MTN Uganda Limited
2021 Annual Report

MTN


Doing dares you to do more
Doing doesn't stop till it gets what it wants. When opportunity calls, Doing answers. When everyone else is still thinking, Doing's already done.
So, What are we doing today?
MTN

Taking a strong march forward >>

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Glossary

2G	Second generation mobile
3G	Third generation mobile
4G/LTE	Fourth generation of long-term evolution mobile communications
5G	Fifth generation mobile
AI	Artificial Intelligence
AGM	MTN Uganda's annual general meeting for 2022 (relating to the year ended 31 December 2021)
AML/CFT	Anti-money laundering and combating the financing of terrorism
API	Application Programming Interface
ARPU	Average revenue per user
BOU	Bank of Uganda
Board	Board of directors of MTN Uganda
Capex (IAS 17)	Capital expenditure (International Accounting Standard 17) (excluding NTO Llicence fees)
Chenosis	A pan-African API marketplace that enables developers and businesses to discover and subscribe to a library of open APIs
Communications Act	Uganda Communications Act 2013 (as amended)
Company	MTN Uganda Limited
COVID-19	The novel coronavirus
CVM	Customer value management
EBITDA	MTN Uganda's earnings before interest, tax, depreciation and amortisation
e-NPS	Employee Net Promoter Score
ERM	Enterprise Risk Management
EVP	Employee Value Proposition
Fintech	includes MTN MoMo, MFS, e-commerce, insurance, airtime lending and data monetization streams
FY	Financial Year
ESG	Environment, social and governance

GCA	Group Culture Audit
GHG	Greenhouse gas
GOU	Government of Uganda
GSM	Global system for mobile communication
ICT	Information and communication technologies
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IPO	Initial public offering
ISO	International Organisation for Standardisation
KYC	Know your customer; a process to identify and verify customer identity
MoMo Subsidiary	MTN Mobile Money Uganda Limited
MTN MoMo	MTN Mobile Money
MTN Uganda	MTN Uganda Limited
NaaS	Network as a Service
NPS	Net Promoter Score
NPS Act	National Payment Systems Act 2020
NTO Licence	national telecommunications operator licence issued to MTN Uganda by UCC for MTN Uganda to provide telecommunications services as a designated national telecommunication operator in Uganda for the period 1 July 2020 to 30 June 2032
OTT	Over-the-top services
PSO	Payment systems operator, as defined by the NPS Act
PSP	Payment systems provider, as defined by the NPS Act
SIM-card	Subscriber identity module-card
SDGs	United Nations Sustainable Development Goals
SMS	Short message service
UCC	Uganda Communications Commission
UGX	Uganda Shilling, the official currency of Uganda;
URA	Uganda Revenue Authority
USD	United States Dollar, the official currency of the United States of America
USE	Uganda Securities Exchange
USSD	Unstructured Supplementary Service Data, a communications code (*1234#) used by mobile telephones to communicate with the mobile network operator
YoY	Year-on-Year

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of MTN Uganda Limited (the "Company") will be held at the Company's head office at Plot 69 - 71 Jinja Road, Kampala, on Friday, 27 May 2022, at 10:00am to conduct the following business:

Ordinary Business

1. To receive, consider and, if approved, adopt the Company's audited accounts for the year ended 31 December 2021, together with the reports of the directors and external auditor thereon.

2. To approve and declare the payment of a final dividend of Ush. 4.706 per ordinary share for the year ended 31 December 2021.

3. To approve the re-appointment of PricewaterhouseCoopers Certified Public Accountants as the external auditor of the Company for the audit relating to the financial year ending 31 December 2022 and up to the conclusion of the next AGM in 2023, and to authorise the Directors to fix their remuneration for that purpose.

Special Business

4. To approve the remuneration of the non-executive directors of the Company.

5. To conduct any other business that may be conducted at the AGM of which due notice has been given.

By Order of the Board,

Ms. Enid Edroma
Company Secretary

5 May 2022

Attendance of AGM and proxies

Only a person whose name appears on the Company's share register at the close of business on 26 May 2022 is entitled to attend the AGM in person or by proxy.

A shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote instead of himself/herself. Such proxy need not be a shareholder of the Company but must be an individual. A proxy form may be downloaded from the Company website www.mtn.co.ug/investors. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person at the meeting. A proxy form for a corporate shareholder must be accompanied by a power of attorney or other authority issued by the corporate shareholder in favour of the proxy.

Shareholders who cannot attend the AGM in person are encouraged to use the proxy form to ensure that their votes on the proposed resolutions are taken into account.

For the appointment to be valid, duly executed proxy forms must be delivered electronically via email to the email address: **Investorrelations.ug@mtn.com** or deposited at any of the following locations not less than 48 hours before the time fixed for the meeting (that is, by 10:00 am on 25 May 2022):

a) At the MTN Uganda head office at Plot 69 - 71, Jinja Road, Kampala, Uganda; or

b) At the offices of the Share Registrar, Uganda Securities Exchange Nominees Limited (SCD Registrars) at Plot 3-5 New Port Bell Road, UAP Nakawa Business Park, Block A, 4th Floor, Kampala, Uganda.

A shareholder wishing to attend the AGM must carry a valid national identification card or, in the case of a non-Ugandan, a passport.

Shareholders who do not satisfy the identification requirements may be denied access to the meeting.

Voting

All shareholders of the Company are entitled to vote at the AGM. Every shareholder present in person or by proxy at the meeting shall be entitled to one vote on a show of hands (irrespective of the number of shares held) and on a poll shall be entitled to one vote for every share held.

In line with the Companies Act, all the resolutions to be passed at the AGM are ordinary resolutions. Ordinary resolutions require the support of more than 50% (fifty percent) of the voting rights exercised on each of them by the shareholders, whether present in person, or represented by proxy.

Books closure and dividend payment

The book closure date for entitlement to the final dividend is Wednesday, 1 June 2022. Only shareholders registered in the books of the Company at close of business on that date are entitled to receive the final dividend.

In line with the Uganda Securities Exchange Trading Rules 2021, the ex-dividend date shall be Thursday, 26 May 2022. Accordingly, an investor who buys MTN Uganda shares before this date will be entitled to the final dividend. Any investor buying MTN Uganda shares after this date will not be entitled to the final dividend declared for the year ended 31 December 2021.

On Friday, 24 June 2022, the dividend will be paid (net of withholding tax) electronically to the nominated bank accounts or mobile money wallets of eligible shareholders.

Right of shareholders to ask questions

Shareholders have the right to ask questions not only at the AGM, but also in writing prior to the meeting. Questions should be submitted to the Company Secretary at the Company's head office or via email (Investorrelationsug@mtn.com) no later than 10:00am on 25 May 2022. We will respond to as many questions as we can regarding the AGM agenda items and the time available for the AGM.

Annual Report and Audited Financial Statements

The electronic version of the Annual Report and audited financial statements are available online for viewing and download from our website at **www.mtn.co.ug/investors**.

Shareholders who have provided their email addresses to the Share Registrar will receive the electronic version of the Annual Report and audited financial statements via email.

Visit **www.mtn.co.ug/investors** to download the proxy form.

EXPLANATORY NOTES TO THE RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

We welcome you to the first AGM of the Company following its listing on the Uganda Securities Exchange on 6 December 2021. Explanatory notes are provided below to the resolutions set out in the notice of the AGM. At the meeting, you will be requested to vote in favour of the proposed resolutions. Please note that if you abstain from voting, you will not be counted in the calculation of the proportion of votes for or against a resolution.

Resolution 1: 2021 Audited Accounts

"To receive, consider and if approved adopt the Company's audited accounts for the year ended 31 December 2021, together with the reports of the directors and external auditor thereon."

Explanatory note

Pursuant to the requirements of Section 155 and 170 of the Companies Act 2012 (the "Companies Act"), the directors of the Company are mandated to prepare financial statements for each year. In line with those provisions, the 2021 financial statements have been prepared, audited, approved and included in the 2021 Annual Report. The Annual Report also contains the report of the directors and the Company's external auditor on the audited financial statements.

The directors are required by the Companies Act to lay before the Company in the general meeting for each financial year copies of the financial statements of the Company made up to a date not exceeding nine months prior to the date of the meeting. This provides the shareholders the opportunity to ask questions on the content of the audited financial statements.

We urge you to vote in support of the motion to receive the audited financial statements and the accompanying reports.

Resolution 2: Final Dividend

"To declare and approve the payment of a final dividend of UGX 4.706 per ordinary share (UGX 105.4 billion) for the year ended 31 December 2021."

Explanatory note

Section 69 of the Companies Act empowers the Company to declare and pay a dividend based upon a recommendation by the directors and with reference to the accounts of the Company. Article 53 of the Company's Articles of Association provides that the shareholders in a general meeting may declare final dividends by ordinary resolution, but no dividend shall exceed the amount recommended by the directors acting in accordance with any Company's prevailing dividend policy.

The proposed amount of UGX 105.4 billion constitutes the final dividend for the year ended 31 December 2021. During 2021, the Company paid two interim dividends totaling UGX 230 billion to the shareholders at the time. As such, the total 2021 dividend will be UGX 335.6 billion, which translates to a total dividend of UGX 14.99 per share.

We urge you to vote in support of the motion to declare and approve the final dividend of UGX 4.706 per ordinary share (UGX 105.4 billion) the year ended 31 December 2021.

Resolution 3: External Auditor

"To approve the re-appointment of PricewaterhouseCoopers Certified Public Accountants as the external auditor of the Company, for the audit relating to the financial year ending 31 December 2022 and up to the conclusion of the next AGM in 2023 and to authorise the directors to fix their remuneration that purpose."

Explanatory note

Section 167 of the Companies Act requires the Company to appoint an auditor to hold office from the conclusion of that general meeting, until the conclusion of the next general meeting. The Companies Act further permits the remuneration of the external auditor appointed by the shareholders to be fixed in such manner as the general meeting may determine. Article 142 of the Company's Articles of Association provides that the external auditors shall be appointed by the shareholders and their remuneration decided by the directors.

In line with the referenced provision of the Companies Act and the Company's Articles of Association, we request that you support the motion to approve the re-appointment of PricewaterhouseCoopers Certified Public Accountants as external auditors of the Company, and to authorise the directors to fix their remuneration for the audit of the Company's accounts for the year ending 31 December 2022. The directors will be guided in this regard by the Audit and Risk Committee.

Resolution 4: Board Remuneration

"To approve the remuneration of the non-executive Directors of the Company."

Explanatory note

The reason for this resolution is to grant the Company the authority to pay remuneration to its non-executive directors for their services as directors in accordance with the provisions of the Companies Act and Article 121 of the Company's Articles of Association. The effect of the resolution is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors, without requiring further shareholder approval until the next AGM. We request that you support the motion for the remuneration of the non-executive directors of the Company as proposed.

About MTN Uganda

3.1 About this Report

This Annual Report is MTN Uganda's primary communication to all stakeholders and aims to enable them to make an informed assessment of the Company's performance and prospects. The Annual Report provides a balanced review of the material matters that the Company faces; our use of the capital; our key operational, financial, economic, social and environmental performance; how we are governed; our engagement with stakeholders; as well as our risks and opportunities. In short, it is our value-creation story.

Scope and boundary

Our material matters, as well as our strategy, form the anchor of the report and determine its content. It covers the period 1 January to 31 December 2021, and gives commentary, performance measures and prospects for MTN Uganda's operations. We provide supplementary information in associated reports and the full set of annual financial statements at the Investors page on MTN Uganda's website – www.mtn.co.ug/investors

Financial information

We apply IFRS as issued by the International Accounting Standards Board and interpretations as issued by the IFRS Interpretations Committee. We comply with the annual filings requirements of the USE Listing Rules 2021, as issued by the USE. We also comply with the requirements of the Companies Act 2012.

Non-financial information

We use local and global standards and guidelines to compile non-financial information. These include the IIRC, the Companies Act 2012, the Capital Markets Corporate Governance Guidelines 2003 the USE Listing Rules 2021 and, where applicable, any other guidelines issued by UCC.

Forward-looking information

Opinions and forward-looking statements expressed in this report represent those of the Company at the time. Undue reliance should not be placed on such statements and opinions because by nature, they are subjective to known and unknown risk and uncertainties and can be affected by other factors that could cause actual results and Company plans and objectives to differ materially from those expressed or implied in the forward-looking statements. Neither the Company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever for any loss howsoever arising from any use of this report or its contents, and do not undertake to publicly update or revise any of its opinions or forward-looking statements whether to reflect new information or future events or circumstances otherwise.

Approval by the Board

The Board is responsible for the Annual Report, and believes that this report addresses all material issues and presents a balanced and fair account of the Company's performance for the reporting period, as well as an accurate reflection of our core strategic commitments for the short, medium and long term. The Audit and Risk Committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation.

The Board approved the consolidated audited financial statements for the year ended 31 December 2021 on 4 March 2022.

Charles Mbire
Chairperson

Chief Executive Officer
Wim Vanhelleputte

3.2 Who We Are

MTN Uganda is a Ugandan telecommunications operator with the strategic intent of providing telecommunications and digital solutions for Uganda's progress. Inspired by our belief that everyone deserves the benefits of a modern connected life, the Company provides a diverse range of voice, data, digital, fintech, wholesale and enterprise services to approximately 15.7 million subscribers. Our industry leadership in coverage, capacity and innovation reflects the steadfast and progressive nature of our customer base.

The opportunity we have been granted to play a role in Uganda's evolution has been our great privilege. A proudly Ugandan company with a rich African heritage, we are committed to using our technology and assets to help build a better tomorrow where businesses expand; the economy grows, and people progress. Guided by the principle of shared value which enables shared prosperity, we know that the success and growth of our business are tied to the wellbeing and development of the community where we live and work. This is why MTN Uganda is constantly looking for opportunities and possibilities to make a positive and sustainable impact.

Belief statement

Everyone deserves the benefits of a modern connected life

Strategic intent

To lead the delivery of a bold, new digital world

Values

1. Leadership
2. Innovation
3. Relationships,
4. Integrity
5. Can Do

Strategic Priorities

- Build the largest and most valuable platforms
- Drive industry -leading connectivity operations
- Create shared value
- Accelerate portfolio transformation

Vital enablers

- Leading customer experience
- Best talent, culture and future skills
- Value-based capital allocation
- Environment, social and governance at the core
- Technology platforms second to none

Value Creation Proposition

- 15.7 million subscribers
- 5.3 million active data users
- 9.9 million active MTN MoMo users
- UGX 2.04 trillion in service revenue
- UGX 340.4 billion in profit after tax
- UGX 270.2 billion in Capex (IAS 17)

3.3 Our Journey

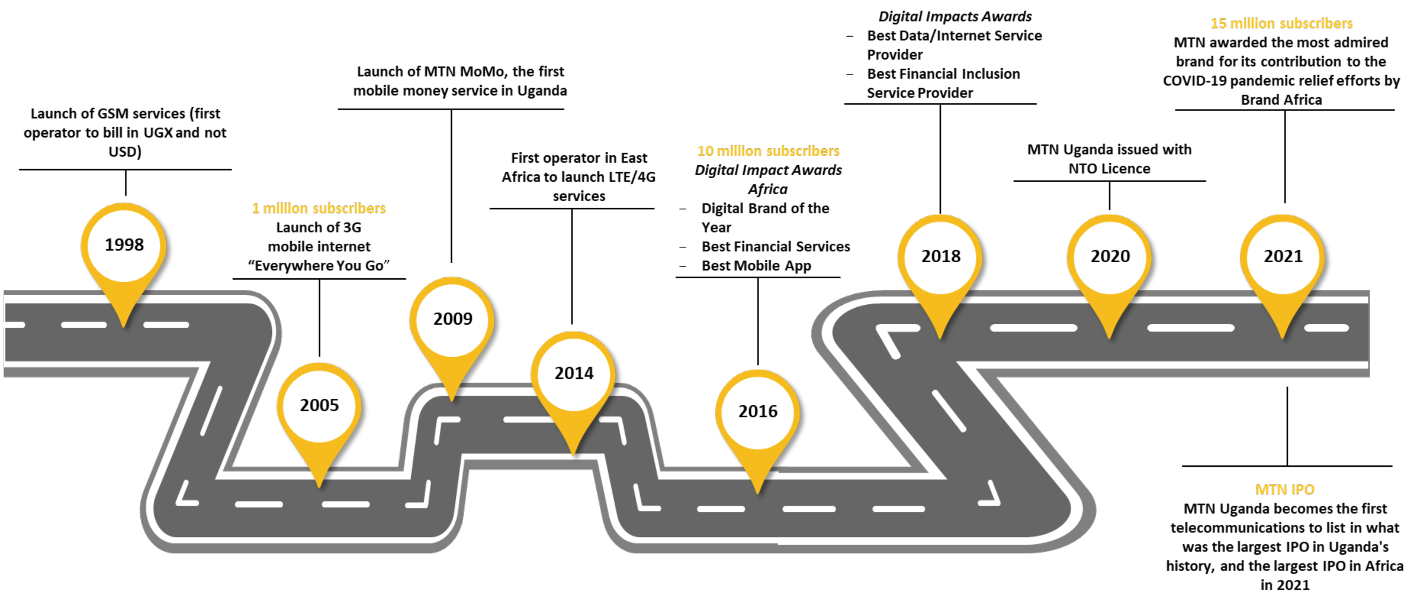
Our history in Uganda overlaps with significant historical events in the country's telecommunications sector. MTN Uganda was incorporated as a private company limited by shares on 25 February 1998, and the main object for which the Company was incorporated was to operate as a second national operator of a telecommunications network in Uganda

Prior to the launch of the Company's GSM services in Uganda, GOU was undertaking targeted telecommunication sector reform in line with GOU's broader program of macroeconomic adjustment, structural reform and economic liberalisation. Telecommunications services in the country were being provided by a state-owned monopoly, and there were considerable limitations in expansion, infrastructure and quality of service.

GOU reorganised the telecommunication sector by enacting utility into a private entity and establishing UCC to assume regulatory responsibility for the sector.

Following an open tender process, MTN Uganda emerged as the best evaluated bidder for the grant of a second national operator licence in 1998. The Company launched commercially on 21 October 1998 and riding on a demand for mobile telecommunication services that was much higher than anticipated, MTN Uganda has put in place a cellular network with 36,000 subscribers within the first year of operation. Since then, we have been central to the exponential growth witnessed in the sector, and remain a leading player in the Uganda telecommunications market.

On 6 December 2021, the Company was listed on the USE following the most successful IPO in Uganda's history in which 20,894 Ugandans purchased shares.



3.4 Mission and Values

Vision

To lead the delivery of a bold, new digital world

Mission

Everyone deserves the benefits of a modern connected life

Strategic Intent

Leading digital solutions for Africa's progress

MTN is a mobile operator at the forefront of technological and digital changes. The Company's belief, vision and purpose is driven by:

Vision: *To lead the delivery of a bold, new digital world.*

Belief: *Everyone deserves the benefits of a modern connected life.*

Strategic intent: *Leading digital solutions for Africa's progress.*

Aligned with MTN Group, the Company is driven by the belief that everyone deserves the benefits of a modern connected world, and the Company strives to connect societies through digital and financial inclusion.

We believe that the Company's success is closely linked to inclusive socio-economic growth and development in Uganda. As a champion for Uganda, we believe that we have a pivotal role to play in addressing the considerable gaps in access to connectivity by driving mobile and internet adoption.

It is our belief that connectivity provides access to financial technology and digital solutions that pave the way for participation in economic activities and education, enhancing lives and strengthening communities.

3.5 Our Top Achievements in 2021

Increased subscriber growth	**15.7 million** • Mobile subscribers up by 10.7% to 15.7 million	**5.3 million** • Active data subscribers up by 16.0 % to 5.3 million	**9.9 million** • Active fintech subscribers up by 16.3% to 9.9 million
Improved performance	**UGX 1.0 trillion** • Voice revenue up by 3.6% to UGX 1,007 billion	**UGX 412 billion** • Data revenue up by 21.9% to UGX 412 billion	**UGX 525 billion** • Fintech revenue up by 10.2% to UGX 525 billion
Final dividend	**UGX 105.4 billion** • Final dividend for the FY 2021 is 105.4 billion (UGX 4.706 per share)		**UGX 335.6 billion** • Total dividend for FY 2021 (interim and final) is UGX 335.6 billion (UGX14.99 per share)
Network coverage	**62.7%** • 4G population coverage grew from 44.6% to 62.7%	**53.0%** • 4G data traffic 53% of total traffic	**30.8%** • 30.8% smartphone penetration
Fibre coverage	**6,409 kilometres** • Fibre coverage (both owned and leased): 6,409 kilometres		**1,425 homes** • Homes reached: 1,425
MTM MoMo ecosystem	**53,426 merchants** • Merchants grew by 61.0% to 53,426.		**173,400 agents** • Agents growth by 44.0% to 173,400

Broad-based Ugandan ownership of MTN Uganda

15%

- 20,984 Ugandans following the IPO

Smartphone device programme

100,000

- 100,000 phones sold through MTN Kabode programme

Taxes paid to URA

UGX 839 billion

- Total direct and indirect taxes

3.6 Rewards and Recognition

Award	Awarding Body	Year
Africa's Best Brand	Brand Africa	2021
Humanitarian of the Year	Red Cross Society	2021
Best Performing Network	Rohde & Schwarz	2021
Overall Winner – Best Customer Support	Uganda Marketing Society	2021
Overall Winner – Best Use of Digital Tech	Uganda Marketing Society	2021

Robert Kwesiga - Secretary General Uganda Red Cross Society hands over humanitarian awards to MTN's General Manager, Corporate Services - Enid Edroma.

3.7 Our COVID-19 Support Initiatives 2020 - 2021

COVID-19 support initiatives
Allocated UGX 316million in media space to the Ministry of Health to run much-needed COVID-19 communication across various media platforms.
Zero-rated all MTN MoMo sending transactions for a period of two months, and subsequently restored the rates at a 50% discount for a month to reduce the need to transact in cash, which was considered a major way through which the virus spreads.
To facilitate free flow of information, zero-rated the Ministry of Health website to enable the public to receive timely information without the need for data.
As schools remained closed, zero-rated a number of educational websites to enable learning to continue while the school-going children were at home.
Set up a fully equipped call center at the MTN head offices to support the Ministry of Health workforce in terms of receiving calls from members of the public seeking referrals and those seeking general information about the virus.
In response to the president's call for car donations, donated three brand new Nissan NP300 Hardbody pick-ups to the Office of the Prime Minister.
In a bid to promote hand washing and hygiene as one of the ways to prevent the spread of the fatal coronavirus, provided UGX 220 million to the National Water and Sewerage Corporation to provide relief to the persons living in water-stressed parts in and around Kampala.
Provided another UGX 294 million to the Uganda Red Cross Society for surveillance, screening and psychological support in high-risk areas and border points across the country.
Provided a MTN MoMo money collection point where MTN Uganda customers made donations towards the Uganda Red Cross Society efforts in fighting the pandemic. A total of 21.9 million was collected from MTN Uganda customers
Funded the Uganda Red Cross Society to support 16 markets in Kampala and Wakiso districts with risk communication, COVID-19 screening and hygiene promotion projects.
Donated 6000 quality sanitary pads to women in quarantine centres around the country.

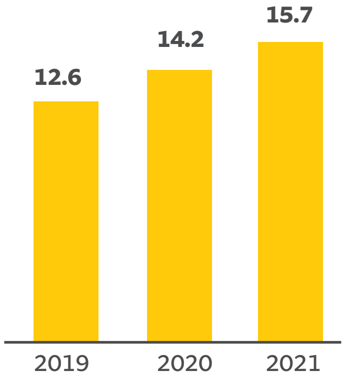
Handover of 6000 packets of Sanitary towels to Ministry of Health for women in quarantine centers

3.8 Key Operational Highlights

Mobile subscribers (millions)

10.7% Growth

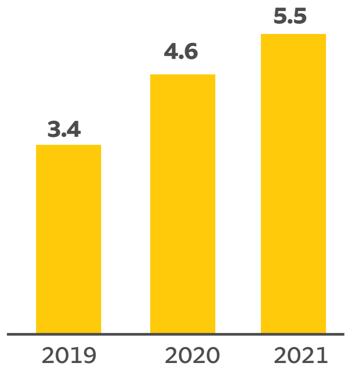
(2020-2021)



Data subscribers (millions)

16.0% Growth

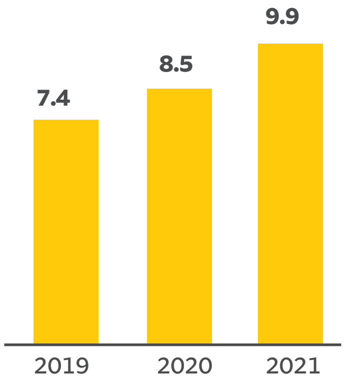
(2020-2021)



MTN MoMo subscribers (millions)

16.3% Growth

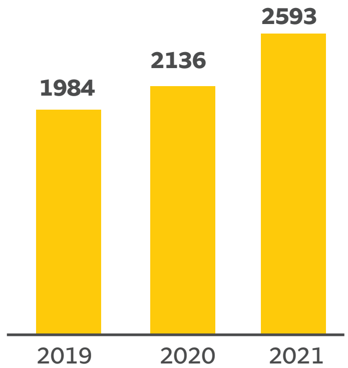
(2020-2021)



Number of network sites

21.4% Growth

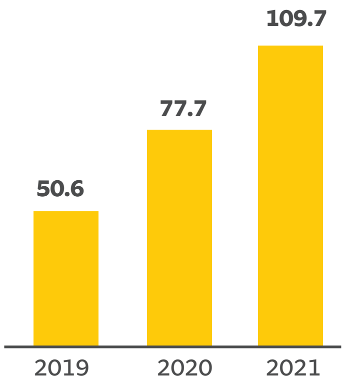
(2020-2021)



Data usage (petabytes)

41.2% Growth

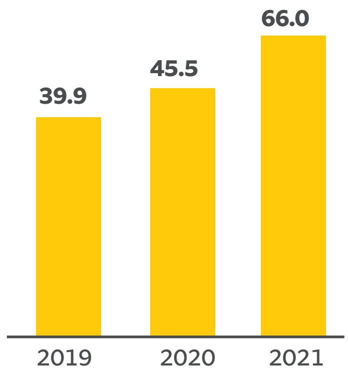
(2020-2021)



MTN MoMo transactions value (trillions)

45.1% Growth

(2020-2021)

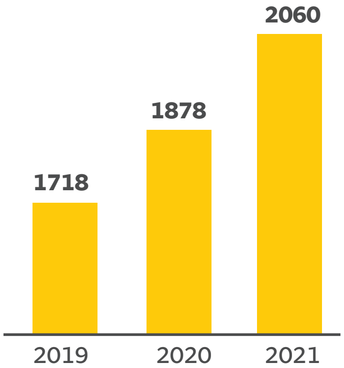


3.9 Key Financial Highlights

Total revenue (billions)

9.7% Growth

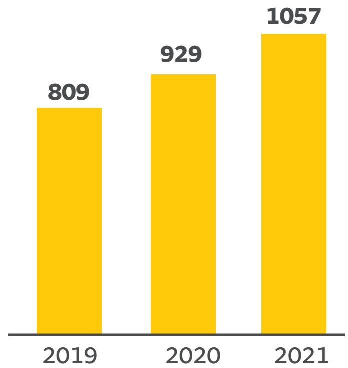
(2020-2021)



EBITDA (billions)

13.8% Growth

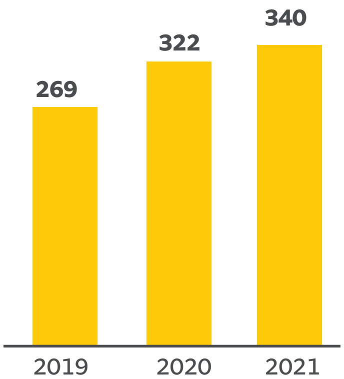
(2020-2021)



Profit after tax (billions)

5.8% Growth

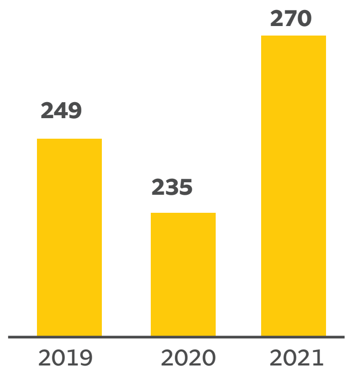
(2020-2021)



Investment in network (billions)

15.0% Growth

(2020-2021)

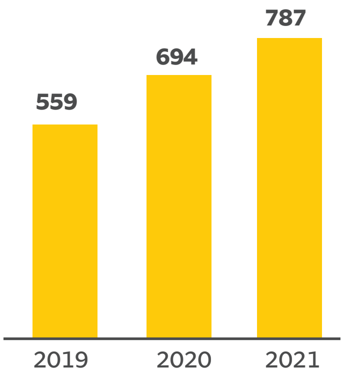


*Capex (IAS 17)

Adjusted free cash flow (billions)

13.4% Growth

(2020-2021)

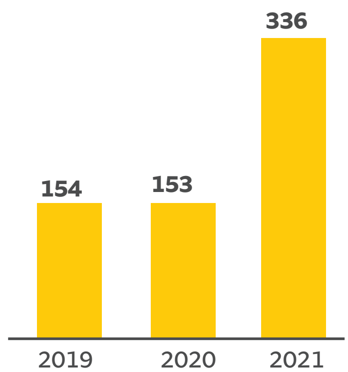


*EBITDA minus Capex (IAS 17)

Dividends (billions)

119.6% Growth

(2020-2021)



*2021 dividend of UGX 336 billion comprises interim dividend of UGX 230 billion that has been declared and paid, and UGX 105.4 billion as proposed final dividend

Mr. Charles Mbire
MTN Board Chairperson

3.10 Chairperson's Statement

We're Good Together

Dear Shareholders,

On behalf of the Board, I take great pleasure in presenting to you the Annual Report and Financial Statements of MTN Uganda for the year ended 31 December 2021 and look forward to welcoming and interacting with you at the AGM.

