



# Scancom PLC (MTN Ghana)

MTN Ghana performance for the six-month period ended 30 June 2022



Scancom PLC (MTN Ghana)

(Incorporated in Ghana)

Registration number: PL000322016

ISIN: GHEMTN051541

Share code: MTNGH

(MTN Ghana or Scancom PLC)

## MTN Ghana performance for the six-month period ended 30 June 2022

### Salient features (YoY)

- Subscribers
  - Mobile subscribers increased by 11.6% to 27.8 million\*.
  - Active data subscribers increased by 15.1% to 13.1 million#.
  - Active Mobile Money (MoMo) users increased by 11.0% to 11.7 million\*.
- Service revenue grew by 28.9% to GHS4.7 billion.
- Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 36.0% to GHS2.7 billion (Normalised EBITDA (excluding the IFRS 2 charge), increased by 38.2% to GHS2.7 billion).
- EBITDA margin up by 3.0 percentage points (pp) to 57.4% (Normalised EBITDA margin (excluding the IFRS 2 charge), expanded by 3.9pp to 58.3%).
- Total capex for the period was GHS1.1 billion^.
- Paid GHS1.2 billion in direct and indirect taxes during the period.
- Outlook: We will continue to execute on our Ambition 2025 strategy to drive growth and efficiencies in the business, as we navigate rising macro environment challenges and regulatory developments such as the implementation of e-levy. We maintain our medium-term guidance for service revenue growth of high teens (in percentage terms).

### Snapshot of key financial items (YoY change)

	30 June 2022	30 June 2021	Change
	GHS 000	GHS 000	
<b>Total revenue</b>	<b>4,666,539</b>	3,621,510	<b>28.9%</b>
<b>Service revenue</b>	<b>4,652,767</b>	3,610,627	<b>28.9%</b>
<b>EBITDA</b>	<b>2,679,643</b>	1,969,667	<b>36.0%</b>
<b>EBITDA margin</b>	<b>57.4%</b>	54.4%	<b>3.0pp</b>
<b>Profit before tax</b>	<b>1,938,490</b>	1,324,432	<b>46.4%</b>
<b>Profit after tax</b>	<b>1,337,586</b>	868,217	<b>54.1%</b>
<b>Total capex</b>	<b>1,130,623</b>	568,868	<b>98.7%</b>

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 GHS969.3m excludes intangibles and right of use (RoU) assets.

^ Total capex is made up of core capex spend of GHS969.3m, intangibles of GHS21.4m (Network licence, Software, etc) and right of use (RoU) assets of GHS140.0m for the period.



## MTN Ghana performance for the six-month period ended 30 June 2022

### Commentary

#### ***Sustaining business growth in a challenging macroeconomic environment***

MTN Ghana's performance in the first half of 2022 was resilient in a challenging macroeconomic environment, characterized by rising inflation, increased fuel cost and pressure on the exchange rate.

Inflation reached a 19-year high of 29.8% in June, above the Central Bank's upper inflation target of 10% for the year. This was exacerbated by a weaker cedi against the US dollar and other major trading currencies in a high import-based economy, increasing fuel prices and disruption to the global supply chain.

To manage these challenges, the Government has implemented several initiatives such as raising the policy rate, activating new revenue sources such as e-levy, introducing spending cuts, pursuing a USD1 billion syndicated loan and seeking intervention from the International Monetary Fund (IMF).

#### ***National roaming update – strategic partnerships to support industry sustainability***

In the second quarter, MTN Ghana signed a national roaming agreement with Vodafone Ghana as part of a broader National Roaming plan to facilitate universal access and accelerate digitalization in line with the country's ambitions of building a digital economy.

MTN is pleased to report the success of a pilot programme implemented in the Volta region, in which Vodafone subscribers have roamed on MTN's network. We also commenced a pilot with GIFEC on rural telephony. These partnerships are part of a bigger plan by Government to have a full national roaming regime amongst all operators in the country, and we are at various stages of discussion with other operators. We look forward to sharing updates on the progress of this national initiative.

