, broader, and with higher revenue visibility through improved hard currency earnings and increased contracted revenues.

As importantly, we complemented this inorganic success with one of our best ever years of organic tenancy additions. This reflects the exciting structural growth opportunity in each of our markets and our unrelenting focus on customer service excellence.

New business, from Africa to the Middle East

In 2021, we were delighted to continue delivering on commitments laid out during our IPO in 2019.

Following the acquisition of Free Senegal's tower portfolio announced in 2020, we signed four separate agreements with Airtel Africa in March 2021. These included two acquisition agreements for the purchase of Airtel Africa's tower companies in Madagascar and Malawi, collectively representing over 1,200 sites.

We closed the acquisition in Madagascar, with its 490 sites, in early November, and continue to progress with the acquisition closing in Malawi. We also signed two exclusive memorandum of understanding arrangements for the potential acquisition of Airtel Africa's tower portfolios in Chad and Gabon.

Although the agreement with Chad was allowed to expire in February 2022, we continue to pursue the proposed acquisition in Gabon.

Separately, in May 2021, we announced a further deal that takes us into the Middle East. We agreed to acquire the tower portfolio of Oman Telecommunications Company ('Omantel'), gaining close to 3,000 sites. We view the Middle East region as a natural extension of our geographic focus, sharing many of the same attractive fundamentals as Africa.

We are extremely pleased to have commenced operations in Senegal and Madagascar in 2021, successfully integrating both portfolios, and building a strong team in each market. We are equally excited to start operations in our three other announced markets and, through these acquisitions, establish Helios Towers as the most geographically diverse towerco in Africa and the Middle East.

Breaking organic records

Since our listing in 2019, we have consistently delivered on our organic tenancy guidance. This achievement reflects the huge structural growth opportunity in our markets, as well as our continued focus on customer service excellence.

In complex environments, we aim to remove the challenges for our customers. We do this by delivering reliable power to our towers and enabling our customers to quickly expand their network coverage, either through new BTS or colocations.

We were delighted in 2021 to deliver one of our strongest ever years of organic tenancy additions. We also achieved a record 99.99% power uptime across our tower assets; in fact, we delivered less than one minute's downtime per tower per week, in four months of the year. When I first joined the Company as CEO in 2015, this metric stood at 22 minutes, and so it is extremely rewarding to see this progress, driven by our dedicated and talented local teams and partners.

2021 performance overview

Helios Towers delivered robust financial performance in the year, driven by the acquisitions in Senegal and Madagascar, alongside organic tenancy growth. Revenues increased by 8% to US$449 million and Adjusted EBITDA expanded 6% to US$241 million. Our operating profit also continued to expand, growing 5% year-on-year from US$56 million in 2020 to US$59 million in 2021.

We invested over US$390 million during the year, including delivering 1,262 organic tenancies and the acquisitions in Senegal and Madagascar. Combined with a strong commercial pipeline and announced acquisitions targeted to close in 2022, these investments position us well for strong growth and high-quality earnings in 2022 and beyond.

Our commitment to reducing carbon

As a young company created just over a decade ago, acting sustainably is not a culture change or add-on for us. It has been part of our purpose from day one.

Indeed, our business model is innately sustainable: by bringing together MNOs to share our towers, we reduce the need for duplicate infrastructure, including generators, and significantly reduce both cost and the overall environmental impact and emissions.

However, we always want to do more. Last year we set out our Sustainable Business Strategy, and in November 2021 we added to our sustainability disclosure and targets by defining a Carbon Reduction Roadmap. For the first time, we have set out our commitment to minimise our carbon emissions, and disclose our performance relative to these targets. While our principal business lies in driving the growth of mobile communications across Africa and the Middle East, we will do so while setting ourselves ambitious goals to reduce our carbon intensity, in markets where grid power is either unavailable or inconsistent.

We provide more detail within our Sustainable Business Report.

Primed for further success

As we enter 2022, I am pleased to report that the entrepreneurial spirit that has driven our success is very much alive and well. Twelve years on from our original formation, we now combine this with maturity, solidity and lived-experience. I believe this is a potent combination of characteristics and positions us well for future growth.

On the back of a busy year in M&A, we have positioned the Company for an exciting year ahead and the team looks forward to driving mobile communications in each of our new and established markets.

On a personal note, and with the Company structurally set for future growth, I see this as an opportune time to step down as CEO at the AGM in April 2022 and to take up a new non-executive role as the Company's Deputy Chair. I joined back in 2015, little imagining we were destined for the adventure of an IPO and taking our place as a FTSE 250 company. I am also delighted to have such an able and talented successor in Tom Greenwood, who has served as both CFO and COO.

The Company has always focused on talent development and providing opportunity for individuals to reach their full potential. I have very much enjoyed seeing talent mature into highly inspirational senior leaders and am delighted that I will continue to see the business go from strength to strength. I thank all my colleagues, partners and stakeholders for their hard work and constant support.

Kash Pandya, CEO

Chief Financial Officer's statement, Manjit Dhillon CFO

"2021: A platform built for compounding growth and returns"

2021 was a standout year for Helios Towers. Alongside record performance from an organic tenancy growth and operational perspective, we strengthened our Company through further customer and geographic diversification, improved earnings visibility and reduced cost of capital.

It was a year in which we effectively doubled our tower count, both through our announced acquisitions and by the welcome addition of Senegal in May 2021.

These portfolios expand our asset base and, importantly, offer considerable opportunities for lease-up and compounding cash flow returns. In addition to the strong organic growth opportunity from each of these acquisitions, they also improve our diversification, hard currency mix and earnings visibility. We serve a broader set of investment grade or near-investment grade customers across a broader number of attractive, high-growth markets.

Pro forma for the announced acquisitions we increased our contracted revenues to US$5.3 billion (2021 Actual: US$3.9 billion) and improved our hard currency Adjusted EBITDA to 72% (2021 Actual: 65%), which alongside our contractual CPI and power price escalators provides a robust and resilient income stream for the Company.

Transformational growth

The new market acquisitions also open up considerable growth opportunities to Helios Towers. The portfolios we have purchased from the MNOs come with lower tenancy ratios on day-1 as they were principally built and operated for a sole MNO. So while the tenancy ratio and EBITDA margins will be lower than the Group margins, they offer a fantastic opportunity to lease-up the portfolio and serve the needs of all the MNOs in these markets. Following closing of the signed transactions we will nearly double in size and therefore we will see a period of transition, with a number of our Group metrics becoming diluted in the short-term; however, we will see these rebound as we continue to build new sites, lease up the portfolio and operate the assets more efficiently.

The capital markets

During the year we were active in the capital markets and attracted significant support, diversifying our funding instruments, tapping new pockets of investor demand, lowering our cost of capital and positioning us well for the significant investments being made across both 2021 and 2022.

This included our first raising of convertible bonds in March 2021, which we also subsequently tapped, in total raising US$300 million. Additionally, we raised a small amount of primary equity in the year of approximately US$110 million, which further strengthened our balance sheet in advance of closing the announced acquisitions. Finally, we also raised a €120 million local facility in Senegal to support the acquisition and the committed pipeline of 400 BTS in that market.

The net result of this activity, and alongside our financing actions in 2020, is that we have significantly reduced the cost of our financing. Just two years ago, our cost of debt was approximately 9%. Now, on a blended basis, taking into account all of our activity, that rate is lower than 6%, and we look forward to continuing to drive that down further.

Whilst our activity in the capital markets has positioned us well for the closings of the announced acquisitions, it has resulted in an increase in financing costs on an absolute basis which reduced statutory profitability in the short term.

Group performance: continued growth and significant investment

We closed the year with revenue and Adjusted EBITDA growth of 8% and 6% respectively, and delivered a record operating profit of US$59 million, increasing 5% year-on-year, all of which was driven by continued tenancy growth. Our Adjusted EBITDA margin was largely unchanged from 2020, decreasing 1ppt from 55% to 54% year-on-year, which reflects the increase in SG&A to support the period of significant portfolio expansion.

The Group's loss before tax was US$(119) million, increasing from a loss of US$(21) million in 2020. This was principally related to movements in our derivative financial instruments that reflects the embedded call option in our bond, and also higher finance costs. The higher finance costs reflect capital raised to support our two acquisitions closed during 2021 (portfolios in Senegal and Madagascar), as well as strengthening our balance sheet in advance of closing other announced acquisitions, which are targeted to close through 2022.

We anticipate that we will see continued statutory Group losses as we integrate the acquired assets. However, as we drive colocation lease-up and operational improvements, we expect to see improved profitability in the near term. We are seeing this dynamic in our established markets, with our business transitioning from being loss to profit making.

Cash flow generation from our existing asset base, or portfolio free cash flow ('PFCF'), slightly decreased year-on-year, down 3% to US$168 million. The decrease principally related to higher tax and ground lease payments, offsetting the Adjusted EBITDA growth delivered in the year. Cash conversion decreased from 77% in 2020 to 70% in 2021. As we continue to close the announced acquisitions, we anticipate our cash conversion to remain flat or decrease slightly from this level, but increase over the medium term as we lease-up our tower assets.

We invested US$395 million capex in the year, of which US$373 million was discretionary capex, supporting our entry into two new attractive markets (purchasing 1,697 sites across Senegal and Madagascar) and delivering one of our highest ever years of organic tenancy additions

(1,262). The majority of these organic additions came in the second half of the year, so we enter 2022 in a very strong position that is further complemented by three announced acquisition deals that are targeted to close in 2022.

Quality of revenues and earnings

Our business has a high quality earnings profile, which reflects a combination of diverse blue-chip customers, robust contract structure with long tenors, and best in class operational execution.

Customer mix: we serve Africa's largest MNOs, which account for approximately 98% of our 2021 revenues. Importantly, this is spread across a number of blue-chip MNOs, with no single customer accounting for more than 26% of our 2021 revenues. We also price sustainably, with our lease rates approximately 30% lower than the MNOs' total cost of ownership.

Long-term contracts: our contracts typically have initial terms of 10-15 years, with automatic renewals thereafter. As at 31 December 2021, we had an average of 7.6 initial term years remaining across the Group. This represents US$3.9 billion of future revenue already contracted; a strong underlying base (of high quality customers) on which we can grow. Pro forma for announced acquisitions, our contracted revenue increases to US$ 5.3 billion, with an average remaining life of 8.6 years.

Hard currency earnings and escalations: one of the key strengths of our business is hard currency earnings. This is largely due to the fact we operate in hard currency markets: DRC, Senegal and Congo Brazzaville are either dollarised or pegged to the Euro. Across the Group, 65% of our Adjusted EBITDA is in hard currency, and this is further complemented by contractual escalators for power and CPI which provide further earnings protection.

Liquidity and net debt

During 2021 we strengthened our liquidity position, finishing the year with US$529 million of cash and cash equivalents, an increase of US$100 million from US$429 million in 2020. This was partly a result of the equity placing, convertible bond issuance and subsequent tap. Our net leverage was 3.6x at the end of 2021, an increase of 0.7x compared to our 2020 position, reflecting significant capital investment through the year. Importantly, we retain strong funding capacity with leverage still at the low end of our medium term target range of 3.5x – 4.5x. Following closing all of the announced acquisitions, we anticipate net leverage to be slightly above our medium term range, with a clear path back within our range in the near term.

Finally, we were pleased to maintain our credit ratings of B2 corporate family rating ('CFR') by Moody's Investors Service and B corporate credit rating by S&P, which reaffirms the stability of our corporate credit profile.

Dividend

Given the scale of the opportunities in our current pipeline, and our ambitions to invest in our existing businesses and expand into new markets, the Directors recommended that no dividends be paid for the year ended 31 December 2021. However, given our expectations for the future growth of the business and improving free cash flow, there may be scope to pay a dividend in the medium term. This decision would be considered depending on investment opportunities at that time.

Outlook

With our significant investment and strong tenancy additions in 2021, in addition to signed acquisitions targeted to close this year, we expect 2022 to be another exciting year for the business, and one in which we will continue to drive sustainable value creation.

We have made significant investments to build an enlarged platform, from which we can drive strong growth and compounding returns. Our robust business model and high quality earning base underpins our growth. It comprises a combination of long-term contracts with a diverse set of blue-chip MNOs across a diverse set of attractive high growth geographies, many of which are hard currency.

We were pleased to deliver our Carbon Reduction Roadmap in November 2021, and lay out ambitious, but achievable targets for the business in 2022 and beyond. As part of that, we introduced Project 100, pledging to invest US$100 million between 2022–30. In line with this, we have identified a number of value accretive and carbon reducing initiatives, which we look forward to rolling out through the year and discussing in due course.

We have created a fantastic and compelling platform for growth and we remain laser-focused on delivering exceptional customer service, business excellence and sustainable value creation for all our stakeholders.

Manjit Dhillon, CFO

Alternative Performance Measures

The Group has presented a number of Alternative Performance Measures ('APMs'), which are used in addition to IFRS statutory performance measures.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these measures are also used for the purpose of setting remuneration targets.

Adjusted EBITDA and margin

Definition

Management defines Adjusted EBITDA as loss before tax for the year, adjusted for finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Other adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue.

Purpose

The Group believes that Adjusted EBITDA and Adjusted EBITDA margin facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact of changes in effective tax rates or net operating losses) and the age and booked depreciation on assets. The Group excludes certain items from Adjusted EBITDA, such as loss on disposal of property, plant and equipment and other adjusting items because it believes they facilitate better understanding of the Group's underlying trading performance.

Reconciliation between APM and IFRS	**2021 US$m**	2020 US$m
Loss before tax	**(119.4)**	(20.9)
Adjustments applied to give Adjusted EBITDA		
Adjusting items:		
Project costs(1)	–	4.4
Deal costs(2)	**19.3**	8.8
Share-based payments and long-term incentive plan charges(3)	**2.0**	1.0
Loss on disposal of property, plant and equipment	**0.5**	8.1
Other gains and losses	**28.0**	(40.1)
Depreciation of property, plant and equipment	**142.2**	128.4
Amortisation of intangible assets	**2.3**	5.6
Depreciation of right-of-use assets	**15.3**	14.0
Interest receivable	**(0.7)**	(0.8)
Finance costs	**151.1**	118.1
Adjusted EBITDA	**240.6**	226.6
Revenue	**449.1**	414.0
Adjusted EBITDA margin	**54%**	55%

(1) Project costs in 2020 relate to the preparation for debt refinancing which cannot be capitalised.

(2) Deal costs comprise costs related to potential acquisitions and the exploration of investment opportunities, which cannot be capitalised. These comprise employee costs, professional fees, travel costs and set up costs incurred prior to operating activities commencing.

(3) Share-based payments and long-term incentive plan charges and associated costs.

Adjusted gross profit and adjusted gross margin

Definition

Adjusted gross profit means gross profit, adding back site and warehouse depreciation, divided by revenue. Adjusted gross margin means Adjusted gross profit divided by revenue.

Purpose

This measure is used to evaluate the underlying level of gross profitability of the operations of the business, excluding depreciation, which is the major non-cash measure otherwise reflected in cost of sales. The Group believes that Adjusted gross profit facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by the age and booked depreciation on assets. It is also a proxy for the gross cash generation of its operations.

Reconciliation between IFRS and APM	**2021 US$m**	2020 US$m
Gross profit	**153.8**	147.9
Add back: Site and warehouse depreciation	**145.1**	132.6
Adjusted gross profit	**298.9**	280.5
Revenue	**449.1**	414.0
Adjusted gross margin	**67%**	68%

Portfolio free cash flow and Adjusted free cash flow

Definition

Portfolio free cash flow is defined as Adjusted EBITDA less maintenance and corporate capital additions, payments of lease liabilities (including interest and principal repayments of lease liabilities) and tax paid.

Adjusted free cash flow is defined as portfolio free cash flow less net payment of interest and discretionary capital additions.

Purpose

This measure is used to value the cash flow generated by the business operations after expenditure incurred on maintaining capital assets, including lease liabilities, and taxes. It is a measure of the cash generation of the tower estate.

Reconciliation between IFRS and APM	**2021 US$m**	2020 US$m
Cash generated from operations	**195.9**	209.6
Adjustments applied:		
Movement in working capital	**25.4**	3.8
Adjusting items:		
Project costs[(1)]	**–**	4.4
Deal costs[(2)]	**19.3**	8.8
Adjusted EBITDA	**240.6**	226.6
Less: Maintenance and corporate capital additions	**(22.1)**	(16.6)
Less: Payments of lease liabilities[(3)]	**(31.0)**	(25.5)
Less: Tax paid	**(19.2)**	(10.1)
Portfolio free cash flow	**168.3**	174.4

(1) Project costs in 2020 relate to the preparation for debt refinancing which cannot be capitalised.

(2) Deal costs comprise costs related to potential acquisitions and the exploration of investment opportunities, which cannot be capitalised. These comprise employee costs, professional fees, travel costs and set up costs incurred prior to operating activities commencing.

(3) Payment of lease liabilities includes interest and principal repayments of lease liabilities.

Gross debt, net debt and net leverage

Definition

Gross debt is calculated as non-current loans and current loans and long-term and short-term lease liabilities. Net debt is calculated as gross debt less cash and cash equivalents. Net leverage is calculated as net debt divided by annualised Adjusted EBITDA [(1)].

Purpose

Net debt is a measure of the Group's net indebtedness that provides an indicator of overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net leverage is used to show how many years it would take for a company to pay back its debt if net debt and Adjusted EBITDA are held constant. The Group's medium term net leverage target is to be broadly in the range of 3.5x - 4.5x.

Reconciliation between IFRS and APM	**2021 US$m**	2020 US$m
External debt	**1,295.5**	989.4
Lease liabilities	**181.9**	131.7
Gross debt	**1,477.4**	1,121.1
Cash and cash equivalents	**528.9**	428.7
Net debt	**948.5**	692.4
Annualised Adjusted EBITDA[(1)]	**264.0**	240.4
Net leverage	**3.6x**	2.9x

(1) Annualised Adjusted EBITDA calculated as per the Senior Notes definition as the most recent fiscal quarter multiplied by four, adjusted to reflect the annualised contribution from acquisitions that have closed in the most recent fiscal quarter. This is not a forecast of future results.