This Annual Report and the AGM which is scheduled for 27 May 2022 are of particular significance: they are the first report and first general meeting following the IPO and eventual listing of the Company on the Uganda Securities Exchange on 6 December 2021. That transaction underlined the confidence that investors within and outside Ugandan have in the Company, its brand and its strategic intent. MTN Uganda is aware of the enhanced responsibility that comes with being a listed entity, but it is a challenge that the Company has embraced with excitement as an opportunity for it to enhance its performance across key financial, sustainability and governance parameters.

Landmark IPO

2021 marked a major milestone in MTN Uganda's journey as 20% of its issued shares were offered to the public in what has since become the largest IPO in Uganda's history, raising a record UGX 535 billion in gross proceeds with applications from 21,394 investors, of whom 20,894 were Ugandans. The IPO reduced the ownership of MTN Group from 96% to 83.05% and increased local equity participation, which aligns with MTN Group's strategic priority to create shared value, partly through ensuring broad-based ownership in all its operating subsidiaries. This strategic priority also aligns with a key objective of Uganda's National Broadband Policy 2018 for broad-based ownership of telecommunications companies by Ugandans. MTN Group's objective of having at least 20% of the Company's shares held by other investors remains.

In addition to the 20,894 Ugandans who purchased shares in the Company, the participation of the National Social Security Fund and other local pension funds facilitated more than 2.2 million local investors to become indirect investors in the Company. In an important show of confidence in the Company, 65% of our employees also participated in the IPO; an indicator of our employees' alignment with the future of the business.

The delivery of the IPO via the m-IPO Platform was a first in the market and ensured wider reach to target retail investors.

This platform, which was developed in collaboration with the USE, is a cost-efficient and effective way of driving financial inclusion through the capital markets and a means of taking advantage of digitisation for inclusivity. I would like to thank all our investors who participated in the offer, and those investors who continue to join the MTN Uganda family through secondary market purchases. We also acknowledge with gratitude the support of the Capital Markets Authority and USE towards the landmark IPO.

Business performance and returns to shareholders

Operationally, 2021 was a challenging year for the Company due to the economic impact of the COVID-19 pandemic, which led to a wide-ranging decline in the country's macroeconomic indicators. Customer affordability was acutely challenged as a result. Despite these challenges, the business demonstrated commendable resilience and returned positive results.

I express my sincere gratitude to the Board, the senior management team and employees for their efforts in the past year to ensure the Company thrives. Our distributors and agents across the country have made an equally important contribution to the Company's performance in 2021.

With the Company's strong performance and in line with the Company's dividend policy, the Board has proposed a final dividend per share for the financial year of UGX 4.706 (UGX 105.4 billion), with the total dividend per share for 2021 being UGX 14.99 (UGX 335.6 billion). At the AGM, the Board will recommend that the shareholders approve the proposed final dividend.

Sustainability and social impact

Sustainability is an integral part of the Company's core objectives, and we reiterate our commitment to playing a leading role in the sustainability and development of our shared Ugandan community.

The Company contributed to the achievement of national fiscal and economic development goals through taxes in 2021. Over the year, UGX 839 billion was paid to URA in tax revenue. A further statutory contribution of UGX 53 billion was made to the Rural Communications Development Fund to support the development of a commercially viable communications infrastructure in rural Uganda and promote social, economic and regional equity in the deployment of telecommunication services.

For ***"Uganda is home"***, one of the ways we are creating a net positive impact is by committing up to 1% of our profit after tax to the MTN Uganda Foundation, which was formed in 2007 to undertake the Company's social investment initiatives. For over 14 years now, we have partnered with various communities, individuals and groups to create tangible impact around the country. We contributed a total of UGX 3.5 billion to the community through the MTN Uganda foundation in 2021.

Aligned to business priorities, ESG principles remain at the core of everything we do. Our priorities at MTN Uganda are aligned to driving sustainability through eco-responsibility, sound governance and economic value. Eco-responsibility is an important area of focus and we have set targets for ourselves regarding GHG emissions through the MTN Group-wide Project Zero programme that sets out to take advantage of the latest technologies and service partners so as to enable business sustainability via greater energy efficiencies, low carbon emissions, risk reduction and cost control.

We realise that a financially included society is important for sustainable economic development and in that regard, we have supported financial inclusion though initiatives such as broadening our MTN MoMo offering.

Strategy

Ambition 2025 provides our strategic focus for the next three years, ensuring that we continue to evolve and stay relevant while harnessing opportunities to create and preserve value for our stakeholders. ***Ambition 2025*** is hinged on the primary objective of accelerating growth and unlocking the value of our infrastructure assets and platforms. This strategic path will position our business to capture opportunities within our market.

In 2021, we completed the separation of the fintech business from the GSM business following the establishment and licensing of the MoMo Subsidiary as a PSO and PSP.

This separation is strategically important for us as it allows us to better exploit the unique growth opportunities presented by the two business lines while leveraging the unified MTN brand and coverage. In addition to the transfer of business and employees to the MoMo Subsidiary which happened early in 2021, the new entity has established a separate governance structure from MTN Uganda and has developed its own strategy with relevant alignment with the Company's objectives.

Other ***Ambition 2025*** related projects, such as the separation of MTN Group's fintech offering to create a separate fintech structure, are currently being explored and you, the shareholders, will be provided with updates in due course.

Governance

The Board remains committed to the highest standards of governance and ethics conduct. In light of this, we continued to maintain a strong internal control environment and instill a culture of ethical conduct within the Company with the Board setting the *'tone at the top'*. To ensure fairness to our shareholders and other investors dealing in the Company's shares and prevent market abuse by insiders, the Board approved an Insider Trading and Share Dealing Policy in 2021 to regulate the share dealing activities of members of the Board and employees.

The composition of our Board will continue to evolve as we take measured steps to build a dynamic and responsive business while complying with local law, standards and requirements on board composition and structure. In line with our commitments in the IPO prospectus, a key focus for the Board in 2022 will be establishing an appropriate and compliant governance structure.

Outlook and appreciation

With the listing of the Company and our renewed mandate to continue providing market-leading telecommunications services and solutions to the people of Uganda, we are excited about the prospects and growth potential of MTN Uganda and the opportunity to make an even greater contribution to the country's transformation by extending digital and financial inclusion to all areas, and driving broad community development.

On behalf of the Board, I wish to express my sincere gratitude and appreciation to our executive team and the employees for their efforts over the past year. I am proud of the work that the team has achieved.

I thank our customers for their continued loyalty and our business partners, the distributors and agents, for enabling us to reach and serve our customers throughout Uganda.

I also wish to thank the GOU particularly the Ministry of ICT and National Guidance and our principal regulators, UCC and BOU, for the support and positive engagement throughout the year.

Finally, I would like to express my appreciation to all shareholders, MTN Group and fellow members of the Board for their dedication, commitment and resilience.

Thank you all.

Charles Mbire
MTN Uganda Board Chairperson

Handover of a classroom block and staff quarters to Bigodi Secondary School and Rwengobe Primary School in Kamwenge district.

Strategy and Business Report

4.1 Chief Executive Officer's Statement

Wim Vanhelleputte
Chief Executive Officer

Taking a strong march forward

Dear Shareholders,

For many, 2021 was an unprecedented year that is reflected upon with mixed emotions and MTN Uganda is no exception.

The COVID-19 pandemic continued to be disruptive, leading to loss of life and economic livelihoods and forcing us to adapt our lives. It was a difficult period for individuals and businesses alike, and although the easing of lockdown restrictions by GOU at the turn of the year has led to improved economic activity and market conditions, we all acknowledge that the operating environment remains challenging.

On the other hand, I am filled with a sense of pride and gratitude when I look back at what we have been able to achieve over the past year: our contributions to the community through our sustainability initiatives and the MTN Foundation, the successful IPO and listing of the Company, the separation of our MTN MoMo and GSM businesses and the resilience that we demonstrated that saw us deliver a strong and value-enhancing business performance.

Stepping up

The COVID-19 pandemic continued to present significant challenges in addition to those faced at its onset in 2020. GOU maintained the restrictive measures that were put in place in 2020 to combat the spread of the virus, and a second total lockdown was imposed between June and August last year. COVID-19 led to widespread human suffering and hardship to lives and livelihoods, and the pressure from the pandemic on the economy and employment profoundly impacted the Ugandan community.

If ever there was a time that MTN Uganda was required to step up, this was it. We responded swiftly to the pandemic and priority was given to our people, customers, communities as well as the business – notably network resilience amid the heightened demand for data and digital services. Internally, strict safety protocols were put in place at the Company's outlets and most employees adapted quickly to working from home. Externally, we were at the forefront of supporting the response to the pandemic at national and community levels, and we collaborated extensively with GOU and GOU agencies to provide COVID-19 relief in several forms.

We also championed two highly impactful awareness campaigns: the ***#WearItForMe*** campaign that drove behavioural change of wearing face masks correctly as a key COVID-19 preventive measure, and the ***#OneMorePush*** campaign, which is led jointly with the Africa Centre for Disease Control and Prevention and encourages people not to give up in the fight against COVID-19 and to continue to wear their masks, wash their hands and practice social distancing as well as getting vaccinated against the virus.

We are, and will remain, focused on the well-being of our people and the Ugandan community as this lies at the core of everything that we do.

Macro-economic overview

The COVID-19 pandemic was, yet again, the central theme affecting the country's macro-economic environment. BOU notes in its 2021 country report that Uganda's economic performance is influenced by developments in the global economic environment which affect commodity prices, trade and international capital flows.

BOU observed that the global economy experienced a sharp contraction due to the COVID-19 pandemic and the economic impact of the containment measures put in place to reduce the spread of the virus. Consistent with the developments at global level, Uganda experienced a resultant slow-down in economic growth, with the World Bank projecting that Uganda's real gross domestic product will remain inert at approximately 3% growth in 2021, similar to the level of 2.9% in 2020 and less than half the 6.8% that was recorded 2019.. Even through inflation levels remained relatively benign and below the BOU target rate of 5%, there were incremental changes in core inflation that were driven by the rise in prices of food and other essential commodities, and this negatively affected consumer affordability.

For 2022, BOU observes in its February monetary policy assessments that the full re-opening of the economy and the confirmation of the final investment decision in Uganda's oil and gas sector (paving way for the engineering and construction phase) is expected to spur aggregate demand.

Competitor landscape

We face stiff competition from traditional and non-traditional operators in the sector. We operate in an exceptionally competitive environment (particularly with respect to pricing) across all our segments, and we are constantly looking at ways to adapt and evolve.

Over the last five years, a number of new telecomunications providers have been licensed and with the roll-out of a new telecommunications licensing framework, the industry will be reshaped in the medium to long-term.

2021 saw the implementation of the NPS Act with many PSP and PSO licences granted to existing (such as our MoMo Subsidiary) and new market players towards the end of 2021 and into the first quarter of 2022. On the GSM business side, one new national telecomunications operator licence was issued. These developments present threats and opportunities for our fintech and GSM businesses but we believe the quality of our people and the operating model we have built over the years positions us well to thrive in the environment of increased competition.

Operational review

Against this backdrop, we delivered strong operational performance with our overall mobile subscriber base up by 1.5 million to 15.7 million and retained our market leadership position. This growth is attributed to our sustained sales engagement and CVM efforts to keep subscriber churn in check.

Our active data users increased by 16% to 5.3 million, underpinned by our data growth initiatives targeted at converting incidental users on the base into active users and acquiring new data users through the smartphone growth acceleration program.

In the fintech space, our mobile money active subscribers rose to 9.9 million underpinned by effective subscriber acquisition and an engaging CVM program. In the broader ecosystem, we grew our active mobile money agents by 44% to 173,400 through our attractive agent incentive program and trade assistance initiatives. We also increased our merchants by 61% to 53,426.

The Company secured additional spectrum resources (1,800MHz and 2,100MHz) to support the expansion of our network infrastructure and improve our customer service proposition. This enabled us to embark on a spectrum efficiency program and to migrate data traffic from 3G to 4G, which has greatly improved the data experience with faster throughputs (actual rate of speed that data travels) on the 4G network.

In a bid to deliver on our mandate to enable every Ugandan to enjoy the benefits of a modern connected life, we introduced ***MTN Kabode***, a low-cost mobile device financing program to make data access more affordable to customers. Device financing has enabled our customers to own a smartphone at an initial cost equivalent to a feature phone price. Smartphone access is a key lever in driving digital inclusion and data growth. With more than 100,000 phones financed directly and through partners, we have seen an increasing number of customers adopting data usage. This strategy, coupled with our dynamic data value proposition, supported smart phone penetration of 30.8% in 2021, compared to 23.4% in 2020.

We also rolled out the first in-country telecom digital loyalty program, ***MTN Senkyu*** where we sustainably rewarded our customers for their continued support of MTN Uganda. This program has been embraced by our customers and we look forward to delivering even more value.

I am also pleased to report that the Company emerged as the best data and voice network in Uganda, having attained the Best Network Performance Score in the year in a countrywide assessment undertaken by Rohde & Schwarz, a leading independent monitoring and network testing firm. This ranking bears out our substantial and continued investment in the network. In 2021, we invested UGX 270.2 billion in Capex (IAS 17) targeted at improving our network services all over Uganda.

Financial performance

Despite the challenging operating conditions during the year, I am happy to report that our Company recorded improved performance across all key metrics, resulting in the shareholder value achieved. This performance demonstrates the effectiveness of, amongst others, the cost optimisation measures initiated during the year, the strong operational execution of our people and resilience in our business.

We achieved solid service revenue growth of 9.4% YoY, ahead of average annual inflation of 2.2%, driven by double digit growth in the key growth segments of data and mobile money. Supported by cost management initiatives through our expense efficiency program, EBITDA rose by 13.8% in the year while our EBITDA margin expanded to 51.3%. This resulted in a profit after tax of UGX 340.4 billion.

This performance is a testament to the dedication and commitment of our team. I thank our employees and my colleagues in executive management for their unwavering support during this period, even while they wrestled with their own COVID-19 related challenges. I also wish to extend my appreciation to my fellow members of the Board for their support during this period.

Our people

MTN Uganda has a diverse workforce which is is deployed across various divisions, and I am inspired by their commitment and dedication. We have built a culture that empowers our employees, values inclusivity and hard work and instils responsibility for our customers and our communities.

Last year, we adopted a refreshed, organisation-wide approach which involves a move away from older, conventional ways of working and into the 'new normal' with confidence and optimism. In line with the MTN Group philosophy, we unveiled a new EVP called "Live Inspired" to drive agility, flexibility and future fit skills for its workforce. We have also entrenched smart-working through principles such as anytime-work, anywhere-workplace and balanced work-life.

Regulatory landscape

MTN Uganda's compliance universe has broadened significantly over the last 15 months in line with changes in law and policy at a national level as well as developments in its business model and corporate structure.

On the regulatory front, MTN Uganda's principal compliance obligations are contained in the NTO Licence, the Communications Act, the regulations made under that Act and guidelines and directives issued by UCC from time to time. The NPS Act and related subsidiary legislation contain the compliance obligations for the MTN MoMo business. As a listed company, MTN Uganda also has to comply with the Capital Markets Authority Act Cap. 84 (as amended) and the USE Listing Rules. We also comply with ancillary legislation relating to SIM-card registration, AML/CFT and KYC, data protection and privacy, and taxation.

Our legal, regulatory compliance and risk teams also track new legislation, regulations and directives to ensure compliance on a timely basis. Where the opportunity exists, we participate in discussions on proposed legislation and policies.

MTN end of year Staff Party.

Conclusion – looking forward and appreciation

From a strategic standpoint, we will focus on delivering value by targeting service revenue growth while employing prudent cost management strategies to continue to improve our margins and cash generation. In an era of accelerated digitalisation, continued growth in service revenue will be driven by accelerated growth in fintech and data revenues and we will prioritise investments in infrastructure expansion (including 4G and 5G uptake) and the digital ecosystem. We are very optimistic about our enterprise and wholesale business in the coming year, especially in view of the full reopening of the economy by GOU.

I wish to express my appreciation to our shareholders for demonstrating trust and confidence in MTN Uganda through their investment in the Company. We commit to deliver on our promise of creating value for through continuous improvement of our value proposition. I thank our regulators for their efforts and support in creating an efficient operating environment. Finally, I am grateful to our customers for your commitment and strong partnership with MTN Uganda. We promise to continue improving our service proposition to you by offering innovative services and solutions.

As we move ahead, we look forward to continuing to work together to create a better and more inclusive community.

Thank you all.

Wim Vanhelleputte
Chief Executive Officer

4.2 Our Model and Strategy – Ambition 2025

We are repositioning for growth through ***Ambition 2025***. Our strategy is centred around becoming a fully-fledged digital platform and technology company as a business. We are working on the implementation of the ***Ambition 2025*** strategy, which includes strategically repositioning our fintech and infrastructure assets and platforms from our core telecommunications business to reveal the value for the Company's shareholders. This aligns with the strategy adopted by MTN Group.

Ambition 2025 extends our focus beyond core mobile and fixed connectivity infrastructure to building the largest and most valuable platform business with a clear focus on Africa, creating limitless possibilities. This will rest on a scale connectivity and infrastructure business, using both mobile and fixed access networks across the consumer, enterprise, and wholesale segments. The implementation of this strategy will be accelerated through selective partnerships and leveraging MTN's brand as the most trusted and valued in Africa, while it will be supported and funded through enhanced cost efficiencies and value-based capital allocation Over the last five years, our strategies have delivered impressive results and ***Ambition 2025*** is designed to build on these foundations, driving growth and exploring new opportunities.

At the heart of Ambition 2025 is the need to close the technology and digital divide, with the firm belief that everyone deserves the benefit of a modern connected life. We know that our success is a function of the prosperity of the communities that we serve. This mindset is the anchor for our ***Ambition 2025*** strategic priorities:

Belief statement	**"Everybody deserves the benefits of a modern connected life"**				
Strategic intent	**Ambition 2025: "Leading digital solutions for Africa's progress"**				
2025 strategic priorities	Build the **largest** & most **valuable platforms**	Drive **industry-leading** connectivity operations	Create **shared value**	Accelerate portfolio **transformation**	
Vital enablers	**Leading customer experience**	**Best talent, culture and future skills**	**Value based capital allocation**	**ESG at the core**	**Technology platforms second to none**
Values	**Leadership**	**Integrity**	**Relationships**	**Innovation**	**Can-Do**

Ambition 2025 in context - our achievements and our plans

Stragetic priorities	Objectives	What are we doing
Building the largest and most valuable platforms	▪ Pivot from a "product to a platform" play ▪ Selective partnerships to accelerate growth ▪ Fintech, digital, enterprise, NaaS, API marketplace	▪ 625,153 Ayoba users ▪ 9.9 million active MTN MoMo users ▪ NaaS and API marketplace integration in place
Drive industry-leading connectivity operations	▪ Doubling of consumer mobile data ▪ 'Own the home' ▪ Leading fibre company in Uganda ▪ Digital transformation and step-change in efficiencies and service levels	▪ 5.3 million active data users
Create shared value	▪ Step-change in ESG positioning ▪ Broad based ownership and inclusion in Uganda ▪ Sentiment shift through stakeholder management efforts	▪ Successful completion of MTN Uganda IPO ▪ ESG framework in place to guide strategic and operational activities
Accelerate portfolio transformation	▪ Realise and crystallise value of infrastructure assets and platforms	▪ Structural separation of MTN MoMo as an independent subsidiary regulated by BOU

A delegation from MTN Group led by the Vice President MTN Group SEA regional market - Yolanda Cuba breaking down Ambition 2025 to MTN Uganda staff.

The strategic priorities will be underpinned by five vital enablers to assist in operationalising the ***Ambition 2025*** strategy – Fintech (including MTN MoMo), Ayoba with MTN (digital services), enterprise services, NaaS and Chenosis (a marketplace for API).

Fintech solutions	Digital services	Enterprise services	NaaS	API marketplace
▪ Payments ▪ Lending ▪ Insurance ▪ Saving ▪ m-commerce	▪ Messaging ▪ Social media ▪ User-generated content ▪ Advertising	▪ Unified communications ▪ Internet of things ▪ Cloud ▪ Software-defined wide area network	▪ Open mobile ▪ Fixed as a service ▪ Edge and data centres ▪ Cloud communication	▪ Aggregate ▪ Exchange ▪ Monetise

MTN Uganda's commercial objectives for the five vital enablers are as follows:

Fintech solutions	Our MTN MoMO business continues to expand with over 9.9 million subscribers as of the end of 2021 and approximately 173,400 active MTN MoMo agents. We are well-poised to capture the growth opportunities within the fintech space.
Digital services	Our instant messaging application, Ayoba, has continued to grow its active user base, reaching 625,153 users at the end of 2021, and is on track to support the realisation of the huge opportunity in mobile commerce.
Enterprise services	Our enterprise business is transitioning from product to platform while leveraging core mobile and fixed connectivity to better serve customers across all segments - micro, small, medium enterprises, large enterprises and the public sector. The objective through 2022, is to further drive enterprise platforms (internet of things and cloud) adoption, creating additional value for our customers and enabling them to innovate while remaining profitable.
NaaS	By extending our well-invested networks to other players in the market through roaming and network sharing deals, we see an opportunity to improve the economics of the business.
API marketplace	We see significant economic potential making our resources available through APIs, creating opportunities for businesses while monetising them over time. Efforts to achieve this are ongoing: ▪ Review of APIs to align with industry standards, facilitating ease of integration and monetization ▪ Selected Chenosis as the API marketplace ▪ Continuous engagement of regulatory bodies to ensure compliance ▪ Partner onboarding

4.3 Our Business Segments

MTN Uganda's innovative products and services are delivered across three segments: consumer, enterprise and wholesale and the business service lines covered are voice, data, digital, MTN MoMo, and wholesale and enterprise business. MTN MoMo is conducted through the MoMo Subsidiary.

Our customer segmentation philosophy is anchored on the premise of developing a deeper knowledge of and relationship with these segments, and designing suitable products and engagement platforms to drive growth in each segment.

Consumer	Enterprise	Wholesale
This segment provides us with the unique opportunity to offer tailored products and services to different groups based on needs. The key focus groups are: ▪ **High value:** Heavy users of our voice, data and or digital services. Key activities include business meetings, connecting with family and friends through calls and high-level entertainment. ▪ **Mass-market:** Moderate to low users of voice, data and digital services. Key activities include making and receiving calls, social media, remote payment options, and limited time on online entertainment platforms. ▪ **Youth:** This segment covers the undergraduate and young professionals, with interest towards social networking and entertainment/ infotainment.	Focused on wholesale use of our products (voice and data), this segment addresses the widest variety of customer needs from simple mobile services of small office/ home office and micro enterprises to vertical and bespoke needs of small, medium, large enterprises, and public sector institutions. We have designed an innovative suite of products to meet the various needs of these sub-segments.	▪ To provide high-quality services to wholesale customers, MTN GlobalConnect Solution Limited was established to accelerate the procurement of relevant infrastructure, which can be shared among the operating companies and facilitate the routing of the traffic in the markets where MTN operates. ▪ Global Connect Solutions Limited provides services to MTN Uganda related to the management of wholesale activities (by defining commercial strategy, pricing, key performance indicators, products, services and custody of wholesale financial budgets and targets), providing a commercial interface with third parties, acting as the centre of excellence for wholesale and assuming responsibility for wholesale/ carrier accounts (including managing the requirements of wholesale customers/carriers). This enables us to make available our infrastructure to third parties, including other telecommunications and technology companies and to resell excess capacity.

4.4 People and Culture

Key Indicators

1,035 Total number of employees	**548 (52.8%)** Total number of men	**487 (47.2%)** Total number of women	**4 out of 14** Women in executive management positions	**79 out of 225** Women in management and leadership positions
	1,032: 3 Local nationals vs expatriates		**87%** Employee sustainable engagement index	**2.2%** Employee turnover rate

Our core values and vital behaviour

Our employees are our greatest asset and maintain a dedicated and consistent level of investment in our people. We strive to provide an enabling environment as well as hire and develop the best talent, and we are proud to have built an incredible business that is overseen, managed and operated by Ugandans.

We have built a culture that empowers our employees, values inclusivity and hard work and instils responsibility for our customers and our communities. Our people continually demonstrate our core values and vital behaviour, which is a key cultural driver of our business objective:

Core values

Leadership	*"Providing guidance to each other and thinking ahead to future opportunities"*
Innovation	*"Doing things differently and go beyond conventional thinking"*
Relationships	*"Build mutually beneficial relations and support each other"*
Integrity	*"Being ethical and doing what we said we would do"*
Can Do	*"Go the extra mile and never believing in failure"*

Vital behaviour

Complete Candour	*"I openly and candidly share my views—regardless of the level or position of the person I am addressing"*
Complete Accountability	*"When I need to hold people accountable to commitments and results, I speak to them directly - regardless of whether they are peers, senior leaders, direct reports or anybody else"*
Get it Done	*"When I notice problems or risks, I take action to try to resolve them - or escalate when I cannot - rather than waiting for someone else to notice them"*
Active Collaboration	*"I do not hesitate to sacrifice time and resources to support colleagues, within or outside my function, in the best interest of the overall enterprise"*

Creating a culture where employees "Live Inspired"

The workplace is under constant evolution and the COVID-19 pandemic underlined the fact that organisations need to think differently about the employee dynamic. Last year and learning the lessons of the challenges brought about by COVID-19, we adopted a refreshed, organisation-wide approach which involves a move away from older, conventional ways of working and into what is now considered the new-normal.

We unveiled a new EVP called ***"Live Inspired"*** to drive agility, flexibility and future fit skills for our workforce driven by four key pillars:

- ***Work with Meaning***: Living our passion every day through work that empowers and sparks creativity.
- ***Connected to Develop***: Meaningful connections to grow and advance through a common purpose and invested relationships.
- ***Thrive in Positivity***: Thriving in an environment powered by genuine inclusion, respect for diversity, fair rewards, unbound recognition and personal flexibility.
- ***Grow with Purpose***: Inspired by a purpose that advances individuals, organisations and communities together by exploring aspirations, acquiring future skills and meaningfully impacting communities.