#### ***Creating shared value – our commitment to social and economic development***

MTN remains committed to advancing the nation's digital ambition and contributing to economic growth. In line with this, MTN paid GHS1.2 billion to government in direct and indirect taxes in H1 2022. Overall, MTN contributed GHS1.4 billion in direct and indirect taxes and payments to governmental agencies in H1 2022, which represents 29.6% of MTN's total revenue.

We encountered some delay in the construction of social projects for the year; the STEM robotics lab for the Mamfe Girls' School and the 60-bed maternity and neonatal centre for the Keta Municipal Hospital. However, we are back on track and look forward to progressing much faster on these projects in the second half of the year.

Our commitment to economic and social development continues to be a priority for us and we look forward to playing our role in contributing to sustainable development.

#### ***Operational review***

In H1 2022, service revenue increased by 28.9% YoY driven by growth in voice, data and MoMo. This was supported by capital investments of GHS1.1 billion to boost service quality and expand capacity and coverage on our network as well as the diligent execution of commercial strategies resulting in an increase in subscriber base, an increase in usage and engagement by our customers.

During the period, we rolled out 255 2G, 255 3G, 935 4G sites and modernized 776 sites which supported the increase in our 4G coverage by 21.5% YoY to 97.2%.

**Voice** revenue increased by 21.3% YoY to GHS1.6 billion. This was supported by an 11.6% YoY growth in our subscriber base, underpinned by our CVM and other customer experience initiatives. The contribution of voice to service revenue as expected, declined from 35.9% to 33.8% YoY.



**Data** revenue increased by 49.3% YoY to GHS1.8 billion, underpinned by growth in our active data subscribers (+15.1% YoY), higher data traffic (+52.4% YoY) and an increase in the megabytes consumed per active subscriber (+32.3% YoY). The contribution of data to service revenue increased from 33.6% to 39.0% YoY.

During the period **MoMo** revenue grew by 9.0% YoY to GHS899 million driven by slower growth in P2P revenue and overall transactional activity. In May 2022, we implemented the e-Levy and reduced P2P transaction fees by 25% to reduce the burden of the e-Levy on our customers, these led to the slower growth in MoMo revenue in the period. Active MoMo users increased on a year-on-year basis (+11.0% YoY) and advanced service offerings continued to show positive growth (+24.0% YoY). Advanced services remain a pivot for MoMo growth as we continue to expand the portfolio of products in that category. There are products in advanced piloting stage, and we expect these to be mainstream by the end of the year. The contribution of Mobile Money to service revenue decreased from 22.8% to 19.3% YoY.

**Digital** revenue declined by 15.8% YoY to GHS81.7 million owing to our continued effort to rationalise our digital products portfolio. During the period, the number of active digital subscribers decreased by 0.3% YoY to 3.4 million. We will continue to enhance our digital messaging channels and add more value, choice and personalization to our music and gaming offerings. The contribution of digital to service revenue decreased from 2.7% to 1.8% YoY.

**EBITDA** increased by 36.0% YoY with a margin expansion of 3.0pp to 57.4% YoY. Our EBITDA growth was impacted by an IFRS 2 charge<sup>§</sup> linked to the localisation of Scancom PLC. On a normalized basis, EBITDA would have grown by 38.2% YoY with a corresponding margin expansion of 3.9pp to 58.3%.

Our finance costs increased by 22.3% YoY driven by the impact of the cedi depreciation on dollar-denominated leases, however our finance income grew by 151.8% YoY owing to gains from investments during the period. Consequently, our net finance cost decreased by 3.1% YoY, which helped to drive the growth in profit after tax for the period of 54.1% YoY.

## **Regulatory updates**

### **E-Levy implementation**

In compliance with the Electronic Transfer Levy, Act 2022 (Act 1075), MTN implemented a 1.5% levy on Mobile Money transfers on May 1, 2022, for Phase 1<sup>†</sup>, with Phase 2<sup>‡</sup> implemented on July 1, 2022.

The levy is applied to transfers done between accounts on the same electronic money issuer; transfers from an account on one electronic money issuer to a recipient on another electronic money issuer; transfers from bank accounts to mobile money accounts and vice versa; and lastly, bank transfers on an instant pay digital platform or applications originating from a bank account belonging to an individual.