Return on invested capital

Definition

Return on invested capital ('ROIC') is defined as defined as annualised portfolio free cash flow divided by invested capital. Invested capital is defined as gross property, plant and equipment and gross intangible assets, less accumulated maintenance and corporate capital expenditure, adjusted for IFRS 3 accounting adjustments and deferred consideration for future sites.

Purpose

This measure is used to evaluate asset efficiency and the effectiveness of the Group's capital allocation.

Reconciliation between IFRS and APM	**2021 US$m**	2020 US$m
Property, plant and equipment	**718.7**	594.7
Accumulated depreciation	**833.3**	713.0
Accumulated maintenance and corporate capital expenditure	**(202.7)**	(180.6)

Intangible assets	**227.3**	23.2
Accumulated amortisation	**24.5**	56.4
Accounting adjustments and deferred consideration for future sites	**(93.2)**	-
Total invested capital	**1,507.9**	1,206.7
Annualised portfolio free cash flow[1]	**177.3**	174.4
Return on invested capital	**11.8%**	14.5%

(1) Annualised portfolio free cash flow is calculated as portfolio free cash flow for the respective period, adjusted to annualise the impact of acquisitions closed during the respective period.

Detailed financial review

Consolidated Income Statement

For the year ended 31 December

(US$m)	Year ended 31 December 2021	2020
Revenue	**449.1**	414.0
Cost of sales	**(295.3)**	(266.1)
Gross profit	**153.8**	147.9
Administrative expenses	**(94.3)**	(83.5)
Loss on disposal of property, plant and equipment	**(0.5)**	(8.1)
Operating profit	**59.0**	56.3
Interest receivable	**0.7**	0.8
Other gains and losses	**(28.0)**	40.1
Finance costs	**(151.1)**	(118.1)
Loss before tax	**(119.4)**	(20.9)
Tax expense	**(36.8)**	(15.8)
Loss after tax	**(156.2)**	(36.7)

Segmental key performance indicators

For the year ended 31 December

	Group		Tanzania		DRC		Congo Brazzaville	
$ values are presented as US$m	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenue for the year	**$449.1**	$414.0	**$170.4**	$167.1	**$176.4**	$174.0	**$27.7**	$26.6
Adjusted gross margin$^{\Delta}$	**67%**	68%	**69%**	67%	**64%**	67%	**65%**	66%
Sites at beginning of the year	**7,356**	6,974	**3,821**	3,661	**1,895**	1,850	**426**	384
Sites at year end	**9,560**	7,356	**4,005**	3,821	**2,062**	1,895	**459**	426
Tenancies at beginning of the year	**15,656**	14,591	**8,625**	8,099	**4,096**	3,828	**617**	568
Tenancies at year end	**18,776**	15,656	**9,012**	8,625	**4,701**	4,096	**661**	617
Tenancy ratio at year end	**1.96x**	2.13x	**2.25x**	2.26x	**2.28x**	2.16x	**1.44x**	1.45x
Adjusted EBITDA$^{\Delta}$ for the year(1)	**$240.6**	$226.6	**$113.2**	$105.0	**$101.0**	$103.5	**$13.1**	$12.7
Adjusted EBITDA margin$^{\Delta}$ for the year	**54%**	55%	**66%**	63%	**57%**	59%	**47%**	48%

	Ghana		South Africa		Senegal		Madagascar	
$ values are presented as US$m	**2021**	2020	**2021**	2020	2021	2020	2021	2020
Revenue for the year	**$42.8**	$42.9	**$6.0**	$3.4	**$23.4**	–	**$2.4**	–
Adjusted gross margin$^{\Delta}$	**69%**	72%	**75%**	77%	**64%**	–	**50%**	–
Sites at beginning of the year	**978**	961	**236**	118	**–**	–	**–**	–
Sites at year end	**1,040**	978	**272**	236	**1,232**	–	**490**	–
Tenancies at beginning of the year	**1,914**	1,888	**404**	208	**–**	–	**–**	–
Tenancies at year end	**2,041**	1,914	**464**	404	**1,303**	–	**594**	–
Tenancy ratio at year end	**1.96x**	1.96x	**1.71x**	1.71x	**1.06x**	–	**1.21x**	–
Adjusted EBITDA$^{\Delta}$ for the year(1)	**$25.8**	$27.4	**$2.6**	$1.1	**$12.7**	–	**$0.9**	–
Adjusted EBITDA margin$^{\Delta}$ for the year	**60%**	64%	**44%**	**32%**	**54%**	**–**	**37%**	**–**

(1) Group Adjusted EBITDA for the year includes corporate costs of US$28.7 million (2020: US$23.1 million).

Total tenancies as at 31 December

	Group		Tanzania		DRC		Congo Brazzaville	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Standard colocations	**8,256**	7,421	**4,432**	4,268	**2,536**	2,097	**179**	173
Amendment colocations	**960**	879	**575**	536	**103**	104	**23**	18
Total colocations	**9,216**	8,300	**5,007**	4,804	**2,639**	2,201	**202**	191
Total sites	**9,560**	7,356	**4,005**	3,821	**2,062**	1,895	**459**	426
Total tenancies	**18,776**	15,656	**9,012**	8,625	**4,701**	4,096	**661**	617

	Ghana		South Africa		Senegal		Madagascar	
	2021	2020	**2021**	2020	2021	2020	2021	2020
Standard colocations	**752**	718	**187**	165	**70**	–	**100**	–
Amendment colocations	**249**	218	**5**	3	**1**	–	**4**	–
Total colocations	**1,001**	936	**192**	168	**71**	–	**104**	–
Total sites	**1,040**	978	**272**	236	**1,232**	–	**490**	–
Total tenancies	**2,041**	1,914	**464**	404	**1,303**	–	**594**	–

Revenue

Revenue increased by 8% to US$449.1 million in the year ended 31 December 2021 from US$414.0 million in the year ended 31 December 2020. The increase in revenue was largely driven by the 20% increase in tenancies from 15,656 as of 31 December 2020 to 18,776 as of 31 December 2021, including the addition of 1,303 tenancies and 594 tenancies in Senegal and Madagascar respectively during the year.

Cost of sales

	Year ended 31 December			
		% of Revenue		% of Revenue
(US$m)	**2021**	**2021**	2020	2020
Power	**85.4**	**19.0%**	79.9	19.3%
Non-power	**64.8**	**14.4%**	53.6	12.9%
Site and warehouse depreciation	**145.1**	**32.4%**	132.6	32.0%
Total cost of sales	**295.3**	**65.8%**	266.1	64.3%

The table below shows an analysis of the cost of sales on a country-by-country basis for the year ended 31 December 2021 and 2020.

	Group		Tanzania		DRC		Congo Brazzaville	
(US$m)	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Power	**85.4**	79.9	**25.9**	27.8	**40.1**	40.5	**3.3**	3.1
Non-power	**64.8**	53.6	**26.8**	26.6	**23.3**	16.8	**6.5**	6.1
Site and warehouse depreciation	**145.1**	132.6	**53.2**	55.5	**53.7**	56.9	**10.5**	10.1
Total cost of sales	**295.3**	266.1	**105.9**	109.9	**117.1**	114.2	**20.3**	19.3

	Ghana		South Africa		Senegal		Madagascar	
(US$m)	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Power	**9.0**	7.9	**1.3**	0.6	**5.0**	–	**0.8**	–
Non-power	**4.3**	3.9	**0.2**	0.2	**3.3**	–	**0.4**	–
Site and warehouse depreciation	**8.4**	8.5	**2.9**	1.6	**16.1**	–	**0.3**	–
Total cost of sales	**21.7**	20.3	**4.4**	2.4	**24.4**	–	**1.5**	–

Year-on-year, cost of sales increased to US$295.3 million in the year ended 31 December 2021 from US$266.1 million in the year ended 31 December 2020, due primarily to the acquisition of Free Senegal's passive infrastructure assets, with non-power cost increases also partially driven by an update to the licence fee in DRC to 3% of local revenues, effective 1 January 2021. As a result, the Adjusted gross margin reduced by 1% to 67%.

Administrative expenses

Administrative expenses increased by 13% to US$94.3 million in the year ended 31 December 2021 from US$83.5 million in the year ended 31 December 2020. The increase in administrative expenses is primarily due to adjusting items of US$21.3 million in the year ended 31 December 2021, compared to US$14.2 million in the year ended 31 December 2020.

	Year ended 31 December			
		% of Revenue		% of Revenue
(US$m)	**2021**	**2021**	2020	2020
Other administrative costs	**58.3**	**13.0%**	53.9	13.0%
Depreciation and amortisation	**14.7**	**3.3%**	15.4	3.7%
Adjusting items	**21.3**	**4.7%**	14.2	3.4%
Total administrative expense	**94.3**	**21.0%**	83.5	20.2%

Adjusted EBITDA

Adjusted EBITDA was US$240.6 million in the year ended 31 December 2021 compared to US$226.6 million in the year ended 31 December 2020. The increase in Adjusted EBITDA between periods is primarily attributable to the changes in revenue, cost of sales and administrative expenses, as discussed above. Please refer to the Alternative Performance Measures section for more details and Note 4 of the Group Financial Statements for a reconciliation of aggregate Adjusted EBITDA to loss before tax.

Loss on disposal of property, plant and equipment

Loss on disposal of property, plant and equipment was US$0.5 million in the year ended 31 December 2021, compared to a loss of US$8.1 million during the year ended 31 December 2020. This decrease in loss on disposal was primarily a result of a reduction in site consolidations in the current year.

Other gains and losses

Other gains and losses recognised in the year ended 31 December 2021 was a loss of US$28.0 million, compared to a gain of US$40.1 million in the year ended 31 December 2020. This is related to the fair value movement of the embedded derivative valuation of the put and call options embedded within the terms of the Senior Notes. See Note 20 of the Group Financial Statements

Finance costs

Finance costs of US$151.1 million for the year ended 31 December 2021, mainly comprises of interest for the bond. The swing from a gain in foreign exchange differences in 2020, to a loss in the year ended 31 December 2021, is driven primarily by the fluctuations year-on-year of the Central African Franc and Ghana Cedi devaluing against the US Dollar.

	Year ended 31 December	
(US$m)	**2021**	2020
Foreign exchange differences	**21.6**	(3.6)
Interest cost	**110.2**	80.5
Early redemption expenses	**–**	23.9
Interest cost on lease liabilities	**19.3**	17.3
Total finance costs	**151.1**	118.1

Tax expense

Tax expense was US$36.8 million in the year ended 31 December 2021 as compared to US$15.8 million in the year ended 31 December 2020. The total tax charge includes charges in respect of Change of Control Taxes in a number of jurisdictions. While in cash terms these are fully funded by a capital contribution from the pre-IPO shareholders, which has been drawn down from funds held in escrow, these give rise to tax charges in the current period.

Though entities in Congo Brazzaville and Senegal are loss making for tax purposes minimum income taxes have been levied based on revenue, as stipulated by law in these jurisdictions. DRC, Ghana, Madagascar, Tanzania and two entities in South Africa are profitable for tax purposes and subject to income tax thereon.

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 31 December 2021 for each year from 2022 to 2026, with local currency amounts converted at the applicable average rate for US Dollars for the year ended 31 December 2021 held constant. Our contracted revenue calculation for each year presented assumes:

- no escalation in fee rates;
- no increases in sites or tenancies other than our committed tenancies;
- our customers do not utilise any cancellation allowances set forth in their MLAs;
- our customers do not terminate MLAs early for any reason; and
- no automatic renewal.

	Year ended 31 December				
(US$m)	2022	2023	2024	2025	2026
Tanzania	177.7	176.7	176.5	176.5	120.9
DRC	190.5	191.4	191.1	164.2	139.0
Congo Brazzaville	27.9	28.0	28.0	18.0	11.0
Ghana	40.2	34.5	32.1	32.5	32.3
South Africa	6.0	6.2	6.3	6.2	5.9
Senegal	37.6	38.9	40.7	42.4	46.9
Madagascar	13.6	12.0	12.6	15.5	15.5
Total	493.5	487.7	487.3	455.3	371.5

The following table provides our total undiscounted contracted revenue by key customers as of 31 December 2021 over the life of the contracts with local currency amounts converted at the applicable average rate for US Dollars for the year ended 31 December 2021 held constant. As at

31 December 2021, total contracted revenue was US$3.9 billion, of which 99.0% is from Multinational MNOs, with an average remaining life of 7.6 years. Our contracted revenue calculation for each year presented assumes the same basis as above.

(US$m)	Total committed revenues	% of total committed revenues
Multinational MNOs	3,877.2	99.0%
Other	39.4	1.0%
Total	**3,916.6**	**100.0%**

Management cash flow

(US$m)	Year ended 31 December **2021**	2020
Adjusted EBITDA	**240.6**	226.6
Less:		
Maintenance and corporate capital additions	**(22.1)**	(16.6)
Payments of lease liabilities(1)	**(31.0)**	(25.5)
Corporate taxes paid	**(19.2)**	(10.1)
Portfolio free cash flow(2)	**168.3**	174.4
Cash conversion %(3)	**70%**	77%
Net payment of interest(4)	**(93.3)**	(92.6)
Levered portfolio free cash flow	**75.0**	81.8
Discretionary capital additions(5)	**(373.3)**	(80.3)
Adjusted free cash flow	**(298.3)**	1.5
Net change in working capital(6)	**(11.6)**	(22.2)
Cash paid for exceptional and one-off items, and proceeds on disposal of assets(7)	**(75.1)**	(.50.0)
Free cash flow	**(385.0)**	(70.7)
Transactions with non-controlling interests	**–**	(1.6)
Net cash flow from financing activities(8)	**487.3**	279.8
Net cash flow	**102.3**	207.5
Opening cash balance	**428.7**	221.1
Foreign exchange movement	**(2.1)**	0.1
Closing cash balance	**528.9**	428.7

(1) Payment of lease liabilities includes interest and principal repayments of lease liabilities.

(2) Refer to reconciliation of cash generated from operating activities to portfolio free cash flow in the Alternative Performance Measures section.

(3) Cash conversion % is calculated as portfolio free cash flow divided by Adjusted EBITDA.

(4) Net payment of interest corresponds to the net of 'Interest paid' (including withholding tax) and 'Interest received' in the Consolidated Statement of Cash Flow, excluding interest payments on lease liabilities.

(5) Discretionary capital additions includes acquisition, growth and upgrade capital additions.

(6) Working capital means the current assets less the current liabilities for the Group. Net change in working capital corresponds to movements in working capital, excluding cash paid for exceptional and one-off items and including movements in capital expenditure related working capital.

(7) Cash paid for exceptional and one-off items and proceeds on disposal of assets includes project costs, deal costs, deposits in relation to acquisitions, proceeds on disposal of assets and non-recurring taxes. Non-recurring taxes were US$38 million and US$29 million in 2020 and 2021, respectively, and were fully-funded by Helios Towers' pre-IPO shareholders.

(8) Net cash flow from financing activities includes gross proceeds from issue of equity share capital, share issue costs, loan drawdowns, loan issue costs, repayment of loan and capital contributions in the Consolidated Statement of Cash Flows.

Cash conversion has decreased from 77% for the year ended 31 December 2020 to 70% for the year ended 31 December 2021. This is driven by an increase in maintenance and corporate capital additions, higher payments of lease liabilities year-on-year, and an increase in tax paid due to increased profitability in DRC, Ghana and Tanzania, partially offset with an increase in Adjusted EBITDA. Net change in working capital improved by US$10.6 million year-on-year due to a decrease in receivables days, from 53 days, for the year ended 31 December 2020, to 46 days in the year ended 31 December 202 1and an increase in trade and other payables. See Note 15 of the Group Financial Statements.

The Group's Consolidated Statement of Cash Flows is set out within the Group Financial Statements.

Capital expenditure

The following table shows our capital expenditure additions by category during the year ended 31 December:

	2021		2020	
	US$m	**% of total capex**	US$m	% of total capex
Acquisition	**237.6**	**60.1%**	15.9	16.4%

Growth	**117.9**	**29.8%**	48.9	50.5%
Upgrade	**17.8**	**4.5%**	15.5	16.0%
Maintenance	**20.3**	**5.1%**	15.4	15.9%
Corporate	**1.8**	**0.5%**	1.2	1.2%
Total	**395.4**	**100.0%**	96.9	100.0%

Acquisition capex in the year ended 31 December 2021 relates primarily to the acquisitions in Senegal and Madagascar, excluding the fair value of assets and liabilities acquired and goodwill recognised under IFRS 3. See Note 30 of the Group Financial Statements.

Trade and other receivables

Trade and other receivables increased from US$137.6 million at 31 December 2020 to US$186.6 million at 31 December 2021, primarily due to a US$24.1 million receivable paid into an escrow accounts in relation to the potential Oman transaction with Omantel and an increase in contract and sundry receivables, as a result of the acquisitions in Senegal and Madagascar.

Trade and other payables

Trade and other payables increased from US$174.7 million at 31 December 2020 to US$249.0 million at 31 December 2021, driven by a US$59.4 million increase in deferred consideration, relating to the Senegal and Madagascar acquisitions, and a US$29.6 million increase in accruals due to acquisitions in the year and capital projects around year end.

Cash and cash equivalents

Cash and cash equivalents increased by US$100.2 million year on year, primarily due to the issue of US$300.0 million of convertible bonds and US$109.3 million of equity, partially offset by US$214.1 million in consideration paid to acquire Senegal and Madagascar and US$170.5 million payments to acquire plant, property and equipment.

Cash flows from operations, investing and financing activities

Cash generated from operations reduced by 7% to US$195.9 million due to working capital movements offset by the increase in Adjusted EBITDA. Net cash used in investing activities was US$407.6 million for the year ended 31 December 2021, up from US$123.5 million in the prior year. The increase was primarily as a result of cash paid for acquisition in the year and the organic growth in sites during the year. Net cash generated from financing activities during the year was US$474.0 million, which primarily related to the issue of US$300 million of convertible bonds and US$109.3 million of equity.

