



PRESS RELEASE

PR. No 398/2021

**MTN GHANA PLC (MTNGH) -
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

MTNGH released its unaudited Financial Statements for the period ended September 30, 2021 as per the attached.

Issued in Accra, this 27th
day of October, 2021

- E N D -

att'd.

Distribution:

1. All LDMs
2. General Public
3. Company Secretary, MTNGH
4. Central Securities Depository, (Registrars for MTNGH shares)
5. Securities and Exchange Commission
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Scancom PLC (MTN Ghana)

Performance for the nine-month period
ended 30 September 2021

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Scancom PLC (MTN Ghana)



Scancom PLC (MTN Ghana)
(Incorporated in Ghana)
Registration number: PL000322016
ISIN: GHEMTN051541
Share code: MTNGH
(MTN Ghana or Scancom PLC)

Salient features

- Subscribers (QoQ)
 - Subscribers increased by 1.4% to 25.2 million*.
 - Active data subscribers increased by 4.6% to 11.9 million#.
 - Active Mobile Money (MoMo) users increased by 0.9% to 10.6 million*.
- Service revenue up by 25.4% to GH¢5,545 million.
- Earnings before interest, tax, depreciation and amortization (EBITDA) up by 27.5% to GH¢3,028 million.
- EBITDA margin up by 1.1 percentage points (pp) to 54.4%.
- Total CAPEX for the period was GH¢1,060 million^ (GH¢838 million under IAS 17).
- Outlook: There are signs of recovery in Ghana's economy, however, there are still uncertainties surrounding the longer-term impact of the pandemic. As such, we remain cautious with the expectation to maintain the business momentum for the remainder of 2021.

Snapshot of key financial items (YoY change)

	30 September 2021	30 September 2020	
	GH¢ 000	GH¢ 000	Change
Total revenue	5,564,272	4,456,295	24.9%
Service revenue	5,544,630	4,421,857	25.4%
EBITDA	3,027,846	2,374,807	27.5%
EBITDA margin	54.4%	53.3%	1.1pp
Profit before tax	1,975,784	1,492,934	32.3%
Profit after tax	1,412,066	1,053,970	34.0%
Total CAPEX	1,059,957	875,864	21.0%

Due to ongoing discussions on the potential change in regulatory subscriber definitions, subscriber data in this report will be limited to the MTN Group definition until the regulatory definitions are finalized.

* Aligned with the MTN Group definition, subscribers are SIMs which generate or participate in an event that generates revenue for the company.

Active data subscribers as per MTN Group definition are data subscribers who have used more than 5MB in a month.

Core CAPEX of GH¢812.6m excludes intangibles and right of use (RoU) assets.

^ Total CAPEX is made up of core CAPEX spend of GH¢812.6m, intangibles of GH¢25.0m (Network licence, Software, etc) and right of use (RoU) assets of GH¢222.4m for the period.

MTN Ghana performance for the nine-month period ended 30 September 2021



Commentary

In Q3 2021, we maintained the momentum from H1 underpinned by diligent execution on our **Ambition 2025** strategy, investment in network and IT systems, and ensuring our people remain a priority in light of the continued effects of the COVID-19 pandemic.

Y'ello Hope social impact

The official Ghana statistics on COVID-19 (as at 26 October 2021) show a rise in the total infections and deaths to 103,019 and 823 respectively. MTN Ghana continues to extend support to customers through our **Y'ello Hope** initiatives, including the zero-rating of all MoMo P2P (person-to-person) transfers up to a value of GH¢100 a day. We also are running the **#OneMorePush** campaign to encourage everyone to wear a mask and get vaccinated.

Our strict adherence to COVID-19 protocols is aimed at safeguarding the health and safety of our people and customers. We remain committed to Ghanaians and the government in support of the continuing fight against COVID-19.

Operational review

Our performance in the first nine months of the year was characterised by the sustained growth in data, MoMo and digital, resulting in service revenue growth of 25.4% year-on-year (YoY).