At the end of H1 2022, we recorded a 0.3% YoY decline in transaction value and a 19.3% YoY increase in transaction volume, noting that the E-Levy Phase 1 was implemented on May 1, 2022. We recorded a 12.3% YoY growth in MoMo float.

We continue to monitor consumer reaction to the levy and have implemented a 25% fee reduction to lessen the impact of the levy on customers along with campaigns to educate customers on the e-Levy and changes implemented.

We remain engaged with government and other stakeholders to ensure the long-term viability of the Mobile Money industry.

<sup>§</sup> Reference in Note 5.

<sup>†</sup> Phase 1 implementation was the application of the 1.5% levy on on-net transfers only.

<sup>‡</sup> Phase 2 implementation was the application of the 1.5% levy on both on-net and off-net transfers.



## **National SIM re-registration update**

The Ministry of Communication and Digitalisation on 31 July 2022, extended the deadline for SIM card re-registration using the Ghana National ID card from 31 July 2022 to 30 September 2022.

MTN has committed additional resources and adopted various strategies including deployment of field teams into remote locations, self-service registration, announcements on customers' phones during call initiation, SMS notifications, to name a few, to accelerate re-registration and ensure a speedy completion of the exercise.

We are committed to the ongoing work alongside various regulatory stakeholders to ensure the success of this exercise.

## **Significant Market Power (SMP)**

MTN has made considerable progress in implementing three out of the seven remedies prescribed by the regulator following the National Communications Authority's (NCA) classification of MTN Ghana as a SMP in 2020. These are;

1. The application of a 30% asymmetrical interconnect rate reduction for two years (from 1 October 2020);
2. The review and approval of all MTN pricing by the NCA (since 1 October 2020); and
3. The removal of the on-net/off-net price differential for voice and data (including for below-the-line promotions).

We are in advanced stages of implementing the fourth remedy on national roaming with the completion of the first pilot program.

We will continue to work with the NCA in implementing the remaining three SMP remedies. In the meantime, we have implemented two of the three on a self-regulatory basis pending final discussions with the regulator.

We will continue to provide updates on our progress in this as appropriate.

## **Localisation of Scancom PLC and MobileMoney Limited**

MTN Ghana continues to make good on the commitment to increase local ownership to 30% for Scancom PLC and 30% for MobileMoney Limited. By the end of H1, the local ownership of Scancom PLC and MobileMoney Limited was 23.7%.

We will continue to work with the government, regulators, and other relevant stakeholders to achieve localisation of the remaining 6.3% within the stipulated time.

## **Outlook**

The Ghana macroeconomic environment continues to be characterised by uncertainty and volatility. This is the result of factors such as the depreciation of the Ghana Cedi, rising inflation, fuel price increases and the impact of the Russia-Ukraine war on the global supply chain. We believe these factors will continue to impact the business in the near-term.

Government continues to put measures in place to stabilize and correct these adverse trends. In addition to previous policy rate increases, spending cuts, new revenue generating initiatives, Government has commenced engagement with the International Monetary Fund ("IMF") to support Ghana's economic recovery programme.



We remain focused on the execution of our **Ambition 2025** strategy to help withstand the pressures of the external environment on the business. We will continue to exercise prudent and disciplined cost management in a high inflationary environment through our Expense Efficiency Programme and maintain an efficient capital allocation to protect our margins and unlock value.

We expect to progress the localisation of Scancom PLC and MobileMoney Limited to completion in the second half of the year. We are committed to the national SIM registration exercise, and we will continue to invest the needed resources to achieve success by the end of the deadline, 30 September 2022.

We remain committed to driving sustained growth and creating long-term value for our stakeholders, maintaining our medium-term target for service revenue growth of high teens (in percentage terms).



## Declaration of interim ordinary dividend

Notice is hereby given that a gross interim dividend of GHS0.04 per share for the period to 30 June 2022 has been declared. This is subject to deduction of the appropriate taxes. The number of ordinary shares in issue at the date of this declaration is 12,290,474,360.