Loans and borrowings

As of 31 December 2021 and 31 December 2020 the HT Group's outstanding loans and borrowings, excluding lease liabilities, were US$1,295.5 million (net of issue costs) and US$989.4 million respectively, and net leverage of 3.6x and 2.9x respectively. Indebtedness and leverage as at 31 December 2021 reflect the US$975 million Senior Notes refinance which was completed during the year ended 31 December 2020, US$300 million of convertible bonds of which US$250 million was issued in March 2021 with a coupon of 2.875% due in 2027, and US$50 million of the same Notes tapped in June 2021.

Further details of the refinance are provided in Note 20 of the Group Financial Statements.

Principal risks

Summarised below are the key risks identified (not in order of significance) which could have a material impact on the Group.

Risk	Category	Description	Mitigation	Status
1. Major quality failure or breach of contract	• Reputational • Financial	The Group's reputation and profitability could be damaged if the Group fails to meet its customers' operational specifications, quality standards or delivery schedules. A substantial portion of Group revenues is generated from a limited number of large customers. The loss of any of these customers would materially affect the Group's finances and growth prospects. Many of the Group's customer tower contracts contain liquidated damage provisions, which may require the Group to make unanticipated and potentially significant payments to its customers.	• Continued skills development and training programmes for the project and operational delivery team; • Detailed and defined project scoping and lifecycle management through project delivery and transfer to ongoing operations; • Contract and dispute management processes in place; • Continuous monitoring and management of customer relationships; and • Use of long-term contracting with minimal termination rights.	▶
2. Non-compliance with laws and regulations, such as: **• Safety, health and environmental laws** **• Anti-bribery and corruption provisions**	• Compliance • Financial • Reputational	Non-compliance with applicable laws and regulations may lead to substantial fines and penalties, reputational damage and adverse effects on future growth prospects. Sudden and frequent changes in laws and regulations, their interpretation or application and enforcement, both locally and internationally, may require the Group to modify its existing business practices, incur increased costs and subject it to potential additional liabilities.	• Constant monitoring of potential changes to laws and regulatory requirements; • In-person and virtual training on Safety, Health and Environmental matters provided to employees and relevant third-party contractors; • Ongoing refresh of compliance and related policies implemented in 2018 including specific details covering: anti-bribery and corruption; anti-facilitation of Tax Evasion; anti-money laundering; • Compliance monitoring activities and periodic reporting requirements introduced; • Ongoing engagement with external lawyers and consultants and regulatory authorities, as necessary, to identify and assess changes in the regulatory environment; • Third-Party Code of Conduct communicated and annual certifications required of all high and medium risk third parties; • Supplier audits and performance reviews; • ISO Certifications maintained; • Regionalisation of the Compliance function and recruitment of additional resource; and • Internal audit function adding additional checks and balances.	▶
3. Economic and political instability	• Operational • Financial	A slowdown in the growth of, or a reduction in demand for, wireless communication services could adversely affect the demand for communication sites and tower space and could have a material adverse effect on the Group's financial condition and results of operations. There are significant risks related to political instability, security, ethnic, religious and regional tensions in each market where the Group has operations.	• Ongoing market analysis and business intelligence gathering activities; • Market share growth strategy in place; • Close monitoring of any potential risks that may affect operations; and • Business continuity and contingency plans in place to respond to any emergency situations.	▶
4. Significant exchange rate movements	• Financial	Fluctuations in, or devaluations of, local market currencies where the Group operates could have a significant and negative financial impact on the Group's business, financial condition and results. Such impacts may also result from any adverse effects such movements have on Group third-party customers and strategic suppliers.	• USD and EUR pegged contracts; • 'Natural' hedge of local currencies (revenue vs. opex); • Monthly review of exchange rate differences; and • Regular upstream of cash with the majority of cash held in hard currency, i.e. USD/GBP at Group.	▶
5. Non-compliance with permit requirements	• Operational	The Group may not always operate with the necessary required approvals and permits for some of its tower sites, particularly in the case of existing tower portfolios acquired from a third party. Vagueness, uncertainty and changes in interpretation of regulatory requirements are frequent and often without warning. As a result, the Group may be subject to potential reprimands, warnings, fines and penalties for non-compliance with the relevant permitting and approval requirements.	• Inventory of required licences and permits maintained for each operating company; • Compliance registers maintained with any potential non-conformities identified by the relevant government authority with a timetable for rectification; • Periodic engagement with external lawyers and advisors and participation in industry groups; and • Active and ongoing engagement with relevant regulatory authorities to proactively identify, assess and manage actual and potential regulation changes.	▶

Risk	Category	Description	Mitigation	Status
6. Loss of key personnel	• People	The Group's successful operational activities and growth is closely linked to the knowledge and experience of key members of senior management and highly skilled technical employees. The loss of any such personnel, or the failure to attract, recruit and retain equally high calibre professionals could adversely affect the Group's operations, financial condition and strategic growth prospects.	• Talent identification and succession-planning exit for key roles; • Competitive benchmarked performance-related remuneration plans; and • Staff performance and development/support plans.	▶
7. Technology risk	• Strategic	Advances in technology that enhance the efficiency of wireless networks and potential active sharing of wireless spectrum may significantly reduce or negate the need for tower-based infrastructure or services. This could reduce the need for telecommunications operators to add more tower-based antenna equipment at certain tower sites, leading to a potential decline in tenants, service needs and decreasing revenue streams. Examples of such new technologies may include spectrally efficient technologies which could potentially relieve certain network capacity problems or complementary voice over internet protocol access technologies that could be used to offload a portion of subscriber traffic away from the traditional tower-based networks.	• Strategic long-term planning; • Business intelligence; • Exploring alternatives; • Continuously improving product offering to enable adaptation to new wireless technologies; and • Applying for new licences to provision active infrastructure services in certain markets.	▶
8. Failure to remain competitive	• Financial	Competition in, or consolidation of the telecommunications tower industry may create pricing pressures that materially and adversely affect the Group.	• KPI monitoring and benchmarking against competitors; • Total cost of ownership ('TCO') analysis for MNOs to run towers; • Fair and competitive pricing structure; • Business intelligence and review of competitors' activities; • Strong tendering team to ensure high win/retention rate; and • Continuous capex investment to ensure that the Group can facilitate customer needs quickly.	▶
9. Failure to integrate new lines of business in new markets	• Strategic • Financial • Operational	Multiple risks exist with entry into new markets and new lines of business. Failure to successfully manage and integrate operations, resources and technology could have material adverse implications for the Group's overall growth strategy and negatively impact its financial position and organisation culture.	• Pre-acquisition due diligence conducted with the assistance of external advisors with specific geographic and industry expertise; • Ongoing monitoring activities post-acquisition/agreement; • Detailed management, operations and technology integration plans; • Ongoing measurement of performance vs. plan and Group strategic objectives; and • Implementation of a regional CEO and support function governance and oversight structure.	▶
10. Tax disputes	• Compliance • Financial • Operational • Reputational	Our operations are based in certain countries with complex, frequently changing and bureaucratic and administratively burdensome tax regimes. This may lead to significant disputes around interpretation and application of tax rules and may expose us to significant additional taxation liabilities.	• Frequent interaction and transparent communication with relevant governmental authorities and representatives; • Engagement of external legal and tax advisors to advise on legislative/tax code changes and assessed liabilities or audits; • Engagement with trade associations and industry bodies and other international companies and organisations facing similar issues; • Defending against unwarranted claims; and • Strengthening of the Group tax team and continued recruitment of in-house tax expertise at both Group and OpCo levels.	▶
11. Operational resilience	• Strategic • Reputational • Operational	The ability of the Group to continue operations is heavily reliant on third parties, the proper functioning of its technology platforms and the capacity of its available human resources. Failure in any of these three areas could severely affect its operational capabilities and ability to deliver on its strategic objectives.	• Ongoing enhancements to data security and protection measures with third-party expert support; • Additional investment in IT resource and infrastructure to increase automation and workflow of business as usual activities; • Third-party due diligence, ongoing monitoring and regular supplier performance reviews; • Alternative sources of supply are previously identified to deal with potential disruption to the strategic supply chain; and • Ongoing review and involvement of the Human Resources function at an early stage in organisation design and development activities.	▶

Risk	Category	Description	Mitigation	Status
12. Covid-19	• Operational • Financial	In addition to the risk to the Health and Safety of our employees and contractors, the ongoing impact of the Covid-19 pandemic could materially and adversely affect the financial and operational performance of the Group across all of its activities. The effects of the pandemic may also disrupt the achievement of the Group's strategic plans and growth objectives and place additional strain on its technology infrastructure. There is also an increased risk of litigation due to the potential effects of the pandemic on fulfilment of contractual obligations.	• Health and Safety protocols established and implemented; • Business continuity plans implemented with ongoing monitoring; • Financial modelling, scenario building and stress testing; • Continuous scanning of the external environment; • Increased fuel purchases; and • Review of contractual terms and conditions.	▶
13. Information management failure and cyber attack risk	• Operational • Financial • Reputational	We are increasingly dependent on the performance and effectiveness of our IT systems. Failure of our key systems, exposure to the increasing risk of cybercrime attacks and threats, loss or theft of sensitive information, whether accidentally or intentionally, expose the Group to operational, strategic, reputational and financial risks. These risks are increasing due to greater interconnectivity, reliance on technology solutions to drive business performance, use of third parties in operational activities and continued adoption of remote working practices. Cyber attacks are becoming more sophisticated and frequent and may compromise sensitive information of the Group, its employees, customers or other third-parties. Failure to prevent unauthorised access or to update processes and IT security measures may expose the Group to potential fraud, inability to conduct its business, damage to customers as well as regulatory investigations and associated fines and penalties.	• Ongoing implementation and enhancement of security and remote access processes, policies and procedures; • Regular security testing regime established, validated by independent third parties; • Annual staff training and awareness programme in place; • Security controls based on industry best practice frameworks, such as NCSC (https://www.ncsc.gov.uk/), and validated through internal audit assessments; • Specialist security third parties engaged to assess cyber risks and mitigation plans; • Incident management and response processes aligned to ITIL® best practice - identification, containment, eradication, recovery and lessons learned; and • New supplier risk management assessments and due diligence carried out.	▶
14. Climate change	• Operational • Financial • Reputational	There is continuing and increasing focus by regulators, investors and communities on the impacts of GHG emissions on business and society. Business risks we may face as a result of climate change relate to physical risks to our assets, operations and personnel (i.e. events arising due to the frequency and severity of extreme weather events or shifts in climate patterns) and transition risks (i.e. economic, technology or regulatory changes related to the move towards a low-carbon economy). Governments in our operating markets, in addition to increasing qualitative and quantitative disclosure requirements, may take action to address climate change such as the introduction of a carbon tax or mandate net zero requirements which could impact our business through higher costs or reduced flexibility of operations.	• Carbon reduction intensity target to 2030 with an ambition to decarbonise our emissions to net zero by 2040; • Monitoring changes to carbon legislation and regulations in all our markets; • Investing in solutions which reduce our carbon footprint and reliance on diesel such as installing hybrid and solar solutions in many of our towers and connecting to grid power where possible; • Additional capital expenditure in carbon reduction innovation; • Factoring emissions and climate risk into strategy and growth plans. All operating companies' budgets and forecasts include calculated emissions to evaluate trends vs. our 2030 carbon target; • Aligning with the TCFD framework; and • Dedicated sustainability team at Group level.	●

NOTE: Principal risks identified, may combine and amalgamate elements of individual risks included in the detailed Group risk register.

Key

▲ Risk increasing

▼ Risk decreasing

▶ No change

Financial Statements

Consolidated Income Statement

For the year ended 31 December

	Note	**2021 US$m**	2020 US$m
Revenue	3	**449.1**	414.0
Cost of sales		**(295.3)**	(266.1)
Gross profit		**153.8**	147.9
Administrative expenses		**(94.3)**	(83.5)
Loss on disposal of property, plant and equipment		**(0.5)**	(8.1)
Operating profit	5a	**59.0**	56.3
Interest receivable	8	**0.7**	0.8
Other gains and (losses)	24	**(28.0)**	40.1
Finance costs	9	**(151.1)**	(118.1)
Loss before tax		**(119.4)**	(20.9)
Tax expense	10	**(36.8)**	(15.8)
Loss after tax for the year		**(156.2)**	(36.7)
Loss attributable to:			
Owners of the Company		**(156.2)**	(36.7)
Loss for the year		**(156.2)**	(36.7)
Loss per share:			
Basic loss per share (cents)	29	**(15)**	(4)
Diluted loss per share (cents)	29	**(15)**	(4)

All activities relate to continuing operations.

The accompanying Notes form an integral part of these Financial Statements.

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December

	2021 **US$m**	2020 US$m
Loss after tax for the year	**(156.2)**	(36.7)
Other comprehensive (loss)/gain:		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations	**3.3**	(9.2)
Total comprehensive loss for the year, net of tax	**(152.9)**	(45.9)
Total comprehensive loss attributable to:		
Owners of the Company	**(152.9)**	(45.9)
Total comprehensive loss for the year	**(152.9)**	(45.9)

The accompanying Notes form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31 December

Assets	Note	2021 US$m	2020 US$m
Non-current assets			
Intangible assets	11	**227.3**	23.2
Property, plant and equipment	12a	**718.7**	594.7
Right-of-use assets	12b	**161.1**	109.2
Derivative financial assets	26	**57.7**	88.8
		1,164.8	815.9
Current assets			
Inventories	14	**10.5**	9.0
Trade and other receivables	15	**186.6**	137.6
Prepayments	16	**43.3**	39.3
Cash and cash equivalents	17	**528.9**	428.7
		769.3	614.6
Total assets		**1,934.1**	1,430.5
Equity and liabilities			
Equity			
Share capital	18	**13.5**	12.8
Share premium	18	**105.6**	–
Other reserves		**(87.0)**	(87.0)
Convertible bond reserves	20	**52.7**	–
Share-based payments reserves	25	**19.6**	18.4
Treasury shares	18	**(1.1)**	(2.3)
Translation reserve		**(88.6)**	(91.9)
Retained earnings		**153.3**	280.3
Total equity		**168.0**	130.3
Current liabilities			
Trade and other payables	19	**249.0**	174.7
Short-term lease liabilities	21	**33.0**	23.5
Loans	20	**2.8**	2.6
		284.8	200.8
Non-current liabilities			
Deferred tax liabilities		**39.7**	4.4
Long-term lease liabilities	21	**148.9**	108.2
Loans	20	**1,292.7**	986.8
		1,481.3	1,099.4
Total liabilities		**1,766.1**	1,300.2
Total equity and liabilities		**1,934.1**	1,430.5

The accompanying Notes form an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board on 16 March 2022 and signed on its behalf by:

Kash Pandya **Manjit Dhillon**

Consolidated Statement of Changes in Equity

For the year ended 31 December

	Note	Share capital US$m	Share premium US$m	Other reserves US$m	Treasury shares US$m	Share-based payments reserves US$m	Convertible bond reserves US$m	Translation reserve US$m	Retained earnings US$m	Attributable to the owners of the Company US$m	Non–controlling interest ('NCI') US$m	Total equity US$m
Balance at 1 January 2020		12.8	–	(87.0)	(4.4)	19.6	–	(82.7)	317.6	175.9	(0.6)	175.3
Loss for the year		–	–	–	–	–	–	–	(36.7)	(36.7)	–	(36.7)
Other comprehensive loss		–	–	–	–	–	–	(9.2)	–	(9.2)	–	(9.2)
Total comprehensive loss for the year		–	–	–	–	–	–	(9.2)	(36.7)	(45.9)	–	(45.9)
Transactions with owners;												
Share-based payments	25	–	–	–	–	0.9	–	–	–	0.9	–	0.9
Transfer of treasury shares		–	–	–	2.1	(2.1)	–	–	–	–	–	–
Non-controlling interest		–	–	–	–	–	–	–	(0.6)	(0.6)	0.6	–
Balance at 31 December 2020		12.8	–	(87.0)	(2.3)	18.4	–	(91.9)	280.3	130.3	–	130.3
Loss for the year		–	–	–	–	–	–	–	(156.2)	(156.2)	–	(156.2)
Other comprehensive loss		–	–	–	–	–	–	3.3	–	3.3	–	3.3
Total comprehensive loss for the year		–	–	–	–	–	–	3.3	(156.2)	(152.9)	–	(152.9)
Transactions with owners;												
Issue of share capital		0.7	105.6	–	–	–	–	–	–	106.3	–	106.3
Convertible bond reserves		–	–	–	–	–	52.7	–	–	52.7	–	52.7
Share-based payments	25	–	–	–	–	2.4	–	–	–	2.4	–	2.4
Transfer of treasury shares		–	–	–	1.2	(1.2)	–	–	–	–	–	–
Capital contribution	10	–	–	–	–	–	–	–	29.2	29.2	–	29.2
Balance at 31 December 2021		**13.5**	**105.6**	**(87.0)**	**(1.1)**	**19.6**	**52.7**	**(88.6)**	**153.3**	**168.0**	**–**	**168.0**

In March 2021 the Group issued US$250 million of convertible bonds with a coupon of 2.875%, due in 2027. In June 2021 the Group tapped the bond for an aggregate principal amount of US$50 million. On initial recognition of the convertible bond and the convertible bond tap, a liability and equity reserve component were recognised being US$242.4 million and US$52.7 million respectively including transaction costs.

Share-based payments reserves relate to share options awarded. See Note 25.

Translation reserve relates to the translation of the Financial Statements of overseas subsidiaries into the presentational currency of the Consolidated Financial Statements.

Included in other reserves is the merger accounting reserve which arose on Group reorganisation in 2019 and is the difference between the carrying value of the net assets acquired and the nominal value of the share capital.