We continued to deliver on our infrastructure modernization plan and implemented CAPEX-related infrastructure projects to expand 4G capacity, 4G coverage and improve the quality of service. Over the period, we invested **total CAPEX** of GH¢1,060 million, which includes the rollout of 959 4G sites and the modernization of 1,543 existing 4G sites, resulting in an increase in 4G population coverage by 4.7pp to 84.7%.

Our active subscriber base recovered from the previous quarter to record an increase of 0.4 million QoQ to 25.2 million. This was supported by our network investments, digital offerings and an improvement in quality of service.

Voice revenue grew by 2.0% YoY. Voice growth continues to be impacted by shifts in customer behaviour towards data and implementation of SMP directives. The contribution of voice to service revenue declined from 42.5% to 34.6% YoY in favour of increased contributions from data and Mobile Money.

Data revenue grew by 51.9% YoY, driven by a 4.6% increase in active data subscribers[#] and a 52.2% YoY increase in total data consumed within the period. The contribution of data to service revenue increased from 29.0% to 35.1% YoY.

Mobile Money revenue[~] increased by 45.3% YoY, supported by increased active users^{*}, higher P2P transactional activity and growth in advanced services such as retail merchant payments, micro loans, insurance and international remittances. The contribution of Mobile Money to service revenue increased from 19.6% to 22.8% YoY.

Digital revenue declined by 23.8% YoY. This was a result of the continued impact from the application of the Principal vs Agent (IFRS 15) accounting standard across the MTN Group in 2020. On a normalized basis, digital revenue increased by 14.4% YoY. Our ayoba super app continued to perform well, reaching 1.4 million subscriptions in Ghana for the period. This helped increase our active digital subscriber numbers by 24.0% QoQ to 4.3 million^{*}.

[~] Mobile Money revenue is aligned with Bank of Ghana reporting requirements and excludes revenue from Xtratime and non-core Mobile Money services.

^{*} Aligned with the MTN Group definition, subscribers are SIMs which generate or participate in an event that generates revenue for the company.

[#] Active data subscribers as per MTN Group definition are data subscribers who have used more than 5MB in a month.

Core CAPEX of GH¢812.6m excludes intangibles and right of use (RoU) assets.

[^] Total CAPEX is made up of core CAPEX spend of GH¢812.6m, intangibles of GH¢25.0m (Network licence, Software, etc) and right of use (RoU) assets of GH¢222.4m for the period.

MTN Ghana performance for the nine-month period ended 30 September 2021



Commentary (continued)

Reported **EBITDA** increased by 27.5% YoY with a margin expansion of 1.1pp to 54.4% supported by continued focus and execution of our expense efficiency programme.

Profit after tax increased by 34.0% YoY. We paid the interim dividend of GH¢0.03 per share, totalling GH¢369 million, on 14 September 2021.

Regulatory updates

National SIM registration

The National Communications Authority (NCA) through the telecom operators is embarking on a nationwide re-registration of all SIM cards using the Ghana National ID card as the sole card for this purpose. This will run from 1 October 2021 to 31 March 2022. MTN has begun this exercise and remains committed to support the government to register all existing and new subscribers.

Significant market power (SMP)

On 1 August 2021, MTN Ghana implemented the directive from the NCA on phase 1 of the on-net / off-net price differential removal on default tariffs for voice, data and SMS. Phase 2 is scheduled to be implemented on 1 November 2021 to extend beyond default tariffs to cover promotional offers.

Including the above remedy, we have implemented all three of the seven SMP remedies defined to date by the Regulator. We will update the market on the implementation of the remaining four directives as discussions with the NCA progress.

Update on localisation of Scancom PLC and MobileMoney Limited

MTN Ghana continues to make progress in fulfilling, by the end of 2021, all agreed localisation requirements of 25% for Scancom PLC and 30% for MobileMoney Limited. Our consultation with the government continues and we look forward to providing further updates on our progress in subsequent releases.

Outlook

MTN Ghana expects to maintain the business momentum through the last quarter of the year. We will continue to expand 4G coverage and improve our network to further enhance subscriber growth and customer experience. In addition, we will progress the execution of the expense efficiency programme and our prudent approach to managing costs to deliver on our commitment of margin expansion.