Scancom PLC's tax reference number is C0003632776. In compliance with the requirements of GSE rules, the salient dates relating to the payment of the dividend are as follows:

**Ex-dividend date** **Wednesday, 17 August 2022**

**Qualifying date** **Friday, 19 August 2022**

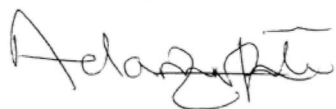
**Dividend payment date** **Thursday, 22 September 2022**

All shareholders registered in the books of Scancom PLC at close of business on Friday, 19 August 2022 qualify for the interim dividend.

In view of the foregoing, the ex-dividend date has been set as Wednesday, 17 August 2022. Consequently, an investor purchasing MTNGH shares before this date will be entitled to the interim dividend. However, an investor buying MTNGH shares on or after Wednesday, 17 August 2022 will not be entitled to the interim dividend.

On Thursday, 22 September 2022 the dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders who make use of these facilities.

The interim dividend declared was approved by the Board of Directors on 29 July 2022 and signed on its behalf by:



**Selorm Adadevoh**  
**Chief executive officer**



**Antoinette Kwofie**  
**Chief finance officer**



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## REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF SCANCOM PLC

### *Introduction*

We have reviewed the accompanying condensed consolidated and separate statement of financial position of Scancom PLC and its subsidiary ("the Group") as at 30 June 2022 and the related condensed and separate interim consolidated statements of comprehensive income, changes in equity and consolidated and separate cash flows for the six-month period then ended, and a condensed significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed consolidated and separate interim financial information in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34 Interim Financial Reporting). Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated and separate interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards applicable to the interim financial reporting (IAS 34 Interim Financial Reporting).

The Engagement Partner on the review engagement resulting in this independent auditor's conclusion is Pamela Des Bordes (ICAP/P/1329).

Pamela Des Bordes (ICAG/P/1329)  
Ernst & Young (ICAG/F/2022/126)  
Chartered Accountants  
Accra, Ghana

Date: 01.08.2022



## MTN Ghana condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022

### Summary statements of comprehensive income

	Group	Company	Group	Company
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021	For the six-month period ended 30 June 2021
	GHS 000	GHS 000	GHS 000	GHS 000
<b>Revenue from contracts with customers</b>	<b>4,666,539</b>	<b>3,811,327</b>	3,621,510	2,796,910
Other revenue	775	31,879	-	-
Direct network operating costs	(422,430)	(422,430)	(335,643)	(335,624)
Government and regulatory cost	(99,119)	(99,119)	(72,727)	(72,727)
Cost of handsets and other accessories	(52,640)	(52,640)	(50,893)	(50,893)
Interconnect and roaming costs	(179,940)	(179,940)	(141,574)	(141,574)
Employee benefits expense	(173,630)	(159,990)	(131,470)	(126,861)
Selling, distribution and marketing expenses	(647,438)	(379,622)	(670,163)	(207,384)
Other operating expenses*	(412,474)	(395,573)	(249,373)	(244,593)
<b>Earnings Before Interest Tax Depreciation and Amortisation</b>	<b>2,679,643</b>	<b>2,153,893</b>	1,969,667	1,617,254
Depreciation	(498,645)	(497,235)	(397,448)	(396,462)
Amortisation	(78,279)	(78,329)	(78,235)	(78,104)
<b>Operating profit</b>	<b>2,102,719</b>	<b>1,578,329</b>	1,493,984	1,142,688
Finance income	83,996	347,854	33,357	261,265
Finance costs	(248,224)	(247,543)	(202,909)	(204,848)
<b>Profit before income tax</b>	<b>1,938,490</b>	<b>1,678,640</b>	1,324,432	1,199,105
Income tax expense	(600,904)	(421,363)	(456,215)	(346,617)
<b>Profit after income tax</b>	<b>1,337,586</b>	<b>1,257,277</b>	868,217	852,488
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>1,337,586</b>	<b>1,257,277</b>	868,217	852,488
<b>Equity holders of the company</b>	<b>1,337,586</b>	<b>1,257,277</b>	868,217	852,488
<b>Diluted/Basic Earnings per share</b>	<b>GHS 0.109</b>	<b>GHS 0.102</b>	GHS 0.071	GHS 0.069

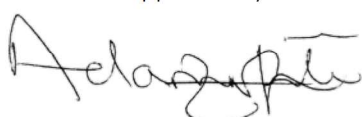
\* Other operating expenses includes IFRS 2 localisation charge of GHS43 million (see Note 5 for details).