The accompanying Notes form an integral part of these Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December

	Note	2021 US$m	2020 US$m
Cash flows from operating activities			
Loss before tax		**(119.4)**	(20.9)
Adjustments for:			
Other gains and (losses)	24	**28.0**	(40.1)
Finance costs	9	**151.1**	118.1
Interest receivable	8	**(0.7)**	(0.8)
Depreciation and amortisation on property, plant and equipment	11, 12	**159.8**	148.0
Share-based payments and long-term incentive plans	25	**2.0**	1.0
Loss on disposal of property, plant and equipment	4	**0.5**	8.1
Movement in working capital:			
(Increase)/decrease in inventories		**(1.6)**	0.6
(Increase)/decrease in trade and other receivables		**(18.1)**	21.1
(Increase) in prepayments		**(4.6)**	(0.8)
(Decrease) in trade and other payables		**(1.1)**	(24.7)
Cash generated from operations		**195.9**	209.6
Interest paid		**(111.7)**	(102.3)
Tax paid	10	**(48.3)**	(47.8)
Net cash generated from operating activities		**35.9**	59.5
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**(168.5)**	(123.4)
Payments to acquire intangible assets		**(2.0)**	(0.3)
Acquisition of subsidiaries	30	**(238.2)**	–
Proceeds on disposal on assets		**0.5**	1.0
Transactions with non-controlling interests		**–**	(1.6)
Interest received		**0.6**	0.8
Net cash used in investing activities		**(407.6)**	(123.5)
Cash flows from financing activities			
Gross proceeds from issue of equity share capital		**109.3**	–
Share issue costs		**(3.0)**	–
Loan drawdowns		**367.6**	995.6
Loan issue costs		**(15.8)**	(26.0)
Repayment of loan		**–**	(689.8)
Repayment of lease liabilities		**(13.3)**	(8.3)
Capital contributions		**29.2**	–
Net cash generated from financing activities		**474.0**	271.5
Net increase in cash and cash equivalents		**102.3**	207.5
Foreign exchange on translation movement		**(2.1)**	0.1
Cash and cash equivalents at 1 January		**428.7**	221.1
Cash and cash equivalents at 31 December		**528.9**	428.7

The accompanying Notes form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of compliance and presentation of financial statements

Helios Towers plc (the 'Company'), together with its subsidiaries (collectively, 'Helios', or the 'Group'), is an independent tower company, with operations across seven countries. Helios Towers plc is a public limited company incorporated and domiciled in the UK, and registered under the laws of England & Wales under company number 12134855 with its registered address at 10th Floor, 5 Merchant Square West, London, W2 1AS, United Kingdom. In October 2019, the ordinary shares of Helios Towers plc were admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and trade on the London Stock Exchange Plc's main market for listed securities.

The Company and entities controlled by the Company are disclosed in Note 13. The principal accounting policies adopted by the Group are set out in Note 2. These policies have been consistently applied to all periods presented.

2(a). Accounting policies

Basis of preparation

The Group's Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom ('IFRSs'), taking into account IFRS Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period. The Financial Statements are presented in United States Dollars ('US$') and rounded to the nearest hundred thousand (US$0.1 million) except when otherwise indicated. Comparatives are updated where appropriate.

The financial information included within this Preliminary Announcement does not constitute the Company's statutory Financial Statements for the years ended 31 December 2021 or 31 December 2020 within the meaning of s435 of the Companies Act 2006, but is derived from those Financial Statements. Statutory Financial Statements for the year ended 31 December 2020 have been delivered to the Registrar of Companies and those for the year ended 31 December 2021 will be delivered to the Registrar of Companies during April 2022. The auditor has reported on those Financial Statements; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. While the financial information included in this Preliminary Announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRSs") adopted pursuant to IFRSs as issued by the United Kingdom, this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full Financial Statements that comply with IFRSs during March 2022.

Going concern

The Directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook in the wider economy. The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group should remain adequately liquid and should operate within the covenant levels of its current debt facilities. The Directors consider it appropriate to adopt the going concern basis of preparation for the Consolidated Financial Statements.

As part of their regular assessment of the Group's working capital and financing position, the Directors have prepared a detailed trading and cash flow forecast for a period which covers at least 12 months after the date of approval of the Consolidated Financial Statements. In assessing the forecast, the Directors have considered:

- trading risks presented by the current economic conditions in the operating markets;
- the impact of macroeconomic factors, particularly interest rates and foreign exchange rates;
- the status of the Group's financial arrangements;
- progress made in developing and implementing cost reduction programmes, climate change considerations and operational improvements; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary overheads and restricting cash outflows.

In particular, the Directors have considered the impact of Covid-19 on the Group's operations. The Directors have acknowledged the latest guidance on going concern as issued by the Financial Reporting Council. Management have considered the latest forecasts available to them and additional sensitivity analysis has been prepared to consider any reduction in anticipated levels of Adjusted EBITDA and operating profit arising from various scenarios.

The Directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements. Forecast liquidity has been assessed under a number of stressed scenarios and a reverse stress test was performed to support this assertion.

3. Segmental reporting

The following segmental information is presented in a consistent format with management information considered by the CEO of each operating segment, and the CEO- Designate, COO and CFO of the Group, who are considered to be the chief operating decision makers ('CODMs'). Operating segments are determined based on geographical location. All operating segments have the same business of operating and maintaining telecoms towers and renting space on such towers. Accounting policies are applied consistently for all operating segments. The segment operating result used by CODMs is Adjusted EBITDA, which is defined in Note 4.

For the year to 31 December 2021	Tanzania US$m	DRC US$m	Congo Brazzaville US$m	Ghana US$m	South Africa US$m	Senegal US$m	Madagascar US$m	Total operating companies US$m
Revenue	**170.4**	**176.4**	**27.7**	**42.8**	**6.0**	**23.4**	**2.4**	**449.1**
Adjusted gross margin[1]	**69%**	**64%**	**65%**	**69%**	**75%**	**64%**	**50%**	**67%**
Adjusted EBITDA[2]	**113.2**	**101.0**	**13.1**	**25.8**	**2.6**	**12.7**	**0.9**	**269.3**
Adjusted EBITDA margin[3]	**66%**	**57%**	**47%**	**60%**	**44%**	**54%**	**37%**	**60%**
Financing costs								
Interest costs	**(35.6)**	**(50.2)**	**(10.8)**	**(8.8)**	**(5.5)**	**(12.2)**	**(0.1)**	**(123.2)**
Foreign exchange differences	**(0.5)**	**0.3**	**(7.1)**	**(2.5)**	**(0.1)**	**(0.8)**	**–**	**(10.7)**
Total finance costs	**(36.1)**	**(49.9)**	**(17.9)**	**(11.3)**	**(5.6)**	**(13.0)**	**(0.1)**	**(133.9)**
Other segmental information								
Non-current assets	**302.1**	**306.6**	**36.1**	**55.4**	**52.3**	**262.9**	**73.7**	**1,089.1**
Property, plant and equipment additions	**60.0**	**56.7**	**10.9**	**14.5**	**9.3**	**100.1**	**27.9**	**279.4**
Property, plant and equipment depreciation and amortisation	**48.9**	**53.2**	**10.8**	**7.7**	**3.2**	**14.7**	**0.5**	**139.0**

For the year to 31 December 2021	Total operating companies US$m	Corporate US$m	Group total US$m
Revenue	**449.1**	**–**	**449.1**
Adjusted gross margin[1]	**67%**	**–**	**67%**
Adjusted EBITDA[2]	**269.3**	**(28.7)**	**240.6**
Adjusted EBITDA margin[3]	**60%**	**–**	**54%**
Financing costs			
Interest costs	**(123.2)**	**(6.3)**	**(129.5)**
Foreign exchange differences	**(10.7)**	**(10.9)**	**(21.6)**
	(133.9)	**(17.2)**	**(151.1)**
Other segmental information			
Non-current assets	**1,089.1**	**75.7**	**1,164.8**
Property, plant and equipment additions	**279.4**	**3.2**	**282.6**
Property, plant and equipment depreciation and amortisation	**139.0**	**5.5**	**144.5**

(1) Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.

(2) Adjusted EBITDA is loss before tax for the year, adjusted for finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Other adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.

(3) Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.

For the year to 31 December 2020	Tanzania US$m	DRC US$m	Congo Brazzaville US$m	Ghana US$m	South Africa US$m	Senegal US$m	Madagascar US$m	Total operating companies US$m
Revenue	167.1	174.0	26.6	42.9	3.4	–	–	414.0
Adjusted gross margin(1)	67%	67%	66%	72%	77%	–	–	68%
Adjusted EBITDA(2)	105.0	103.5	12.7	27.4	1.1	–	–	249.7
Adjusted EBITDA margin(3)	63%	59%	48%	64%	32%	–	–	60%
Financing costs								
Interest costs	(36.2)	(49.6)	(9.5)	(7.3)	(2.9)	–	–	(105.5)
Foreign exchange differences	(1.8)	0.5	6.8	(2.2)	–	–	–	3.3
Total finance costs	(38.0)	(49.1)	(2.7)	(9.5)	(2.9)	–	–	(102.2)
Other segmental information								
Non-current assets	280.6	295.8	39.5	48.5	50.3	–	–	714.7
Property, plant and equipment additions	33.8	27.8	7.7	9.2	17.1	–	–	95.6
Property, plant and equipment depreciation and amortisation	(51.1)	(57.7)	(11.0)	(7.9)	(2.1)	–	–	(129.8)

For the year to 31 December 2020	Total operating companies US$m	Corporate US$m	Group total US$m
Revenue	414.0	–	414.0
Adjusted gross margin(1)	68%	–	68%
Adjusted EBITDA(2)	249.7	(23.1)	226.6
Adjusted EBITDA margin(3)	60%	–	55%
Financing costs			
Interest costs	(105.5)	7.7	(97.8)
Early redemption charges(4)	–	(23.9)	(23.9)
Foreign exchange differences	3.3	0.3	3.6
Total finance costs	(102.2)	(15.9)	(118.1)
Other segmental information			
Non-current assets	714.7	101.2	815.9
Property, plant and equipment additions	95.6	1.3	96.9
Property, plant and equipment depreciation and amortisation	(129.8)	(4.2)	(134.0)

(1) Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.

(2) Adjusted EBITDA is loss before tax for the year, adjusted for finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Other adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.

(3) Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.

(4) Corporate includes call premium and release of transaction costs of US$13.7 million and US$10.2 million respectively, in relation to the early redemption of the US$600 million Senior Notes. See Note 20 for further detail.

4. Reconciliation of aggregate segment Adjusted EBITDA to loss before tax

The key segment operating result used by chief operating decision makers ('CODMs') is Adjusted EBITDA.

Management defines Adjusted EBITDA as loss before tax for the year, adjusted for finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Other adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.

The Group believes that Adjusted EBITDA and Adjusted EBITDA margin facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact of changes in effective tax rates or net operating losses) and the age and booked depreciation on assets. The Group excludes certain items from Adjusted EBITDA, such as loss on disposal of property, plant and equipment and other adjusting items because it believes they are not indicative of its underlying trading performance.

Adjusted EBITDA is reconciled to loss before tax as follows:

	2021 US$m	2020 US$m
Adjusted EBITDA	**240.6**	226.6
Adjustments applied to give Adjusted EBITDA		
Adjusting items:		
Project costs(1)	**–**	(4.4)
Deal costs(2)	**(19.3)**	(8.8)
Share-based payments and long-term incentive plan charges(3)	**(2.0)**	(1.0)
Loss on disposal of property, plant and equipment	**(0.5)**	(8.1)
Other gains and (losses)	**(28.0)**	40.1
Depreciation of property, plant and equipment	**(142.2)**	(128.4)
Amortisation of intangible assets	**(2.3)**	(5.6)
Depreciation of right-of-use assets	**(15.3)**	(14.0)
Interest receivable	**0.7**	0.8
Finance costs	**(151.1)**	(118.1)
Loss before tax	**(119.4)**	(20.9)

(1) Project costs in 2020 relate to the preparation for debt refinancing which cannot be capitalised.

(2) Deal costs comprise costs related to potential acquisitions and the exploration of investment opportunities, which cannot be capitalised. These comprise employee costs, professional fees, travel costs and set up costs incurred prior to operating activities commencing.

(3) Share-based payments and long-term incentive plan charges and associated costs.

5a. Operating profit

Operating profit is stated after charging the following:

	2021 US$m	2020 US$m
Cost of inventory expensed	**49.0**	51.8
Auditor remuneration (see Note 5b)	**2.8**	2.8
Loss on disposal of property, plant and equipment	**0.5**	8.1
Depreciation and amortisation	**159.8**	148.0
Staff costs (Note 6)	**31.7**	27.5

5b. Audit remuneration

	2021 US$m	2020 US$m
Statutory audit of the Company’s annual accounts	**0.4**	0.4
Statutory audit of the Group’s subsidiaries	**1.7**	1.5
Audit fees:	**2.1**	1.9
Interim review engagements	**0.3**	0.4
Other assurance services	**0.4**	0.5
Audit related assurance services	**0.7**	0.9
Total non-audit fees	**0.7**	0.9
Total fees	**2.8**	2.8

6. Staff costs

Staff costs consist of the following components:

	2021 US$m	2020 US$m
Wages and salaries	**29.0**	25.6
Social security costs – employer contributions	**1.9**	1.4
Pension costs	**0.8**	0.5
	31.7	27.5

The average monthly number of employees during the year was made up as follows:

	2021	2020
Operations	**239**	137
Legal and regulatory	**47**	29
Administration	**51**	37
Finance	**91**	86
Sales and marketing	**33**	67
	461	356

Some departments previously classified as sales and marketing have been reallocated to operations within the current year.

7. Key management personnel compensation

	2021 US$m	2020 US$m
Salary, fees and bonus	**4.6**	3.3
Pension and benefits	**0.3**	0.2
Share based payment charge	**0.6**	0.3
	5.5	3.8

The above remuneration information relates to Directors in Helios Towers plc. Further details can be found in the Directors' Remuneration Report of the Annual Report.

8. Interest receivable

	2021 US$m	2020 US$m
Bank interest receivable	**0.7**	0.8

9. Finance costs

	2021 US$m	2020 US$m
Foreign exchange differences	**21.6**	(3.6)
Interest costs	**110.2**	80.5
Early redemption expenses	**–**	23.9
Interest costs on lease liabilities	**19.3**	17.3
	151.1	118.1

The year-on-year increase in foreign exchange differences for the year ended 31 December 2021 is driven primarily by the fluctuations year-on-year of the Central African Franc and Ghana Cedi.

10. Tax expense, tax paid and deferred tax

	2021 US$m	2020 US$m
(a) Tax expense:		
Current tax		
In respect of current year	**29.5**	12.2
Adjustment in respect of prior years	**11.7**	3.2
Total current tax	**41.2**	15.4
Deferred tax		
Originating temporary differences on acquisition of subsidiary undertakings	**(0.2)**	(0.6)
Originating temporary differences on capital assets	**(4.2)**	1.0
Total deferred tax	**(4.4)**	0.4
Total tax expense	**36.8**	15.8
(b) Tax reconciliation:		
Loss before tax	**(119.4)**	(20.9)
Tax computed at the local statutory tax rate	**(20.9)**	(4.2)
Tax effect of expenditure not deductible for tax purposes	**39.4**	25.0
Tax effect of income not taxable in determining taxable profit	**(7.2)**	(1.8)
Fixed asset timing differences	**0.9**	-
Deferred income tax movement not recognised	**(1.4)**	(9.3)
Prior year over/(under) provision	**11.7**	3.2
Change of Control Taxes	**12.0**	–
Minimum income taxes	**0.3**	2.3
Other	**2.0**	0.6
Total tax expense	**36.8**	15.8

The range of statutory income tax rates applicable to the Group's operating subsidiaries is between 20% and 30%.

A change of control (as defined by the relevant local tax authority) has been triggered in a number of the Group's subsidiaries. An amount has been set aside by the pre-IPO shareholders and held in escrow to cover cash outflows in respect of these taxes which the Group believes is sufficient to cover its current estimates. In Ghana the tax charge has been computed resulting from an enterprise valuation process with external advisors and the amount is based on the Directors' best estimate of the outcome. The nature of a valuation process is inherently judgemental and is subject to the confirmation by the local tax authority. As a result the tax charge recorded may change once the process is finalised, which is expected during 2022, but the Directors do not expect this to be material.

As stipulated by local applicable law, minimum income taxes were chargeable on operating entities in Congo Brazzaville and Senegal which have reported tax losses for the year ended 31 December 2021. Minimum income taxes rules do not apply to the loss-making entities in the South African business.

A tax charge is reported in the consolidated financial statements despite a consolidated loss for accounting purposes, as a result of losses recorded in certain holding companies in Mauritius and UK. Such losses are not able to be group relieved against taxable profits in the operating company jurisdictions.

During the year, Helios Towers Ltd, HTA Holdings Ltd, HT Congo Brazzaville Holdco Ltd and HT Holdings Tanzania Ltd each obtained a Global Business License, in addition to HTA Group Ltd having obtained the License in a prior period and a Tax Residence Certificate in Mauritius. From 1 July 2021, the profits of these entities are subject to income tax, subject to ongoing conditions of the Global Business License.

Based on recent experience of closing tax audit cases, the provisions held by the Group have accurately quantified the final amounts determined. The Directors considered the current provisions held by the Group to be appropriate.

Tax paid	**2021 US$m**	2020 US$m
Income tax	**(19.2)**	(10.1)
Change of Control Taxes funded by escrow restricted cash	**(29.1)**	(37.7)
Total tax paid	**(48.3)**	(47.8)

Deferred tax

As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, the deferred tax balance at the balance sheet date has been calculated at the rate at which the relevant balance is expected to be recovered or settled. Management has performed an assessment, for all material deferred income tax assets and liabilities, to determine the period over which the deferred income tax assets and liabilities are forecast to be realised. The deferred tax balances are calculated by applying the relevant statutory corporate income tax rates at the balance sheet date.