Our EVP drives inspiration and creates an environment where employees harness their talents and skills. We have an open culture that allows employees to connect and engage professionally to achieve their personal career objectives and the Company's strategic objectives.

"Live Inspired" capitalises on the organic movement towards a digital-adopter mindset and flexi-workforce. We acknowledge that as technology moves forward and our business converges, we need to do the same with our employee capabilities, and this initiative underscores our reputation for innovation, customer-centricity and being a Company that is driven by people who bring personal commitment and a range of skills and experience together for the benefit of our customers. We have also entrenched smart-working through principles such as anytime-work, anywhere-workplace and balanced work-life.

We recognise that as technology moves forward and our business converges, we need to do the same with our employee capabilities for having the best talent is equally as important as having the best network. Therefore, our focus will be to create an inspiring environment for everyone to 'activate one's whole self', and this will be powered by genuine inclusion, respect for diversity, fair rewards, true recognition and personal flexibility to contribute most productively.

Group Culture Audit

The sustainable engagement index of employees is measured through the annual GCA, where we evaluate the overall satisfaction of employees with the company's working conditions and processes. This is also measured through the NPS, where we evaluate the employee's satisfaction with the Company as a great place to work, recommending their supervisors as people to work for and recommending the Company's products and services to external people.

Further, we have the quarterly rapid pulse surveys called the Sentimeter surveys which measure the employees feeling or pulse about their workplace at a particular time in the year. These measure human resource experience, customer satisfaction score, leadership, communication and strategy engagement, rewards and recognition, and diversity and inclusion. This employee feedback is important for the Company to identify the areas that have been identified as lacking and need improvement.

Key achievements in the GCA 2021 and Sentimeter surveys include:

- Increase in overall GCA sustainable engagement index score from 86% in 2020 to 87% in 2021.
- Increase in overall e-NPS score from 59% in 2020 to 76% in 2021.
- Increase in overall e-NPS score ("Great place to work") from 69% in 2020 to 74% in 2021.

Diversity and inclusion

We embrace diversity, MTN Uganda has a diversity and inclusion programme which promotes equal opportunities for all its employees. We believe in equality for everyone despite their differences and our mission is to accelerate full inclusion to attract, retain and enable the best talent and to increase leadership diversity.

Further, to drive the diversity and inclusion programme, we have selected individuals from different departments as champions to create awareness and educate other employees on the diversity and inclusion programme. We also have diversity and inclusion e-learning programmes on the ***MTN Learn*** platform to enable employees take courses to enhance their knowledge and skills for the importance of inclusion. These diversity and inclusion programmes include ***Women-in-Tech*** diversity and inclusion the workplace and diversity and inclusion for managers. Over 200 employees enrolled for these programmes in 2021.

In 2021, we also launched the Women's Resource Group among MTN Women to drive empowerment and collaboration among female employees.

In 2020, MTN Group signed the United Nations Women Empowerment Principles, pledging our collective commitment to the advancement of gender equality and the empowerment of women. The principles provide guidance on how businesses in all sectors can advance and empower women in the workplace by, among others, establishing high-level corporate leadership for gender equality, treating all women and men fairly at work, promoting education, training and professional development for women and implement enterprise development, supply chain and marketing practices that empower women.

Each year, we also celebrate major diversity days like the Women's Day, Fathers' Day and the Ramadhan celebration to appreciate our differences. This makes us ***#GoodTogether***.

Training, development and employee mentorship

MTN Uganda firmly believes in the development and investment of talent. The Company has created a learning organization to equip employees with the necessary skill, knowledge and capabilities for the future.

Through our EVP pillar ***"Grow to develop"***, we ensure that we develop the best talent, culture and future skills. This has been done through the implementation of agile training programmes where employees have been equipped with futuristic skills like business analytics, business intelligence, CVM, digital, fintech and information security. With the disruption caused by the COVID-19 pandemic, the focus has been to shift from classroom-based training to on-line e-learning programmes.

During the COVID-19 lockdowns, 350 employees enrolled for on-line e-learning courses on the ***MTN Learn*** platform and they completed 35,000 learning hours in 2021. The MTN Uganda on-line learning platform has over 30,000 courses with books and digital courses in different fields. This has enhanced the building of skills and capabilities within the organization.

MTN Uganda also runs a secondment programme where talented and experienced employees are seconded to work in other MTN Group operations on long-term expatriate contracts to gain further exposure as part of career growth and development. We currently have 13 local Ugandan employees working across the MTN Group.

We are also implementing the internal resourcing programme which is designed to give competent internal employees the opportunity to vie for vacant positions as part of career development. When a position falls vacant, we consider internal competent employees as first priority to compete for the positions through interviews and assessments before we source for potential candidates externally.

For prospective employees, our Global Graduate Development Programme provides graduates with an accelerated career path and the opportunity to genuinely make a difference. Through this programme, we grant graduates high-level business exposure where there will have an opportunity to experience rotations in different areas of MTN Uganda. The programme combines both formal development in partnership with the MTN Group Global Leadership and Career team, as well as on-the-job development through placement into strategically aligned roles. The formal component includes modules at MTN's three regional learning centres, located in South and East Africa, West Africa, and the Middle East. The blended learning experiences includes technical education coupled with coaching and mentorship.

Work-life balance through enablement initiatives

MTN Uganda has a high-performance culture, but we ensure the employees balance their professional work with their personal lives. Through our EVP, we have created various initiatives to support staff health and well-being at work.

One of the key initiatives we have launched is the ***"Anywhere, Anytime Work"*** flexibility policy to support our employees' work and life priorities, considering personal work-style preferences, operational business needs and the team culture. This enables our employees to responsibly exercise choice of workplace and time for specified durations during the week or month so as to achieve a desirable work-life balance. We believe this flexibility will bring the best out of the employees and their teams.

Further, this hybrid flexibility model recognizes the importance of personal flexibility and, in equal measure, the benefits of structured workplace environments.

As part of our Digital Wellness programmes for employees, we partnered with Baobab Circle to introduce a wellness App called ***Afya Pap*** to support our employees' wellness programme. ***Afya Pap*** is a patient centered platform that leverages AI and behavioral science to improve management and prevention of chronic health conditions, and supports our employees to prevent, manage and control diabetes and hypertension conditions.

Through our employee assistance programmes, we have also partnered with external health experts to organize quarterly virtual webinar sessions on mental health and nutrition to educate employees on the mental and nutrition issues that affect them to prevent mental stress for the employees, particularly in light of the unique workplace challenges presented by the COVID-19 pandemic. Our health and wellness programme also supports the employees' mental wellbeing and work-life balance through weekly physical fitness sessions

Culture of recognition

Recognition for excellence is part of our culture. We recognize and reward our top performers for their contribution to the achievement of the Company's results. This is done through competitive reward approaches like annual performance-based salary increases, short-term incentives, quarterly team recognition awards, long-service awards and notional share options incentives.

Our employees are also encouraged to celebrate the contribution of their co-workers to making the MTN Uganda brand and customer experience brighter; to recognise their colleagues' ability to support other team members; to shine a spotlight on our people and their spirit leadership; as well as to acknowledge everyday heroes in the group who go to extraordinary lengths to care for our communities. We have a digitalized recognition programme called the ***MTN Shine*** where employees can recognize their peers across the Company for good performance and excellence. The recognized employee can then accumulate recognition points which can then be redeemed after a period of time for a reward in form of vouchers for prizes of their choice. This has increased the collective spirit of going the extra mile and seeking performance excellence.

MTN staff celebrating after winning the 'MTN Got Talent' show.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4.5 MTN Mobile Money Managing Director's Statement

Richard Yego
Managing Director

Dear Shareholders,

Following the enactment and implementation of the NPS Act in 2020, the MTN MoMo business was separated from the GSM [telecommunications] business as a stand-alone business with a separate governance and operational structure from that of the telecom business. In that regard, the MoMo Subsidiary was incorporated on 27 November 2020 to conduct the MTN MoMo business. Essentially, the MoMo Subsidiary is continuing the MTN MoMo business previously conducted under the combined business.

On 6 May 2021, the MoMo Subsidiary was issued with PSP and PSO licenses by Bank of Uganda. The company then commenced operations in June 2021 and its results for 2021 are reported on a consolidated basis in the audited financial statements that appear in this Annual Report.

By the end of 2021, the following had been achieved:

- Constitution of a diverse board of directors for the MoMo Subsidiary with two independent non-executive directors;
- Appointment of trustees for the MTN MoMo trust account as required by law;
- Approval of the MTN MoMo strategy for the next three years;
- Recruitment of senior management and staff of diverse skills;
- Establishment of MTN MoMo-specific operating frameworks, systems and processes.
- Execution of contracts and engagements with MTN Uganda and relevant third parties for purposes of the MTN MoMo business; and
- Increasing our active MTN MoMo agents by 44% to 173,400 and increasing our merchants by 61% to 53,426.

Looking ahead

By the end of 2021, PSP and PSO licenses had been granted to 11 entities some of which are new market players. Inevitably, these developments present threats and opportunities for our MTN MoMo business but we believe the quality of our people and the operating model built over the years positions us well to thrive in the environment of increased competition. We will continue to develop our agent network and to expand our offering with innovative solutions to our clients' needs.

Our objective is to leave no one behind in our quest to promote financial inclusion in Uganda and achieve a key pillar in our ***Ambition 2025*** strategy rooted on sharing economic value with our customers. The major area of investment for 2022 is aimed at enriching our MTN MoMo ecosystem and platform capabilities. We will remain focused on scaling the adoption of our bank-tech products like loans and savings, payments and e-commerce whilst ensuring that our customer data, transactions and mobile accounts are secure. The ultimate goal is a cashless economy and we remained focused on achieving that goal.

As we move ahead, we look forward to continuing to work together with our customers, our agents, our partners and our regulators to create a better, more financially included society.

Richard Yego
Managing Director

4.6 Background to MTN Mobile Money Uganda Limited

The MoMo Subsidiary is a wholly owned subsidiary of MTN and was incorporated on 27 November 2020. The Mobile Money Company was formed following the enactment of the NPS Act, which created licensing and structuring obligations that required a corporate reorganisation of MTN Uganda so as to achieve a segregation of MTN MoMo functions from the GSM function as prescribed by BOU. The MoMo Subsidiary started conducting the MTN MoMo business autonomously in June 2021.

The MoMo Subsidiary holds the following licenses issued by Bank of Uganda:

- ***Payment Systems Operator License Class A(I)*** for electronic money systems, issued in respect of a large funds transfer system including person to person, business to government and business to business payments whose transaction value exceeds UGX 100 billion per month. The license is valid for an indefinite period until revoked by Bank of Uganda.
- ***Payment Service Provider License Class A (I)*** for electronic money issuance, issued in respect of a large electronic money issuer whose total trust account value exceeds UGX 200 billion. The license is valid for an indefinite period until revoked by Bank of Uganda.

Governance - The directors of the MoMo Subsidiary

Yolanda Cuba
Chairperson and non-executive director

Ms. Cuba currently serves as the Group Regional Vice President Southern and East Africa at MTN Group, and previously occupied the position of Chief Digital and Financial Technology Officer at the MTN Group. She is also a non-executive member of the Board of MTN Uganda
(detailed profile in Section 7)

Professor Wasswa Balunywa
Independent non-executive director

Professor Balunywa is a highly-renowned scholar in management, leadership and entrepreneurship. He is also an academic administrator, who serves as the Principal of Makerere University Business School.

Professor Balunywa has authored and spoken extensively on business, economics, science, technology engineering and human resource. He is an innovator who has been widely credited for defining a new, more inclusive approach to Uganda's tertiary education model.

Evelyn Namara
Independent non-executive director

Ms. Namara is a technology entrepreneur with over 10 years of leading systematic change in the fields of social entrepreneurship, digital technology, and driving innovation for small businesses.

Her areas of expertise include business development, ICT policy and advocacy, project management, emerging markets, social entrepreneurship and impact assessment. She is passionate about technology for development (ICT4D), youth and entrepreneurship as well as empowering women in technology.

Serigne Dioum
Non-executive director

Mr. Dioum is the Chief Digital and Fintech Officer at MTN Group. He is responsible for driving MTN MoMo and related mobile financial services products and services across the MTN footprint. He has more than 14 years of experience in the telecommunications industry.

Wim Vanhelleputte
Non-executive director

Mr. Vanhelleputte currently serves as the Chief Executive Officer of MTN Uganda. He also sits on the Board of MTN Uganda as an executive director.
(detailed profile in Section 7)

Andrew Bugembe
Non-executive director

Mr. Bugembe currently serves as the Chief Financial Officer of MTN Uganda. He also sits on the Board of MTN Uganda as an executive director.
(***detailed profile in Section 7)***

Enid Edroma
Company Secretary

Ms Edroma serves as the Company Secretary for the MoMo Subsidiary. She also serves as the Head of Legal and Company Secretary for MTN Uganda. (***detailed profile in Section 7)***

Richard Yego
Managing Director

Mr. Yego serves as the Managing Director of the MoMo subsidiary. He has more than 19 years experience in banking and digital financial services.
(***detailed profile in Section 7)***

How We Create Value

5.1 Our Commitment to Sustainability

MTN Uganda supports its customers by realising the benefits of a modern connected life through our sustainability framework. Sustainability is at the core of our business strategy as we strive to create shared value for our stakeholders. We realise the importance of driving economic value sharing through responsible environmental, social and governance practices as outlined within our sustainability framework.

As the impacts of climate change become increasingly visible around the world, we believe in the benefits of a healthy planet and have pledged our MTN Group-wide commitment to achieve net zero emissions by 2040. With global warming on the rise and impacting countries, communities and people everywhere, we have set science-based targets to achieve a 47% average reduction in absolute emissions by 2030. As we build and operate the telecommunications infrastructure to drive greater digital and financial inclusion, we believe that our growth and success should not come at the expense of the future of our planet.

Our ***Ambition 2025*** strategy puts ESG and the impact we can achieve at the heart of our shared value objectives. Our ESG framework guides how we deliver against our ambitions, setting clear objectives aligned to the SDG across four strategic pillars: eco-sustainability, sustainable societies, governance and economic value addition.

Belief statement	**Everybody deserves the benefits of a modern connected life**			
Strategic intent	**Ambition 2025: Leading digital solutions for Africa's progress**			
	Eco-responsibility	**Sustainable societies**	**Governance**	**Economic value-added**
Commitments	*"We are committed to protecting our planet by achieving net zero emissions by 2040"*	*"We are committed to driving digital and financial inclusion and diverse society"*	*"We are committed partners to stakeholders to create and protect value"*	*"We are committed to boosting inclusive economic growth on the continent"*
Metrics/actions	a **Project Zero:** Reduce GHG emission	a **Generational equality:** Increase women representation	a **Enhance reputation and trust with stakeholders**	a **Tax contribution across markets**
	b **Efficiency:** improve energy efficiency	b **Increase access and reduce cost to communicate**	b **Digital human rights**	b **Network infrastructure investment**
	c **Water and waste management:** Reducing our impact	c **Increase financial inclusion**	c **Responsible procurement and supply chain**	c **Contribution to society through ICT: digital education, skills and jobs**
	Responsible policies and practices: business ethics, enterprise-wide risk management, Board (s) effectiveness and diversity, disclosures and others			
UN SDGs				

The work that we undertake across the eco-sustainability, sustainable societies, governance and economic value addition pillars is detailed below:

Eco-responsibility

One of the most significant ways that MTN Uganda fosters its sustainability agenda is through energy use and contribution to climate change. Over the last two years, humanity's relationship with nature was tested on an unprecedented scale as the COVID-19 pandemic affected individuals and societies across the globe.

The pandemic brought the environmental crisis to the fore, providing a warning of the risks associated with inaction in the face of overwhelming consensus from the scientific community on global threats such as pandemics and climate change. As a result, we take responsibility for our environmental impacts and manage the aspects within our respective business divisions.

Sustainable societies

Building a digital platform to drive digital transformation is pivotal to serving societies' interests. The digital revolution is a powerful agent for transforming society for the better; conversely, a lack of access to the digital world creates wider social and economic disparities.

As an emerging market operator, addressing social challenges is an inherent part of our business. MTN Uganda can flourish only when the communities and ecosystems in which it operates are healthy. We strive to operate ethically, transparently and accountably by addressing all the concerns relevant to our stakeholders and balancing them, while still meeting our NTO Licence obligations.

Leveraging the size, resources and capabilities of our business, we enable socioeconomic development in the communities within which we operate. This is underpinned by our core belief that everyone deserves the benefits of a modern, connected life.

Governance

A strong governance framework fosters sustainability and establishes sustainable values and embeds a value-driven organisational culture. Good governance promotes accountability and transparency, underpinning efficient management of human, natural, economic and financial resources.

Sound governance includes ethical conduct, robust risk management and regulatory compliance, which is fundamental in our shared-values approach and in ensuring our long-term sustainability. Our governance practices assist us in preventing and mitigating risks in our operating environments, as well as building trust with our stakeholders.

Economic value-add

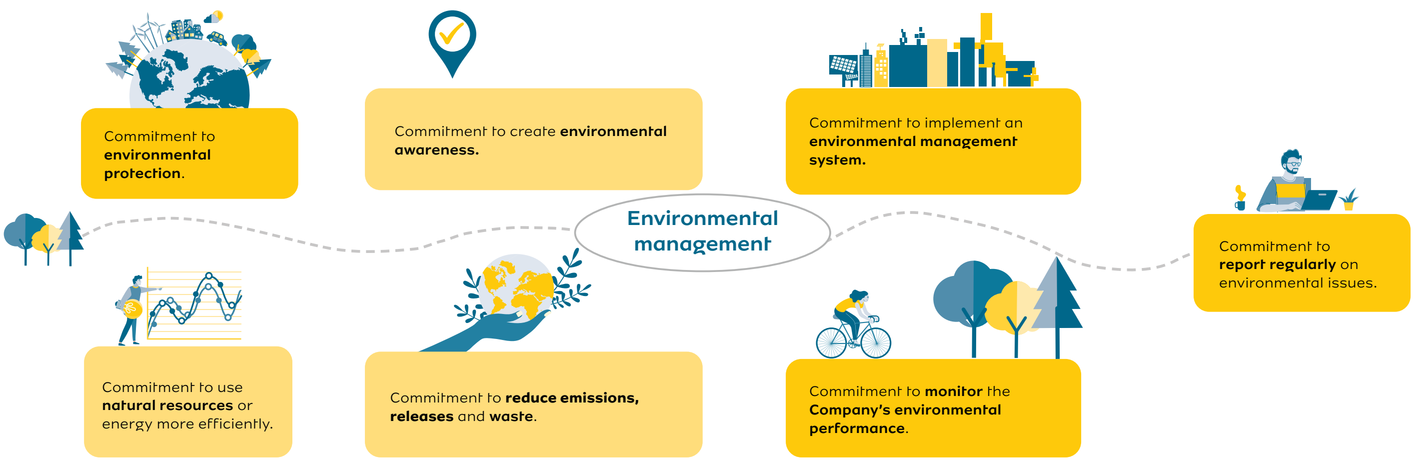
Mobile technologies and services contribute significant to Uganda's gross domestic product. Our success is closely linked to inclusive socioeconomic growth and development in Uganda. We provide the foundation for a modern connected life through our extensive and resilient networks and a wide range of products and services tailored to emerging market needs.
As the leading operator in the country, we play a pivotal role in addressing considerable gaps in access to connectivity by driving mobile and internet adoption.

Connectivity provides access to fintech and digital solutions that pave the way for participation in economic activities and education, enhancing lives and strengthening communities. Over the last two years, this was highlighted by the accelerated need for broadband access during the COVID-19 pandemic.

5.2 Our Commitment to the Environment

Uganda has enormous potential for sustainable growth and environmental conservation, despite facing challenges of land degradation, deforestation, biodiversity loss and extreme vulnerability to climate change. Our use of environmental resources and our impact on the environment in Uganda is a key driver of our ESG framework.

Uganda made significant amendments to its environmental law regime following the enactment of the National Environment Act 2019, and subsidiary legislation was subsequently passed to govern key conservation areas such as waste management, ozone depletion and mitigation of global warming. We work to remain compliant with the national laws and environmental regulations while maintaining MTN Group-wide policies guided by international standards and MTN Group-wide commitments. We believe that the growth and success of any business should not come at the expense of the future of our planet. As a result, we take responsibility for our environmental impacts and manage the aspects within our control.



5.2.1 Biodiversity

Biodiversity is one of the key factors considered in site deployment. Environmental impact assessment studies, environmental audits and monitoring inspections are essential to environmental compliance. We sustained practices that seek to protect biodiversity such as:

- Ensure the conduct of environmental assessments and monitoring audits before new activities and during significant modifications or operations of existing facilities.
- Work with site roll-out partners, tower providers and base transmission station operating partners to maintain ecosystems during site deployment and operation phases by applying spill control measures, preserving cultural or heritage sites and respecting the basic concept of protected areas.
- Seek partnerships and consult with key stakeholders to enable MTN Uganda to make a positive contribution towards the conservation of global biodiversity.

The masts that we use to connect customers are an essential focus of our biodiversity planning. Along with our partners, when planning the location of these facilities, we consider various factors, including environmental, biodiversity, visual and functionality aspects. We consider proximity to existing roads and electricity infrastructure to reduce the potential disturbance to the natural environment of vegetation removal or habitat disturbances during construction.

Our work goes beyond mere compliance with environmental laws. We believe strongly in the protection of the world's precious natural resources and that, crucially, connectivity does not need to come at the price of biodiversity. Through conscious decision-making, and planning and implementation, we are committed to helping to end biodiversity loss.

5.2.2 Net zero, energy efficiency and GHG reduction

MTN supports the scientific position on climate change realities and emissions limits set by the Paris Agreement 2015, an international treaty which has been domesticated in Uganda with the passing of the National Climate Change Act 2021 to create a formal statutory legal framework for the creation of a climate change action plan, participation in various climate change and the approval of climate change mechanisms.

Clear scientific evidence indicates that man-made GHG are directly impacting our climate. We believe that the link between increased energy demands, and climate change is undeniable, leading to complexities around advancing both country and global development while mitigating the negative environmental impacts of climate change. In the telecommunications industry, achieving the required reductions in GHG emissions will be particularly challenging in the context of continuous economic and population growth. Every additional connected person, device or megabyte of data transmitted represents a potential increase in energy needs.

We support the view that urgent action is required to limit global temperature rise and achieve the SDG 7 (*Affordable and clean energy*) SDG 13 *(Climate action)*. We recognise the importance of reducing our impact on the environment and balancing this to ensure more people are connected daily. Our approach is twofold: increasing efficiencies and reuse from our infrastructure and parts and investing in renewable energy sources. In managing energy climate-related risks and impacts, we assess the likelihood and severity of all risks while developing management solutions for more severe risks. We reduce the impact of our operations by understanding our energy consumption and its drivers, managing anomalies and rectifying issues as they arise.

As the impacts of climate change become increasingly visible around the world, we believe in the benefits of a healthy planet and have pledged our MTN Group-wide commitment to achieve net zero emissions by 2040.

MTN Uganda is undertaking the following actions to address physical, energy supply security and regulatory and financial climate change concerns.

Risk	Description	Management solutions
Physical	Climate change effects including extreme weather events, higher rainfall and snowfall, higher temperatures and sea-level rise, which impacts infrastructure.	▪ Preventive measures minimise physical risks in site selection (environmental surveys and impact assessments). ▪ Exposure analysis and flood vulnerability risk assessments are conducted to determine planned sites/ technical facilities' exposure to flooding. ▪ Periodic tower integrity checks and regular and preventive maintenance enhance infrastructural integrity and resilience.
Energy supply security and costs	Includes the availability, reliability, supply and cost of energy.	▪ Project Zero initiative includes energy management solutions, monitoring, measurements and focuses on carbon emission reduction. Initiative will leverage the latest technologies and service partners to enable business sustainability via greater energy efficiencies, low carbon emissions, risk reduction and cost control. ▪ Implementation of a range of energy management solutions, including monitoring and measuring peak demand and battery storage solutions. ▪ Implementation and monitoring inclusion of radio access network software features for energy efficiency.
Regulatory and financial	Includes current and emerging regulations that attempt to constrain actions that contribute to adverse effects of climate change or promote adaptation and mitigation to climate change.	▪ Monitoring of interventions to be introduced under the National Climate Change Act 2021. ▪ Explore potential voluntary climate change clean development mechanisms so as to reduce GHG emissions through targeted local initiatives.

In 2020, Project Zero was introduced as an energy efficiency and carbon emission sustainability program. The project seeks to leverage the latest technologies and service partners to enable business sustainability via greater energy efficiencies, low carbon emissions, risk reduction and cost control. Project Zero will MTN Uganda to reduce our energy related Capex (IAS 17) and operating expenditure costs in the entire network.

Lot 1:
Energy management tool

- Rollout intelligent power **monitoring and management** tool for all MTN-owned and managed sites.

Lot 2:
New genset technology

- Ensure every operating company has explored new technology solutions for current **genset** lifecycle extension and new genset technology.

Lot 3:
Innovative alternative grid/ renewable power solutions

- Identify partners with innovative, low-carbon and **renewable energy** solutions e.g. on-site hydrogen generation, solar, wind, fuel cell, hybrid, etc.

Lot 4 and 5:
Uninterruptible power supply (UPS and DC power)

- **UPS** system to compensate for the variations in the input supply as any irregularities will affect the load.
- **DC power system** to support inputs including multiple types of AC inputs and solar energy input. The system gives priority to solar energy when both the grid and solar energy are available.

Lot 6:
Energy as a service company (ESCO)

- Identify which sites and market's energy will be outsourced to ESCOs.
- Contract ESCOs to provide energy based on cleanest and cheapest sources – **PaaS.**

Lot 7:
Cooling

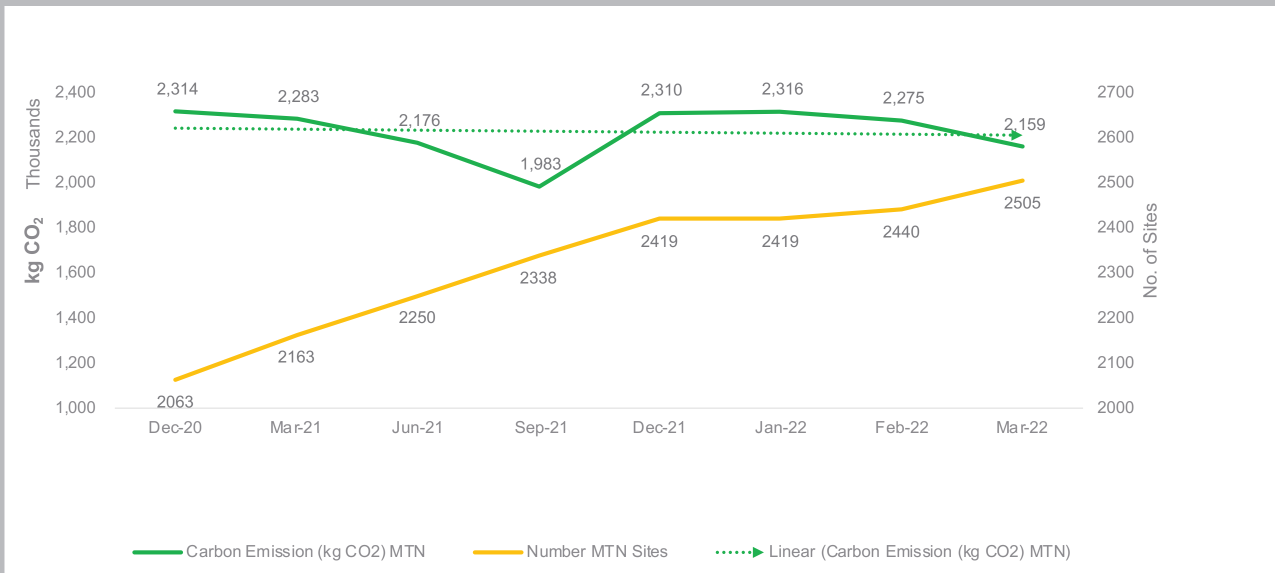
- Use of **DC inverter** aircons coupled with optimisation of temperature settings to reduce cooling runtime, ensuring efficiency.
- Investigate **free cooling** on BTS sites (RAN Modernisation).