We will continue to support our employees, customers and communities as we deliver against our Ambition 2025 focus areas for the year in order to capture long-term growth opportunities and create sustainable value for all our stakeholders.

MTN Ghana condensed consolidated financial information for the nine-month period ended 30 September 2021

Summary statements of comprehensive income

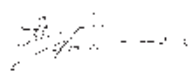
	Group	Company	Group	Company
	For the nine-month period ended 30 September 2021	For the nine-month period ended 30 September 2021	For the nine-month period ended 30 September 2020	For the nine-month period ended 30 September 2020
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Revenue from contracts with customers	5,564,272	4,302,335	4,456,295	3,588,005
Other revenue	-	-	12,747	12,747
Direct network operating costs	(534,241)	(534,211)	(456,973)	(456,893)
Government and regulatory cost	(109,444)	(109,444)	(94,062)	(94,062)
Cost of handsets and other accessories	(69,326)	(69,326)	(82,777)	(82,777)
Interconnect and roaming costs	(217,749)	(217,749)	(195,449)	(195,449)
Employee benefits expense	(201,052)	(193,908)	(176,341)	(170,116)
Selling, distribution and marketing expenses	(1,000,356)	(330,318)	(805,063)	(355,233)
Other operating expenses	(404,258)	(396,545)	(283,569)	(277,484)
Earnings Before Interest Tax Depreciation and Amortisation	3,027,846	2,450,834	2,374,807	1,968,737
Depreciation of property, plant and equipment	(413,684)	(412,211)	(367,998)	(366,797)
Depreciation of right-of-use asset	(229,835)	(229,835)	-	(183,148)
Amortisation of intangible assets	(119,146)	(118,949)	(183,148)	(93,030)
Operating profit	2,265,181	1,689,839	(93,226)	1,325,763
Finance income	51,064	472,509	1,730,435	323,636
Finance costs	(340,461)	(340,987)	36,845	(274,589)
Profit before income tax	1,975,784	1,821,361	(274,346)	1,374,810
Income tax expense	(563,718)	(413,168)	1,492,934	(313,377)
Profit after income tax	1,412,066	1,408,193	(438,964)	1,061,432
Other comprehensive income	-	-	1,053,970	-
Total comprehensive income	1,412,066	1,408,193	-	1,061,432
Attributable to:			1,053,970	
Equity holders of the company	1,412,066	1,408,193	1,053,970	1,061,432
Diluted/Basic Earnings per share	GH¢0.115	GH¢0.115	GH¢ 0.086	GH¢ 0.086

MTN Ghana condensed consolidated financial information for the nine-month period ended 30 September 2021

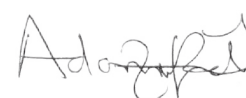
Condensed statements of financial position

	Group	Company	Group	Company
	As at 30 September 2021	As at 30 September 2021	As at 31 December 2020	As at 31 December 2020
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Non-current assets	6,073,805	6,070,038	5,775,966	5,770,507
Property, plant and equipment	3,769,306	3,765,333	3,371,844	3,366,375
Right-of-Use assets	1,412,605	1,412,605	1,420,085	1,420,085
Intangible assets	763,658	763,814	858,648	858,608
Investment in subsidiary	-	50	-	50
Other non-current assets	128,236	128,236	125,389	125,389
Current assets	10,044,207	1,576,688	8,441,85	1,539,693
Trade and other receivables	723,001	732,701	475,078	433,557
Other current assets	354,498	269,987	722,031	587,637
Mobile Money Float	8,070,172	-	6,559,373	-
Investment in securities	46,378	-	13,401	-
Cash and cash equivalents	850,158	574,000	671,968	518,499
Total assets	16,118,012	7,646,726	14,217,817	7,310,200
Total equity	3,767,978	3,498,614	3,339,187	3,073,695
Stated capital	1,097,504	1,097,504	1,097,504	1,097,504
Retained earnings	2,636,856	2,401,110	2,228,282	1,976,191
Other reserves	33,618	-	13,401	-
Non-current liabilities	2,068,984	2,069,573	2,114,722	2,115,251
Borrowings	501,600	501,600	557,093	557,093
Deferred tax liabilities	380,161	380,750	380,294	380,823
Lease liabilities	1,167,858	1,167,858	1,167,858	1,167,858
IRU liability	16,028	16,028	6,140	6,140
Provisions	3,337	3,337	3,337	3,337
Current liabilities	10,281,050	2,078,539	8,763,908	2,121,254
Trade and other payables	1,126,889	1,030,830	1,278,884	1,198,205
Obligations to electronic money holders	8,070,172	-	6,559,373	-
Contract liabilities	149,977	149,977	100,120	100,120
Provisions	73,675	71,201	81,359	78,757
Tax liabilities	141,867	108,061	-	-
Lease liabilities	554,673	554,673	463,555	463,555
IRU liability	1,869	1,869	615	615
Deferred income	10,987	10,987	-	-
Borrowings	150,941	150,941	280,002	280,002
Total liabilities	12,350,034	4,148,112	10,878,630	4,236,505
Total equity and liabilities	16,118,012	7,646,726	14,217,817	7,310,200