The following are the deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

	Accelerated tax depreciations US$m	Short term timing differences US$m	Tax losses US$m	Intangible assets US$m	Total US$m
1 January 2020	–	(4.0)	–	–	(4.0)
Charge for the year	(1.0)	0.6	–	–	(0.4)
31 December 2020	(1.0)	(3.4)	–	–	(4.4)
Arising on acquisition	**–**	**–**	**–**	**(38.7)**	**(38.7)**
Charge for the year	**(1.7)**	**4.7**	**1.2**	**0.2**	**4.4**
Exchange rate differences	**–**	**–**	**–**	**2.4**	**2.4**
31 December 2021	**(2.7)**	**1.3**	**1.2**	**(36.1)**	**(36.3)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 US$m	2020 US$m
Deferred tax liabilities	**(42.6)**	(4.4)
Deferred tax assets	**6.3**	–
Total	**(36.3)**	(4.4)

Unrecognised deferred tax

At the reporting date, the Group had unused tax losses of $226.4m (2020: $200.6m) available for offset against future periods. No deferred tax asset is recognised on US$222.3m of tax losses at the balance sheet date, as the relevant businesses are not expected to generate sufficient taxable profits in the short term to justify recognising the associated deferred tax assets. DRC US$121.2m (tax effect US$36.4m), South Africa US$13.9m (tax effect US$3.9m), Congo Brazzaville US$20.0m (tax effect US$5.6m), Mauritius US$ 61.1m (tax effect US$9.2m).

No deferred tax liability is recognised on temporary differences relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Uncertain tax positions

Measurement of the Group's tax liability involves estimation of the tax liabilities arising from transactions in tax jurisdictions for which the ultimate tax determination is uncertain. Where there are uncertain tax positions, the Directors assess whether it is probable that the position adopted in tax filings will be accepted by the relevant tax authority, with the results of this assessment determining the accounting that follows. The Group uses tax experts in all jurisdiction when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The Group's tax provision for these matters are recognised within current tax liabilities. The provision reflects a number of estimates where the amount of tax payable is either currently under audit by the tax authorities or relates to a period which has yet to be audited. These areas include the tax effects of change of control events, which are calculated based on valuations of the company's operations in the relevant jurisdictions, and interpretation of taxation law relating to statutory tax filings by the Helios Towers Group.

The nature of the items, for which a provision is held, is such that the final outcome could vary from the amounts recognised once a final tax determination is made. To the extent the estimated final outcome differs from the tax that has been provided, adjustments will be made to income tax and deferred tax balances held in the period the determination is made. Whilst the value of open tax audit cases for payroll, VAT and corporate income taxes across the group is material in aggregate, based on recent experiences of closing tax audit cases, the resulting adjustments are generally not material and tax accruals and provisions held by the Group have accurately quantified the final amounts determined. Therefore, the Directors consider the current provisions held by the Group to be appropriate and do not anticipate a significant risk of a material change to the amounts accrued and provided at 31 December 2021 within the next financial year.

11. Intangible assets

	Goodwill US$m	Customer contracts US$m	Customer relationships US$m	Colocation rights US$m	Right of first refusal US$m	Non-compete agreement US$m	Computer software and licence US$m	Total US$m
Cost								
At 1 January 2020	4.2	3.5	7.1	8.8	35.0	31.1	19.4	109.1
Additions during the year	–	–	–	–	–	–	0.3	0.3
Disposals	–	–	–	–	–	(30.0)	–	(30.0)
Effects of foreign currency exchange differences	0.7	(0.2)	(0.3)	–	–	–	–	0.2
At 31 December 2020	4.9	3.3	6.8	8.8	35.0	1.1	19.7	79.6
Additions during the year	**–**	**–**	**–**	**–**	**-**	**–**	**2.0**	**2.0**
Additions on acquisition of subsidiary undertakings	**13.6**	**–**	**205.6**	**–**	**–**	**–**	**–**	**219.2**
Disposals	**–**	**–**	**–**	**–**	**(35.0)**	**–**	**–**	**(35.0)**
Effects of foreign currency exchange differences	**(0.7)**	**(0.3)**	**(12.6)**	**–**	**–**	**–**	**(0.4)**	**(14.0)**
At 31 December 2021	**17.8**	**3.0**	**199.8**	**8.8**	**-**	**1.1**	**21.3**	**251.8**
Amortisation								
At 1 January 2020	–	(0.2)	(0.3)	(0.3)	(32.7)	(30.0)	(17.2)	(80.7)
Charge for year	–	(0.2)	(0.5)	(0.6)	(2.4)	(0.3)	(1.6)	(5.6)
Disposals	–	–	–	–	–	30.0	–	30.0
Effects of foreign currency exchange differences	–	–	–	–	0.1	–	(0.2)	(0.1)
At 31 December 2020	–	(0.4)	(0.8)	(0.9)	(35.0)	(0.3)	(19.0)	(56.4)
Charge for year	**–**	**(0.2)**	**(0.8)**	**(0.5)**	**–**	**(0.2)**	**(0.6)**	**(2.3)**
Disposals	**–**	**–**	**–**	**–**	**35.0**	**–**	**–**	**35.0**
Effects of foreign currency exchange differences	**–**	**–**	**(0.9)**	**(0.2)**	**–**	**–**	**0.3**	**(0.8)**
At 31 December 2021	**–**	**(0.6)**	**(2.5)**	**(1.6)**	**–**	**(0.5)**	**(19.3)**	**(24.5)**
Net book value								
At 31 December 2021	**17.8**	**2.4**	**197.3**	**7.2**	**-**	**0.6**	**2.0**	**227.3**
At 31 December 2020	4.9	2.9	6.0	7.9	–	0.8	0.7	23.2

On 18 May 2021, the Group completed the first closing of sites of the previously announced transaction with Free Senegal. The group has acquired the passive infrastructure on 1,220 sites, colocation contracts and certain employee contracts. The Group has treated this as a single business combination transaction and accounted for it in accordance with IFRS 3 – Business Combinations ('IFRS 3') using the acquisition method. As a result of this transaction, intangible assets have been acquired comprising customer relationships and goodwill. Please refer to further details in Note 30.

On 2 November 2021, the Group completed the acquisition of Airtel Madagascar Towers SA of the previously announced transaction with Airtel Madagascar. The group has acquired the passive infrastructure on 490 sites, colocation contracts and certain supplier contracts. The Group has treated this as a single business combination transaction and accounted for it in accordance with IFRS 3 – Business Combinations ('IFRS 3') using the acquisition method. As a result of this transaction, intangible assets have been acquired comprising customer relationships and goodwill. Please refer to further details in Note 30.

Impairment

The Group tests goodwill, irrespective of any indicators, at least annually for impairment. All other intangible assets are tested for impairment where there is an impairment indicator. The Group's CGUs are aligned to its operating segments. If any such indication exists, then the CGUs recoverable amount is estimated. For goodwill, the recoverable amount of the related CGU is also estimated each year.

The carrying value of goodwill at 31 December was as follows:

Goodwill	**2021 US$m**	2020 US$m
2019 South Africa	**4.5**	4.9
2021 Senegal	**5.3**	–
2021 Madagascar	**8.0**	–
Total	**17.8**	4.9

The recoverable amount is determined based on a value in use calculation using cash flow projections for the next five years from financial budgets approved by the Board of Directors, which incorporates climate change considerations. Management uses contractual customer agreements at the time, independently assessed new tenancies based on the expected growth in the markets and operating expense assumptions based on past experience in its cash flow projections.

Key assumptions used in value in use calculations

- number of additional colocation tenants added to towers in future periods. These are based on estimates of the number of tower opportunities in the relevant markets and the expected growth in these markets;
- discount rate; and
- operating cost and capital expenditure requirements.

The key assumptions used to assess the value in use calculations were a pre-tax risk adjusted discount rate (South Africa,12.5%, Senegal 13.25% and Madagascar 15.0%) and also estimated long-term growth rates (South Africa 2.3%, Senegal 2.3% and Madagascar 2.3%). Due to the CGUs only recently being acquired, there is limited headroom in the impairment model which is to be expected. All businesses are performing in line with management expectations but a reasonable change in key assumptions would result in an impairment. The adjustment required to the discount rate to breakeven is an increase of South Africa 0.2%, Madagascar 0.5% and Senegal 0.5%. The adjustment required to the future cash flows to breakeven is a decrease of South Africa 1.6%, Madagascar 2.7% and Senegal 3.0%. The adjustment required to the long term growth rate to breakeven is a decrease of South Africa 0.2%, Madagascar 0.4% and Senegal 0.4%.

Amortisation of intangibles are included within administrative expenses in the Consolidated Income Statement.

12a. Property, plant and equipment

	IT equipment US$m	Fixtures and fittings US$m	Motor vehicles US$m	Site assets US$m	Land US$m	Leasehold improvements US$m	Total US$m
Cost							
At 1 January 2020	18.5	1.4	4.5	1,192.7	8.9	3.1	1,229.1
Additions	4.0	0.1	0.6	91.9	–	–	96.6
Reclassifications	–	–	–	2.3	(2.3)	–	–
Disposals	–	–	(0.5)	(20.2)	–	–	(20.7)
Effects of foreign currency exchange differences	0.3	–	–	2.1	0.2	0.1	2.7
At 31 December 2020	22.8	1.5	4.6	1,268.8	6.8	3.2	1,307.7
Additions	**4.9**	**0.3**	**0.4**	**165.0**	**–**	**0.3**	**170.9**
Additions on acquisition of subsidiary undertakings	**–**	**–**	**–**	**111.7**	**–**	**–**	**111.7**
Disposals	**–**	**–**	**–**	**(13.7)**	**–**	**–**	**(13.7)**
Effects of foreign currency exchange differences	**(0.2)**	**(0.2)**	**(0.3)**	**(23.7)**	**(0.2)**	**–**	**(24.6)**
At 31 December 2021	**27.5**	**1.6**	**4.7**	**1,508.1**	**6.6**	**3.5**	**1,552.0**
Depreciation							
At 1 January 2020	(10.6)	(1.3)	(3.2)	(579.6)	–	(2.5)	(597.2)
Charge for the year	(4.6)	(0.1)	(0.5)	(122.8)	(0.1)	(0.3)	(128.4)
Disposals	–	–	0.4	13.9	–	–	14.3
Effects of foreign currency exchange differences	(0.2)	–	–	(1.4)	–	(0.1)	(1.7)
At 31 December 2020	(15.4)	(1.4)	(3.3)	(689.9)	(0.1)	(2.9)	(713.0)
Charge for the year	**(4.9)**	**-**	**(0.6)**	**(136.4)**	**–**	**(0.3)**	**(142.2)**
Disposals	**–**	**–**	**–**	**11.6**	**–**	**–**	**11.6**
Effects of foreign currency exchange differences	**0.2**	**–**	**0.4**	**9.7**	**–**	**–**	**10.3**
At 31 December 2021	**(20.1)**	**(1.4)**	**(3.5)**	**(805.0)**	**(0.1)**	**(3.2)**	**(833.3)**
Net book value							
At 31 December 2021	**7.4**	**0.2**	**1.2**	**703.1**	**6.5**	**0.3**	**718.7**
At 31 December 2020	7.4	0.1	1.3	578.9	6.7	0.3	594.7

At 31 December 2021, the Group had US$96.5 million (2020: US$59.0 million) of expenditure recognised in the carrying amount of items of site assets that were in the course of construction. On completion of the construction, they will remain within the site assets balance, and depreciation will commence when the assets are available for use.

12b. Right-of-use assets

	2021 US$m	2020 US$m
Right-of-use assets by class of underlying assets		
Land	**155.9**	105.4
Buildings	**5.0**	3.7
Motor vehicles	**0.2**	0.1
	161.1	109.2

Depreciation charge for right-of-use assets		
Land	**12.6**	12.7
Buildings	**2.5**	1.3
Motor vehicles	**0.2**	–

		15.3	14.0

As part of the acquisitions in Senegal and Madagascar, the Group acquired right-of-use assets of $17.5m and $3.6m respectively (see Note 30). The Group also entered into various leases during the year in the normal course of business. Refer to Note 21 for details of lease liabilities.

13. Investments

The subsidiary companies of Helios Towers plc are as follows:

		Effective shareholding 2021		Effective shareholding 2020	
Name of subsidiary	Country of incorporation	**Direct**	**Indirect**	Direct	Indirect
Helios Towers Chad Holdco Limited	Mauritius	**–**	**100%**	–	100%
Helios Towers Africa LLP	United Kingdom	**–**	**100%**	–	100%
Helios Towers Bidco Limited*	United Kingdom	**–**	**100%**	–	–
Helios Towers Chad Holdings Limited*	United Kingdom	**–**	**100%**	–	–
Helios Towers Congo Brazzaville SASU	Republic of Congo	**–**	**100%**	–	100%
Helios Towers DRC S.A.R.L.	Democratic Republic of Congo	**–**	**100%**	–	100%
Helios Towers FZ-LLC	United Arab Emirates	**–**	**100%**	–	100%
Helios Towers Gabon Holdings Limited	United Kingdom	**–**	**100%**	–	–
Helios Towers Ghana Limited	Ghana	**–**	**100%**	–	100%
Helios Towers Group Services (Pty) Ltd*	South Africa	–	**100%**	–	–
Helios Towers, Ltd	Mauritius	**100%**	**–**	100%	–
Helios Towers Madagascar Holdings Limited	United Kingdom	**–**	**100%**	–	100%
Helios Towers Malawi Holdings Limited	United Kingdom	**–**	**100%**	–	100%
Helios Towers Partners (UK) Limited	United Kingdom	**–**	**100%**	–	100%
Helios Towers Senegal SAU	Senegal	**–**	**100%**	–	100%
Helios Towers South Africa Holdings (Pty) Ltd	South Africa	**–**	**100%**	–	100%
Helios Towers South Africa (Pty) Ltd	South Africa	**–**	**100%**	–	100%
Helios Towers South Africa Services (Pty) Ltd	South Africa	**–**	**100%**	–	100%
Helios Towers (SFZ) SPC*	Oman	**–**	**100%**	–	–
Helios Towers Tanzania Limited	Tanzania	**–**	**100%**	–	100%
Helios Towers UK Holdings Limited	United Kingdom	**100%**	**–**	100%	–
HS Holdings Limited	Tanzania	**–**	**1%**	–	1%
HT Congo Brazzaville Holdco Limited	Mauritius	**–**	**100%**	–	100%
HT DRC Infraco S.A.R.L.	Democratic Republic of Congo	**–**	**100%**	–	100%
HT Holdings Tanzania Ltd	Mauritius	**–**	**100%**	–	100%
HTA Group, Ltd	Mauritius	**–**	**100%**	–	100%
HTA Holdings Ltd	Mauritius	**–**	**100%**	–	100%
HTA (UK) Partner Ltd	United Kingdom	**–**	**100%**	–	100%
HTG Managed Services Limited	Ghana	**–**	**100%**	–	100%
HT Services Limited*	Malawi	**–**	**100%**	**–**	**–**
HTSA Towers (Pty) Ltd	South Africa	**–**	**100%**	–	100%
HTT Infraco Limited	Tanzania	**–**	**100%**	–	100%
Madagascar Towers SA	Madagascar	**–**	**100%**	–	–
McRory Investment B.V.	The Netherlands	**–**	**100%**	–	100%
McTam International 1 B.V.	The Netherlands	**–**	**100%**	–	100%
Towers NL Coöperatief U.A.	The Netherlands	**–**	**100%**	–	100%

All subsidiaries were incorporated in prior years, other than those marked *, which were incorporated in 2021. Helios Towers plc or its subsidiaries have subscribed to the majority of the shares as shown above. The consideration paid for these shares on incorporation was minimal. The registered office address of all subsidiaries is included in the list of subsidiaries.

Helios Towers Ghana Limited, Helios Towers South Africa Holdings (Pty) Ltd, HTA Holdings Ltd, Helios Towers DRC S.A.R.L., Helios Towers Tanzania Limited, HT Congo Brazzaville Holdco Limited, Helios Chad Holdco Limited, Towers NL Coöperatief U.A., McRory Investment B.V., McTam International 1 B.V., HT Holdings Tanzania Ltd, Helios Towers UK Holdings Limited, HTA (UK) Partner Ltd, Helios Towers Bidco Limited, Helios Towers Limited and HTA (UK) Partner Limited are intermediate holding companies.

The principal activities of HTG Managed Services Limited, HT DRC Infraco S.A.R.L., HTT Infraco Limited, and Helios Towers Congo Brazzaville SASU, Helios Towers Senegal SAU, Madagascar Towers SA and the remaining South African entities are the building and maintenance of telecommunications towers to provide space on those towers to wireless telecommunication service providers in Africa.

All investments relate to ordinary shares.

14. Inventories

	2021 US$m	2020 US$m
Inventories	**10.5**	9.0

Inventories are primarily made up of fuel stocks of US$7.5 million (2020: US$5.9 million) and raw materials of US$3.0 million (2020: US$3.1

million). The impact of inventories recognised as an expense during the year in respect of continuing operations was US$49.0 million (2020: US$51.8 million).

15. Trade and other receivables

	2021 US$m	2020 US$m
Trade receivables	**83.1**	50.9
Loss allowance	**(6.0)**	(5.8)
	77.1	45.1
Trade receivable from related parties	**–**	37.1
	77.1	82.2
Other receivables	**96.5**	49.1
VAT and withholding tax receivable	**13.0**	6.3
	186.6	137.6

Loss allowance	**2021 US$m**	2020 US$m
Balance brought forward	**(5.8)**	(6.4)
Provision for impairment	**(0.2)**	–
Unused amounts reversed	**–**	0.6
	(6.0)	(5.8)

The Group measures the loss allowance for trade receivables, trade receivables from related parties and other receivables at an amount equal to lifetime expected credit losses ('ECL'). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Loss allowance expense is included within cost of sales in the Consolidated Income Statement.

Additional detail on provision for impairment can be found in Note 26.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Interest can be charged on past due debtors. The normal credit period of services is 30 days.

Other receivables mainly comprise of contract assets of $47.2m (2020: $30.0m) and sundry receivables. $15.1m of new contract assets were recognised in the year and $2.1m of contract assets at 31 December 2020 were recovered from customers. Sundry receivables primarily include $24.1m in relation to the potential Oman transaction, which was paid into an escrow as per the agreement with Omantel, this has been disclosed under cash flows from investing activities, $7.4m of accrued income and $6.3m of deferred tax assets.