## MTN Ghana condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022

### Summary statements of financial position

	Group	Company	Group	Company
	As at 30 June 2022	As at 30 June 2022	As at 31 December 2021	As at 31 December 2021
	GHS 000	GHS 000	GHS 000	GHS 000
<b>Non-current assets</b>	<b>6,724,909</b>	<b>6,699,502</b>	<b>6,157,626</b>	<b>6,150,453</b>
Property, plant and equipment	4,509,771	4,504,364	3,906,148	3,898,955
Right-of-Use assets	1,320,103	1,320,103	1,342,204	1,342,204
Intangible assets	740,111	740,061	778,872	778,842
Investment in subsidiary	-	50	-	50
Investments	20,000	-	-	-
IRU assets	102,418	102,417	88,385	88,385
Capitalised contract cost	30,873	30,874	39,744	39,744
Contract asset	1,633	1,633	2,273	2,273
<b>Current assets</b>	<b>10,664,280</b>	<b>1,807,005</b>	<b>11,367,783</b>	<b>1,829,487</b>
Inventories	5,798	5,745	29,310	29,310
Trade and other receivables	997,624	1,060,145	568,461	551,306
Other current assets	-	-	27,431	27,431
Other financial assets at amortised cost	-	-	142,389	142,267
Income tax assets	95,736	82,693	529,488	442,705
IRU assets	16,453	16,453	14,753	14,753
Mobile Money float	8,249,984	-	8,977,989	-
Cash and cash equivalents	1,165,988	641,969	995,422	621,715
Investments in securities (MoMo)	132,697	-	82,540	-
<b>Total assets</b>	<b>17,389,189</b>	<b>8,506,507</b>	<b>17,525,409</b>	<b>7,979,940</b>
Total equity	4,700,399	4,126,518	4,363,298	3,870,715
Stated capital	1,097,504	1,097,504	1,097,504	1,097,504
Retained earnings	3,434,196	2,985,745	3,183,254	2,773,211
Other reserves	168,699	43,269	82,540	-
<b>Non-current liabilities</b>	<b>2,251,863</b>	<b>2,251,919</b>	<b>2,210,988</b>	<b>2,210,803</b>
Borrowings	296,111	296,111	369,774	369,774
Deferred tax liabilities	434,302	435,561	420,857	421,876
Lease liabilities	1,491,912	1,491,912	1,390,212	1,390,212
IRU liability	14,996	14,996	15,703	15,703
Provisions	7,671	7,671	14,442	13,238
Non-current share-based payment liability	6,871	5,668	-	-
<b>Current liabilities</b>	<b>10,436,927</b>	<b>2,128,070</b>	<b>10,951,123</b>	<b>1,898,422</b>
Trade and other payables	1,431,199	1,418,785	1,229,416	1,159,162
Obligations to electronic money holders	8,249,984	-	8,977,989	-
Contract liabilities	137,091	137,090	191,558	191,558
Tax liabilities	141,237	99,711	-	-
Provisions	35,418	30,485	57,702	53,244
Lease liabilities	210,496	210,496	293,526	293,526
IRU liability	2,157	2,157	1,616	1,616
Deferred income	10,879	10,879	-	-
Borrowings	218,466	218,466	199,316	199,316
Total liabilities	12,676,390	4,379,989	13,162,111	4,109,225
Total equity and liabilities	17,389,189	8,506,507	17,525,409	7,979,940

The condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022 was approved by the Board of Directors on 29 July 2022 and signed on its behalf by:



**Selorm Adadevoh**  
Chief executive officer



**Anroinette Kwofie**  
Chief finance officer



## MTN Ghana condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022

### Summary statements of changes in equity - Group

Six-month period ended 30 June 2022	Stated Capital	Retained income	Mobile Money contingency fund	Other reserves	Total Equity
	GHS 000	GHS 000	GHS 000	GHS 000	GHS 000
<b>Opening balance at 1 January 2022</b>	<b>1,097,504</b>	<b>3,183,217</b>	<b>82,540</b>	<b>-</b>	<b>4,363,261</b>
Profit for the year	-	<b>1,337,586</b>			<b>1,337,586</b>
Other comprehensive income			<b>973</b>		<b>973</b>
Equity movement				<b>43,269</b>	<b>43,269</b>
<b>Transfer between reserves</b>	<b>-</b>	<b>(41,917)</b>	<b>41,917</b>		
<b>Transactions with owners of the company:</b>					
Dividend paid	-	<b>(1,044,690)</b>	-		<b>(1,044,690)</b>
<b>Closing balance at 30 June 2022</b>	<b>1,097,504</b>	<b>3,434,196</b>	<b>125,430</b>	<b>43,269</b>	<b>4,700,399</b>
<b>Six-month period ended 30 June 2021</b>					
<b>Balance at 1 January 2021</b>	1,097,504	2,228,245	13,401		3,339,150
Profit for the year	-	868,217			868,217
<b>Transfer between reserves</b>	-	(7,100)	7,100		-
<b>Transactions with owners of the company:</b>					
Dividends paid	-	(614,524)			(614,524)
<b>Closing balance at 30 June 2021</b>	1,097,504	2,474,838	20,501		3,592,843

## MTN Ghana condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022

### Summary statements of changes in equity - Company

Six-month period ended 30 June 2022	Stated Capital	Retained income	Other Reserves	Total Equity
	GHS 000	GHS 000	GHS 000	GHS 000
Balance at 1 January, 2022	1,097,504	2,773,159	-	3,870,663
Profit for the year	-	1,257,277	-	1,257,277
Other comprehensive income	-	-	-	-
Equity movement			43,269	43,269
Transfer between reserves	-	-	-	-
Transactions with owners of the company:				
Dividends paid		(1,044,690)		(1,044,690)
Closing balance at 30 June 2022	1,097,504	2,985,746	43,269	4,126,519
<b>Six-month period ended 30 June 2021</b>				
Balance at 1 January 2021	1,097,504	1,976,155	-	3,073,659
Profit for the year	-	852,488	-	852,488
Other comprehensive income	-	-	-	-
Total comprehensive income	-	326,146	-	326,146
Transactions with owners of the company:				
Dividends paid	-	(614,524)	-	(614,524)
Closing balance at 30 June 2021	1,097,504	2,214,119	-	3,311,623



## MTN Ghana condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022

### Summary statements of cash flow

	Group	Company	Group	Company
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021	For the six-month period ended 30 June 2021
	GHS 000	GHS 000	GHS 000	GHS 000
<b>Net cash generated from operating activities</b>	<b>1,499,932</b>	<b>1,287,701</b>	810,349	677,138
Cash generated from operations	2,736,685	2,185,689	1,676,254	1,273,260
Interest received	76,729	347,855	33,357	261,265
Interest paid	(107,516)	(107,515)	(53,346)	(53,346)
Dividend paid	(1,044,690)	(1,044,690)	(614,524)	(614,524)
Income tax paid	(161,276)	(93,635)	(231,392)	(189,517)
<b>Net cash used in investing activities</b>	<b>(1,052,672)</b>	<b>(990,754)</b>	(569,093)	(548,878)
Acquisition of property, plant and equipment	(969,268)	(969,268)	(526,107)	(526,107)
Acquisition of intangible assets	(21,397)	(21,397)	(15,624)	(15,624)
Investment in securities	(20,000)	-	-	-
Movement in current investments	(41,917)	-	(20,215)	-
Acquisition of additional IRU capacity	(89)	(89)	(7,147)	(7,147)
<b>Net cash used in financing activities</b>	<b>(276,692)</b>	<b>(276,692)</b>	(282,824)	(282,824)
Proceeds from borrowing	-	-	406	406
Repayment of borrowing	(57,500)	(57,500)	(57,502)	(57,502)
Principal element of lease payments	(219,139)	(219,139)	(225,728)	(225,728)
Deferred income	(53)	(53)	-	-
<b>Net increase in cash and cash equivalents</b>	<b>170,568</b>	<b>20,255</b>	(41,568)	(154,564)
Cash and cash equivalents at the beginning of the year	995,421	621,715	671,968	518,499
Exchange gain/(loss) on cash and cash equivalents	-	-	2,019	42
Cash and cash equivalents at end of the year	1,165,989	641,970	632,419	363,977