The condensed consolidated financial information for the nine-month period ended 30 September 2021 was approved by the Board of Directors on 27 October 2021 and signed on its behalf by:



Ishmael Yamson
Chairman



Selorm Adadevoh
Chief executive officer



MTN Ghana condensed consolidated financial information for the nine-month period ended 30 September 2021

Summary statements of changes in equity - Group

	Stated capital	Retained earnings	Other reserves	Total equity
Nine-month period ended 30 September 2021	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Opening balance	1,097,504	2,228,245	13,401	3,339,150
Profit for the nine-month period	-	1,412,066	-	1,412,066
Transfer to reserves	-	(20,217)	20,217	
Transactions with owners of the company:				
Dividends Paid	-	(983,238)	-	(983,238)
Closing balance at 30 September 2021	1,097,504	2,636,856	33,618	3,767,978

Nine-month period ended 30 September 2020

Opening balance	1,097,504	1,706,322	-	2,803,826
Profit for the nine-month period	-	1,053,970	-	1,053,970
Transfer to reserves	-	-	-	-
Transactions with owners of the company:				
Dividends paid	-	(860,333)	-	(860,333)
Closing balance at 30 September 2020	1,097,504	1,899,959	-	2,997,463



MTN Ghana condensed consolidated financial information for the nine-month period ended 30 September 2021

Summary statements of changes in equity - Company

	Stated capital	Retained earnings	Other reserves	Total equity
Nine-month period ended 30 September 2021	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Opening balance	1,097,504	2,022,442	-	3,119,946
OB restatements	-	(46,287)	-	(46,287)
Profit after tax	-	1,408,192	-	1,408,192
Transfer to reserves		-		-
Transactions with owners of the company:				
Dividends paid	-	(983,238)	-	(983,238)
Closing balance at 30 September 2021	1,097,504	2,401,109	-	3,498,613

Nine-month period ended 30 September 2020

Opening balance	1,097,504	1,583,371	-	2,680,875
Profit after tax	-	1,061,432	-	1,061,432
Transfer to reserves	-	-	-	-
Transactions with owners of the company:				
Dividends paid	-	(860,333)	-	(860,333)
Closing balance at 30 September 2020	1,097,504	1,784,470	-	2,881,974

MTN Ghana condensed consolidated financial information for the nine-month period ended 30 September 2021