Of the trade receivables balance at 31 December 2021, 74% (31 December 2020: 84%) is due from five of the Group's largest customers. This has been disclosed under cash flows from investing activities. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Debtor days

The Group calculates debtor days as set out in the table below. It considers its most relevant customer receivables exposure on a given reporting date to be the amount of receivables due in relation to the revenue that has been reported up to that date. It therefore defines its net receivables as the total trade receivables and accrued revenue, less loss allowance and deferred that has not yet been settled.

	2021 US$m	2020 US$m
Trade receivables(1)	**83.1**	88.0
Accrued revenue(2)	**7.4**	11.0
Less: Loss allowance	**(6.0)**	(5.8)
Less: Deferred income(3)	**(27.4)**	(32.6)
Net receivables	**57.1**	60.6
Revenue	**449.1**	414.0
Debtor days	**46**	53

(1) Trade receivables, including related parties.

(2) Reported within other receivables.

(3) Deferred income, as per Note 19, has been adjusted for US$18.4 million (2020: US$18.4 million) in respect of amounts settled by customers at the balance sheet date.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

At 31 December 2021, $11m (2020: $9.8m) of services had been provided to customers which had yet to meet the Group's probability criterion for revenue recognition under the Group's accounting policies. Revenue for these services will be recognised in the future as and when all recognition criteria are met.

16. Prepayments

	2021 US$m	2020 US$m
Prepayments	**43.3**	39.3

Prepayments primarily comprise advance payments to suppliers. Included in prepayments are prepaid transaction costs of US$4.2 million (2020: US$3.6 million) in relation to the US$200 million term facility and US$1.0 million (2020: US$0.9 million) in relation to the US$70 million revolving credit facility.

17. Cash and cash equivalents

	2021 US$m	2020 US$m
Bank balances	**528.9**	179.7
Short-term deposits	**–**	249.0
	528.9	428.7

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits. Short-term deposits are defined as deposits with an initial maturity of three months or less. Bank overdrafts (of which there are none) that are repayable on demand form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

18. Share capital and share premium

	2021		2020	
	Number of shares (million)	**US$m**	Number of shares (million)	US$m
Authorised, issued and fully paid ordinary shares of £0.01 each	**1,048**	**13.5**	1,000	12.8
	1,048	**13.5**	1,000	12.8

The share capital of the Group is represented by the share capital of the Company, Helios Towers plc.

On 16 June 2021, the Company issued 48 million new ordinary shares in the capital of the Company. This raised gross proceeds of US$109.3 million and created share premium of US$105.6 million.

The treasury shares represent the cost of shares in Helios Towers plc purchased in the market and held by the Helios Towers plc EBT to satisfy options under the Group Share options plan. Treasury shares held by the Group as at 31 December 2021 are 1,076,697 (31 December 2020: 1,820,105).

19. Trade and other payables

	2021 US$m	2020 US$m
Trade payables	**13.5**	12.7
Deferred income	**45.8**	51.0
Deferred consideration	**63.5**	4.1
Accruals	**104.7**	75.1
VAT, withholding tax, and other taxes payable	**21.5**	31.8
	249.0	174.7

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2020: 27 days). Payable days are calculated as trade payables and payables to related parties, divided by cost of sales plus administration expenses less staff costs and depreciation and amortisation. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Amounts payable to related parties are unsecured, interest free and repayable on demand.

Deferred income primarily relates to site equipment revenue which is billed in advance.

The Group recognised revenue of US$45.2 million (2020: US$61.5 million) from contract liabilities held on the balance sheet at the start of the financial year. Contract liabilities are presented as deferred income in the table above.

Deferred consideration relates to consideration that is payable in the future for the purchase of certain tower assets which the Group is committed to when certain conditions are met, to enable the transfer of ownership to Helios Towers.

Accruals consist of general operational accruals, accrued capital items, and goods received but not yet invoiced.

Trade and other payables are classified as financial liabilities and measured at amortised cost. These are initially recognised at fair value and subsequently at amortised cost. These are expected to be settled within a year.

The Directors consider the carrying amount of trade payables approximates to their fair value due to their short-term nature.

20. Loans

	2021 US$m	2020 US$m
Loans and bonds	**1,295.5**	989.4
Total loans and bonds	**1,295.5**	989.4
Current	**2.8**	2.6
Non-current	**1,292.7**	986.8
	1,295.5	989.4

In March 2021 the Group issued US$250 million of convertible bonds with a coupon of 2.875%, due in 2027. The initial conversion price was set at US$2.9312. The conversion price is subject to adjustments for any dividend in cash or in kind, as well as customary anti-dilution adjustments, pursuant to the terms and conditions of the convertible bonds. The bondholders have the option to convert at any time up to seven business days prior to the final maturity date. Helios Towers have the right to redeem the bonds at their principal amount, together with accrued but unpaid interest up to the optional redemption date, from April 2026, if the Helios Towers share price has traded above 130% of the conversion price on twenty out of the previous thirty days prior to the redemption notice.

In June 2021 the Group tapped the above bond for an aggregate principal amount of US$50 million. On initial recognition of the convertible bond and the convertible bond tap, a liability and equity reserve component were recognised being US$242.4 million and US$52.7 million respectively including transaction costs.

In May 2021, Helios Towers Senegal entered into facilities representing a combined €120 million in Senegal for the purposes of partially funding the Senegal towers acquisition, funding the 400 committed BTS as part of the transaction and for general working capital purposes. The facilities include both EUR and XOF denominated financing with tenors ranging from 2 years to 9 years.

On 18 June 2020 HTA Group, Ltd., a wholly owned subsidiary of Helios Towers plc, issued US$750 million of 7.000% Senior Notes due 2025, guaranteed on a senior basis by Helios Towers plc and certain of its direct and indirect subsidiaries. The Notes were issued at an issue price of 99.439% of the principal amount.

The proceeds of the Notes were used (i) to redeem US$600 million of HTA Group, Ltd.'s outstanding Senior Notes due 2022 (plus accrued interest), (ii) to repay all amounts outstanding under its US$125 million term facility (of which US$75 million was outstanding), (iii) to pay certain fees and expenses in relation to the Offering and (iv) with excess funds available for general corporate purposes.

In addition, on 9 September 2020 HTA Group, Ltd issued a further US$225 million aggregate principal amount of its 7.000% Senior Notes due 2025. The Additional Notes will be treated as a single class together with the Original Notes for all purposes under the indenture. After giving effect to the issuance of these Additional Notes, the outstanding aggregate principal amount of Notes will be US$975 million.

HTA Group, Ltd also entered into a five-year US$200 million term facility with borrowing availability in US Dollars for the general corporate purposes (including acquisitions) of the Company and certain of its subsidiaries. This new term facility replaced the existing US$125 million term facility, which was cancelled upon completion of the Offering on 19 June 2020. Transaction fees related to this are reported in Prepayments (see Note 16).

Additionally, HTA Group, Ltd entered into a revolving credit facility (with a 4.5-year tenor) with borrowing availability in US Dollars for the purpose of financing or refinancing the general corporate and working capital needs of the Company and certain of its subsidiaries. Commitments under the new revolving credit facility amount to US$70 million and replaced the previous US$60 million revolving credit facility, which was also cancelled on 19 June 2020. Transaction fees related to this are reported in Prepayments (see Note 16).

The current portion of borrowings relates to accrued interest on the bonds and term loan interest payable within one year of the balance sheet date.

Loans are classified as financial liabilities and measured at amortised cost. Refer to Note 26 for further information on the Group's financial instruments.

21. Lease liabilities

	2021 US$m	2020 US$m
Short-term lease liabilities		
Land	**30.0**	22.4
Buildings	**2.8**	1.1
Motor vehicles	**0.2**	–
	33.0	23.5

	2021 US$m	2020 US$m
Long-term lease liabilities		
Land	**146.7**	105.0
Buildings	**2.1**	3.1
Motor vehicles	**0.1**	0.1
	148.9	108.2

The below undiscounted cash flows do not include escalations based on CPI or other indexes which change over time. Renewal options are considered on a case-by-case basis with judgements around the lease term being based on management's contractual rights and their current intentions. Refer to Note 12b for the Group's Right-of-use assets.

The total cash paid on leases in the year was US$31.0 million (2020: US$25.5 million).

The profile of the outstanding undiscounted contractual payments fall due as follows:

	Within 1 year US$m	2–5 years US$m	6–10 years US$m	10+ years US$m	Total US$m
31 December 2021	**33.0**	**110.2**	**111.4**	**278.9**	**533.5**
31 December 2020	23.5	83.9	84.2	263.0	454.6

22. Uncompleted performance obligations

The table below represents uncompleted performance obligations at the end of the reporting period. This is total revenue which is contractually due to the Group, subject to the performance of the obligation of the Group related to these revenues. Management refers to this as contracted revenue.

	2021 US$m	2020 US$m
Total contracted revenue	**3,916.6**	2,842.8

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 31 December 2021 for each year from 2022 to 2026, with local currency amounts converted at the applicable average rate for US Dollars for the year ended 31 December 2021 held constant. Our contracted revenue calculation for each year presented assumes:

- no escalation in fee rates;
- no increases in sites or tenancies other than our committed tenancies;
- our customers do not utilise any cancellation allowances set forth in their MLAs;
- our customers do not terminate MLAs early for any reason; and
- no automatic renewal.

	Year ended 31 December				
(US$m)	2022	2023	2024	2025	2026
Tanzania	177.7	176.7	176.5	176.5	120.9
DRC	190.5	191.4	191.1	164.2	139.0
Congo Brazzaville	27.9	28.0	28.0	18.0	11.0
Ghana	40.2	34.5	32.1	32.5	32.3
South Africa	6.0	6.2	6.3	6.2	5.9
Senegal	37.6	38.9	40.7	42.4	46.9
Madagascar	13.6	12.0	12.6	15.5	15.5
Total	493.5	487.7	487.3	455.3	371.5

23. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

During the year, and in respect of the period for which the related party relationship was in existence, the Group companies entered into the following commercial transactions with related parties:

	2021		2020	
	Income from towers US$m	**Purchase of goods US$m**	Income from towers US$m	Purchase of goods US$m
Millicom Holding B.V. and subsidiaries[(1)]	18.0	–	72.2	–
Nepic Pty[(2)]	–	–	–	0.2
Total	18.0	–	72.2	0.2

	2021		2020	
	Amount owed by US$m	**Amount owed to US$m**	Amount owed by US$m	Amount owed to US$m
Millicom Holding B.V. and subsidiaries(1)	–	–	37.1	–
Total	–	–	37.1	–

(1) Millicom Holding B.V is no longer a related party of Helios Towers plc as of June 2021.

(2) No longer classified as related party as of November 2020 as their shares were sold.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Based on the ECL model, no provisions have been made for loss allowances in respect of the amounts owed by related parties.

Amounts receivable from the related parties related to other Group companies are short term and carry interest varying from 0% to 15% per annum charged on the outstanding trade and other receivable balances (Note 15).

24. Other gains and losses

	2021 US$m	2020 US$m
Fair value gain/(loss) on derivative financial instruments	**(28.0)**	33.8
Fair value movement on forward contracts	–	0.1
Fair value movement in contingent consideration	–	6.2
	(28.0)	40.1

All fair values are Level 2, except for the fair value of the embedded derivatives, which are Level 3. Further detail can be found in Note 26.

25. Share-based payments

Pre-IPO LTIP

Ahead of the IPO certain Directors, former Directors, Senior Managers and employees of the Group were granted nil-cost options in respect of shares up to an aggregate value of US$10 million based on an offer price of 115 pence and a US Dollar to pounds Sterling conversion rate of US$1:£0.7948 (the ‘HT LTIP’).

The Company issued 6,557,668 shares to the trustee of the Trust (or as it directs) immediately prior to IPO in order to satisfy future settlement of awards under the HT LTIP and nil-cost options under the HT MIPs. The Trust is consolidated into the Group.

These options become exercisable in tranches over a three-year period post-IPO. The award participants were entitled to exercise some of the share options on IPO.

In the event an option holder becomes a ‘bad leaver’, any of their options which have not yet become exercisable will lapse. Between the first anniversary and the third anniversary of admission to the London Stock Exchange, tranches of each participant’s remaining entitlements (whether shares and/or options over shares) will cease to be subject to forfeiture in accordance with a defined schedule.

Number of options	**2021**	2020
As at 1 January	**1,769,864**	2,085,596
Granted during the year	**–**	–
Exercised during the year	**(743,408)**	(315,732)
Forfeited during the year	**–**	–
At 31 December	**1,026,456**	1,769,864
Of which:		
Vested and exercisable	**(723,047)**	(728,970)
Unvested	**303,409**	1,040,894

Fair value of options/share awards granted pre-IPO

The fair value at grant date is independently determined using a probability-weighted expected returns methodology, which is an appropriate future-orientated approach when considering the fair value of options/shares that have no intrinsic value at the time of issue. In this case the expected future returns were estimated by reference to the expected proceeds attributable to the underlying shares at IPO, as provided by management, including adjustments for expected net debt, transaction costs and priority returns to other shareholders. This is then discounted into present value terms adopting an appropriate discount rate. The capital asset pricing methodology was used when considering an appropriate discount rate to apply to the pay-out expected to accrue to the share awards on realisation.

Key assumptions:

- Expected exit dates 0 to 4 years;
- Probability weightings up to 25%;
- Expected range of exit multiples up to 10.0x;
- Expected forecast Adjusted EBITDA across two scenarios (management case and downside case) and respective probability weightings;
- Estimated proceeds per share; and
- Hurdle per share up to US$1.25.

The Group has in place one adopted discretionary share plan called the Helios Towers plc Employee Incentive Plan 2019 (the ‘EIP’), details of which are set out in this Note.

Employee Incentive Plan

Following successful admission to the London Stock Exchange, the Company has adopted a discretionary share plan called the Helios Towers plc Employee Incentive Plan 2019 (the 'EIP'). The EIP is designed to provide long-term incentives for senior managers and above (including Executive Directors) to deliver long-term shareholder returns. Participation in the plan is at the Remuneration Committee's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Shares received under the scheme by Executive Directors will be subject to a two-year post-vesting holding period. In all other respects the shares rank equally with other fully paid ordinary shares on issue.

The Group has granted Long-Term Incentive Plan awards under the EIP to the Executive Directors and selected key personnel. The equity settled awards comprise three equal and separate tranches which vest depending upon the achievement of the following performance targets over a three-year period:

- Relative TSR tranche;
- Adjusted EBITDA tranche; and
- ROIC tranche.

Set out below are summaries of options granted under the EIP.

	2021 Number of options	2020 Number of options
As at 1 January	**4,227,737**	4,271,821
Granted during the year	**4,072,523**	243,195
Exercised during the year	**–**	–
Forfeited during the year	**(604,573)**	(287,279)
As at 31 December	**7,695,687**	4,227,737
Vested and exercisable at 31 December [1]	**6,131**	–

(1) Vested and exercisable options relate to the non-work related death of an employee who was granted an award in March 2021. The options were exercised in January 2022.

The IFRS 2 charge recognised in the Consolidated Income Statement for the 2021 financial year in respect to the EIP was US$2.0 million (2020: US$1.0 million). All share options outstanding as at 31 December 2021 have a remaining contractual life of 8.5 years.

The fair value at grant date is independently determined using the Monte Carlo model. Key assumptions used in valuing the share-based payment charge are as follows:

2020 LTIP Award

	Relative TSR	Adjusted EBITDA	ROIC
Grant date	19-Nov-19	19-Nov-19	19-Nov-19
Share price at grant date	£1.22	£1.22	£1.22
Fair value as a percentage of the grant price	58.7%	100.0%	100.0%
Term to vest (years)	3.1	3.1	3.1
Expected life from grant date (years)	3.1	3.1	3.1
Volatility	30.5%	n/a	n/a
Risk-free rate of interest	0.5%	n/a	n/a
Dividend yield	n/a	n/a	n/a
Average FTSE 250 volatility	30.5%	n/a	n/a
Average FTSE 250 correlation	14.0%	n/a	n/a
Fair value per share	£0.72	£1.22	£1.22

2021 LTIP Award

	Relative TSR	Adjusted EBITDA	ROIC
Grant date	**16-Mar-21**	**16-Mar-21**	**16-Mar-21**
Share price at grant date	**£1.53**	**£1.53**	**£1.53**
Fair value as a percentage of the grant price	**58.2%**	**100.0%**	**100.0%**
Term to vest (years)	**2.8**	**2.8**	**2.8**
Expected life from grant date (years)	**2.8**	**2.8**	**2.8**
Volatility	**53.7%**	**n/a**	**n/a**
Risk-free rate of interest	**0.1%**	**n/a**	**n/a**
Dividend yield	**n/a**	**n/a**	**n/a**
Average FTSE 250 volatility	**41.3%**	**n/a**	**n/a**
Average FTSE 250 correlation	**27.2%**	**n/a**	**n/a**
Fair value per share	**£0.89**	**£1.53**	**£1.53**

HT SharingPlan

Shareholders voted to approve the all-employee share plan schemes at the 2021 AGM. In September 2021, the Board granted inaugural 'HT SharingPlan' Restricted Stock Unit (RSU) awards under the HT Global Share Purchase Plan rules. All employees were granted awards of equal value and on the same terms. Each employee was granted a 2021 award with a three-year vesting period. The Board also granted all employees an additional one-off Covid-19 Thank You Award with a six-month vesting period. The vesting of the awards is subject to continued employment with the Group.