## MTN Ghana condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022

### Notes

#### 1. General information

Scancom PLC was incorporated as a private limited liability company on 14 April 1994 and commenced operations on 9 September 1994. The Company's regulations were amended on 13 October 2016 to become a public company and its shares were listed on the Ghana Stock Exchange on 5 September 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 and separate financial information have 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 30 June 2022, and the requirements of the Companies Act, 2019 (Act 992). The condensed consolidated and separate 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 and separate 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 assets

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 GHS969.3 million was acquired and capitalized, while an intangible asset amounting to GHS21.4 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 GHS140.0 million was capitalized.



## MTN Ghana condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022

### Notes (continued)

#### Breakdown of capex (GHS 000)

Details	Cash movement	Non-cash / credit	Item total
Property, plant and equipment	969,268	-	969,268
Intangible assets	21,397	-	21,397
Right-of-use assets	-	139,958	139,958
<b>Total capex</b>	<b>990,665</b>	<b>139,958</b>	<b>1,130,623</b>

#### 4. Contingent liabilities

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

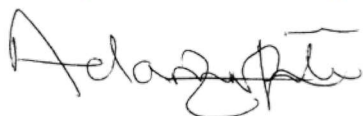
There is an ongoing tax audit by the Ghana Revenue Authority (GRA) spanning the 2014 to 2018 years of assessment. Discussions were ongoing by the time the financial statements were being finalised for issue. Thus, no reliable estimate could be made of any risk at this point in time.

#### 5. Localisation - IFRS 2 charge

As part of the journey to achieve further localization in Ghana, in May 2022, MTN Group undertook a share sale transaction with five separate Ghanaian legal entities, hereafter referred to as the SPVs.

The SPVs acquired 614,523,715 of Company's shares at a price of GHS0.90 per share. The acquisition of these shares included funding from MTN Group. Although Scancom PLC was not a party to these transactions, the transaction meets the definition of a share-based payment per IFRS 2 Share-based Payment (IFRS 2). Accordingly, the Company has accounted for this transaction as an equity-settled share-based payment, resulting in an expense of GHS43 million being recognised in profit or loss with a corresponding entry in the share-based payment reserve in equity.

The condensed consolidated and separate interim financial information for the six-month period ended 30 June 2022 on pages 8 to 15 was approved by the Board of Directors on 29 July 2022 and was signed on its behalf by:



**Selorm Adadevoh**  
Chief executive officer



**Antoinette Kwofie**  
Chief finance officer

## Contact

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



## MTN Ghana condensed consolidated financial information for the six-month period ended 30 June 2022

### Annexure

#### 1. Quarterly financial highlights

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	GHS 000	GHS 000	GHS 000	GHS 000	GHS 000
<b>Total revenue</b>	2,310,558	2,355,982	2,158,986	1,942,762	1,752,532
<b>Service revenue</b>	2,303,644	2,349,123	2,156,095	1,934,003	1,745,927
<b>Voice</b>	788,000	785,384	708,215	619,899	671,833
<b>Data</b>	941,069	871,975	821,531	732,948	530,456
<b>MoMo</b>	384,063	514,911	471,646	437,336	418,341

#### 2. Quarterly non-financial highlights

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
<b>Subscribers<sup>1</sup></b>	677,818	1,731,347	126,458	357,113	(115,657)
<b>Active data subs<sup>2</sup></b>	317,903	386,216	497,209	526,328	202,549
<b>Active MoMo subs<sup>2</sup></b>	126,930	547,767	387,025	96,837	(203,609)

<sup>1</sup> RGS 90 subscribers.

<sup>2</sup> RGS 30 subscribers.



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