Over the course of 2021, MTN Uganda implemented the following initiatives:

- **Power-saving features**: Energy consumption decreased by over 6% despite an increase in data traffic following activation of energy saving radio access network software features on base transceiver stations.
- **Innovative alternative grid / renewable power solutions**: MTN Uganda continues to incorporate a renewable-only approach as it rolls out new sites. 1021 out of 2475 MTN cell-sites are hybrid sites deployed with solar power, utility power, generator supply and lithium Batteries for backup. The lithium batteries are eco-friendly with a high backup time, quick charge and high discharge rate which translates into low power consumption.

Carbon footprint

Monthly Carbon Emission (kg CO2) – MTN Uganda Sites



Note

- *300+ solar, and lithium batteries and grid installations done in 2021 contributed to CO2 emission reduction*
- *CO2 emission over the last five quarters has a marginal improvement even though number of sites increased*
- *All new sites installed with solar and lithium batteries as a priority except for space constraints*

MTN Launches partnership with National Forest Authourity to rehabilitate 220 acres in 5 forest reserves across Uganda

5.3 Network Coverage

Our commitment

In line with ***Ambition 2025*** and NTO Licence obligations, MTN Uganda is committed to expanding network coverage and undertaking continuous improvement of network quality over the years. We take particular pride in the quality of experience delivered to our customers, and MTN Uganda was declared the best data and voice network in Uganda having attained the Best Network Performance Score during the national network benchmarking campaign undertaken at the end of 2021 by Rohde & Schwarz

Measurement methodology

Rohde & Schwarz SwissQual AG applied a fully transparent, harmonized and end-user centric scoring methodology as described in ETSI TR 103 559 and calculates a single overall Network Performance Score for routes below.

The driven routes are distributed among the different geographical categories as indicated in the charts below. The charts represent the driven kilometre's and the hotspot areas:


CERTIFICATE

ROHDE&SCHWARZ
Make ideas real

Rohde&Schwarz SwissQual AG, as the issuer of this document, certifies that

MTN Uganda
22 Hannington Road, MTN Towers, Kampala, Uganda

attained the

Best Network Performance Score

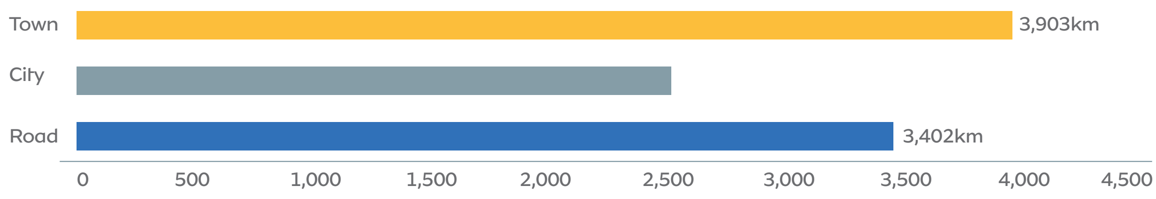
for the Republic of Uganda, assessed during the MTN Group Benchmarking Campaign from October 10 to December 24, 2021. We congratulate **MTN Uganda** for ranking first with a score of **649 out of 1000 points** on the Rohde&Schwarz Network Performance Score in line with ETSI TR 103 559.

- Network Performance Score for voice service: 282 out of 400
- Network Performance Score for data service: 367 out of 600

Hanspeter Bobst
CEO Rohde&Schwarz SwissQual AG

BEST NETWORK PERFORMANCE SCORE

Route Distribution (Km)



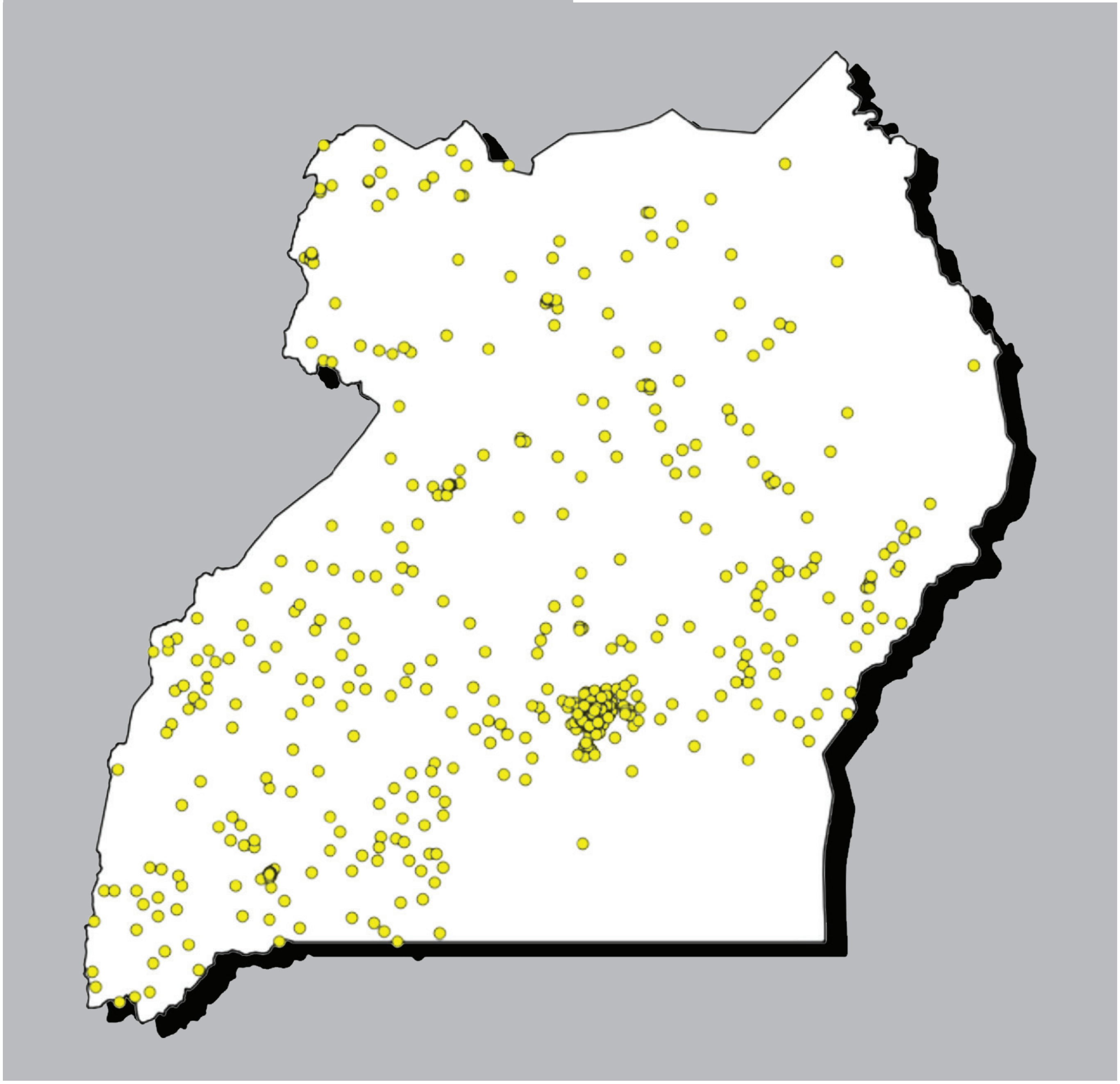
We plan to invest US$ 300 million over a three-year period commencing in 2022 to further consolidate our services across Uganda and with the aim of enhancing GOU's macroeconomic objectives in the National Broadband Policy 2018 and Vision 2040. Particular focus areas will be rural rollout and underserved areas so as to ensure maximum population and geographical coverage. In 2021, the we invested massively in the rollout of all technologies, spreading into areas that have never been covered before; bringing about social and economic transformation and making our customers' lives brighter.

Note:
Coverage gaps in 4G LTE mainly due to spectrum limitation

Expanding our coverage

In 2021 we rolled out 459 2G, 493 3G and 665 4G sites, which helped relieve the pressure on our infrastructure, significantly enhance our network resilience and service delivery across the nation, maintenance of customer experience and quality of service.

Map showing 2021 sites rolled out



MTN Uganda is committed to spreading into areas that have never been covered before bringing about transformation and as such making our customers lives brighter.

Advancing network automation

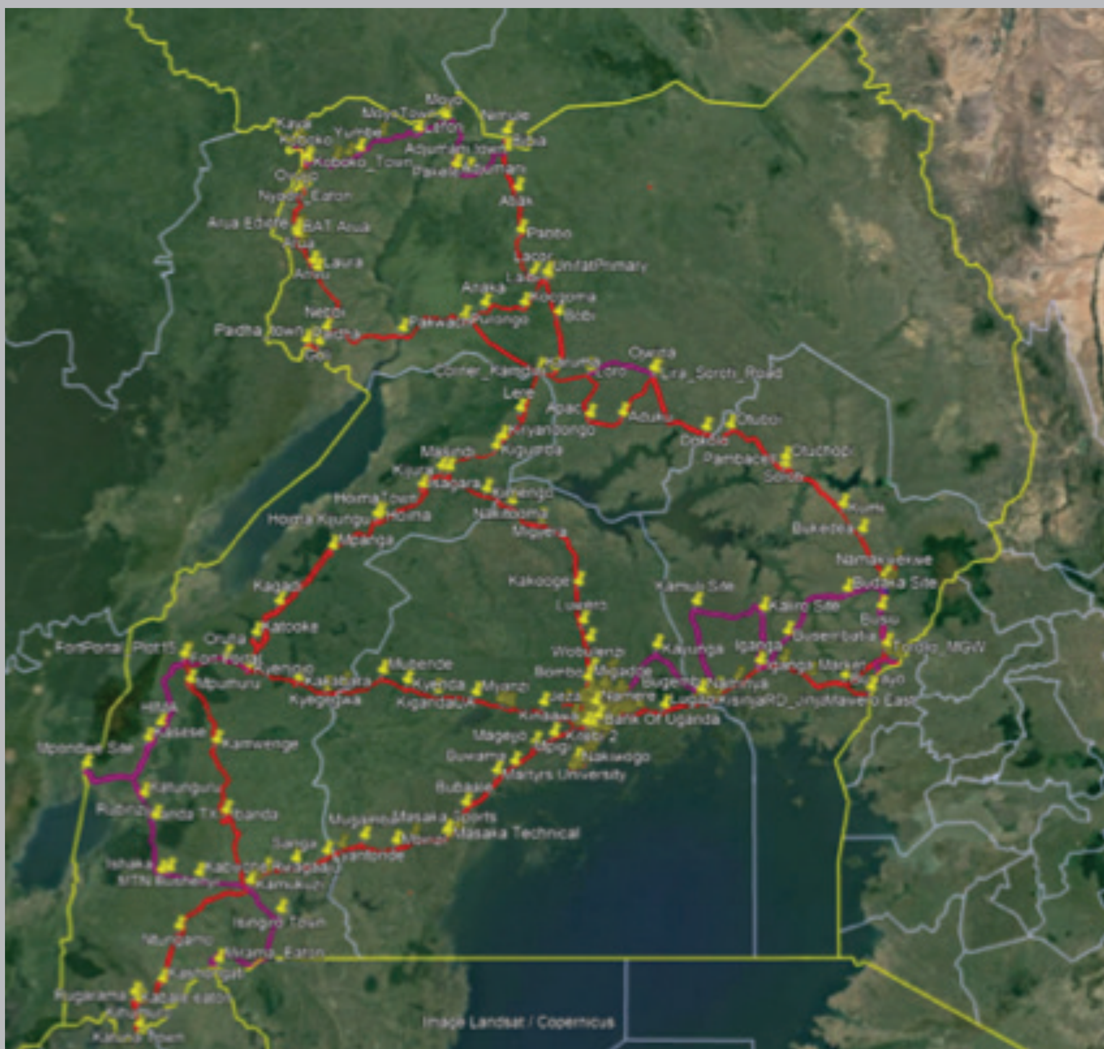
In June 2021, MTN Uganda announced a partnership with several members of the Telecom Infra Project (TIP) by which we will advance network automation using TIP's Disaggregated Cell Site Gateway (DCSG). This first of its kind network deployment in Africa will enable MTN Uganda to evolve its network and enable the Company's network transition to 5G.

In line with ***Ambition 2025***, our NaaS strategic blueprint is one of the platforms for growth that will contribute to leading digital solutions for Uganda's progress. DCSGs provide connectivity between mobile sites and enterprises and the core network, which is what users access to connect to the internet. DCSG at these cell sites will see the hardware and software de-coupled, allowing greater flexibility in upgrading software and configuration. The roll-out of the DCSG solution has seen an improved service for our subscribers. For instance, the solution has optimised latency (the time it takes for a signal to travel to its destination and back), allowing faster connections and improved quality across all aspects including voice, data, SMS and all other digital services.

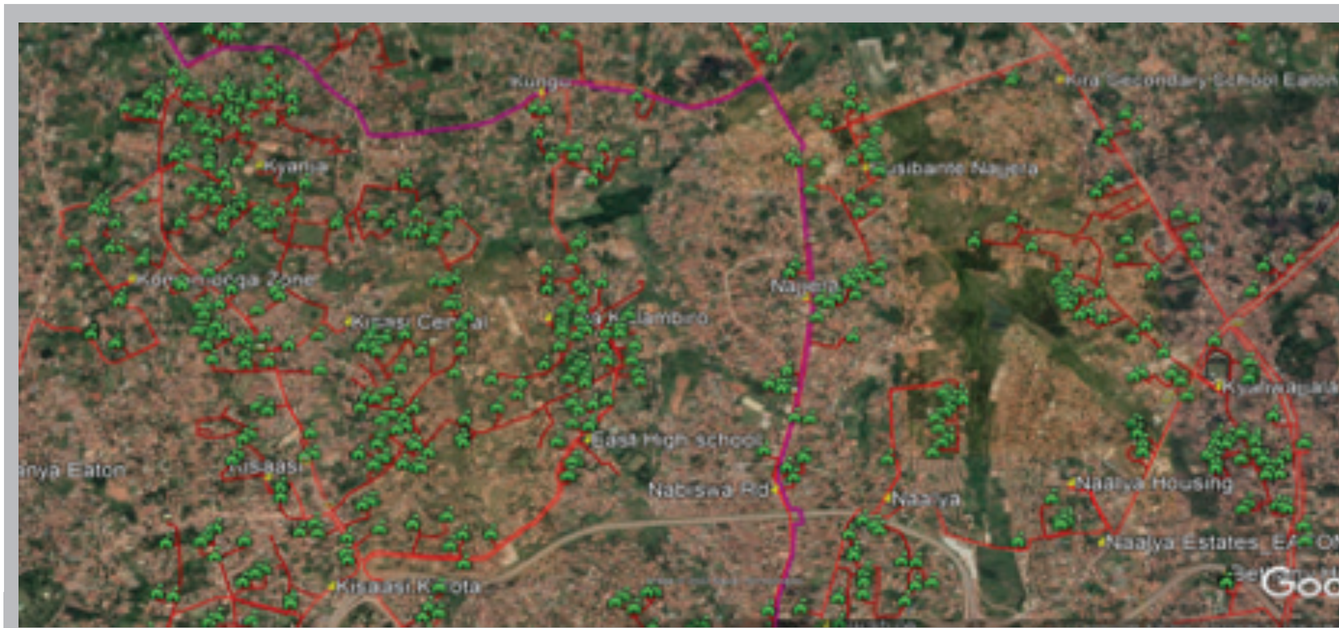
Fiber

MTN Uganda has continued to roll out its fiber network to connect businesses and homes enabling them access high speed internet and therefore access different internet driven services. We have laid almost 400 kilometres of fiber, which enabled both the work and study from home programs that were driven by the COVID-19 pandemic.

The fiber to the home product, dubbed "***Wakanet Pro***", saw increased demand and growth at the beginning of the second COVID-19 national lockdown in June 2021. This sustained growth was seen throughout the rest of the year, spurred on by online delivery by most educational institutions. For areas without the fiber to home option, we offered customers the ***"Wakanet Max"***, an LTE based solution providing increased speeds all over the country. The fiber to the business sub-sector also saw increased growth as businesses took progressive steps to ensure stable connectivity for remote-working staff. This saw an increase in connectivity for the financial services sector, in particular, and many small and medium enterprises.



MTN Uganda fibre footprint (metro and backhaul)



Kisaasi fibre-to-home cluster

5G ambition

5G is the latest wireless mobile telecommunications technology designed to support a growing number of connected devices. 5G offers improved data performance and supports a wide range of applications, will speed up the rate of data transfer, greatly reduce the time between receipt of a signal by a cellular base station and its response, and allow cellular networks to manage far more wireless-connected devices than presently possible.

In 2020, MTN Uganda and ZTE Corporation conducted a 5G trial to bring the standalone 5G network into reality in East Africa, making MTN the first operator in East Africa to carry out a 5G trial. Our medium-term strategy for 5G roll-out in Uganda has scheduled commercial launch for the next two – five years. We view the first key applications for 5G in Uganda as being the wireless fibre connectivity of bringing reliable, high speed and low latency internet into thousands of homes. 5G technology will benefit the country in terms of improved quality of communication between massive numbers of devices, improved speeds, efficiency of service and security in addition to the increase of capacity for digital applications and innovations, which will benefit both businesses and consumers alike and spur economic growth.


MTN
Donated by
MTN Foundation

5.4 Corporate Social Investment

In July 2007, MTN established the MTN Foundation as an incorporated trust for the purpose of focusing the Company's corporate social investment initiatives that are aimed at contributing to the reduction of poverty and fostering sustainable development in Uganda.

The main objective of the MTN Foundation is to improve the quality of life in communities across the country by supporting and implementing sustainable projects in four thematic areas: Youth Empowerment, Education, Health, Other National Priorities and ***Y'ello*** Hope Support.

The MTN Foundation is governed by a Board of Trustees made up of eminent members of society and senior MTN officers. The MTN Foundation is funded annually by an endowment from MTN of 1% of MTN's profit after tax and partners with credible public and private non-profit organizations to execute sustainable projects in each of the chosen focus areas.

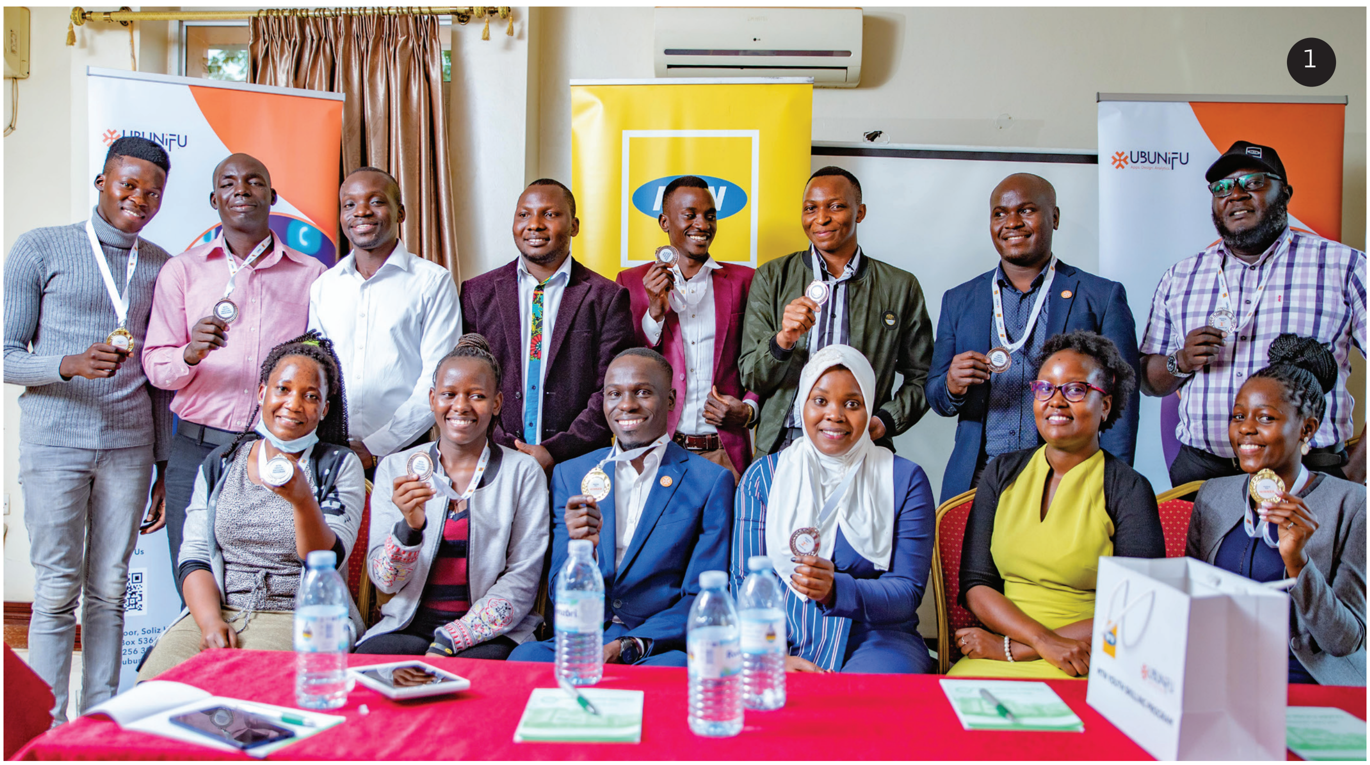
In 2021, the Foundation's key focus areas were:

Project name	Description	Partners	Alignment with SDG
MTN Youth Skilling Program	The programme is aimed at designing and delivering practical knowledge, skills experience for youth and young adults in preparation. The mission of the MTN Foundation youth empowerment programme is to inspire and empower youth and young adults towards the practical application of innovative ICT solutions to solve their communities' most pressing challenges. The programme targets a group of 100 beneficiaries of university graduates, small-and-medium enterprises and innovators.	Ubunifu Systems Limited, Ministry of Gender, Labour and Social Development and Ministry of ICT	**Youth Empowerment** SDG 1 – No Poverty SDG 5 – Gender Equality SDG 8 – Decent Work and Economic Growth
MTN School Infrastructure Programme	The programme is intended to improve access to quality education through establishment of classroom spaces, staff quarters, dormitory and sanitary facilities. The schools that have benefitted include Bigodi Secondary School (classroom block), Busia Secondary School (classroom block), Buwolya Primary School (classroom block and sanitary facilities) and Rwengobe Primary school (staff quarters).	Promoting Equality in African Schools (PEAS)	SDG 4 – Quality Education SDG 9 – Industry, Innovation and Infrastructure
Renovation of Buhandagazi Primary School	The project aimed to increase learning spaces and reduce crowding in the existing classroom blocks.	Church of Uganda	SDG 4 – Quality Education SDG 9 – Industry, Innovation and Infrastructure

Project name	Description	Partners	Alignment with SDG
ICT Labaratory Koboko Resource Centre	Koboko Resource Centre is dedicated to creating platform for ICT training and educational research to enable youth empowerment in West Nile.	Koboko Resource Centre and Koboko District Local Government	SDG 4 – Quality Education SDG 9 – Industry, Innovation and Infrastructure
MTN ICT 4 Vocational Institutes	Provision of ICT equipment and connectivity in the vocational institutions for online learning to enable content development.	Enabel (Belgian Development Agency)	SDG 4 – Quality Education SDG 9 – Industry, Innovation and Infrastructure
Access to Health Care Initiative -Maternal and Child Health- Ibakwe Health Centre II	The project is intended to improve access to quality child and maternal health services at health centres in Obongi. Overall, the project has so far supported 35 health centre III and IV's in a period of three years with a focus on maternity wards to ensure that mothers access quality maternal and child healthcare services. The program has been implemented in partnership with the Ministry of Health. In 2021, the Foundation approved support to 15 health facilities.	Ministry of Health, Joint Medical Stores and Medical Teams International	SDG 3 – Good Health and Well Being
Fundraising for Rwenzururu Fraternity Health Centres	Donation to the Rwenzururu fundraising drive to support different health facilities in the region	Rwenzori Fraternity Initiative.	SDG 3 – Good Health and Well Being
Maternal Health Fundraising Initiative - Mama Kits Disability Project	Donation towards the purchase and distribution of safe delivery kits.	Stanbic Bank Uganda Limited.	SDG 3 – Good Health and Well Being
Bidabugya Health Support, Nakaseke	In-kind donation of assorted equipment to Bidabugya Health Centre II.	Joint Medical Stores	SDG 3 – Good Health and Well Being
Disability Project	The project aims at carrying out screening and undertake corrective surgeries for 50 children and youth from various parts of the country with limited access to rehabilitative services.	CoRSU Rehabilitation Hospital	SDG 3 – Good Health and Well Being

Project name	Description	Partners	Alignment with SDG
Support Rotary Blood Donation Drive	Contribution towards blood donation drive in Kampala City to address blood scarcity in health facilities.	Rotary International (Uganda)	SDG 3 – Good Health and Well Being
Butabika Sanitation Improvement Project	Improve sanitation of the only mental health referral hospital in the country through construction of addition of sanitary facilities.	Rural Health Care Foundation, Soul Foundation and Kampala City Council Authority	SDG 3 – Good Health and Well Being
MTN Girls with Tools Project	Support training, production and donation of reusable pads to close to 1,500 girls per year through the tailoring workshop, and also train girls in car servicing and washing.	Smart Girls Foundation	SDG 5 – Gender Equality SDG 10 – Reduced Inequalities

2021 Project Pictorial



1. Youths from the MTN Youth Skilling Program celebrate their graduation and wards ceremony following a successful business pitching session
2. Karugutu health centre IV Commissioning
3. Karugutu health centre IV maternity ward refurbished and equipped by MTN Foundation
4. The construction site of the new Smart Girls Facility constructed by MTN Foundation to boost the number of girls trained at the organisation
5. MTN Executives and staff of Mother Kevin HCIII commission the newly equipped facility.

Risk Governance & Management

6.1 Risk Management Approach

Robust risk management remains the mainstay of MTN Uganda's business and underpins operational excellence.

We take a holistic approach to risk management, and our ERM framework defines the processes and practices in place across the Company to proactively identify and manage risks and opportunities that may impact our ability to achieve our objectives, in line with our strategy, risk appetite and risk preferences. We view risk management as a core competence by embedding a risk culture supported by top-down and bottom-up processes, ensuring completeness, proportionality to our business and the robustness of mitigating control actions. This results in a profile of the most material risk issues based on residual risk. Residual risk considers the likelihood of events occurring, the business impact should these materialise and the effectiveness of existing mitigations and controls.

This is reflected in our corporate governance principles and structures, policy direction, processes and procedures, standards of conduct and management systems. The ERM framework is equally premised on international best practice standards benchmarked against, among others, the King IV Code of Corporate Governance and ISO standards for business continuity management and cybersecurity. Our ERM activities ensures that the following risk management principles are embedded in the Company's organisational culture:

- proactive, as opposed to responsive risk management;
- combined risk management across all layers of assurance;
- risk ownership and accountability from executive management;
- timely risk escalation and reporting to appropriate levels of decision making; and
- risk management right from design of new products/ services, systems and processes.

Our risk management process ensures the appropriate ownership of risk and accountability for risk management by all stakeholders in the value chain, while ensuring collaboration between risk management and process owners across the Company. The governance of risk management is the responsibility of the Board. However, the Company's management and staff play a critical role in supporting the Board in achieving its risk management objectives.

Three Lines of Defence

To ensure the effectiveness of our risk management process, the Companies relies on adequate line functions, including monitoring and assurance functions. Consequently, MTN Uganda adopts the principles of the 'Three Lines of Defence' model which provides a clear allocation of responsibilities for the ownership and management of risk, to avoid overlaps or gaps in risk governance.

First Line of Defence: Primary risk management	MTN Uganda divisions which own and manage risks by implementing and maintaining effective internal control procedures on a day-to-day basis.
Second Line of Defence: Challenge and risk control	MTN Uganda divisions which oversee risk management and compliance by developing and monitoring processes and controls to mitigate identified risks, co-ordinating and facilitating risk assessment sessions, developing risk management programs, and proving alerts on emerging issues and changing risk scenarios. The Risk and Compliance division leads the efforts of the second line of defence.
Third Line of Defence: Assurance	The Internal Audit and Fraud Management division is responsible for the activities of the third line of defence. The other third line assurance provider are the external auditors, who independently report on risks and the control environment to the Board.