	2021 Number of RSUs	2020 Number of RSUs
As at 1 January	**–**	–
Granted during the year	**740,826**	–
Forfeited during the year	**(11,298)**	–
Vested during the year	**–**	–
As at 31 December	**729,528**	–

26. Financial instruments

Financial instruments held by the Group at fair value had the following effect on profit and loss:

	31 December 2021 US$m	31 December 2020 US$m
Balance brought forward	**88.8**	41.0
Change in fair value of derivative financial instrument – US$600m 9.125% Senior Notes 2022	**–**	(41.0)
Derivative financial instrument – US$975m 7.000% Senior Notes 2025	**(28.0)**	85.7
Currency forward contracts	**(3.1)**	3.1
Balance carried forward	**57.7**	88.8

Fair value measurements

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. For all other assets and liabilities the carrying value is approximately equal to the fair value. The information set out below provides data about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

For those financial instruments measured at fair value, the Group has categorised them into a three-level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. There are no financial instruments which have been categorised as Level 1. There were no transfers between the levels in the year.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings disclosed in Notes 20 and 21, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

Gearing ratio

The Group keeps its capital structure under review. The gearing ratio at the year end is as follows:

	2021 US$m	2020 US$m
Debt (net of issue costs)	**1,477.4**	1,121.1
Cash and cash equivalents	**(528.9)**	(428.7)
Net debt	**948.5**	692.4
Equity attributable to the owners	**168.0**	130.3
	5.6x	5.3x

Debt is defined as long-term and short-term loans and lease liabilities, as detailed in Notes 20 and 21 respectively.

Equity includes all capital and reserves of the Group attributable to equity holders of the Company.

Externally imposed capital requirements

The Group is not subject to externally imposed capital requirements.

Categories of financial instruments

	2021 US$m	2020 US$m
Financial assets		
Financial assets at amortised cost:		

Cash and cash equivalents	**528.9**	428.7
Trade and other receivables	**173.6**	131.3
	702.5	560.0
Fair value through profit or loss:		
Derivative financial assets	**57.7**	88.8
	760.2	648.8
Financial liabilities		
Amortised cost:		
Trade and other payables	**181.7**	91.9
Lease liabilities	**181.9**	131.7
Loans	**1,295.5**	989.4
	1,659.1	1,213.0

As at 31 December 2021 and 31 December 2020, the Group had no cash pledged as collateral for financial liabilities.

The Directors estimate the amortised cost of borrowings and cash and cash equivalents is approximate to fair value.

Financial risk management objectives and policies

The Group's finance function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's senior management oversees the management of these risks. The finance function is supported by the Group's senior management, which advises on financial risks and the appropriate financial risk governance framework for the Group. Key financial risks and exposures are monitored through a monthly report to the Board of Directors, together with an annual Board review of corporate treasury matters. The Group has exposure to Sterling ('GBP') and EURO ('EUR') fluctuations, however, this is not considered material.

Financial risk

The principal financial risks to which the Group is exposed through its activities are risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The Group's main currency exposures were to the New Ghanaian Cedi ('GHS'), Malagasy Ariary ('MGA'), Tanzanian Shilling ('TZS'), Central African Franc ('XAF'), and South African Rand ('ZAR') through its main operating subsidiaries.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2021 US$m	2020 US$m	**2021 US$m**	2020 US$m
New Ghanaian Cedi	**27.0**	25.4	**19.0**	35.8
Malagasy Ariary	**10.4**	–	**6.8**	–
Tanzanian Shilling	**86.9**	70.6	**39.3**	49.8
South African Rand	**22.1**	23.5	**11.4**	8.8
Central African Franc	**107.1**	8.7	**42.1**	18.3
	253.5	128.2	**118.6**	112.7

The prior year comparatives have been updated to be in line with the methodology of current year figures

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase in US Dollar against GHS, XAF, TZS, MGA and ZAR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable potential change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where US Dollar weakens 10% against the GHS, XAF, TZS or ZAR. For a 10% strengthening of US Dollar against the GHS, XAF, TZS and ZAR, there would be an equal and opposite effect on the profit and other equity, on the basis that all other variables remain constant.

	Impact on profit or loss	
	2021 US$m	2020 US$m
New Ghanaian Cedi impact	**0.8**	(1.0)
Malagasy Ariary impact	**0.4**	–
Tanzanian Shilling impact	**4.8**	2.1
South African Rand	**1.1**	1.5
Central African Franc impact	**6.5**	(1.0)

This is mainly attributable to the exposure outstanding on GHS, MGA, XAF, TZS and ZAR receivables and payables in the Group at the reporting date. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk for the Group or the Company as the year-end exposure does not reflect the exposure during the year. The Company is not significantly exposed to foreign currency fluctuations as most of its financial assets and financial liabilities are denominated in its functional currency.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Default does not occur later than when a financial asset is 90 days past due (unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate). Write-off happens at least a year after a financial asset has become credit impaired and when management does not have any reasonable expectations to recover the asset.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and other information provided by the counterparty (where appropriate) to deliver a credit rating for its major customers. As of 31 December 2021, the Group has a concentration risk with regards to four of its largest customers. The Group's exposure and the credit ratings of its counterparties and related parties are continuously monitored and the aggregate value of credit risk within the business is spread amongst a number of approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. The carrying amount of the financial assets recorded in the Financial Statements, which is net of impairment losses, represents the Group's exposure to credit risk.

The Group uses the IFRS 9 ECL model to measure loss allowances at an amount equal to their lifetime ECL.

In order to minimise credit risk, the Group has categorised exposures according to their degree of risk of default. The use of a provision matrix is based on a range of qualitative and quantitative factors that are deemed to be indicative of risk of default, and range from 1 (lowest risk of irrecoverability) to 5 (greatest risk of irrecoverability). Loss allowances for trade receivables from related parties held by the Company are deemed immaterial.

The below table shows the Group's trade and other receivables balance and associated loss allowances in each Group credit rating category.

		31 December 2021			31 December 2020		
Group Rating	Risk of impairment	**Gross exposure US$m**	**Loss allowance US$m**	**Net exposure US$m**	Gross exposure US$m	Loss allowance US$m	Net exposure US$m
1	Remote risk	**148.4**	**(0.1)**	**148.3**	111.4	(0.3)	111.1
2	Low risk	**11.2**	**(0.4)**	**10.8**	10.6	(0.4)	10.2
3	Medium risk	**0.2**	**–**	**0.2**	–	–	–
4	High risk	**18.6**	**(4.3)**	**14.3**	13.2	(3.2)	10.0
5	Impaired	**1.2**	**(1.2)**	**–**	1.9	(1.9)	–
Total		**179.6**	**(6.0)**	**173.6**	137.1	(5.8)	131.3

Liquidity risk management

The Group has long-term debt financing through Senior Loan Notes of US$975 million due for repayment in December 2025. The Group has a revolving credit facility of US$70 million for funding general corporate and working capital needs. As at 31 December 2021 the facility was undrawn and is available until December 2024. The Group has remained compliant during the year to 31 December 2021 with all the covenants contained in the Senior Credit facility. In June 2020 HTA Group Ltd, a wholly owned subsidiary of the Group, signed a US$200 million term loan agreement. As at 31 December 2021 none of the available term loan balance was drawn.

Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate reserves of liquid funds and banking facilities and continuously monitoring forecast and actual cash flows including consideration of appropriate sensitivities.

Non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table below includes principal cash flows.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2021					
Non-interest bearing	**181.7**	**–**	**–**	**–**	**181.7**
Fixed interest rate instruments	**35.8**	**29.9**	**1,373.1**	**390.2**	**1,829.0**
	217.5	**29.9**	**1,373.1**	**390.2**	**2,010.7**
31 December 2020					
Non-interest bearing	91.9	–	–	–	91.9
Fixed interest rate instruments	26.1	23.0	1,047.7	347.2	1,444.0
	118.0	23.0	1,047.7	347.2	1,535.9

Non-derivative financial assets

The following table details the Group's expected maturity for other non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2021					
Non-interest bearing	**339.5**	**–**	**–**	**–**	**339.5**
Fixed interest rate instruments	**353.0**	**10.0**	**–**	**–**	**363.0**
	692.5	**10.0**	**–**	**–**	**702.5**
31 December 2020					
Non-interest bearing	560.0	–	–	–	560.0
Fixed interest rate instruments	–	–	-	–	–
	560.0	–	–	–	560.0

Derivative financial instruments assets

The derivatives represent the fair value of the put and call options embedded within the terms of the Senior Notes. The call options give the Group the right to redeem the Senior Notes instruments at a date prior to the maturity date (18 December 2025), in certain circumstances and at a premium over the initial notional amount. The put option provides the holders with the right (and the Group with an obligation) to settle the Senior Notes before their redemption date in the event of a change in control resulting in a rating downgrade (as defined in the terms of the Senior Notes, which also includes a major asset sale), and at a premium over the initial notional amount. The options are fair valued using an option pricing model that is commonly used by market participants to value such options and makes the maximum use of market inputs, relying as little as possible on the entity's specific inputs and making reference to the fair value of similar instruments in the market. The options are considered a Level 3 financial instrument in the fair value hierarchy of IFRS 13, owing to the presence of unobservable inputs. Where Level 1 (market observable) inputs are not available, the Helios Group engages a third-party qualified valuer to perform the valuation. Management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The Senior Notes are quoted and it has an embedded derivative. The fair value of the embedded derivative is the difference between the quoted price of the Senior Notes and the fair value of the host contract (the Senior Notes excluding the embedded derivative). The fair value of the Senior Notes as at the valuation date has been sourced from an independent third-party data vendor. The fair value of the host contract is calculated by discounting the Senior Notes' future cash flows (coupons and principal payment) at US Dollar 3-month LIBOR plus Helios Towers' credit spread. For the valuation date of 31 December 2021, a relative 5% increase in credit spread would result in an approximate US$(5.7) million decrease in the valuation of the embedded derivatives.

As at the reporting date, the call option had a fair value of US$57.7 million (31 December 2020: US$85.7 million on the US$600 million 9.125% Senior Notes 2022), while the put option had a fair value of US$0 million (31 December 2020: US$0 million). The increase in the fair value of the call option is attributable the tightening of the Group's credit spread, which is in line with the market movement.

The key assumptions in determining the fair value are: the quoted price of the bond as at 31 December 2021; the credit spread; and the yield curve. The probabilities relating to change of control and major asset sale represent a reasonable expectation of those events occurring that would be held by a market participant.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2021					
Net settled:					
Embedded derivatives	**–**	**–**	**57.7**	**–**	**57.7**
	–	**–**	**57.7**	**–**	**57.7**
31 December 2020					
Net settled:					
Embedded derivatives	–	–	85.7	–	85.7
	–	–	85.7	–	85.7

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

27. Contingent liabilities

The Group exercises judgement to determine whether to recognise provisions and make disclosures for contingent liabilities as explained in note 2b.

In the year ending 31 December 2021, the Tanzania Revenue Authority issued an initial assessment on a number of taxes including corporate income tax, withholding tax and stamp duty for the financial years ending 2015 to 2018 inclusive. The outstanding amount is approximately US$78.6 million. Responses have been submitted to the relevant tax authority in relation to the assessments and remain under review with local tax experts and as such the impact, if any, is uncertain at this time.

The Directors are working with their advisers and are in discussion with the tax authorities to bring the matters to conclusion based on the facts. At this time, the Directors have identified no present obligations in relation to these tax audits that would lead to material probable future cash outflows and therefore no provision has been made for these amounts. The balances above represent the Group's assessment of the maximum possible exposure for the years assessed.

Other individually immaterial tax, and regulatory proceedings, claims and unresolved disputes are pending against Helios Towers in a number of jurisdictions. The timing of resolution and potential outcome (including any future financial obligations) of these are uncertain, but not considered probable and therefore no provision has been recognised in relation to these matters.

Legal claims

Other individually immaterial legal and regulatory proceedings, claims and unresolved disputes are pending against Helios Towers in a number of jurisdictions in respect of which the timing of resolution and potential outcome (including any future financial obligations) are uncertain and no provisions have been recognised in relation to these matters.

28. Net debt

	2021 US$m	2020 US$m
External debt	**(1,295.5)**	(989.4)
Lease liabilities	**(181.9)**	(131.7)
Cash and cash equivalents	**528.9**	428.7
Net debt	**(948.5)**	(692.4)

2021	**At 1 January 2021 US$m**	**Cash flows US$m**	**Other[1] US$m**	**At 31 December 2021 US$m**
Cash and cash equivalents	**428.7**	**102.3**	**(2.1)**	**528.9**
External debt	**(989.4)**	**(351.8)**	**45.7**	**(1,295.5)**
Lease liabilities	**(131.7)**	**13.3**	**(63.5)**	**(181.9)**
Total financing liabilities	**(1,121.1)**	**(338.5)**	**(17.8)**	**(1,477.4)**
Net debt	**(692.4)**	**(236.2)**	**(19.9)**	**(948.5)**

2020	At 1 January 2020 US$m	Cash flows US$m	Other(1) US$m	At 31 December 2020 US$m
Cash and cash equivalents	183.4	245.2	0.1	428.7
External debt	(684.3)	(279.8)	(25.3)	(989.4)
Lease liabilities	(125.6)	8.3	(14.4)	(131.7)
Total financing liabilities	(809.9)	(271.5)	(39.7)	(1,121.1)
Net debt	(626.5)	(26.3)	(39.6)	(692.4)

(1) Other includes foreign exchange and interest movements.

Refer to Note 20 for further details on the year-on-year movements in short-term loans and long-term loans.

29. Loss per share

Basic loss per share has been calculated by dividing the total loss for the year by the weighted average number of shares in issue during the year after adjusting for shares held in the EBT.

To calculate diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares.

The Directors believe that Adjusted EBITDA per share is a useful additional measure to better understand the performance of the business (refer to Note 4).

Loss per share is based on:

	2021 US$m	2020 US$m
Loss after tax for the year attributable to owners of the Company	**(156.2)**	(36.7)
Adjusted EBITDA (Note 4)	**240.6**	226.6

	2021 Number	2020 Number
Weighted average number of ordinary shares used to calculate basic earnings per share	**1,024,306,006**	997,517,010
Weighted average number of dilutive potential shares	**84,788,045**	6,527,541
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,109,094,051**	1,004,044,551

Loss per share	2021 cents	2020 cents
Basic	**(15)**	(4)
Diluted	**(15)**	(4)

Adjusted EBITDA per share	2021 cents	2020 cents
Basic	**23**	23
Diluted	**22**	23

The calculation of basic and diluted loss per share is based on the net loss attributable to equity holders of the Company entity for the year of US$159.0 million (2020: US$36.7 million). Basic and diluted loss per share amounts are calculated by dividing the net loss attributable to equity shareholders of the Company entity by the weighted average number of shares outstanding during the year.

The calculation of Adjusted EBITDA per share and diluted EBITDA per share are based on the Adjusted EBITDA earnings for the year of US$240.6 million (2020: US$226.6 million). Refer to Note 4 for a reconciliation of Adjusted EBITDA to net loss before tax.

30. Acquisition of subsidiary undertakings

The Senegal and Madagascar acquisitions open up considerable growth opportunities to Helios Towers. The portfolios of towers purchased from the MNOs come with lower tenancy ratios initially as they were principally built and operated for a sole MNO. Therefore whilst the tenancy ratio and EBITDA margins are lower than the Group margins, they offer a fantastic platform from the assets can be developed to serve the needs of all the MNOs in these markets.

Senegal

On 18 May 2021, the Group completed the acquisition of sites of the previously announced transaction with Free Senegal. The Group has acquired the passive infrastructure on 1,207 sites, colocation contracts and certain employee contracts. The Group has treated this as a single business combination transaction and accounted for it in accordance with IFRS 3, using the acquisition method. The total consideration in respect of the transaction was US$226.8 million. Goodwill arising on this business combination has been allocated to the Senegal CGU.

The business combination had the following effect on the Group's assets and liabilities:

Identifiable assets and liabilities acquired	18 May 2021 US$m
Assets	
Fair value of property, plant and equipment	**85.0**
Fair value of intangible assets	**171.0**
Right-of-use assets	**17.5**
Total assets	**273.5**
Liabilities	
Other liabilities	**(4.9)**
Lease liabilities	**(15.2)**
Deferred income	**(1.9)**
Deferred taxation	**(30.3)**
Total liabilities	**(52.3)**
Total net identifiable assets	**221.2**
Goodwill on acquisition	**5.6**
Total consideration	**226.8**
Consideration paid in cash	**167.3**
Deferred consideration	**59.5**
Total consideration	**226.8**

The identified goodwill reflects the intellectual capital of the workforce.

Deferred consideration is payable subject to timing of future closings of sites and to the committed BTS rollout up to December 2025. This has been discounted to reflect the present value of future payments.

The Group has assessed the fair value of assets acquired at US$273.5 million, based on appropriate valuation methodology. The valuation techniques used for measuring fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Depreciated replacement cost adjusted for physical deterioration as well as functional and economic obsolescence.
Intangible assets (customer relationships)	Multi-period excess earnings method which considered the present value of net cash flows expected to be generated by the customer relationships.

The Group incurred acquisition-related costs of US$4.7 million. These costs have been included in deal costs (within administrative expenses) in the Group's Consolidated Income Statement. For the period from 18 May 2021 to 31 December 2021 this acquisition contributed revenue of US$23.4 million and a loss of US$19.6 million.

Madagascar

On 2 November 2021, the Group completed the acquisition of Airtel Madagascar Towers SA of the previously announced transaction with Airtel Madagascar. The group has acquired the passive infrastructure on 490 sites, colocation contracts and certain supplier contracts. The Group has treated this as a single business combination transaction and accounted for it in accordance with IFRS 3, using the acquisition method. The total consideration in respect of the transaction was US$59.0m. Goodwill arising on this business combination has been allocated to the Madagascar CGU.

The fair value assessment of the assets and liabilities acquired includes a programme of site visits to ascertain the condition of the assets acquired which, due to the effects of the Covid-19 pandemic on travel is still ongoing. The results of these visits may result in updates to the provisional acquisition accounting within the 12 month period following the acquisition in line with the requirements of IFRS 3. The below figures are therefore provisional

The business combination had the following effect on the Group's assets and liabilities:

Identifiable assets and liabilities acquired:	2 November 2021 US$m
Assets	
Fair value of property, plant and equipment	**26.7**
Fair value of intangible assets	**34.6**
Right of use assets	**3.6**
Other assets	**1.6**
Cash	**0.1**
Total assets	**66.6**
Liabilities	
Other liabilities	**(3.6)**
Lease liabilities	**(3.6)**
Deferred taxation	**(8.4)**
Total liabilities	**(15.6)**
Total net identifiable assets	**51.0**
Goodwill on acquisition	**8.0**
Total consideration	**59.0**
Consideration paid in cash	**46.8**
Deferred consideration	**12.2**
Total consideration	**59.0**

The goodwill is attributable to the processes acquired.