Condensed statements of cash flow

	Group	Company	Group	Company
	For the year ended 30 September 2021	For the year ended 30 September 2021	For the year ended 30 September 2020	For the year ended 30 September 2020
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Net cash generated from operating activities	1,649,384	1,494,559	711,492	644,090
Cash generated from operations	2,819,035	2,200,868	2,068,979	1,604,199
Interest received	51,064	472,509	36,844	23,635
Interest paid	(61,010)	(61,010)	(45,411)	(45,411)
Dividend Paid	(983,238)	(983,238)	(860,333)	(860,333)
Dividend received	-	-	-	300,000
Income tax paid	(176,467)	(134,570)	(488,587)	(378,000)
Net cash used in investing activities	(878,763)	(845,787)	(566,506)	(552,016)
Acquisition of property, plant and equipment	(812,605)	(812,605)	(305,273)	(303,385)
Acquisition of intangible assets	(24,998)	(24,998)	(225,347)	(225,347)
Investment in securities	(32,977)	-	(12,602)	-
Acquisition of additional IRU capacity	(8,184)	(8,184)	(23,284)	(23,284)
Net cash used in financing activities	(593,555)	(593,568)	38,074	38,074
Proceeds from borrowing	-	-	553,504	553,504
Repayment of borrowing	(222,502)	(222,502)	(165,000)	(165,000)
Principal element of lease payments	(371,066)	(371,066)	(350,430)	(350,430)
Net increase in cash and cash equivalents	177,066	55,217	183,060	130,148
Cash and cash equivalents at the beginning of the year	671,968	518,499	458,735	340,546
Exchange gain/(loss) on cash and cash equivalents	1,124	283	340	105
Cash and cash equivalents at end of the year	850,158	573,999	642,135	470,799



MTN Ghana condensed consolidated financial information for the nine-month period ended 30 September 2021

Notes

1. General information

Scancom PLC was incorporated as a private limited liability company on April 14, 1994 and commenced operations on September 9, 1994. The Company's regulations were amended on October 13, 2016 to become a public company and its shares were listed on the Ghana Stock Exchange on September 5, 2018. Its ultimate holding company is MTN Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange. The registered address of the business is MTN House, Plot OER 6, Independence Avenue, West Ridge, Accra.

The principal activities are the provision of telecommunication services including voice, data, enterprises solutions, the provision of mobile financial services, the development of strategic partnerships to provide advance services and the provision of consultancy services in the mobile banking space.

The consolidated financial statements are for the Group consisting of the Company, Scancom PLC and its subsidiary, MobileMoney Limited.

2. Basis of preparation

The condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standard Board (IASB) and interpretations issued by the IFRS interpretations committee (IFRSIC) of IASB that are effective as at September 30, 2021, and the requirements of the Companies Act, 2019 (Act 992). The condensed consolidated financial information has been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income.

Functional and presentation currency

Items included in this condensed consolidated financial information are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial information is presented in Ghana cedis, which is the functional and presentation currency of the Group.

3. Property, plant and equipment & intangible asset

Property, plant and equipment and intangibles are measured at historical cost less accumulated depreciation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits, are recognised as intangible assets. During the period, PPE amounting to GH¢812.6 million was acquired and capitalized, while an intangible asset amounting to GH¢25.0 million was acquired and capitalized. The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases in line with IFRS 16, and during the period a total amount of GH¢222.4 million was capitalized.

MTN Ghana condensed consolidated financial information for the nine-month period ended 30 September 2021

Notes (continued)

Breakdown of CAPEX (GH¢ 000)

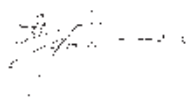
Details	Cash movement	Non-cash / credit	Item total
Property, plant and equipment	812,605	-	812,605
Intangible assets	24,998	-	24,998
Right-of-use assets	-	222,355	222,355
Total CAPEX	837,603	222,355	1,059,958

4. Contingent assets and liabilities

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. There is an ongoing tax audit by the Ghana Revenue Authority (GRA) spanning the 2014 to 2018 years of assessment. Discussions were ongoing by the time the financial statements were being finalised for issue.

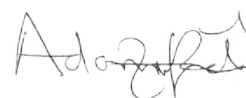
Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. There were no contingent assets determined as at September 30, 2021.

The condensed consolidated financial information for the nine-month period ended 30 September 2021 on pages 4 to 10 was approved by the Board of Directors on 27 October 2021 and signed on its behalf by:



Ishmael Yamson

Chairman



Selorm Adadevoh

Chief executive officer

Contact

Jeremiah Opoku

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Please visit <https://www.mtn.com.gh/investors/financial-reports> and other investor information.

MTN Ghana performance for the nine-month period ended 30 September 2021



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