6.2 Governance Structures

The governance organs responsible for our risk management framework are detailed below:

Board	The Board sets our overall risk appetite, approves our risk management strategy and is ultimately responsible for the effectiveness of the risk management process and system of internal control within the Company. The Board oversees risk management through the Board Audit, Risk and Compliance Committee. The Board, through the committee, reviews the framework for the identification, measurement, and management of risks; reviews quarterly risk management reports and directs appropriate actions to be taken by senior management; and periodically evaluates the Company's risk profile and action plans to manage the identified risks (and progress on the implementation of these plans).
Governance Committee (Management)	The governance committee serves as the risk management committee at management level. It comprises key divisional executives with responsibility for providing independent risk oversight, co-ordination, facilitation, monitoring and challenge of the effectiveness and integrity of our risk management processes. The governance committee reviews risk exposure reports and recommends appropriate mitigation actions, and reviews and recommends appropriate policies and standards for the management of risks faced by the Company.
Risk and Compliance Division	The Risk and Compliance division oversees the day-to-day risk management activities within MTN Uganda. The division provides central co-ordination and oversight for all risk management activities in the Company to ensure that the full spectrum of risks is identified, measured, monitored and controlled. The Risk and Compliance division coordinates the development of risk management policies, procedures and standards to assist in the effective management of risks; monitors the overall risk profile including risk trends from internal and external market changes; collaborates with other divisions to redesign controls that mitigate deficiencies noted in the internal and external audit reports; and reports on aggregate risk profile, control effectiveness and mitigation actions taken.
Internal and External Audit	The Company's Internal Audit and Fraud Management division provides independent and objective evaluation of the effectiveness of our risk management and internal control system. The Internal Audit and Fraud Management division provides independent assessment and evaluation on the adequacy and effectiveness of the ERM, and provides assurance on the Company's compliance with risk policies. The external auditors report on risk management, internal control and compliance issues that come to their notice during their statutory audit.

6.3 Risks to Value Creation

Principal risk universe and risk appetite

A key component of ERM entails the use of a focused principal risk universe. In the first instance, the risk universe provides a two-tiered risk categorization that enables uniform mapping of risk issues across the Company.

From the top-down perspective, the principal risk universe guides the Company's management to achieve completeness of risk identification. The principal risk universe is dynamic and is periodically reviewed to reflect changes in strategy, organization and operations.

The Company's risk appetite philosophy and statements are operationalized by applying risk preferences to each principal risk. This helps to guide the articulation of mitigation actions and resource planning. Furthermore, key risk indicators with tolerance levels are developed for principal risks to further embed and operationalize the Board's risk appetite guidance.

The following table shows the current universe underpinning the Company's ERM:

Risk category

Strategic	Governance	Financial	Technology	Operational	External
Principal risks					
▪ Strategy and execution	▪ Compliance	▪ Financial markets	▪ Network	▪ Supply chain	▪ Competition
▪ Regulatory and stakeholders	▪ Internal control environment	▪ Liquidity and funding	▪ Information technology	▪ Sales and distribution	▪ Legal
▪ Products and innovation (GSM, digital, fintech)	▪ Fraud and financial crime	▪ Tax	▪ Information security	▪ Customer experience	▪ Political and ▪ ▪ macro economic variables
▪ Mergers and acquisitions, divestitures, and strategic partnerships	▪ Governance	▪ Financial accounting and reporting		▪ Continuity risk	
	▪ Social and ethics	▪ Credit risk		▪ Human capital	
		▪ Financial performance and returns		▪ Environmental	
				▪ Reputation, branding and marketing	

The Company deploys risk appetite and tolerance levels with business planning and decision, aligning with a continuously evolving business and to ensure that we are not exposed to risk levels beyond our defined risk preference levels while in pursuit of delivery of the Company's strategic goals. Consistent with the wider MTN Group objective, our focus in 2022 will be to further mature our risk management capability.

Combined assurance

MTN undertakes a combined assurance approach to optimise and enhance the level of risk, governance and control oversight of risk management. The combined assurance model ensures that all assurance activities provided by internal and external assurance providers adequately address material risks facing the Company.

Compliance management

In 2021, we continued to enhance our compliance programme in line with our compliance policy and growth objectives. Due to a desire to be fully compliant in key compliance risk areas like SIM-card registration and anti-money laundering, automation towards early detection of any instances of non-compliance was implemented. On the latter, a full-time MTN MoMo suspicious transaction monitoring team was developed to further ensure that the MTN ecosystem is not used as a conduit to commit fraud or to otherwise channel illicit financial flows. In 2022, automation in compliance risk monitoring is to be extended to all the other high-risk compliance areas as determined by the Company's risk governance structures.

6.4 Principal Risks and Actions Taken

The principal risks that the Company faces and the mitigation actions taken are explained below:

Principal risk and risk issues	Doing through mitigation and controls	Doing in 2021
1/2 Principal risk: Regulatory and compliance ***Prone to regulatory changes*** MTN Uganda operates in a cross regulatory landscape that requires compliance with wide-ranging laws and regulations. These include: ▪ Communications Act and accompanying subsidiary regulations, guidelines and directives. ▪ NTO Licence obligations. ▪ Statutory requirements related to SIM-card registration and KYC. ▪ AML/CFT. ▪ Personal data privacy and protection. ▪ National payments systems. ***Opportunity*** Our environment allows us to proactively engage regulators and other industry stakeholders on traditional and emerging issues. This improves our ability to comply with regulatory requirements and facilitates relationships to work more closely with regulators and policy makers.	▪ Targeted stakeholder engagement on regulatory issues. ▪ Compliance with listing and local equity participation requirements ▪ Concerted regulatory and industry advocacy. ▪ Strict compliance with laws and regulations and continuous enhancement of compliance testing programmes.	▪ Additional spectrum received from UCC on 1 October 2021 ▪ Resolved litigation with UCC regarding transitional fees for the NTO Licence ▪ MoMo Subsidiary licensed as payment system operator and a payment service provider by BOU; ▪ IPO and listing on the USE completed on 6 December 2021. ▪ Developed and in some cases implemented automated compliance risk monitoring plans to ensure the Company remains compliant with key external laws, regulations and license requirements

Principal risk and risk issues	Doing through mitigation and controls	Doing in 2021
3 Principal risk: Tax ***Increased tax-related uncertainty*** MTN Uganda continues to be subject to tax audits by the Uganda Revenue Authority, which can result in additional assessments. Revisions to tax legislation or to its interpretation would also impact the Company. ***Opportunity*** Proactive tax readiness through self-initiated tax health-checks, and continuous stakeholder engagement on new tax proposals.	▪ Deploy an effective tax risk management system through the application of our robust tax approach and policy. ▪ Independent tax health check. ▪ Proactive stakeholder engagement with the tax authorities. ▪ Tax advisory prior to significant corporate transactions. ▪ Implement control mechanisms that include documenting all tax planning and reviewing transactions regularly for changes in law and judicial interpretation.	▪ Secured favorable private tax ruling for stamp duty impact for MTN IPO ▪ Enhanced structures at, and concerted support from, the MTN Group on regulatory and tax issues. ▪ Participated in stakeholder consultations where tax amendments have been proposed to avoid, among others, the incidence of multiple taxation. ▪ Ensured robust revenue and tax management processes were in place and regularly consulted tax advisers to understand the impact of our operating environment. Where necessary, the Company sensitised stakeholders on this impact.
4 Principal risk: Competition ***Competitor risks*** MTN Uganda continues to face aggressive competition in all its three-core service area of voice, data and MoMo from both the traditional market players and new OTT players ▪ Price-based competition on data bundles may destruct value ▪ Several fintech competitors joining the market. ***Opportunity*** ▪ Leverage cross-product modelling to customers, plus the economies of scale on OTT ▪ Improve customer experience to create a unique differentiating factor	▪ Continuously monitor commercial performance against target to inform counter/response plans ▪ Leverage site rollout to reduce 4G coverage gap ▪ Engage UCC for additional spectrum to match current allocations as well as offer a better mobile data customer experience.	▪ Close performance monitoring; product and price reviews and action plan execution ▪ Scenario plan execution, which includes tariff adjustments for MoMo peer-to-peer transfers and changes in mobile data bundling ▪ Efficient expanded coverage and capacity site rollout for 3G and 4G ▪ Deployment of additional spectrum to improve network service quality

Principal risk and risk issues	Doing through mitigation and controls	Doing in 2021
5 Principal risk: Information security ***Cyber and information security risks*** Cybersecurity is a growing priority as cyber-attacks become more sophisticated. The uncertainty caused by the COVID-19 pandemic along with changes to the working environment increased the activity of cyber-criminals. A cyber-attack aimed at MTN Uganda could lead to service interruption and the infringement of confidential personal and commercial data. This could lead to significant business disruption and expose the Company to increased regulatory scrutiny, potential sanctions and reputational damage. MoMo remains a primal target for cyber-criminals with the intent to steal funds from key product partners and customers ***Opportunity*** Implementation of the information security marshal plan aimed at a holistic approach to cybersecurity control improvement at all layers.	▪ Ensure adequate monitoring and reporting on performance against milestones defined in the Company's information security plan. ▪ Continue to strengthen our incident detection and response capability. ▪ Continue efforts to strengthen the security control environment. ▪ Review and enhance security governance and operational structures. ▪ Continued investment in the upgrade of the security environment across the Company. ▪ Continue to develop capabilities to address third-party security risk and compliance management.	▪ Met our 2021 information security plan targets. ▪ Concluded a three-year programme to fast-track implementation of security capabilities. ▪ Continued security assessments on various MTN systems to proactively identify vulnerabilities requiring remediation. ▪ Established MoMo transaction monitoring to identify any cyber triggered frauds in the shortest time possible. ▪ Deployed various security detection, response and monitoring solutions.

Corporate Governance Report

7.1 Our Board of Directors

Mr. Charles Mbire
Director

Mr. Mbire is a leading businessman, entrepreneur and industrialist in Uganda and has been the chairperson of the Board since 2003. Mr. Mbire's investments are in telecommunications, finance, energy, real estate, oil and gas and mining.

Mr. Mbire was previously a member of the International Monetary Fund Africa Regional Advisory Group and the chair of Makerere University Holdings Company Limited, the investment and entrepreneurial arm of Makerere University.

Mr. Mbire once served as a Council Member at the World Economic Forum's Summit on the Global Agenda. He was a member of the Presidential Investors' Round Table, a high-level forum that brings together a select group of both foreign and local investors to advise GOU on how to improve the investment climate in the country. He was also the chairperson of the USE, and he previously served on the boards of Ecobank Uganda and Eskom Uganda.

Mr. Mbire holds a Bachelor of Arts in Business Economics from the University of Essex and a Master of Business Administration from the University of Leicester.

Ms. Yolanda Cuba
Director

Ms. Cuba is a seasoned executive with a demonstrated history of working in diversified industries including telecommunications, finance, services, mergers and acquisitions and fast-moving consumer goods. She is a transformational and accomplished business leader, who is widely regarded across the African continent.

She currently serves as the Group Regional Vice President Southern and East Africa at MTN Group, and previously occupied the position of Chief Digital and Financial Technology Officer at the MTN Group.

Ms. Cuba previously worked with Vodacom Group Limited, where she served as Group Chief Officer (Strategy, Mergers and Acquisitions and New Business) and Chief Executive Officer of Vodafone Ghana. Ms. Cuba has served on a number of JSE-listed boards: she was a board member of South African Breweries, Absa Group Limited and has been a member of the Nelson Mandela Investment Committee since 2006. In 2008, Ms. Cuba was selected one of the Young Global Leaders of the World Economic Forum.

Ms. Cuba holds a Bachelor of Commerce in Statistics from the University of Cape Town, a Bachelor of Commerce Honors degree in Accounting from University of KwaZulu-Natal and a Master of Commerce degree from the University of Pretoria. She is also an alumnus of INSEAD International Executive Program.

Ms. Karabo Nondumo
Director

M**s. Nondumo** is an entrepreneur with interests in the provision of industrial supplies, corporate advisory and investments. She also has extensive experience in the telecommunications, financial services and mining sectors.

She held executive head roles within Vodacom Business and Mergers & Acquisitions at Vodacom Group. Ms. Nondumo is a previous CEO of AWCA Investment Holdings Limited and served as an associate as well as executive assistant to the chairman at Shanduka Group.

Ms. Nondumo is an independent non-executive director of: Harmony Gold Mining Company Limited (Technical, Investment and Audit and Risk subcommittees), Sanlam Limited (Chair: Social and Ethics Committee, member of Risk and Compliance, Audit and Actuarial, Human Resources and Nominations subcommittees), TCI-Tiso (Pty) Limited and MTN Group operating companies in Eswatini, Zambia, Uganda and Rwanda (Chair: Audit and Risk committees). She is also an advisory member of Senatla Capital, a trustee of Mabindu and Ubuntu-Botho Women's Trusts.

Her previous board roles include MTN Group operating companies in Sudan and South Sudan, Brightrock Holdings Limited, Merafe Resources Limited, SA Express Airways SOC Limited, Rolfes Holdings Limited and Richards Bay Coal Terminal.

Ms. Nondumo holds a Bachelor of Commerce in Accounting from the University of KwaZulu-Natal (1999). She is a qualified Chartered Accountant, and a member of the South African Institute of Chartered Accountants and African Women Chartered Accountants.

Mr. Sugentharen Perumal
Director

Mr. Perumal is currently the Group Executive: Financial Operations and Financial Plan and Analysis, a position held since May 2018.

During this period, he has also acted as the Chief Financial Officer of MTN South Africa and most recently, MTN Group. Prior to this, he was the Chief Financial Officer of MTN Irancell from 2014 to 2018.

Mr. Perumal currently serves on multiple boards and chairs the Audit Committees of several MTN Group subsidiaries. Prior to joining MTN, he was an audit director at one of South Africa's largest audit and advisory firms, SizweNtsalubaGobodo. He is a highly accomplished finance professional with significant experience in strategic and operational planning as well as management of telecommunications companies in the Middle East and Africa. As an audit professional, he accumulated expertise and proficiency in the private sector as well as the public sector. This experience ranges over multiple industries including telecommunications, energy and utilities.

Mr. Perumal is a Chartered Accountant, being a member of the South African Institute of Chartered Accountants. He holds a Bachelor of Commerce (Hons) Accounting and Bachelor of Commerce (Hons) Management Account degrees from the University of Natal.

Mr. Wim Vanhelleputte
Director

Mr. Vanhelleputte is a seasoned executive with over 20 years' experience in the telecommunications sector across eight countries in Africa.

Mr. Vanhelleputte is the Chief Executive Officer for MTN, a position he has held since 2016. Mr. Vanhelleputte was the Chief Executive Officer of MTN Ivory Coast between 2009 and 2015 prior to which he was at Bharti Airtel. Mr. Vanhelleputte also served as Chief Executive Officer of Tigo Senegal, Tchad Mobile and Telecel Gabon (subsidiaries of Orascom Telecom Holding).

Mr. Vanhelleputte holds a Masters in Nuclear and Solid-State Physics, a Bachelor of General Engineering from the State University of Ghent, Belgium, and a Special Degree in Power Plant Management from the Free University of Brussels, Belgium.

Mr. Andrew Bugembe
Director

Mr. Bugembe is a telecom finance executive with 23 years' experience in the telecommunications sector.

Mr. Bugembe is currently the Chief Finance Officer of MTN Uganda and has served in various executive and senior management finance roles in five MTN Group countries (Uganda, Congo Brazzaville, Liberia, Ghana and Rwanda), including Chief Finance Officer roles in MTN Liberia and MTN Congo Brazzaville.

As Chief Finance Officer, Mr. Bugembe' s key roles are to drive the Company profitability mandate, with focus on service revenue growth and margin expansion (continuous cost optimisation) to ensure disciplined capital allocation, optimize working capital and stabilize capital intensity to drive further cashflow generation, in alignment with ***Ambition 2025***.

Mr. Bugembe also supports key transformation initiatives, supports digitization with focus on data analytics, financial technology and continuously upskills staff capacity within the digital and platform areas.

Mr. Bugembe holds a Master of Commerce in Management Accounting from the University of Wollongong in Australia and a Bachelor of Commerce from Rajasthan Vidypeeth University in India. He is a Chartered Accountant (FCCA-UK).

Ms. Enid Edroma
Company Secretary and General Manager, Corporate Services

Ms. Edroma has extensive experience, knowledge and expertise in legal and corporate affairs management, commercial transactions, corporate governance, regulatory compliance and risk advisory.

At MTN Uganda, Ms. Edroma is responsible for managing the Company's commercial legal, regulatory and compliance affairs (including corporate governance and corporate matters), legal risks, transactions, dispute resolution agenda, strategic projects and initiatives, and implementing the Company's legal strategy (within the overall business strategy). Ms. Edroma also provides governance advisory and company secretarial support to the Board.

Ms. Edroma has previously served in leadership roles in the legal and corporate departments of leading private and public sector entities, including Shell Uganda Limited, Celtel Uganda/Zain Uganda, Smile Telecommunication Proprietary Limited South Africa and the National Identification and Registration Authority.

Ms. Edroma holds a Bachelor of Laws from Makerere University and a Diploma in Legal Practice from the Law Development Centre.

7.2 Corporate Governance Philosophy

We are committed to the highest standards of governance, business integrity, ethics and professionalism. Corporate governance is the cornerstone of the Company's approach to doing business and ensures that the Company always operates responsibly at all times. We believe that good governance enables us to live our values through enhanced accountability, corporate responsibility, a strong risk and performance management culture, transparency and effective leadership.

The Board provides oversight using a combined assurance model which considers the role of management, control functions, internal and external audit and Board committees. The Board uses a simplified governance approach in a complex environment as it strives to create shared value with the Company's key stakeholders.

7.3 Our Executive Management Team

The execution of Board approved strategy and the day-to-day running of the Company's business are entrusted to a senior management team of diverse skills, experiences and expertise. In addition to the Chief Executive Officer, the Chief Financial Officer and the Company Secretary / General Manager – Corporate Services, our senior leadership team comprises:

Monzer Ali
Chief Technical Information Officer

Joseph Bogera
General Manager, Sales and Distribution

Sen Somdev
Chief Marketing Officer

Mr. Ali has over 19 years of international and regional telecommunications industry experience at senior executive level, a track record for successful transformation with transferable skills and a strong background in design and technology development.

Prior to joining MTN, Mr. Ali held senior and executive level positions within the MTN Group in Central, East and West Africa regions with notable postings in Ghana, Nigeria and Burundi.

Mr. Ali holds a Bachelor of Computer and Communication Engineering from the University of Beirut in Lebanon.

Mr. Bogera is a seasoned sales professional who began his career with MTN as a Business Account Manager. He has significant professional and practical multi-sectoral experience across trade, sales and distribution sectors having worked with leading private companies in Uganda and Africa, with notable previous postings to MTN Rwanda as a Corporate Sales Manager and Uganda Breweries as a Divisional Sales Manager.

Mr. Bogera also has regional sales and distribution experience and knowledge having previously worked for Brightstar Africa Telecom Solutions (South Africa) as Country Manager for the Eastern and Southern Africa region covering 11 countries.

Mr. Bogera holds a Bachelor of Business Administration Degree from Makerere University, Master of Arts in Economic Policy Management Degree from Makerere University and Introduction to Trade and Development Certificate from the Trade Policy Centre in Africa from Lund University, Sweden.

Mr. Somdev has 20 years' global experience in marketing, customer lifecycle management and revenue expansion activities, expertise in managing functions for executing brand charters involving human resource mobilization, structured communication and execution within cost and time parameters. Mr. Somdev oversees the ownership, development and growth of the MTN brand.

Mr. Somdev's global experience spans various emerging markets of India, Africa and the Middle East with top mobile service providers like Tata Indicom in India, Idea Telecommunications Ltd., India, Bharti Airtel Africa and Flytxt Mobile Solutions Private Limited, India.
Mr. Somdev holds a Bachelor of Business Administration from Madurai Kamraj University, India.

Nicholas Beijuka
General Manager, Capital Projects

Samuel Gitta
General Manager, Risk and Compliance

Juliet Nsubuga
General Manager, Wholesale and Carrier Services

Mr. Beijuka has rich experience and specialist knowledge in audit and risk management, project management, accounting, economics and general management having served in several senior management positions within MTN and other leading private entities and companies like Citibank Uganda.

Mr. Beijuka manages and oversees MTN's capital projects and expenditures and engenders continuity and alignment of MTN's capital expenditures with MTN's overall mission, vision and business interests.

As a certified public accountant, Mr. Beijuka was previously assigned to a leading accounting and audit firm, Ernst & Young, where he led a team of auditors on notable audit assignments.

Mr. Beijuka holds a Bachelor of Science in Economics from Makerere University and a Post Graduate Diploma in Project Planning and Management from the Uganda Management Institute.

Mr. Gitta has over 16 years' work experience in information technology operations, information, communications and technology advisory and consulting, information technology risk management, cyber security advisory and risk management, new product and systems assurance, digital forensics and enterprise-wide risk management.

Mr. Gitta is primarily responsible for implementing the MTN Group compliance and risk framework for MTN to effectively manage compliance with applicable laws and regulations and a common set of policies and procedures.

Mr. Gitta has served in various positions in MTN from entry level IT systems administrator to senior management positions and has worked with a leading accounting and audit firm, Ernst & Young. Mr. Gitta is a member of several professional global associations including Global Association of Risk Professionals, Information Systems Audit and Control Association and the Global Revenue Assurance Professionals Association.

Mr. Gitta holds a Bachelor of Science in Computer Science/Maths from Makerere University.

Ms. Nsubuga has over 20 years of sales and marketing experience and has served in top line leadership positions in MTN for sixteen years and is an associate member of the Chartered Institute of Marketing (CIM-UK).

Ms. Nsubuga ensures that MTN's infrastructure is operating optimally, and channels of delivery are robust to serve the customers directly or indirectly. She also manages MTN's telecom to telecom partnerships that enable MTN customers to have local and international roaming services experience, and as well as managing infrastructure services to other telecommunications service providers.

Ms. Nsubuga holds a Bachelor of Business Administration from Makerere University and a Master of Economic Policy and Planning from Makerere University.

Dorcas Muhwezi
General Manager, Customer Experience

Ibrahim Senyonga
General Manager, Enterprise Business Unit

Michael Sekadde
General Manager, Human Resources

Ms. Muhwezi has significant experience in customer care, operations and experience having served in several leadership positions within MTN including General Manager Customer Experience, Acting General Manager, Sales and Distribution, Senior Manager, Network Quality Assurance, Manager, Quality Assurance and Fixed Lines, Senior Fixed Line Planning Engineer within MTN.

Ms. Muhwezi's core role in MTN is to ensure that the voice of the customer is incorporated into all aspects of MTN's business to result in a branded MTN customer experience and to provide strategic direction by ensuring overall responsibility for driving customer experience through MTN's contact and service centers.

Ms. Muhwezi holds a Bachelor of Engineering in Electrical and Electronics Engineering from the University of Manchester, UK and a Master of Science in Computer Science and Communication Engineering from the Universitaet Duisburg-Essen, Germany.

Mr. Senyonga's core role in MTN is to develop compelling value propositions for enterprise business and to create and implement strategies to drive corporate sales revenue and customer satisfaction.

Mr. Senyonga has over 16 years' experience mostly obtained from the banking sector where he served in several roles ranging from Regional Manager at DFCU bank, Head of Retail Banking and Acting Executive Director at KCB Bank.

Owing to his previous employment and assignments in the financial services sector, Mr. Senyonga comes with a deep experience in strategic governance, strategic planning and leadership, business development and relationship management, sales channels development and expansion, risk and operational control management.

Mr. Senyonga holds a Bachelor of Arts in Business Accounting from Makerere University and an Accredited Master of Business Administration in Finance from the University of Leicester, UK.

Mr. Sekadde currently oversees the human resource department of MTN and has over 25 years' experience in human resource management with most of this experience obtained working with MTN where he started as a Training and Development Manager.

Mr. Sekadde has vast experience working across several human resource disciplines including strategic human resource workforce planning, organisational design and effectiveness, business training.

Mr. Sekadde holds a Bachelor of Arts in Social Work and Social Administration from Makerere University and a Master of Science in Management and Organizational Development from the United States International University Africa in Nairobi.

Judith Namugenyi
General Manager, Internal Audit and Forensics

Kenneth Kiddu
General Manager, Business Intelligence

Richard Yego
Managing Director, MTN Mobile Money Uganda Limited

Ms. Namugenyi oversees the leadership, governance and management of MTN's Internal Audit and Forensics Services function, provides independent assurance on MTN's internal control environment and ensures efficient delivery of MTN's assurance and consulting services.

Ms. Namugenyi has 23 years practical and proficient experience in governance risk and control across the manufacturing, financial services, and telecommunications services sectors. Prior to her appointment to the current position, Judith worked with MTN as the General Manager, Business Risk Management/Internal Audit and Forensics Services. She also worked with Lafarge East Africa (now Lafarge Holcim). Ms. Namugenyi is a qualified accountant.

Ms. Namugenyi holds a Bachelor of Economics from Makerere University and a Master of Business Administration from Edinburgh Business School, Scotland, UK.

Mr. Kiddu has over 20 years' experience in the technical, marketing and business intelligence aspects of the telecommunications industry having served in different roles in MTN.

Mr. Kiddu oversees MTN's business planning function from a sales and distribution perspective and monitors MTN's performance against targets and strategies.

Mr. Kiddu possesses significant experience in enterprise portfolio management, interconnection and roaming engineering, business analysis, product development and pricing. Mr. Kiddu also has regional telecommunications industry exposure and experience through secondments to MTN Cote d'Ivoire and MTN Guinea Conakry. Prior to joining MTN, Mr. Kiddu previously worked with Uganda Telecom and Sheraton Kampala Hotel.

Mr. Kiddu holds a Bachelor of Science in Engineering from Makerere University and a Master of Business Administration from the MIP – Politecnico di Milano, School of Management, Milan, Italy.

Mr. Yego possesses over 19 years' experience in banking and digital financial services. Mr. Yego is passionate about driving the uptake of financial services through digital channels with an overall objective of fostering financial inclusion.

He previously served as the Chief Executive Officer and Commercial Director of the Agent Banking Company of Uganda where he oversaw the roll-out of an interoperable shared agent banking technology and agent network infrastructure across Uganda, a move which fast-tracked financial inclusion among under-served and unbanked population. Mr. Yego has also previously occupied senior leadership roles with Airtel Uganda and Standard Chartered Bank Uganda.

At the MoMo Subsidiary, Mr. Yego is responsible for deploying commercial and operational strategy to shape and direct the fintech business.

Mr. Yego holds a Bachelor of Arts in Economics from Makerere University. He has also undertaken specialised training in digital financial services.

7.4 Board Function

We continually aspire to achieve value creation through robust governance. The Board is committed to good governance and international standards of best practice, and to ensuring an unequivocal tone from the top that requires a commitment by all directors and employees to the values of integrity, transparency and uninhibited oversight of the Company's affairs and operations. This is to ensure that all governance issues are identified, monitored and addresses.

We operate a unitary board structure where the roles and duties of the Board Chairperson and Chief Executive Officer (CEO) are separate and clearly defined so as to conform with corporate governance best practices with regard to the independence of the board from management. The CEO reports directly to the Board and his performance is reviewed on an annual basis.

The Board has non-executive, executive and independent directors serving collectively on one single board, which ensures effective monitoring and oversight whilst achieving balance of power and diversity of viewpoints and perspectives.

The Board establishes the strategic objectives and the corporate values of the Company. In addition, it provides oversight of the Company's business, operations, practices, performance and policies and does this by defining and ensuring delivery on the Company's purpose by management, relevance and sustainability of the business model, adequacy and optimisation of all forms of capital inputs and the meeting of stakeholder expectations.