Deferred consideration is payable subject to timing of future closings of sites and to the committed build-to-suit rollout up to October 2024. This has been discounted to reflect the present value of future payments.

The Group has assessed the fair value of assets acquired at US$66.6 million, based on appropriate valuation methodology. The valuation techniques used for measuring fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant & equipment	Depreciated replacement cost adjusted for physical deterioration as well as functional and economic obsolescence.
Intangible assets (customer relationships)	Multi-period excess earnings method which considered the present value of net cash flows expected to be generated by the customer relationships.

The Group incurred acquisition related costs of US$2.2 million. These costs have been included in deal costs (within administrative expenses) in the Group's consolidated income statement. For the period from 2 November to 31 December 2021 this acquisition contributed revenue of US$2.4 million and a profit of US$0.8 million.

The cash outflow in respect of acquisition of subsidiaries includes consideration of $167.3m in respect of Senegal, consideration of $46.8m in respect of Madagascar, and $24.1 paid into an escrow account (classified as a receivable in the 31 December 2021 balance sheet; see note 15) in respect of the Group's planned 2022 acquisition in Oman.

31. Subsequent events

In February 2022, the Congo Brazzaville tax authority issued an initial notification relating to corporate income tax for the years 2020 and 2021. The claim amounts to US$26 million and the case is under review with local tax experts and as such the impact, if any, is uncertain. At this time, the Directors have no reason to believe the Group tax filings will be materially adjusted as a result of this matter. The amounts above represent the Group's assessment of the maximum possible exposure for the years assessed.

Glossary

We have prepared the interim report using a number of conventions, which you should consider when reading information contained herein as follows:

All references to ‘we’, ‘us’, ‘our’, ‘HT Group’, ‘Helios Towers’ our ‘Group’ and the ‘Group’ are references to Helios Towers, plc and its subsidiaries, taken as a whole.

‘**2G**’ means the second-generation cellular telecommunications network commercially launched on the GSM and CDMA standards.

‘**3G**’ means the third-generation cellular telecommunications networks that allow simultaneous use of voice and data services, and provide high-speed data access using a range of technologies.

‘**4G**’ means the fourth-generation cellular telecommunications networks that allow simultaneous use of voice and data services, and provide high-speed data access using a range of technologies (these speeds exceed those available for 3G).

‘**5G**’ means the fifth generation cellular telecommunications networks. 5G does not currently have a publicly agreed upon standard; however, it provides high-speed data access using a range of technologies that exceed those available for 4G.

‘**Adjusted EBITDA**’ is defined by management as loss before tax for the year, adjusted for finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairments of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.

‘**Adjusted EBITDA margin**’ means Adjusted EBITDA divided by revenue.

‘**Adjusted free cash flow**’ means portfolio free cash flow less net payment of interest and discretionary capital additions.

‘**Adjusted gross margin**’ means Adjusted Gross Profit, divided by revenue.

‘**Adjusted gross profit**’ means gross profit adding back site and warehouse depreciation.

‘**Airtel**’ means Airtel Africa.

‘**ALU**’ means average lease-up, the number of colocation tenancies added to our portfolio in a defined period of time divided by the average number of total sites for the same period of time, excluding colocations acquired as part of site acquisitions reported as of a certain date.

‘**amendment colocation tenant**’ means tenants that add or modify equipment, taking up additional space, wind load capacity and/or power consumption under an existing lease agreement. The Group calculates amendment colocations on a weighted basis as compared to the market average rate for a standard tenancy in the month the amendment is added.

‘**amendment revenue**’ means revenue from amendments to existing site contracts when tenants add or modify equipment, taking up additional vertical space, wind load capacity and/or power consumption under an existing site contract.

‘**anchor tenant**’ means the primary customer occupying each site.

‘**Analysys Mason**’ means Analysys Mason Limited.

‘**Announced markets/Announced new markets**’: Announced markets reflects signed acquisition agreements with both Omantel and Airtel Africa Group Companies (‘Airtel Africa’) for their respective tower portfolios in Oman and Malawi, in addition to a memorandum of understanding arrangement for the potential acquisition of Airtel Africa’s tower portfolio in Gabon. All are subject to completion.

‘Annualised Adjusted EBITDA’ means Adjusted EBITDA for the last three months of the respective period, multiplied by four, adjusted to reflect the annualised contribution from acquisitions that have closed in the last three months of the respective period.

‘Annualised portfolio free cash flow’ means portfolio free cash flow for the respective period, adjusted to annualise for the impact of acquisitions closed during the period.

‘**average remaining life**’ means the average of the periods through the expiration of the term under certain agreements.

‘**APMs**’ Alternative Performance Measures are measures of financial performance, financial position or cash flows that are not defined or specified under IFRS but used by the Directors internally to assess the performance of the Group.

‘**build-to-suit/BTS**’ means sites constructed by our Group on order by a MNO.

‘**CAGR**’ means compound annual growth rate.

‘**Carbon Reduction Roadmap**’ refers to Carbon Reduction Roadmap 2021 presented by Helios Towers, Plc on 25th November 2021.

‘**Chad**’ means Republic of Chad.

‘**CODM**’ means Chief Operating Decision Maker.

‘**colocation**’ means the sharing of site space by multiple customers or technologies on the same site, equal to the sum of standard colocation tenants and amendment colocation tenants.

‘**colocation tenant**’ means each additional tenant on a site in addition to the primary anchor tenant and is classified as either a standard or amendment colocation tenant.

‘**committed colocation**’ means contractual commitments relating to prospective colocation tenancies with customers.

‘**Company**’ means Helios Towers, Ltd prior to 17 October 2019, and Helios Towers plc on or after 17 October 2019.

‘**Congo Brazzaville**’ otherwise also known as the Republic of Congo.

‘**contracted revenue**’ means total undiscounted revenue as at that date with local currency amounts converted at the applicable average rate for US dollars held constant. Our contracted revenue calculation for each year presented assumes: (i) no escalation in fee rates, (ii) no increases in sites or tenancies other than our committed tenancies (which include committed colocations and/or committed anchor tenancies), (iii) our customers do not utilise any cancellation allowances set forth in their MLAs (iv) our customers do not terminate MLAs early for any reason and (v) no automatic renewal.

‘**corporate capital expenditure**’ primarily relates to furniture, fixtures and equipment.

‘**DRC**’ means Democratic Republic of Congo.

‘**edge data centre**’ means secure temperature-controlled technical facilities which are smaller than a standard core network data centre and positioned on the edge of a telecommunications network. They are used by operators to regenerate fibre signal, deliver cloud computing resources or cache streaming content for local users.

‘**Free Cash Flow**’ means Adjusted free cash flow less net change in working capital, cash paid for adjusting and EBITDA adjusting items, cash paid in relation to non-recurring taxes and proceeds on disposal of assets.

‘**Free Senegal**’ means Saga Africa Holdings Limited SA (which operates under the ‘Free’ trademark).

‘**Free Senegal MTSA**’ means the MTSA with Free Senegal for the provision of hosting and energy services on the acquired sites and build-to-suit sites.

‘**Free Senegal site acquisition**’ means the acquisition of 1,207 sites in Senegal from Free Senegal and the entry into the Free Senegal MTSA.

‘**Gabon**’ means Gabonese Republic.

‘**Ghana**’ means the Republic of Ghana.

‘**gross debt**’ means non-current loans and current loans and long-term and short-term lease liabilities.

‘**gross leverage**’ means gross debt divided by annualised Adjusted EBITDA.

‘**gross margin**’ means gross profit, adding site and warehouse depreciation, divided by revenue.

‘**growth capex**’ or ‘**growth capital expenditure**’ relates to (i) construction of build-to-suit sites (ii) installation of colocation tenants and (ii) and investments in power management solutions.

‘**GSM**’ means Global System for Mobile Communication, a standard for digital mobile communications.

‘**Group**’ means Helios Towers, Ltd (‘HTL’) and its subsidiaries prior to 17 October 2019, and Helios Towers plc and its subsidiaries on or after 17 October 2019.

‘**Helios Towers Congo Brazzaville**’ or ‘**HT Congo Brazzaville**’ means Helios Towers Congo Brazzaville SASU.

‘**Helios Towers DRC**’ or ‘**HT DRC**’ means HT DRC Infraco SARL.

‘**Helios Towers Ghana**’ or ‘**HT Ghana**’ means HTG Managed Services Limited.

‘**Helios Towers plc**’ means the ultimate Company of the Group.

‘**Helios Towers South Africa**’ or ‘**HTSA**’ means Helios Towers South Africa Holdings (Pty) Ltd and its subsidiaries.

‘**Helios Towers Tanzania**’ or ‘**HT Tanzania**’ means HTT Infraco Limited.

‘**HSE**’ means Health, Safety and Environment.

‘**IBS**’ means in-building cellular enhancement.

‘**ISA**’ means individual site agreement.

‘**ISP**’ means Internet Service Provider.

‘**IFRS**’ means International Financial Reporting Standards as adopted by the European Union.

‘**independent tower company**’ means a tower company that is not affiliated with a telecommunications operator.

‘**lease-up**’ means the addition of colocation tenancies to our sites.

‘**Levered portfolio free cash flow**’ means portfolio free cash flow less net payment of interest.

‘**liquidated damages**’ means provisions that generally require the Group to make a payment to the customer, most often by means of set-off against service fees payable by the customer, if the Group fails to uphold a specified level of uptime.

‘**Madagascar**’ means Republic of Madagascar.

‘Malawi’ means Republic of Malawi.

‘**maintenance capital expenditure**’ means capital expenditures for periodic refurbishments and replacement of parts and equipment to keep existing sites in service.

‘**maintained sites**’ means sites that are maintained by the Group on behalf of a telecommunications operator but which are not marketed by the Group to other telecommunications operators for colocation (and in respect of which the Company has no right to market).

‘**managed sites**’ means sites that the Group currently manages but does not own due to either: (i) certain conditions for transfer under the relevant acquisition documentation, ground lease and/or law not yet being satisfied; or (ii) the site being subject to an agreement with the relevant MNO under which the MNO retains ownership and outsources management and marketing to the Company.

‘**Mauritius**’ means the Republic of Mauritius.

‘**Middle East**’ region includes thirteen countries namely Hashemite Kingdom of Jordan, Kingdom of Bahrain, Kingdom of Saudi Arabia, Republic of Iraq, Republic of Lebanon, State of Kuwait, Sultanate of Oman, State of Palestine, State of Qatar, Syrian Arab Republic, The Republic of Yemen, The Islamic Republic of Iran and The United Arab Emirates.

‘**Millicom**’ means Millicom International Cellular SA.

‘**MLA**’ means master lease agreement.

‘**MNO**’ means mobile network operator.

‘**mobile penetration**’ means the amount of unique mobile phone subscriptions as a percentage of the total market for active mobile phones.

‘**MTN**’ means MTN Group Ltd.

‘**MTSAs**’ means master tower services agreements.

‘**net debt**’ means gross debt less adjusted cash and cash equivalents.

‘**net leverage**’ means net debt divided by last quarter annualised Adjusted EBITDA.

‘**net receivables**’ means total trade receivables (including related parties) and accrued revenue, less deferred income.

‘**NOC**’ means network operating centre.

‘**Oman**’ means Sultanate of Oman.

‘**online site**’ means a site which is operating and generating revenue.

‘**Orange**’ means Orange S.A.

‘**our established markets**’ refers to Tanzania, DRC, Congo Brazzaville, Ghana and South Africa.

‘**our markets**’ or ‘**markets in which we operate**’ refers to Tanzania, DRC, Congo Brazzaville, Ghana, South Africa, Senegal and Madagascar.

‘**owned sites**’ means freehold or leasehold sites where we own the telecommunications passive infrastructure and any equipment relating to power provision and security. We are responsible for maintaining and securing the site as well as obtaining the relevant permits and, if applicable, ground leases relating to the sites.

‘**performance against SLA**’ means with respect to a given customer, the uptime achieved for a given period divided by the maximum required contractual downtime in such customer’s SLA, as applicable.

‘**Portfolio free cash flow**’ defined as Adjusted EBITDA less maintenance and corporate capital additions, payments of lease liabilities (including interest and principal repayments of lease liabilities) and tax paid.

‘**PoS**’ means points of service, which is an MNO’s antennae equipment configuration located on a site to provide signal coverage to subscribers. At Helios Towers, a standard PoS is equivalent to one tenant on a tower.

‘**Principal Shareholders**’ means Millicom Holding B.V., Quantum Strategic Partners, Ltd., Lath Holdings Ltd., ACM Africa Holdings, LP, RIT Capital Partners plc, IFC African, Latin American and Caribbean Fund, LP and International Finance Corporation.

‘**Senegal**’ means the Republic of Senegal.

‘**Shares**’ means the shares in the capital of the Company.

‘**Shareholders Agreement**’ means the agreement entered into between the Principal Shareholders and the Company on 15 October 2019, which grants certain governance rights to the Principal Shareholders and sets out a mechanism for future sales of shares in the capital of the Company.

‘**SHEQ**’ means Safety, Health, Environment and Quality.

‘**site acquisition**’ means a combination of MLAs or MTSAs, which provide the commercial terms governing the provision of site space, and individual ISA, which act as an appendix to the relevant MLA or MTSA, and include site-specific terms for each site.

‘**site agreement**’ means the MLA and ISA executed by us with our customers, which act as an appendix to the relevant MLA and includes certain site-specific information (for example, location and any grandfathered equipment).

‘**SLA**’ means service-level agreement.

‘**small cells**’ means low-powered cellular radio access nodes that operate in licensed and unlicensed spectrum that have a range of ten metres to a few kilometres.

‘**South Africa**’ means the Republic of South Africa.

‘**standard colocation**’ means tower space under a standard tenancy site contract rate and configuration with defined limits in terms of the vertical space occupied, the wind load and power consumption.

‘**standard colocation tenant**’ means a customer occupying tower space under a standard tenancy lease rate and configuration with defined limits in terms of the vertical space occupied, the wind load and power consumption.

‘**strategic suppliers**’ means suppliers that deliver products or provide us with services deemed critical to executing our strategy such as site maintenance and batteries.

‘**Sub-Saharan Africa**’ or ‘**SSA**’ means African countries that are fully or partially located south of the Sahara.

‘**Tanzania**’ means the United Republic of Tanzania.

‘**telecommunications operator**’ means a company licensed by the government to provide voice and data communications services.

‘**tenancy**’ means a space leased for installation of a base transmission site and associated antennae.

‘**tenancy ratio**’ means the total number of tenancies divided by the total number of our sites as of a given date and represents the average number of tenants per site within a portfolio.

‘**tenant**’ means an MNO that leases vertical space on the tower and portions of the land underneath on which it installs its equipment.

‘**Tigo**’ refers to one or more subsidiaries of Millicom that operate under the commercial brand ‘Tigo’.

‘**total colocations**’ means standard colocations plus amendment colocations as of a given date.

‘**total online sites**’ or ‘**total sites**’ means total towers, IBS sites, edge data centres or sites with customer equipment installed on third-party infrastructure that are owned and/or managed by the Company with each reported site having at least one active customer tenancy as of a given date.

‘**total tenancies**’ means total anchor, standard and amendment colocation tenants as of a given date.

‘**tower contract**’ means the MLA and ISA executed by us with our customers, which act as a schedule to the relevant MLA and includes certain site-specific information (for example, location and equipment).

‘**tower sites**’ means ground-based towers and rooftop towers and installations constructed and owned by us on property (including a rooftop) that is generally owned or leased by us.

‘**UK Corporate Governance Code**’ means the UK Corporate Governance Code published by the Financial Reporting Council and dated July 2018, as amended from time to time.

‘**upgrade capex**’ or ‘**upgrade capital expenditure**’ comprises structural, refurbishment and consolidation activities carried out on selected acquired sites.

‘**Viettel**’ means Viettel Tanzania Limited.

‘**Vodacom**’ means Vodacom Group Limited.

‘**Vodacom Tanzania**’ means Vodacom Tanzania plc.

‘**Zantel**’ means Zantel Telecom plc.

Our customers, as well as certain other telecommunications operators named in this Annual Report, are generally referred to in this document by their trade names. Our contracts with these customers are typically with an entity or entities in that customer’s group of companies.

Disclaimer

This document does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in Helios Towers plc (the 'Company') or any other member of the Helios Towers group (the 'Group'), nor should it be construed as legal, tax, financial, investment or accounting advice. This document contains forward-looking statements which are subject to known and unknown risks and uncertainties because they relate to future events, many of which are beyond the Group's control. These forward-looking statements include, without limitation, statements in relation to the Company's financial outlook and future performance and related projections and forecasts. No assurance can be given that future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. The Company undertakes no obligation to update or revise any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances. Nothing in this document is or should be relied upon as a warranty, promise or representation, express or implied, as to the future performance of the Company or the Group or their businesses.

This document also contains industry, market and competitive position data and forecasts from our own internal estimates and research as well as from studies conducted by third parties, publicly available information, industry and general publications and research and surveys. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates, as there is no assurance that any of them will be reached. Industry publications, research, surveys and studies generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Forecasts and other forward-looking information obtained from these sources and from our and third party estimates are subject to the same qualifications and uncertainties as the other forward-looking statements in this prospectus and as described above.

This document also contains non-GAAP financial information which the Directors believe is valuable in understanding the performance of the Group. However, non-GAAP information is not uniformly defined by all companies and therefore it may not be comparable with similarly titled measures disclosed by other companies, including those in the Group's industry. Although these measures are important in the assessment and management of the Group's business, they should not be viewed in isolation or as replacements for, but rather as complementary to, the comparable GAAP measures.

Responsibility statement of the Directors in respect of the Report and Accounts 2021

The Directors confirm that to the best of their knowledge:

· the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

· the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and;

· the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.