The Board has a documented charter which sets out the following key responsibilities:

a) delegating the management of the Company to a competent executive management team;

b) ensuring that management defines and executes a robust strategy process;

c) ensuring MTN Uganda's compliance with applicable laws and rules and appropriate best practices;

d) governing disclosures so that stakeholders can assess the performance of the Company;

e) protecting the interests of the Company's stakeholders and ensuring fair, responsible and transparent people practices; and

f) overseeing the combined assurance and control functions.

In addition to these core responsibilities, the Board has other obligations under applicable law, specifically the Companies Act which sets out the duties of directors, and has in place arrangements to ensure directors are updated on new laws and changes in legislation.

7.5 Board Composition

Director	S	Age	Date of Appointment	Classification
Charles Mbire	M	61	25 February 1998	Non-executive director
Yolanda Cuba	F	43	25 February 2021	Non-executive director
Karabo Nondumo	F	43	1 April 2021	Independent non-executive director
Sugentharen Perumal	M	42	5 August 2019	Non-executive director
Wim Vanhelleputte	M	49	6 October 2016	Executive director
Andrew Bugembe	M	47	2 November 2020	Executive director

The Board comprises directors with diverse skills and competencies, extensive international and local experience and insight of the business areas in which MTN operates. The Board is comfortable that it has the requisite skills and experience across its committees to discharge its responsibilities.

The Board acknowledges the importance of board balance and the need to have a sufficient number of independent directors. Independent directors bring immense value: an independent and objective view; new skills, knowledge and experience with positive impact on strategy development and oversight; safeguarding the interests of minority shareholders and other stakeholders; and providing reassurance to external shareholders that the Company's affairs are being run in an effective manner.

As part of a Board composition review, the Company is in process of evaluating candidates for potential appointment to the Board as independent directors. The Company's shareholders will be updated about the outcome of this process in due course and in any event before the next AGM.

7.6 Board Operations

The Board's operations are guided by the Articles of Association of the Company and a board charter. In line with its charter, the Board meets regularly to consider matters within its mandate. In addition to meeting at least once every financial quarter, the Board meets on an *ad hoc* basis as and when the exigencies of the Company and its business require it. The deliberations of the Board are recorded in minutes that are approved by the Board. The scheduled meetings and attendance are as below:

	Feb 2021	Aug 2021	Aug 2021 (2)	Nov 2021
Charles Mbire	✓	✓	✓	✓
Yolanda Cuba	✓	✓	✓	✓
Karabo Nondumo	N/A	✓	✖	✓
Sugentharen Perumal	✖	✖	✓	✓
Wim Vanhelleputte	✓	✓	✓	✓
Andrew Bugembe	✓	✓	✓	✓

x – signifies that the director did not attend the specific meetings (with apologies)

7.7 Board Committees

The Board has delegated its authority to well-structured committees of directors with the mandate to deal with certain governance issues and report to the Board on their activities on a quarterly basis. Each committee operates under terms of reference which set out its roles and responsibilities, composition and scope of authority.

The Board has reserved certain powers to itself including establishing other committees for the better discharge of its mandate. During the year, a nominations committee will be established or its mandate will be incorporated into the terms of reference of another suitable committee.

7.7.1 Audit and Risk Committee

The Audit and Risk Committee is established to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial systems and control processes, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.

The Committee is not to perform any management functions or assume any management responsibilities. Rather, the Committee provides a forum for discussing business risk and internal control issues and for developing relevant recommendations for consideration by the Board.

The Committee has no executive power and its decisions require Board approval where appropriate. The membership, resources, responsibilities, authority and other terms of reference of the Committee to perform its role effectively are stipulated in a Committee charter, which may be amended by the Board from time to time. The Committee has complied with its mandate and terms of reference for FY 2021.

The members of the Committee consist of not less than one independent non-executive director, one of whom shall be the Committee chairperson. Members of the Committee are required to have a financial background and appropriate expertise and experience with regard to accounting risk management and auditing matters.

The Committee convenes a minimum of three times a year but may meet on other occasions where the business of the Company so requires. Executive directors and other relevant business managers attend all Committee meetings. In 2021, the Committee met on the following occasions:

	Feb 2021	Aug 2021	Nov 2021
Karabo Nondumo	N/A	✓	✓
Yolanda Cuba	✓	✓	✓
Sugentharen Perumal	✖	✖	✓
Charles Mbire	✓	✓	✓

x – signifies that the director did not attend the specific meetings (with apologies)

7.7.2 Remuneration, Human Resource, Social and Ethics Committee

The Remuneration, Human Resources, Social and Ethics Committee is established to improve the efficiency of the Board in discharging its duties relating to the selection and appointment of senior managers as well as formulation of a remuneration philosophy and human resources strategy that ensure that the Company attracts and retains the best human capital possible relevant to its business needs and maximises the potential of its employees while ensuring that sound corporate governance principles are adhered to.

With regard to business conduct and ethics, the Committee is responsible for monitoring the Company's activities, having regard to all relevant legislation on environmental, social and governance requirements, employment and labour, social security, human rights and anti-corruption.

The members of the Committee are appointed by the Board from among its non-executive directors with relevant experience and who have a good knowledge of the Company's structures and its executive management in addition to a good understanding of trends in stakeholder concern. Committee members must have a good understanding of all aspects of remuneration best practices of comparable companies and the business of remuneration committees as well as sound knowledge of best human resources practices.

The Committee convenes a minimum of three times a year but may meet on other occasions where the business of the Company so requires. Executive directors and other relevant business managers attend Committee meetings. In 2021, the Committee met on the following occasions.

	Feb 2021	*Aug 2021*	*Nov 2021*
Yolanda Cuba	✓	✓	✓
Sugentharen Perumal	✓	×	✓
Charles Mbire	✓	✓	✓

x – signifies that the director did not attend the specific meetings (with apologies)

7.8 Board Effectiveness

7.8.1 Delegation of Board's authority

The Board has ultimate responsibility for and control over the way the Company is run, but in line with its constitutional power to delegate some of its functions, there is a delegation of authority framework in place by which the Board delegates part of its authority to the Board committees and the Company's executive management.

The Board believes that appropriate delegation of authority is fundamental to the efficient management and operation of the Company. MTN Uganda's delegation of authority framework assigns powers and authority to ensure that decisions are made, and actions taken, at appropriate levels within the Company's governance chain. The framework also facilitates distribution of the workload at Board and senior management levels; moves responsibility closer to the point of contact; supports a sound internal control environment, facilitates timely decision making; maintains fiscal integrity and ensures that transactions are executed as intended and under applicable law, regulations, and company policy.

The Board retains overall control over, and responsibility for, strategy, financial affairs, risk, governance and certain corporate matters.

The executive management team, led by the Chief Executive Officer, is responsible for a defined set of everyday operational matters that are to be executed within the overarching strategic mandate approved by the Board. The delegation of authority framework for the executive management team provides clear thresholds for the exercise of authority, and there is an extensive monitoring mechanism in place for this aspect.

The Board regularly reviews the delegation of authority framework to ensure that it is appropriate for the size and scope of the Company's operations and consistent with evolving best practice.

7.8.2 Diversity

We embrace diversity at the Board level and understand that the diverse perspectives of directors allow for effective strategic oversight as well as robust deliberation during Board meetings. Therefore, it is the firm intention of the Board to continually review and focus on its diversity, and this includes improving the representation of women on the Board and ensuring that an appropriate mix of age profiles and skills are represented on the Board.

Long-serving directors ensure that there is an appropriate mix of institutional knowledge and experience on the Board, while the regular rotation and appointment of new directors introduces new perspectives and ensure that there is a young and dynamic leadership to complement the experience and institutional knowledge of the seasoned directors. Finding an appropriate balance is crucial, and the Board is constantly reviewing its composition to ensure that an optimum balance is attained.

The Company is also focused on attracting capable and experienced women to the Board. Currently, the two female directors are Karabo Nondumo and Yolanda Cuba, and the Board will continually look at ways to enhance the number of women on the Board.

7.8.3 Induction, training and development

The Board recognises that in order to remain effective, it must induct, develop and change its members from time to time in line with the Company's evolving needs. Accordingly, the Company has a structured induction and development programme that seeks to equip new directors with understanding of the culture, strategy and complexities of the business.

The programme also includes ongoing training for all directors on various matters related to their role to assist them to act with due care, skill and diligence. Particular upskilling focus areas include fintech, digital, regulatory, ESG and climate change priorities.

7.8.4 Evaluation

The performance of the executive directors is evaluated regularly and in line with the Company's performance review cycles. Annual remuneration decisions are based on the results of the performance evaluation. In line with best practices on board performance evaluation, the Board will develop a framework for the evaluation of the Board, its committees, the Chairperson and individual directors to ensure that the directors remain accountable and the Board as a whole remains effective.

The Board will also examine its own processes and procedures on an annual basis to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

7.8.5 Management of conflict of interest

We recognise that the management of conflicts of interest is of high importance in promoting ethical conduct and in protecting the integrity of MTN Uganda's decision-making processes.

Accordingly, the Board and employees are encouraged to act in a responsible, transparent and ethical manner, taking into consideration the Company's best interests and are required to complete a declaration of any declarable interest at the start of each year in addition to routine disclosures in the course of discharging their obligations.

The Company's conflict of interest policy provides guidance and mechanisms for the identification of conflicts of interest and provides measures for the disclosure, mitigation and/or management of such conflicts. The policy also regulates the relationship between MTN Uganda and its employees, directors, suppliers and service providers. There has been significant improvement in the understanding of the process: this has been as a result of the extensive internal awareness campaigns and the guidance framework provided to employees and rolled out in all operational areas.

7.8.6 Access to information and advice

In line with their duties to access information necessary for them to discharge their duties and responsibilities, the Board has access to all Company information they require. In addition to receiving information on the Company's business and affairs through Board meeting packs, the Board and its committees can request information from senior management as and when they need it. Where appropriate, the Board seeks and obtains independent advice from consultants and other advisors at the Company's expense.

7.8.7 Audit and combined assurance

The Board recognises the crucial role of the internal audit function and the external auditor within the context of its risk management framework. Accordingly, the Board (through its Audit and Risk Committee) regularly receives and considers reports from the internal audit function. On an annual basis, the Board receives and considers the management letter issued by the external auditor. The remedial actions from the reports are tracked for closure.

The Board is focused on embedding a combined assurance approach which leverages and optimises all assurance services and functions within the Company. The ultimate objective is an effective control environment and reliability of information relied on by the Board for decision making and reporting to regulators and other key stakeholders.

7.9 Company Secretary

The Board is assisted by a competent and suitably qualified Company Secretary, Enid Edroma. The Company Secretary is the chief governance advisor to the Board and operates with an appropriate level of independence from the Board.

The Company Secretary's performance is assessed on an annual basis, and the Board is satisfied that she has the competence, qualifications and experience to provide the Board with sound governance advisory and stewardship assistance.

7.10 Material Governance Policies

7.10.1 Insider trading and share dealings

MTN Uganda is obliged by the USE Insider Trading Rules 2008 to require that the Board and certain other employees with inside information do not abuse or place themselves under suspicion of abusing inside information that they may have, or be reasonably perceived to have.

The Company has adopted an insider trading policy which, amongst other aspects, prohibits trading in the Company's shares by the Board, prescribed officers, senior executives and employees during "closed" periods in accordance with the terms of the policy. The standard closed periods are effective two months before the interim and annual financial reporting dates until the financial statements are published and during any period when the Company is trading under a cautionary announcement. The policy also requires disclosure by the directors and certain employees of intended and concluded trading in the Company shares.

To ensure compliance, the Company communicates closed periods for trading in its shares to its directors and employees on an ongoing basis. The Board and other persons affected by the policy will continue to be made aware of their obligations in these terms.

7.10.2 Anti-bribery and corruption

We recognise that MTN Uganda's brand is one of the country's most recognisable and our success depends on the trust and confidence of our customers, suppliers and other third-party stakeholders. Therefore, we are committed to conducting business in accordance with the highest ethical standards and maintain a policy of zero tolerance to all forms of bribery and corruption.

The policy articulates the general prohibitions in respect of gifts, hospitality and corporate expenses, facilitation payments, political donations, charitable donations and sponsorship, third party due diligence and procurement practices. The objective of the policy is to outline the Company's risks related to bribery and corruption, to highlight each relevant person's responsibilities under both the applicable anti-corruption laws and Company policies, and to provide affected persons with the tools and support necessary to identify, mitigate and manage bribery and corruption risks.

Any violation of the Company's policy in this regard attracts grave sanctions, in addition to civil and criminal liability that may be imposed by the state.

7.10.3 AML/CFT

MTN Uganda is committed to acting with integrity in all its business dealings and conducting its activities in accordance with applicable laws and regulations relating to prevention of financial crime at national level and on the global scale. The Company's AML/CFT policy ensures that we are compliant with the law and other regulatory requirements prohibiting the use of our products and services for the facilitation of money laundering, the financing of terrorism and other financial crimes.

The policy is also aimed at safeguarding MTN Uganda against legal and reputational risk, and shielding the Company, its employees and its partners against becoming vehicles for financial crime and other illicit activities.

MTN Uganda has appointed a money laundering control officer who is responsible for the day-to-day management of the financial crime compliance program. Appropriate separation of roles and segregation of duties parameters have been put in place.

7.10.4 Whistleblowing

As we have re-affirmed above, MTN Uganda is committed to a culture of zero-tolerance to fraud, bribery, corruption, misappropriation and illegal activity throughout the organisation. In this regard, MTN Uganda recognises the importance of having procedures and a facility in place whereby employees and other stakeholders can safely report actual or suspected incidents of fraud, misconduct, illegal activity, or other irregularities.

Whistleblowing has the potential to be seen as an adverse activity as individuals who speak up against suspected fraud, misconduct or any illegal activity may be branded as trouble-makers. We see whistleblowing differently, regarding it as a positive practice that assists the organisation to detect incidents of fraud, misconduct, and illegal activity early. It enables us to limit or prevent financial and reputational damage to the Company, provides us the opportunity to prevent future occurrences and take corrective measures against the individuals involved illegal activities. Through speedy identification, investigation, resolution and mitigation of fraud incidents, MTN Uganda can ensure that our profitability and revenue streams, as well as our business reputation, are safeguarded.

Through relevant policies, we encourage employees to report any incidents of fraud, misconduct, bribery, corruption, misappropriation or illegality against MTN Uganda by any internal or external party. This is done through the utilisation of available reporting procedures and facilities [including a fraud hotline]. Employees or individuals who have reported such incidents to the Company in good faith and without malicious intent may do so without fear of reprisal.

7.10.5 Data protection and privacy

In addition to the recently enacted legislation on data protection and privacy in Uganda, which the Company is complying with, the Company has adopted data protection, information security and privacy policies that govern its collection, processing, control and use of the personal information of its customers, employees and other individual partners received in the normal course of its operations. The processes and systems underlying these policies are audited regularly.

7.10.6 Communication

Our business communications are honest, accurate and timely and are governed by a communication policy. We do not comment unfavourably on our competitors' products, management or operations.

At all governance levels, confidentiality of Board deliberations and other Company- sensitive information is emphasized. As a listed company we have an obligation to ensure that all our shareholders have access to the same information and at the same time and that insiders (including substantial shareholders and directors) do not use price-sensitive non-public information in a manner that distorts trading in the Company's shares or otherwise prejudices the interests of non-insiders.

7.11 Remuneration Philosophy

MTN Uganda's remuneration philosophy is part of an interlinked, holistic and people-oriented talent approach, aiming to support current and evolving business priorities. The philosophy aims to attract, motivate, retain and engage the desired talent to execute business strategy in a sustainable manner over the longer term. The competitive talent landscape demands a differentiated reward system, capable of competitively matching pay for results, delivered fairly without bias, and flexible yet compliant across all markets.

In our efforts to achieve our talent objectives, we apply various approaches, including the following:

- For competitiveness and affordability: regular market benchmarking of reward components and linking short and long-term incentives to various performance indicators.
- For differentiation and flexibility: establishing performance as the basis for employee reward and the ability to customise reward, considering the varied needs and lifestyles of employees.
- For compliance and sustainability: continuously striving to apply full regulatory and legislative compliance in our markets, and regularly auditing and assessing risks, benefits and compliance of reward.

The Company's pay is benchmarked against peers in the industry and within the MTN Group. In addition, we have a combination of short-term incentives (bonus) and long-term incentives through participation of eligible employees in the Group Share Incentive Scheme and contributions to the MTN Uganda Staff Provident Fund. As part of the IPO, the Company extended an incentive to employees in the form of a cash subsidy that was equal to 10% of the aggregate amount payable for the offer shares allocated to an eligible employee.

Our remuneration policies, which are endorsed by management and governed by the Remuneration, Human Resource, Social and Ethics Committee, guide the decision-making process. It is our intent to deliver a legislatively-compliant and market-competitive system aligned with the future strategic objectives of the Company.

7.12 Directors' Remuneration

The remuneration of the non-executive directors is governed by the Articles of Association which provide that the directors are entitled to remuneration for their services. The reasonable expenses incurred in attending meetings of the Board and of the Company and otherwise in the course of performing their duties are payable by the Company. The remuneration payable to the Board is to be approved by ordinary resolution of the Company.

Currently, and because of the peculiar context in which they serve on the Board, none of the directors of the Company has entered into any individual service contract with the Company which provides for the payment of any remuneration or any other benefit in kind to that director for his or her service on the Board.

The Board comprises three non-executive directors, one independent director and two executive directors. Of the three non-executive directors, two (Ms. Cuba and Mr. Perumal) were nominated by the Company's majority shareholder and are remunerated under a separate MTN Group framework, as is Ms. Nondumo. Mr. Mbire is a founding director of the Company, and the Company previously had a Support Services Agreement with Invesco Uganda Limited (whose controlling stake is held by Mr. Mbire) for the provision of support services fees. The Support Services Agreement was terminated by mutual consent of the parties on 23 September 2021 at an agreed termination fee of UGX 11.3 billion.

Mr. Vanhelleputte and Mr. Bugembe, who serve as executive directors, hold fixed-term employment contracts with the Company and are remunerated in accordance with their contracts of employment. Under the service contracts, Mr. Vanhelleputte and Mr. Bugembe are entitled to a combined gross basic salary of UGX 3.6 billion per annum and a number of Company-funded benefits, subject to certain monetary limits, including participation in a medical scheme which covers family members, performance bonuses conditional on achieving targets as prescribed by the Company's performance bonus policy, share options in MTN Group under the staff share incentive schemes which apply to MTN Uganda as a subsidiary and participation in the MTN Contributory Provident Fund Scheme. Mr. Vanhelleputte and Mr. Bugembe are not entitled to or paid additional remuneration for their service on the Board.

As indicated above, the Company is in the process of identifying and evaluating potential independent non-executive directors to add to the Board. As part of this process, a Board remuneration policy will be developed which ensures that the fees payable to independent and other non-MTN Group affiliated non-executive directors are reflective of their roles and responsibilities.

The Board will consider and recommend the fees payable to the Chairperson and other non-executive directors having regard to the findings of a remuneration survey that is being conducted by reputable external consultants. The findings of the survey will be tabled and discussed in detail by the Remuneration, Human Resource, Social and Ethics Committee.

7.13 Directors' Interest in Shares

As of 31 December 2021, the following directors held a direct interest in the Company's issued share capital as reflected in the table below:

Director	*Number of shares*
Charles Mbire	892,230,775 ordinary shares
Wim Vanhelleputte	1,678,825 ordinary shares
Andrew Bugembe	1,072,500 ordinary shares

7.14 MTN Group Relationship Agreement

MTN Uganda has entered into a Group Relationship Agreement with MTN Group (the **"Relationship Agreement"**) to record the relationship between MTN Uganda and MTN Group following the Company's listing in 2021. The Relationship Agreement is governed by Ugandan law.

In the Relationship Agreement, MTN Group undertakes that it will treat all unpublished information that it receives from MTN which is of a price sensitive nature with appropriate confidentiality and acknowledges that, it shall at all times ensure that it will treat and procure the treatment of the information disclosed to it as insider information/unpublished price sensitive information. On the other hand, MTN Uganda undertakes to provide MTN Group with all operational and financial information reasonably requested by MTN Group to enable MTN Group to comply with its legal and contractual obligations, and to treat all unpublished information that it receives from MTN Group which is of price sensitive nature with appropriate confidentiality. The Company further acknowledges that it will ensure that it treats and procures the treatment of the information disclosed to it as inside information.

Each of MTN Uganda and MTN Group acknowledge that, because of the nature of their relationship and the holding by certain individuals of directorships of both companies and the existence of minority shareholders in MTN Uganda, there may be circumstances where a conflict of interest could arise or be perceived to arise. In such circumstances, both parties will liaise with each other to ensure that appropriate arrangements are put in place to deal with the situation. MTN and MTN Group undertake to promptly disclose any real or potential conflict of interest that a director may have regarding any matters that may come before the Board or its committees, and to abstain from discussions and voting on any matter in which a director has or may have a conflict of interest.

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Financial Review

8.1 Chief Finance Officer's Statement

Andrew Bugembe
Chief Finance Officer

Dear Shareholders,

It is with immense pleasure that I welcome our new shareholders to our first AGM as a listed company. I am grateful for this opportunity to share our key financial highlights for FY 2021 with you.

2021 was a year that presented several business challenges, but MTN Uganda still recorded solid a performance which surpassed the FY 2021 forecast that was disclosed in the prospectus for the MTN IPO. During this period, we remained dedicated to our resolve of changing and improving the lives of our community with a focus on financial inclusion, and digitalisation, which enhanced their dignity and reduced the digital divide. We achieved this through continuous execution of our ***Ambition 2025*** strategy.

In line with ***Ambition 2025***, under the principle of value-based capital allocation, we continued to focus on cost efficiencies under the ***Expense Efficiency Program*** and saved over UGX 42.8 billion in 2021 (UGX 11 billion for 2020) and returned cash to our shareholders given our solid performance despite a challenging economic environment. The Company's management recommended to the Board the approval of a final dividend of UGX 4.706 per share for 2021, which effectively translates to UGX 14.99 per share for FY 2021.

Financial performance:

We delivered strong performance within a challenging economic environment driven by the disruption of the COVID-19 pandemic. Uganda also introduced a new excise tax (12%) on data as the OTT levy was removed. The UGX appreciated, driven mainly by muted import demand. Fuel and food prices remain the key upside risks to Uganda's inflationary outlook, and we expect inflation to edge higher to about 5% by year-end in line with the BOU benchmark. As the economic recovery continues to gain thrust, we expect an increase of the central bank rate to counter inflationary expectations.

Service revenue: grew by 9.4% to UGX 2.040 trillion supported mainly by growth in voice, data and fintech. Data and fintech contribution to service revenue increased to 20.2% (+2.1pp) and 25.7% (+0.2pp) respectively while voice contribution declined to 49.3% (-2.7pp) in the year.

Voice revenue: increased by 3.6% to UGX 1.007 trillion driven by growth of voice subscribers by 10.7% to 15.7 million (1.5 million net additions) and billed voice traffic growth of 9.7%. This is attributed to the continued optimization of our segmented offering (***MyPakaPaka***) and various customer value initiatives.

Data revenue: increased by 21.9% to UGX 412 billion, underpinned by improvements in broadband coverage and growth in active data users. We undertook aggressive deployment of 3G and 4G sites with a YoY growth of 23% and 55% in number of sites respectively, as we continue to invest in our network to meet increased capacity demand and provide coverage in areas too. We registered a 16% growth in active data users to 5.3 million, while total billed megabytes used increased by 43% YoY. This further led to increased digital acceptance in our market as smart phone penetration increased by 7.4pp to 30.8% YoY.

Fintech revenue: : grew by 10.2% to UGX 525 billion driven mainly by 16.3% growth in revenue generating subscribers to 9.9 million and further improvement of the eco-system as both fintech agents and merchants increased by 44% and 61% respectively. This revenue growth was supported by the increased adoption of our customers in using our platforms for bill payments and merchant payments. During the year we zero rated peer-to-peer transactions through the MTN MoMo application to drive usage, with the continued COVID-19 lockdown that affected the informal market and ARPU dropped YoY.

EBITDA: grew by 13.8% to UGX 1.057 trillion driven by cost management initiatives executed under the ***Expense Efficiency Program***. Operating expenditure intensity reduced by 1.4pp to 26.8% (2020: 28.2%) This resulted to an EBITDA margin of 51.3% (2020: 49.5%). The adjusted EBITDA margin is 51.9% if the one-off termination fee of UGX 11.3 billion for the Invesco Uganda Limited Support Services Agreement is excluded, resulting into a 15.0% real EBITDA growth.

Capex (IAS 17): given our healthy balance sheet, we shall continue to make valuable and substantial investments in our network that is key for the future sustainability of our business in the long-term, with focus on technology (3G, 4G, fibre-to-home and fibre-to-business) and during this period, FY 2021 Capex (IAS 17) (excluding NTO Licence fees) increased by 15% to UGX 270.2 billion.

As we continue to invest in our network to maintain service quality and aggressively expand our footprint in line with our data performance improvement strategy, we expect Capex intensity to remain at similar levels in 2022 and declines thereafter as investment on coverage reduces and the focus remains on capacity demand.

Shareholder returns and dividends: in line with our commitment to **Ambition 2025** and continued value return to our shareholders, we declared and paid two interim dividends in FY 2021 amounting to UGX 230 billion at UGX 10.28 per ordinary share effectively. The Board recommended the payment of a final dividend of UGX 4.706 per share (UGX 105.4 billion) for the financial year 2021. As such, the total dividend for the financial year 2021 will be UGX 335.6 billion, which represents to a total dividend per ordinary share of UGX 14.99 for the year ended 2021. In line with our current dividend policy to maintain a pay-out ratio of at least 60%, the medium-term guidance for 2022 is a 75% - 80% pay-out ratio.

Forecasts: as we continue to pursue our **Ambition 2025** strategy and grow our business in 2022, our medium-term guidance for service revenue growth is expected to be within the low double digits. EBITDA margin is expected to remain stable, while Capex (IAS 17) intensity is expected to remain at similar levels as we continue to fulfill capacity and coverage demands, but with further reduction in the coming years.

During this period, we remained resilient and I would like to take this opportunity to thank all our stakeholders, management, the Board, and our employees, who all supported us. Their confidence in our leadership to steer the Company during the pandemic and challenging operating environment is much appreciated.

Andrew Bugembe
Chief Finance Officer

8.2 Three-year Financial Review

UGX' 000	2021	2020	2019
Total revenue	**2,060,087**	**1,877,799**	**1,717,574**
Service revenue	2,040,227	1,865,717	1,701,971
Voice	1,006,724	971,385	934,135
Data	412,462	338,267	265,163
Digital	4,458	5,463	4,972
Fintech	525,291	476,868	425,542
Other service revenue	91,292	73,734	72,159
Expenses	**1,002,510**	**948,390**	**909,045**
EBITDA	1,057,576	929,409	808,646
EBITDA margin	*51.3%*	*49.5%*	*47.1%*
Depreciation and amortisation	421,300	330,467	301,666
Net finance costs	145,333	138,564	127,529
Profit before tax	490,943	460,379	379,452
Taxation	150,533	138,697	110,202
Profit after tax	**340,410**	**321,682**	**269,250**
Profit after tax margin	*16.5%*	*17.1%*	*17.1%*
Ordinary dividend (paid and proposed)	335,569	153,006	154,324
Ordinary dividend per share	14.99	6.83*	6.89*

Dividend per share for 2019 and 2018 adjusted to reflect 22,389,044,239 ordinary shares

Directors’ Report and Statement of Directors’ Responsibilities

9.1 Directors' Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2021 which disclose the state of affairs of MTN Uganda Limited, its subsidiary, MTN Mobile Money Uganda Limited and its dormant subsidiaries MTN Publicom Uganda Limited and MTN Village Phone Uganda Limited (together the **"Group"**).

Principal activity

The principal activity of the Group is to provide telecommunication and mobile financial services.

Staffing

The number of persons employed by the Group of 31 December 2021 was 543 (*2020: 512 employees*), excluding contract employees. The average number of persons employed by the Group for the year ended 31 December 2021 was 527 (*2021: 520 employees*).

Results and dividends

The Group made a net profit for the year ended 31 December 2021 of UGX 340.4 billion (2020: UGX 321.6 billion). During the year ended 31 December 2021, the Group declared an interim dividend of UGX 230.2 billion (*2020: UGX 153 billion*). The directors recommend the payment of a final dividend of Shs 105.4 billion (*2020: nil*).

Directors

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

Charles Mbire	Chairperson
Karabo Nondumo	Appointed 1 April 2021
Nosipho Molope	Resigned 17 March 2021
Wim Vanhelleputte	
Sugentharen Perumal	
Andrew Bugembe	
Yolanda Cuba	Appointed 25 February 2021
Ebenezer Asante	Resigned 9 February 2021

External auditor:

It is proposed that the Group's auditor, PricewaterhouseCoopers Certified Public Accountants, continues in office in accordance with Section 167(2) of the Companies Act 2012.

By Order of the Board,

Enid Edroma
Company Secretary

9.2 Statement of Directors' Responsibilities

The Ugandan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its profit or loss. It also requires the directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Ugandan Companies Act. The directors are of the opinion that the financial statements, which have been prepared in accordance with International Financial Reporting Standards and the Ugandan Companies Act, give a true and fair view of the Group's state of the financial affairs and its profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as responsibility for such internal control that the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

The Group operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Group.

PricewaterhouseCoopers Certified Public Accountants have audited the Group's financial statements and their report is presented on pages 95 to 99. The financial statements which set out on pages 101 to 147 were approved for issue by the Board of Directors on 4 March 2022 and are signed on its behalf by:

....
Charles Mbire
Chairperson

....
Andrew Bugembe
Director

MTN (Uganda) Limited

Report of the Independent Auditor

For the year ended
31 December 2021

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MTN (UGANDA) LIMITED

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of MTN (Uganda) Limited (the "Company") and its subsidiaries (together "the Group") as at 31 December 2021, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been prepared in the manner required by the Ugandan Companies Act.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

The key audit matters described below are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2021. These matters were addressed in the context of our audit of the Group's consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MTN (UGANDA) LIMITED (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for the business reorganisation. As disclosed in Note 32, effective 1 June 2021, the Company transferred its mobile financial services business, assets and liabilities to MTN Mobile Money (U) Limited, a subsidiary owned 100% by the Company, as part of a business reorganisation designed to achieve compliance with the requirements of the National Payments Systems Act 2020 and the National Payments Systems Regulations 2021. We considered this business reorganisation a key audit matter on account of the following: (a) the identification of assets and liabilities to be transferred to the subsidiary involved various technical and operational considerations with significant financial reporting implications, including the determination of shared costs rechargeable between the two companies; b) the heightened risk of misstating tax liabilities arising from the transfer of assets to the subsidiary and the recharge of costs between the two entities; and (c) the risk that the business reorganization disclosure in the Company's financial statements may be insufficient.	Set out below are the procedures we performed: ▪ We obtained an understanding of the Companies' business activities and transactions and the systems that support their operations; ▪ We checked that management's basis for determining assets to transfer from the Company considered assets that the subsidiary owns, controls and uses in conducting the mobile financial services business; ▪ We checked that management's basis for determining liabilities to transfer to the subsidiary considered liabilities directly resulting from the activities of the mobile financial services business; ▪ We reviewed cost recharges between the Company and its subsidiary to establish whether the basis for cost allocation considered company specific business activity levels resulting from or related to the cost recharged; ▪ We checked management's application of the Income Tax Act and Value Added Tax Act to assets and liabilities transferred from the Company to the subsidiary, and the costs recharged between the two companies. ▪ We reviewed the business reorganization disclosure in these financial statements for compliance with the IFRS.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MTN (UGANDA) LIMITED (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from contracts with customers. As disclosed in notes 2 (B) and 5 of these financial statements, the Group earned its Shs 2,060 billion revenue from disparate revenue streams each driven by different contractual arrangements with customers. We considered revenue recognition as a key audit matter because the Group's revenue recognition process relies on the use of multiple, and in some cases complex, information technology systems to apply distinct tariff structures and pricing models to the Group's products and services. The variations in and the complexity of the Group's revenue recognition systems and processes heightened the risk of revenue misstatement.	Our procedures to address this key audit matter included: ▪ evaluating the Group's revenue recognition accounting policies for alignment with IFRS 15 – Revenue from Contracts with Customers. ▪ testing the design and operating effectiveness of controls over the integrity of key revenue IT systems, including the general and application controls applicable to revenue billing systems. ▪ for selected revenue streams, performing substantive analytical procedures that involve comparing actual revenues to expected revenues – derived, for prepaid revenue as an example, by considering the correlation between expected revenue, prepaid vouchers sold during the year and unused subscriber balances. ▪ tracing revenue amounts on a sample basis to source systems and other supporting documents. ▪ checking the adequacy of the relevant disclosures for revenues in the Group's consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MTN (UGANDA) LIMITED (continued)

Report on the audit of the consolidated financial statements (continued)

Responsibilities of the directors for the consolidated financial statements (continued)

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions
- may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MTN (UGANDA) LIMITED (continued)

Report on the audit of the consolidated financial statements (continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

- The Ugandan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the Group, so far as appears from our examination of those books; and
- the consolidated statement of financial position and the consolidated statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Cedric Mpobusingye - P0213.

PricewaterhouseCoopers

Certified Public Accountants
Kampala
29 March 2022

CPA Cedric Mpobusingye

MTN (Uganda) Limited

Financial Statements and Notes

For the year ended
31 December 2021

Consolidated Statement of Comprehensive Income

	Notes	2021 Shs'000	2020 Restated* Shs'000
Revenue from contracts with customers	5	**2,060,086,932**	1,877,799,208
Direct network operating costs		**(237,846,075)**	(235,772,276)
Government and regulatory costs		**(53,115,865)**	(53,586,590)
Cost of handsets and other accessories sold		**(22,613,391)**	(15,581,686)
Interconnect and roaming		**(62,075,504)**	(72,318,584)
Employee benefits	7	**(105,422,345)**	(101,211,412)
Selling, distribution and marketing expenses	8	**(358,212,198)**	(324,681,593)
(Increase)/ decrease in impairment of trade receivables		**(9,230,223)**	8,431,783
Other operating expenses	9	**(153,995,224)**	(153,669,535)
Depreciation and impairment of property, plant and equipment and right-of-use assets*	16	**(303,600,259)**	(279,468,499)
Amortisation of intangible assets*	17	**(117,699,567)**	(50,998,294)
Operating profit		**636,276,281**	598,942,522
Finance income	10	**22,501,091**	17,234,151
Finance costs	10	**(167,834,272)**	(155,797,780)
Profit before tax		**490,943,100**	460,378,893
Income tax expense	11	**(150,532,726)**	(138,696,740)
Profit for the year		**340,410,374**	321,682,153
Other comprehensive income for the year net of tax		**-**	-
Total comprehensive income for the year		**340,410,374**	321,682,153
Basic/ diluted earnings per share	12	**15**	14

*See note 30 for details regarding the restatement as a result of an asset reclassification.

Consolidated Statement of Financial Position

	Notes	2021 Shs'000	2020 Restated* Shs'000	2019 Restated* Shs'000
Assets				
Non-current assets				
Property, plant and equipment*	16(a)	**863,704,661**	825,418,515	817,646,611
Right-of-use assets	16(b)	**636,870,389**	571,232,914	597,686,863
Intangible assets *	17	**382,814,913**	418,137,155	48,547,061
Receivables and prepayments	18	**53,073,072**	50,178,173	36,054,248
Deferred Tax assets	15	**6,456,748**	-	-
Contract assets	5(b)	**9,564,790**	8,252,488	3,660,332
		1,952,484,573	1,873,219,245	1,503,595,115
Current assets				
Current income tax recoverable	11	**2,351,797**	-	-
Inventories	19	**7,810,731**	8,164,435	939,846
Trade and other receivables	20	**176,992,789**	157,548,573	173,130,974
Contract assets	5(b)	**9,949,198**	6,569,411	3,690,935
Mobile money deposits	21	**959,991,495**	655,351,841	450,355,234
Cash and cash equivalents	22	**188,814,310**	59,170,525	109,387,902
		1,345,910,320	886,804,785	737,504,891
Total assets		**3,298,394,893**	2,760,024,030	2,241,100,006
Equity				
Ordinary share capital	13	**22,389,044**	3,764	3,764
Retained earnings		**813,769,826**	725,950,972	557,275,419
		836,158,870	725,954,736	557,279,183
Liabilities				
Non-current liabilities				
Deferred income tax liability	15	**-**	9,865,153	25,998,345
Lease liabilities	16(b)	**627,943,283**	555,825,657	571,675,501
Borrowings	25	**165,460,344**	254,300,084	93,034,891
Provisions	24	**23,185,594**	12,175,353	8,422,972
		816,589,221	832,166,247	699,131,709
Current liabilities				
Borrowings	25	**198,693,425**	133,924,864	99,394,120
Lease liabilities	16(b)	**104,276,553**	79,711,572	58,162,017
Trade and other payables	23	**351,713,442**	300,264,092	335,538,196
Mobile money deposits	21	**959,991,495**	655,351,841	450,355,234
Contract liabilities	5(b)	**7,709,821**	10,648,572	20,330,068
Provisions	24	**23,262,066**	19,227,801	19,333,641
Current income tax payable	11	**-**	2,774,305	1,575,838
		1,645,646,802	1,201,903,047	984,689,114
Total liabilities		**2,462,236,023**	2,034,069,294	1,683,820,823
Total equity and liabilities		**3,298,394,893**	2,760,024,030	2,241,100,006

*See note 30 for details regarding the restatement as a result of a change in asset classification.
The financial statements on pages 101 to 147 were approved by the board of directors on 4 March 2022 and signed on its behalf by:

....
Charles Mbire
Chairperson

....
Andrew Bugembe
Director

Consolidated Statement of Changes in Equity

	Ordinary share capital Shs'000	Retained earnings Shs'000	Total equity Shs'000
Year ended 31 December 2020			
At start of year	3,764	557,275,419	557,279,183
Comprehensive income:			
Profit for the year	-	321,682,153	321,682,153
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	321,682,153	321,682,153
Transactions with owners:			
Dividends declared (note 14)	-	(153,006,600)	(153,006,600)
At end of year	**3,764**	**725,950,972**	**725,954,736**
Year ended 31 December 2021			
At start of year	3,764	725,950,972	725,954,736
Comprehensive income:			
Profit for the year	-	340,410,374	340,410,374
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	340,410,374	340,410,374
Transactions with owners:			
Bonus share issue	22,385,280	(22,385,280)	-
Dividends paid (note 14)	-	(230,206,240)	(230,206,240)
	22,385,280	(252,591,520)	(230,206,240)
At end of year	**22,389,044**	**813,769,826**	**836,158,870**

Consolidated Statement of Cash Flows

	Notes	2021 Shs'000	2020 Restated* Shs'000
Operating activities			
Cash generated from operations	26	**1,092,317,616**	868,664,435
Interest received	10	**5,314,139**	3,565,949
Interest paid on borrowings	25	**(31,861,851)**	(33,650,902)
Interest paid on lease liabilities	16(b)	**(115,043,904)**	(98,991,766)
Dividends paid	14	**(230,206,240)**	(153,006,600)
Income tax paid	11	**(171,980,729)**	(153,631,465)
Net cash generated from operating activities		**548,539,031**	432,949,651
Cash flow from investing activities			
Payments for property, plant and equipment*	16(a)	**(212,796,427)**	(194,200,611)
Proceeds from disposal of property, plant and equipment		**2,942,523**	4,499,740
Purchase of intangible assets*	17	**(106,618,286)**	(422,373,879)
Net cash used in investing activities		**(316,472,190)**	(612,074,750)
Financing activities			
Repayments of borrowings	25	**(70,777,880)**	(153,623,344)
Proceeds from borrowings	25	**50,000,000**	348,518,960
Repayments of lease liability	16(b)	**(79,321,550)**	(61,867,099)
Net cash used in financing activities		**(100,099,430)**	133,028,517
Net increase in cash at bank and in hand		**131,967,411**	(46,096,582)
Movement in cash at bank and in hand			
At start of year		**59,170,525**	109,387,902
Increase		**131,967,411**	(46,096,582)
Exchange losses on cash at bank and in hand		**(2,323,626)**	(4,120,795)
At end of year	22	**188,814,310**	59,170,525

*See note 30 for details regarding the restatement as a result of a change in asset classification.

Notes To The Consolidated Financial Statements
For the year ended 31 December 2021

1 General information

MTN (Uganda) Limited is incorporated in the Republic of Uganda under the Companies Act and is domiciled in Uganda. The address of its registered office and the registration number are:

Plot 69-71, Jinja Road
P.O. Box 24624
Kampala
Uganda
Reg. No: 37058

MTN (Uganda) Limited is a subsidiary of MTN International (Mauritius) Limited. MTN Group Limited is the Company's ultimate parent and holding company, which is incorporated in the Republic of South Africa and is listed on the Johannesburg Stock Exchange Limited.

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

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the Group financial statements. The principal accounting policies applied are consistent with those adopted in the prior year.

Changes in accounting policy and disclosures

A Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the requirements of the Ugandan Companies Act. The Group has adopted all new accounting pronouncements that became effective in the current reporting period, none of which had a material impact on the Group.

The financial statements have been prepared on the historical cost basis. Amounts are rounded to the nearest thousand with the exception of the number of ordinary share capital (note 13), earnings per share (note 12) and dividends per share (note 14). The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in note 4.

i) New and amended standards adopted by the Group

The following standards and amendments have been applied by the Group for the first time for the financial year beginning 1 January 2021, with no material impact.

- IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment - provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. It is effective for annual periods beginning on or after 1 April 2021.
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2) - address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. These are effective for annual periods beginning on or after 1 January 2021.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these financial statements. These standards, which are not expected to have a significant effect on the financial statements of the Group, are set out below:

- Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current - clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. It is effective for annual periods begining on or after 1 January 2022.

2 Summary of significant accounting policies (continued)

A Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted (continued)

- Amendment to IFRS 3, 'Business combinations' - refer to the 2018 Conceptual Framework for Financial Reporting; adding a new exception in IFRS 3 for liabilities and contingent liabilities; and clarifying that the acquirer should not recognise contingent assets. It is effective for annual periods begging on or after 1 January 2022.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract - clarifies which costs an entity includes in assessing whether a contract will be loss-making. These are effective for annual periods begging on or after 1 January 2022.
- Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use - prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. These are effective for annual periods begging on or after 1 January 2022.
- Annual improvements cycle 2018-2020 - these amendments include minor changes to: IFRS 1, 'First time adoption of IFRS', IFRS 9, 'Financial Instruments' IFRS 16, 'Leases' and IAS 41, 'Agriculture'. These are effective for annual periods begging on or after 1 January 2022.
- IFRS 17, 'Insurance contracts', which will replace IFRS 4. It is effective for annual periods begging on or after 1 January 2023.

B Revenue recognition

The Group principally generates revenue from providing mobile telecommunications services, such as network services (comprising voice, data and SMS), digital services (which include mobile financial services and other digital offerings), interconnect and roaming services, as well as from sale of mobile devices. Products and services may be sold separately or in bundled packages. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or services to a customer. For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells mobile devices and network services separately.

Network services and digital and fintech services

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

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

The Group recognises revenue from these services as they are provided. Revenue is recognised based on actual units of network services/digital and fintech services provided during the reporting period as a proportion of the total units of network services/digital and fintech services to be provided. The customer receives and uses the benefits of these services simultaneously. Units of network services/digital and fintech services outside of post-paid contracts are recognised as the service is provided.

When the Group expects to be entitled to breakage (forfeiture of unused value or network services), the Group recognises the expected amount of breakage in proportion to network services provided versus the total expected network services to be provided. Any unexpected amounts of breakage are recognised when the unused value of network services expire or when usage thereof becomes remote. Assessment of breakage is updated each reporting period and any resulting change is accounted for prospectively as a change in estimate in terms of IAS 8 Accounting policies, changes in accounting estimates and errors.

2 Summary of significant accounting policies (continued)

B Revenue recognition (continued)

Mobile devices

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

Interconnect and roaming

The Group provides interconnect and roaming services. The Group recognises interconnect and roaming revenue and debtors as the service is provided unless it is not probable (based on historical information) on transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling amounts.

Payment for interconnect and roaming is generally received on a monthly basis. Some interconnect and roaming debtors have a historical pattern of late payment due to economic challenges in their operating environments. The Group has continued to provide services to these debtors where the recovery of principal is significantly delayed beyond the contractual terms. The Group has considered historical payment patterns (i.e. customary business practice) in assessing whether the contract contains a significant financing component. For contracts containing a significant financing component, the Group reduces interconnect and roaming revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

Other income

Other income is recognised when the related services are provided to the customers and payment is generally due on a monthly basis.

Capitalisation of subscriber acquisition costs

The Group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agents' commission on post-paid contracts and SIM activation costs on prepaid contracts. The Group has therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer life and included in selling, distribution and marketing expenses in profit or loss.

In terms of a practical expedient, the Group has elected to recognise the incremental costs of obtaining contracts as a selling, distribution and marketing expense in profit or loss, when incurred, if the amortisation period of the assets that the Group otherwise would have recognised is 12 months or less.

Contract costs are assessed for impairment in terms of IAS 36, Impairment of Assets when there is an indication of impairment.

C Functional currency and translation of foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

D Property, plant and equipment

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

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

Property, plant and equipment under construction are measured at initial cost and depreciated from the date the assets are available for use in the manner intended by management over their estimated useful lives.

2 Summary of significant accounting policies (continued)

D Property, plant and equipment (continued)

Assets are transferred from capital work-in-progress to an appropriate category of property, plant and equipment when commissioned and ready for their intended use.

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

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

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

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

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

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

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

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

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

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

Buildings leased	Over the period of the lease
Leasehold improvements	Over the period of the lease
Building owned	2%
Telecommunications equipment	5 % to 33.3%
Mobile phones	33.3 %
Computer equipment	25% to 33.3%
Furniture and equipment	20 %
Motor vehicles	25 %

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

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

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

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

E Impairment of non – financial assets

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

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

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

F Intangible assets

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

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

Intangible assets with finite useful lives

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

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

Network licenses	Over the period of the licence
Network software licenses	Over the period of the licence
Software	3 years
Other intangible assets	3 years

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

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

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

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

G Leases

The Group leases various network sites, offices, motor vehicles and other property. Rental contracts are typically made for fixed periods of 1 year to 10 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

2 Summary of significant accounting policies (continued)

G Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable by the Group under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

i) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and

ii) makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at historical cost less accumulated depreciation. Cost comprises of the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in several property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Indefeasible right of use (IRU) arrangements

The Group applies the principles of IFRS 16 in order to assess whether its IRU arrangements constitute or contain leases. The requirements to be met in order to conclude that an IRU arrangement constitutes or contains a lease are as follows:

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

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

The IRU assets are amortised on a straight-line basis to write off the cost of assets over their contract period.

2 Summary of significant accounting policies (continued)

H Inventories

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

I Receivables

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

J Income tax

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

Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generate taxable income, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements for financial reporting purposes. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction, affects neither accounting nor taxable profit nor loss. Deferred tax is measured at tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

K Borrowings

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

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

L Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group. Bank overdrafts are included within current liabilities on the statement of financial position, unless the Group has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (continued)

M Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.
An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

N Provisions

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

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

The amount recognised as provision shall be the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

Bonus provision

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

Provision for cash-settled share-based payments

For the accounting policy on cash-settled share-based payments, refer to V (Employee benefits).

O Dividends

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

P Trade payables

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

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

Other payables are stated at their nominal values.

2 Summary of significant accounting policies (continued)

Q Share capital

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

R Finance income and costs

Finance income
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

S Contingent liabilities

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

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

T Consolidation

The Company has prepared consolidated financial statements which incorporate the results of MTN Mobile Money (U) Limited and the Company's dormant entities, MTN Publicom (Uganda) Limited and MTN Village Phone (Uganda) Limited.

<u>Subsidiaries</u>

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

<u>Business combinations</u>

The group accounts for business combinations using the acquisition method when control is obtained by the group. A business is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purposes of providing a return directly to investors or other owners, members or participants. The consideration transferred is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. For business combinations under common control – where control is not transitory - the Group applies predecessor accounting, transferring the assets and liabilities at the carrying book values, accounting for this prospectively.

U Related party transactions

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

V Employee benefits

(i) Short-term employee benefits

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

2 Summary of significant accounting policies (continued)

V Employee benefits (continued)

(ii) Share-based payment transactions

MTN Group Limited, the Group's ultimate holding Group, operates two staff share incentive schemes, the MTN Group share and the MTN Group Share Appreciation Rights scheme which applies to MTN Uganda Ltd as a subsidiary of the Group.

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

Each NSO (Notional Share Option) may only be exercised by a participant as a factor of continuous employment with MTN (Uganda) Limited with the following time frame for allocations granted before 2014:

- up to 20% after two years;
- up to 40% after three years;
- up to 70% after four years; and
- up to 100% after five years of granting the notional options.

Each allocation of NSO's granted will remain in force for a period of 10 years from the date of offer. Exercising refers to the decision by the participant to cash out any net realisable increase in value over and above the NSO's offer price of vested NSO's.

For allocations granted after 2014, these are granted annually, with 100% vesting after 3 years and expiring after 5 years.

The fair value is expensed over the vesting period on a straight-line basis based on the Group's estimate of the shares that will eventually vest.

(iii) Retirement benefit obligations

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

(iv) Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to retrenchment or whenever an employee accepts voluntary redundancy in exchange for these benefits.

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

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

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

W Direct Network Operating Costs

These are costs incurred by the business in maintaining the telecommunications equipment.

X Financial instruments

Accounting for financial instruments

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

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

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

2 Summary of significant accounting policies (continued)

X Financial instruments (continued)

Offsetting financial instruments

Offsetting of financial assets and liabilities arises when there is a legally enforceable right to offset the recognised amounts

and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Financial instrument classification

The Group classifies its financial instruments into the following categories:

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

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

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

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition. Financial instruments comprise trade and other receivables, mobile money deposits, cash and cash equivalents, borrowings and trade and other payables.

Subsequent measurement

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

Financial assets

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

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

Financial liabilities

Financial liabilities comprise trade and other payables, bank overdrafts, borrowings, and other non-current liabilities (excluding provisions).

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

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

De-recognition

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

Impairment of financial assets

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect forward looking information to the extent that there is a strong correlation between the forward-looking information and the expected credit losses.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

2 Summary of significant accounting policies (continued)

Y Mobile Money deposits

Mobile Money (MoMo) deposits are balances that are held with banks for and on behalf of MoMo customers. MoMo regulations require that these balances with banks are held in a manner to ensure that they are not co-mingled with the Group's cash and cash equivalents and that these are ring-fenced to settle MoMo customers' obligations. The deposits held are accounted for at amortised cost.

Upon recognition of the MoMo financial asset, the Group recognises a corresponding current liability, in the ordinary course, to refund MoMo customers for the deposits made.

The Group earns transactional fees on these MoMo balances and recognises transactional fees as part of digital and fintech services revenue. Transactional fees are recognised at the point in time as the transactions occur. The Group accounts for fees paid to agents as a commission expense in selling, distribution and marketing expenses.

Cash flows that relate to the principal MoMo deposit balances and corresponding liabilities are reflective of customer transactions and net to nil. Consequently, they not recorded on the Company's statement of cash flows.

Z Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board has appointed an executive committee which assesses the financial performance and position of the Group and makes strategic decisions. The executive committee, has been identified as being the chief operating decision maker.

AA Comparatives

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

AB Earnings per Share

The Group calculates basic earnings per share by dividing the profit or loss after tax attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period. On the other hand, dilutive EPS are calculated by adjusting profit or loss attributable to ordinary equity holders of the Group and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

3 Financial risk management

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

Market risk

(i) Foreign exchange risk

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

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

At 31 December 2021, if the Shilling had weakened/strengthened by 5% (2020: 5%) against the US dollar with all other variables held constant, post-tax profit for the year would have been Shs 5,931 million lower/higher (2020: Shs 4,146 million), mainly as a result of US dollar receivables, payables, borrowings and bank balances. The Group's exposure to the US dollar currency risk, expressed in Ugandan Shillings, is as follows:...

	2021 Shs'000	2020 Shs'000
Trade and other receivables	**38,587,153**	48,754,706
Cash and cash equivalents	**51,091,159**	35,499,525
Trade and other payables	**(78,870,876)**	(71,580,447)
Current borrowings	**(47,120,729)**	(39,415,611)
Non-current borrowings	**(91,085,344)**	(141,727,350)
	(127,398,637)	(168,469,177)

3 Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The Group's interest rate risk arises from long-term borrowings and intercompany balances. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

At 31 December 2021, an increase/decrease of 5% in the interest rate would have resulted in a decrease/increase in post-tax profit impact of Shs 1,162 million (2020: Shs 1,315 million).

The Group's exposure to interest rate risk is as follows:

		2021		2020
	LIBOR	T-Bill rate	LIBOR	T-Bill rate
	Shs'000	Shs'000	Shs'000	Shs'000
Current borrowings	**(47,120,729)**	**(151,572,696)**	(39,415,611)	(94,509,253)
Non-current borrowings	**(91,085,344)**	**(74,375,000)**	(141,727,350)	(112,572,734)
Intercompany receivables	**28,926,952**	**-**	(57,790,205)	-
Intercompany payables	**(17,040,668)**	**-**	(35,181,563)	-
	(126,319,789)	**(225,947,696)**	(158,534,319)	(207,081,987)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

i) Risk management

Credit risk on financial assets with banking institutions is managed by dealing with institutions with strong balance sheets and a proven track record.

The Group does not have any significant concentrations of credit risk. The Group credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

ii) Impairment of financial assets

Trade receivables are subject to the Expected Credit Loss (ECL) model. Details of impairment of trade and other receivables are included in note 20. While contract assets, Mobile money deposits and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The ECL for trade receivables, which comprise post-paid debtors, dealer debtors, mobile money debtors, interconnect debtors and roaming debtors is arrived at as a product of the probability of default, loss given default and exposure at default. The expected loss rates are based on the payment profiles of sales over a period of 24 months to December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identified the inflation rate and the impact of the COVID-19 pandemic to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand.

3 Financial risk management (continued)

Credit risk (continued)

The ECL for contract assets is arrived at as a product of the probability of default, loss given default and exposure at default.

Cash and cash equivalents and Mobile money deposits have been assessed for credit loss based on the credit rating of the financial institutions holding the assets.

The amount that best represents the Group's maximum exposure to credit risk at 31 December 2021 is made up as follows:

	2021 Shs'000	2020 Shs'000
Cash and cash equivalents (note 22)	**188,812,485**	59,155,998
Mobile money deposits (note 21)	**959,991,495**	655,351,841
Trade receivables (note 20)	**88,874,384**	62,946,328
Other receivables (note 20)	**20,347,002**	5,029,173
Non-current trade receivables(note 18)	**9,030,717**	15,564,950
Receivables from related companies (note 20)	**28,926,952**	57,790,205
	1,295,984,860	855,838,495

iii) Security

With the exception of post-paid and dealer trade receivables, no collateral is held for any of the above assets. Some post-paid subscribers are required to pay a security deposit before being connected onto the Group's network. Dealer debtors are also required to present post-dated cheques and bank guarantees before being granted credit. The Group does not grade the credit quality of receivables. The fair value of security deposit held was Shs 3,033 million (2020: Shs 3,210 million).

All receivables that are neither past due nor impaired are within their approved credit limits. The dealer debt's terms were renegotiated, increasing the term over which it is to be repaid.
None of the above assets are past due or impaired except for the following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

	2021 Shs'000	2020 Shs'000
Past due, but not impaired	**76,113,601**	64,191,035
Impaired	**15,066,109**	9,523,183

Liquidity risk

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

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

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

3 Financial risk management (continued)

Liquidity risk (continued)

	0-3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2021:						
- trade and other payables	**351,713,442**	**-**	**-**	**-**	**-**	**351,713,442**
- mobile money deposits	**959,991,495**	**-**	**-**	**-**	**-**	**959,991,495**
- borrowings	**139,886,289**	**87,159,463**	**110,380,674**	**84,692,188**	**-**	**422,118,614**
- lease liabilities	**54,108,273**	**163,276,435**	**164,987,411**	**316,202,232**	**446,604,347**	**1,145,178,698**
	1,505,699,499	**250,435,898**	**275,368,085**	**400,894,420**	**446,604,347**	**2,879,002,249**
At 31 December 2020:						
- trade and other payables	300,264,092	-	-	-	-	300,264,092
- mobile money deposits	655,351,841	-	-	-	-	655,351,841
- borrowings	70,621,554	83,032,001	104,836,199	182,660,936	-	441,150,690
- lease liabilities	44,720,559	133,973,630	175,474,768	309,540,148	366,090,378	1,029,799,483
	1,070,958,046	217,005,631	280,310,967	492,201,084	366,090,378	2,426,566,106

The undiscounted cash flows payable by the Group under mobile money deposits by remaining contractual maturities at the reporting date and from financial assets by expected maturity dates:

	2021	2020
	Shs'000	Shs'000
	0-3 months	0-3 months
Financial assets at amortised cost		
Mobile money deposits	**959,991,495**	655,351,841
Financial liabilities at amortised cost		
Mobile money deposits	**959,991,495**	655,351,841
Liquidity gap	**-**	-

3 Financial risk management (continued)

Financial instruments by category	2021 Shs'000	2020 Shs'000
Financial assets at amortised cost		
Cash and cash equivalents (note 22)	**188,814,310**	59,170,525
Mobile money deposits (note 21)	**959,991,495**	655,351,841
Non-current trade receivables and other receivables (note 18)	**9,030,717**	15,564,950
Trade and other receivables	**138,148,338**	125,765,706
	1,295,984,860	855,853,022
Financial liabilities at amortised cost		
Trade and other payables (note 23)	**351,713,442**	300,264,092
Mobile money deposits (note 21)	**959,991,495**	655,351,841
Borrowings (note 25)	**364,153,769**	388,224,948
Lease liabilities (note 16(b))	**732,219,836**	635,537,229
	2,408,078,542	1,979,378,110

Fair value

IFRS 7 and 13 require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group had no financial instruments measured at fair value as at 31 December 2021 and 31 December 2020. As such, there were no movements between levels in 2020 and 2021. The carrying amount of other financial assets and financial liabilities is a reasonable approximation of their fair value.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents. Total capital is calculated as equity plus net debt. However, the Company does not have a target gearing ratio or externally imposed capital requirements. The gearing ratios at 31 December 2021 and 2020 were as follows:

	2021 Shs'000	2020 Shs'000
Total borrowings and lease liabilities (note 25)	**1,096,373,605**	1,023,762,177
Less: cash and cash equivalents (note 32)	**(188,814,310)**	(59,170,525)
Net debt	**907,559,295**	964,591,652
Total equity	**836,158,870**	725,954,736
Total capital	**1,743,718,165**	1,690,546,388
Gearing ratio	**52%**	57%

4. Critical accounting estimates and judgements

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

(i) Critical accounting estimates and assumptions

Property, plant and equipment

Critical estimates in determining the useful lives of plant, property and equipment are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in 2(D) above. The directors have established over the lifetime of the business that the depreciation rates have been consistent with the useful lives of the Group's assets. As at 31 December 2021, an increase/decrease in the annual depreciation rate of 5% would have resulted in an increase/decrease in the net book value of approximately Shs 60,091 million (2020 Restated: Shs 51,314 million).

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

Determining the lease term

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

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations, the costs and business disruption required to replace the leased asset and the business planning horizon, which is 5 years.
- Extension options have been included in the lease liability to the extent that they are within the Group's current business plan.

As at 31 December 2021, potential future cash outflows of Shs 321,101million (undiscounted) have been included in the lease liability because it is reasonably certain that the leases will be extended (or not terminated) (2020: Shs 311,112 million).

5 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service and product lines:

	2021 Shs'000	2020 Shs'000
Network services	**1,381,281,155**	1,256,473,686
Interconnect and roaming	**91,297,270**	98,262,634
Mobile devices	**19,859,731**	12,082,422
Digital and fintech services	**529,748,593**	482,330,960
Other revenue	**37,900,183**	28,649,506
	2,060,086,932	1,877,799,208

Network services, interconnect and roaming, and other revenue are recognised over time, whereas mobile devices and digital services are recognised at a point in time. Other revenue primarily relates to IT services provided to MTN Zambia and MTN Swazi. The revenue is recognised based on the output method in consideration of actual minutes called, sms' sent or bytes utilised. This is most appropriate as these are concluded within short periods of time.

Network services are earned within the consumer business segment (Shs 1,265 million), Enterprise Business Unit (EBU) (Shs 104,235 million) and Wholesale and Carrier (11,724 million). Interconnect revenue is recognised within wholesale and carrier services. Mobile devices revenue is primarily within the consumer business segment. Digital and fintech services are within mobile financial services (Shs 525,425 million) and the consumer business segment (Shs 4,322 million). Other revenue is within EBU sales (Shs 37,900 million).

5 Revenue from contracts with customers (continued)

(b) Assets and liabilities related to contracts with customers

	2021 Shs'000	2020 Shs'000
Trade receivables	**126,195,525**	129,509,783
Loss allowance (note 20)	**(15,214,601)**	(7,969,307)
Total trade receivables (note 20)	**110,980,924**	121,540,476
Contract liabilities - deferred revenue	**7,709,821**	10,648,572

Deferred revenue represents unused activated airtime subscriber balances for prepaid products, as well as the cash equivalent of any unused bonus points on the 1-4-1 customer loyalty promotion.

Revenue is recognised in profit or loss as calls are made, sms's sent and data used on the unused activated airtime. Revenue in relation to the customer loyalty program is recognised when the points are redeemed through calls or when they expire 12 months after the initial sale.

(i) Significant changes in trade receivables and contract liabilities

The decrease in trade receivables was primarily driven by the cash receipts on amounts due from related parties. Refer to note 20 for further information on loss allowances recognised for trade receivables.

The decrease in contract liabilities is as a result of utilisation of 1-4-1 customer loyalty points and increased usage of airtime.

(ii) Revenue recognised in respect of contract liabilities

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

	2021 Shs'000	2020 Shs'000
Revenue recognised that was included in deferred revenue at start of year	**10,648,572**	20,330,068

(iii) Assets recognised from costs to fulfil a contract

The incremental subscriber acquisition costs are capitalised as contract costs and are amortised on a systematic basis over the average customer life of 3 years.

The movement of the contract assets is as below:

	2021 Shs'000	2020 Shs'000
At start of year	**14,821,899**	7,351,267
Additions	**18,174,081**	21,252,205
Amortised as costs in the year	**(13,481,992)**	(13,781,573)
At end of year	**19,513,988**	14,821,899
Current contract costs	**9,949,198**	6,569,411
Non-current contract costs	**9,564,790**	8,252,488
	19,513,988	14,821,899

6 Segment reporting

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed. The Group has identified reportable segments that are used by the executive committee (EXCO) to make key operating decisions, allocate resources and assess performance. The structure of the business is such that the assets and liabilities are primarily utilised across the segments, so are reviewed for the entire Group. The reportable segments are identified as below:

i Telecommunications services.

ii Mobile Financial services – This relates to Digital and Fintech services.

Nature of operations:	Telecommunications	Mobile Financial services	Total
	Shs'000	Shs'000	Shs'000
2021 Revenue	**1,534,661,090**	**525,425,842**	**2,060,086,932**
2020 Revenue	1,434,274,178	443,525,030	1,877,799,208
2021 Profit After Tax	**215,162,632**	**125,247,742**	**340,410,374**
2020 Profit After Tax	175,558,173	146,123,980	321,682,153
2021 Total assets	**2,223,312,173**	**1,075,082,720**	**3,298,394,893**
2020 Total assets	2,076,291,377	683,732,653	2,760,024,030
2021 Total liabilities	**1,458,737,655**	**1,003,498,368**	**2,462,236,023**
2020 Total liabilities	1,374,523,031	659,546,263	2,034,069,294

The EXCO also focuses on revenue at by customer segment. The structure of the business is such that the assets and liabilities are primarily utilised across the segments, so are reviewed for the entire Group. The reportable segments are identified as below:

i Consumer – This comprises prepaid subscriber revenue.

ii Enterprise Business Unit – This comprises revenue earned from corporate customers, SMEs, governments and post-paid customers.

iii Wholesale and Carrier services – This relates to revenue earned from other telecommunication companies that provide support services such as Interconnect, roaming and leased lines services.

iv Mobile Financial services – This relates to revenue earned from Digital and Fintech services.

Nature of operations:	Consumer	Enterprise Business Unit	Wholesale & Carrier services	Mobile Financial services	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
2021 Revenue	**1,289,503,971**	**142,135,119**	**103,022,000**	**525,425,842**	**2,060,086,932**
2020 Revenue	1,210,469,275	120,801,732	103,003,171	443,525,030	1,877,799,208
2021 EBITDA					**1,057,576,107**
2020 EBITDA					929,409,315
2021 Profit After Tax					**340,410,374**
2020 Profit After Tax					321,682,153

7 Employee benefits expenses

	2021 Shs'000	2020 Shs'000
Salaries and wages	**75,012,716**	66,208,117
Contributions to MTN (Uganda) Limited Provident Fund [note 31 (vi)]	**2,828,670**	2,496,147
Contributions to National Social Security Fund	**10,083,875**	4,902,001
Notional share options (note 24)	**11,855,844**	6,206,602
Other staff costs	**5,641,240**	21,398,545
	105,422,345	101,211,412

Other staff costs relate to other staff welfare costs, for example, medical insurance.

8 Selling, distribution and marketing expenses

Commissions	**312,580,057**	284,847,017
Marketing	**39,254,818**	32,179,082
Revenue ceded to content and service providers	**6,377,323**	7,655,494
	358,212,198	324,681,593

9 Other operating expenses

Professional and consulting	**11,174,177**	3,712,610
Audit fees	**2,814,408**	2,365,615
Directors' fees	**2,106**	8,628
General expenses	**25,500,348**	16,757,164
Out-of-court tax settlement	**-**	39,114,356
Motor vehicle and insurance	**7,487,060**	7,704,983
Security costs	**1,247,413**	1,109,399
Communication costs	**1,388,733**	252,715
Management fees	**85,063,232**	67,724,137
MTN Foundation [note 31 (vii)]	**2,970,598**	3,153,709
Travel and entertainment	**1,457,616**	1,625,860
Electricity and diesel - non network	**8,576,673**	7,989,120
Other utilities - non network	**10,350**	72,991
Information technology fees	**3,825,171**	-
Office building maintenance	**2,477,339**	2,078,248
	153,995,224	153,669,535

10	Finance income/ (costs)	2021	2020
	Finance costs:	Shs'000	Shs'000
	- Interest expense and other charges on borrowings (note 25)	**(32,389,113)**	(39,202,215)
	- Interest expense on lease liabilities [note 16 (b)]	**(115,043,904)**	(98,991,766)
	- Other interest expenses	**(73,783)**	-
	- Foreign exchange losses	**(20,327,472)**	(17,603,799)
		(167,834,272)	(155,797,780)
	Finance income:		
	- Interest income	**5,314,139**	3,565,949
	- Foreign exchange gains	**17,186,952**	13,668,202
		22,501,091	17,234,151

11 Income tax expense

Current income tax	**166,854,627**	154,829,932
Deferred income tax credit (note 15)	**(16,321,901)**	(16,133,192)
	150,532,726	138,696,740

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

	2021 Shs'000	2020 Shs'000
Profit before income tax expense	**490,943,100**	460,378,893
Tax calculated at a rate of 30% (2020: 30%)	**147,282,930**	138,113,668
Tax effect of:		
- expenses not deductible for tax purposes	**3,656,459**	94,278
- prior year under/ (over) provision of current income tax	**94,563**	110,949
- prior year under provision of deferred income tax	**(501,226)**	377,845
Income tax expense	**150,532,726**	138,696,740

The movement in current income tax (recoverable)/ payable is as follows:

11 Income tax expense (Continued)

	2021 Shs'000	2020 Shs'000
At start of year	**2,774,305**	1,575,838
Current income tax charge	**166,854,627**	154,829,932
Tax paid	**(171,980,729)**	(153,631,465)
At end of year	**(2,351,797)**	2,774,305

12 Earnings per share

The Group calculates basic earnings per share by dividing the profit or loss after tax attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period. On the other hand, dilutive EPS shall be calculated by adjusting profit or loss attributable to ordinary equity holders of the Group and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances. The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

The increase in the shares during the year (Note 13) was as a result of a bonus share issue for no additional consideration. The number of ordinary shares outstanding before the bonus issue has therefore been adjusted for the proportionate change in the number of ordinary shares outstanding as if the issue had occurred at 1 January 2020.

	2021 Shs'000	2020 Shs'000
Weighted average number of shares at 31 December	**22,389,044**	22,389,044=
Profit from continuing operations attributable to shareholders	**340,410,374**	321,682,153
Basic/ Diluted Earnings per share	**15**	14

At the reporting date, the basic and diluted earnings per share were the same. There are no outstanding shares with potential dilutive effect on the weighted average number of ordinary shares in issue.

13 Share capital

	2021		2020	
	Number of shares	Ordinary share capital Shs'000	Number of shares	Ordinary share capital Shs'000
Authorised:				
Ordinary shares	**28,000,000,000**	**28,000,000**	5,000	5,000
Issued and fully paid:				
Ordinary shares	**22,389,044,239**	**22,389,044**	3,764	3,764

The holders of ordinary shares are entitled to participate in dividends and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Movements in ordinary shares

By a resolution of the Board passed on 12 August 2021 and a resolution of the existing shareholders passed on 20 August 2021, the following share capital alterations were authorised in preparation for the Company's Initial Public Offer:

a. By a share sub-division, the Company created 5,000,000 ordinary shares at a re-denominated par value of UGX 1 per share using a split ratio of 1,000:1 (1,000 new shares for every 1 share). After the share split, the Company's authorised share capital remained Shs 5,000,000 divided into 5,000,000 ordinary shares of Shs 1 each, and the issued share capital was Shs 3,764,000 divided into 3,764,000 ordinary shares of Shs 1 each.

b. By a share capital increase, the Company increased its authorised share capital from Shs 5,000,000 to Shs 28,000,000,000 by the creation of 27,995,000,000 new ordinary shares of UGX 1 each. Consequently, the Company's authorised share capital became Shs 28,000,000,000 divided into 28,000,000,000 ordinary shares of Shs 1 each.

c. By a bonus share issue following the increase of the Company's authorised share capital in (b) above, 22,385,280,239 shares were allotted as fully paid to the existing shareholders in proportion to their respective shareholdings in the Company as of 20 August 2021 and the issued share capital following the bonus share issue became UGX 22,389,044,239 divided into 22,389,044,239 ordinary shares of Shs 1 each. For purposes of the bonus share issue, Shs 22,385,280,239 of the Company's retained earnings as of 30 June 2021 was capitalised.

13 Share capital (continued)

Movements in ordinary shares (continued)

	Date	Number of shares	Par value	Authorised share capital Shs'000
Authorised share capital:				
At start of year	1 Jan 2021	5,000	1,000	5,000
Share split conversion ratio (1:1000)	20 Aug 2021	1,000	1	-
Effect of the share split on authorised share capital as per amended Memorandum and Articles of Association	20 Aug 2021	5,000,000	1	5,000
New Authorised Share capital as per amended Memorandum and Articles of Association	20 Aug 2021	27,995,000,000	1	27,995,000
Total Authorised Share Capital at end of year	31 Dec 2021	28,000,000,000	1	28,000,000

	Date	Number of shares	Par value	Authorised share capital Shs'000
Issued and fully paid share capital:				
At start of year	1 Jan 2021	3,764	1,000	3,764
Share split conversion ratio (1:1,000)	20 Aug 2021	1,000	1	-
Effect of the share split on the issued share capital as per amended Memorandum and Articles of Association	20 Aug 2021	3,764,000	1	3,764
Bonus share allocation ratio (1:5,947)	20 Aug 2021	5,947	-	-
Issue of bonus shares	20 Aug 2021	22,385,280,239	1	22,385,280
Total Issued and fully paid share capital at end of year	31 Dec 2021	22,389,044,239	1	22,389,044

14 Dividends

	2021 Dividend per share Shs	2021 Dividend Total Shs'000	2020 Dividend per share Shs	2020 Dividend Total Shs'000
Dividends paid	**10**	**230,206,240**	7	153,006,600
Dividends paid and proposed	**15**	**335,569,082**	7	153,006,600

Payment of dividends is subject to withholding tax at rates depending on the residence of the respective shareholders. The directors recommend the payment of a final dividend of Shs 105,363 million (2020:nil).

15 Deferred income tax

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

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

	2021 **Shs'000**	**2020** **Shs'000**
At start of year	**(9,865,153)**	(25,998,345)
Credit to profit or loss	**16,321,901**	16,133,192
At end of year	**6,456,748**	(9,865,153)

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

Year ended 31 December 2021	**1 January 2021** **Shs'000**	**Credit/ (charge) to profit or loss** **Shs'000**	**31 December 2021** **Shs'000**
Deferred income tax liabilities:			
Accelerated tax depreciation	(28,162,849)	14,882,841	**(13,280,008)**
Deferred income tax assets:			
Provisions	12,614,239	5,203,739	**17,817,978**
Net unrealised foreign exchange	2,488,885	(3,090,494)	**(601,609)**
Deferred income	3,194,572	(674,185)	**2,520,387**
	18,297,696	1,439,060	**19,736,756**
Net deferred income tax liability	(9,865,153)	16,321,901	**6,456,748**

Year ended 31 December 2020	**1 January 2020** **Shs'000**	**Credit/ (charge) to profit or loss** **Shs'000**	**31 December 2020** **Shs'000**
Deferred income tax liabilities:			
Accelerated tax depreciation	(43,572,240)	15,409,391	(28,162,849)
Deferred income tax assets:			
Provisions	9,495,438	3,118,802	12,614,240
Net unrealised foreign exchange	1,979,437	509,448	2,488,885
Deferred income	6,099,020	(2,904,449)	3,194,571
	17,573,895	723,801	18,297,696
Net deferred income tax liability	(25,998,345)	16,133,192	(9,865,153)

16(a) Property, plant and equipment

	Land and buildings Shs'000	Leasehold improvements Shs'000	Tele-communications equipment Shs'000	Furniture, computers and other equipment Shs'000	Motor vehicles Shs'000	Work in progress Shs'000	Total Shs'000
At 1 January 2020 (restated, see note 30)							
Cost	39,910,085	27,030,015	1,629,194,413	191,765,066	22,845,835	1,252,272	1,911,997,686
Accumulated depreciation	(2,276,980)	(16,746,964)	(916,316,196)	(138,067,664)	(20,943,271)	-	(1,094,351,075)
	37,633,105	10,283,051	712,878,217	53,697,402	1,902,564	1,252,272	817,646,611
Year ended 31 December 2020							
Opening net book amount	37,633,105	10,283,051	712,878,217	53,697,402	1,902,564	1,252,272	817,646,611
Additions	3,079	832,650	149,655,505	10,385,645	-	33,323,732	194,200,611
Transfers							-
- cost	-	-	(5,490,301)	384,117	-	5,106,184	-
-accumulated depreciation	2,240	13,363	24,437	(64,394)	24,354	-	-
Disposals:							-
- cost	(343,602)	(1,313,663)	(16,069,545)	(7,662,531)	(6,000,087)	-	(31,389,428)
- accumulated depreciation	42,654	1,312,219	15,867,582	7,544,158	5,687,593	-	30,454,206
Reallocations**:							-
- cost	-	-	(76,656)	73,320	-	-	(3,336)
- accumulated depreciation	-	150,106	-	2,144	(152,246)	-	4
Depreciation charge	(269,300)	(3,945,606)	(159,297,082)	(21,542,636)	(435,529)	-	(185,490,153)
Closing net book amount	**37,068,176**	**7,332,120**	**697,492,157**	**42,817,225**	**1,026,649**	**39,682,188**	**825,418,515**
At 31 December 2020							
Cost	39,569,562	26,549,002	1,757,213,416	194,945,617	16,845,748	39,682,188	2,074,805,533
Accumulated depreciation	(2,501,386)	(19,216,882)	(1,059,721,259)	(152,128,392)	(15,819,099)	-	(1,249,387,018)
Net book amount	**37,068,176**	**7,332,120**	**697,492,157**	**42,817,225**	**1,026,649**	**39,682,188**	**825,418,515**

** These relate to adjustments to the opening amounts and asset class re-classifications (note 30).

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

	Land and buildings Shs'000	Leasehold improvements Shs'000	Tele-communications equipment Shs'000	Furniture, computers and other equipment Shs'000	Motor vehicles Shs'000	Work in progress Shs'000	Total Shs'000
Year ended 31 December 2021							
Opening net book amount	37,068,176	7,332,120	697,492,157	42,817,225	1,026,649	39,682,188	825,418,515
Additions	9,952,347	3,637,298	178,740,336	15,154,129	543,172	4,769,145	212,796,427
Transfers							
- cost	-	-	31,680,594	851,809	-	(32,532,403)	-
- accumulated depreciation	-	-	-	-	-	-	-
Disposals:							-
- cost	-	(3,200)	(9,046,962)	(6,753,367)	(3,889,389)	-	(19,692,918)
- accumulated depreciation	-	3,200	7,396,420	6,409,135	3,657,678	-	17,466,433
Reallocations**:							-
- cost	360,738	(16,874)	24,084,496	131,622	119,598	(4,510,151)	20,169,429
- accumulated depreciation	(49)	-	10,996	(13,769)	(487)	-	(3,309)
Depreciation charge	(1,768,677)	(5,219,910)	(166,034,256)	(19,159,635)	(267,438)	-	(192,449,916)
Closing net book amount	**45,612,535**	**5,732,634**	**764,323,781**	**39,437,149**	**1,189,783**	**7,408,779**	**863,704,661**
At 31 December 2021							
Cost	49,882,647	30,166,226	1,982,671,880	204,329,810	13,619,129	7,408,779	2,288,078,471
Accumulated depreciation	(4,270,112)	(24,433,592)	(1,218,348,099)	(164,892,661)	(12,429,346)	-	(1,424,373,810)
Net book amount	**45,612,535**	**5,732,634**	**764,323,781**	**39,437,149**	**1,189,783**	**7,408,779**	**863,704,661**

Work in progress mainly relates to telecommunications equipment.
**** These relate to adjustments to the opening amounts.**

The fully depreciated assets still in use carried a cost of Shs 342 billion (2020: Shs 282 billion).

16(b) Leases

i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021 Shs'000	2020 Shs'000
Right-of-use assets		
Network sites	**616,469,909**	552,307,908
Offices and services centres	**14,419,126**	15,205,976
Motor vehicles	**5,981,354**	3,719,030
	636,870,389	571,232,914
Lease liabilities		
Current	**104,276,553**	79,711,572
Non-current	**627,943,283**	555,825,657
	732,219,836	635,537,229

ii) Amounts recognised in profit or loss

	2021 Shs'000	2020 Shs'000
Depreciation charge for right-of-use assets		
Network sites	**103,649,502**	87,062,823
Offices and services centres	**5,949,116**	6,147,471
Motor vehicles	**1,551,725**	768,052
	111,150,343	93,978,346

iii) The movement in right-of-use assets is as follows:

At 1 January 2021	**571,232,914**	597,686,863
Additions	**178,512,783**	67,524,397
Depreciation	**(111,150,343)**	(93,978,346)
Disposal	**(1,724,965)**	-
At end of year	**636,870,389**	571,232,914

iv) The movement in lease liabilities is as follows:

At 1 January 2021	**635,537,229**	629,837,518
Additions	**178,512,783**	67,524,397
Interest expense	**115,043,904**	98,991,766
Principal repayments	**(79,321,550)**	(61,867,099)
Interest repayments	**(115,043,904)**	(98,991,766)
Foreign exchange (gains)/ losses	**(735,038)**	42,413
Termination	**(1,773,588)**	-
At end of year	**732,219,836**	635,537,229

See note 2 (G) for the accounting policies relevant to leases.

17 Intangibleassets

	License fee Shs'000	IT software Shs'000	Total Shs'000
At 1 January 2020 (restated, see note 30)			
Cost	515,485	120,628,432	121,143,917
Accumulated amortisation	(15,109)	(72,581,747)	(72,596,856)
Net book amount	500,376	48,046,685	48,547,061
Year ended 31 December 2020			
Opening net book amount	500,376	48,046,685	48,547,061
Additions	381,522,012	40,851,867	422,373,879
Amortisation	(17,704,624)	(33,293,670)	(50,998,294)
Write-offs**:	-		
- cost	-	(19,591,367)	(19,591,367)
- accumulated depreciation		17,805,876	17,805,876
Closing net book amount	364,317,764	53,819,391	418,137,155
At 31 December 2020 (restated, see note 30)			
Cost	382,037,497	141,888,932	523,926,429
Accumulated amortisation	(17,719,733)	(88,069,541)	(105,789,274)
Net book amount	**364,317,764**	**53,819,391**	**418,137,155**
Year ended 31 December 2021			
Opening net book amount	364,317,764	53,819,391	418,137,155
Additions	49,219,168	57,399,118	106,618,286
Amortisation	(80,192,395)	(37,507,172)	(117,699,567)
Reclassifications*		(22,090,125	(22,090,125
Write-offs **:			
- cost	(50,267,807)	(25,300,355)	(75,568,162)
- accumulated depreciation	50,267,807	23,149,519	73,417,326
Closing net book amount	333,344,537	49,470,376	382,814,913
At 31 December 2021			
Cost	380,988,858	151,897,570	532,886,428
Accumulated amortisation	(47,644,321)	(102,427,194)	(150,071,515)
Net book amount	**333,344,537**	**49,470,376**	**382,814,913**

*** These relate to asset reclassifications. See to note 30.**
**** The assets written off relate to expired network software licences and obsolete software no longer in use.**

License fee

The Company's initial license to operate as a telecommunications company in Uganda expired on 20 October 2018 after 20 years. Uganda Communications Commission (UCC) granted MTN (Uganda) Limited a formal long-term licence in July 2021 for a period of 12 years.

Software

Software that is separately identifiable from components of the Group's plant and equipment has been recognised as an intangible asset. This software is amortised over its useful life which is considered to be 3 years.

18 Receivables and prepayments

	2021 Shs'000	2020 Shs'000
Prepaid site and lease rentals		
At start of year	**34,613,223**	30,835,392
Additions	**13,335,273**	9,993,086
Charge for the year	**(3,906,141)**	(6,215,255)
At end of year	**44,042,355**	34,613,223
Non-current receivables	**9,030,717**	15,564,950
Net book amount at end of year	**53,073,072**	50,178,173

The non-current receivables are the amounts due from the dealers that the Group expects to collect within two to three years from the end of the reporting period. These amounts are guaranteed by banks. The fair value of the receivables is not significantly different from their carrying amount.

The prepaid site and lease rentals primarily relate to Indefeasible right of use arrangements with MTN Global Connect on undersea cables.

19 Inventories

	2021 Shs'000	2020 Shs'000
Sim cards, phones and accessories	**9,498,482**	10,326,870
Provision for obsolete stock	**(1,687,751)**	(2,162,435)
	7,810,731	8,164,435
Inventories expensed during the year	**(22,613,391)**	15,581,686
Reversal of impairment during the year	**474,684**	594,994

20 Trade and other receivables

Trade receivables	**104,088,986**	70,915,635
Loss allowance	**(15,214,602)**	(7,165,364)
Trade receivables - net	**88,874,384**	63,750,271
Prepayments	**38,844,451**	31,782,867
Receivables from related parties [note 31 (iv) a]	**28,926,952**	57,790,205
Other receivables	**20,347,002**	4,225,230
	176,992,789	157,548,573

In the opinion of the directors, the carrying amounts of the receivables approximates their fair value.

20 Trade and other receivables (continued)

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

	2021 Shs'000	2020 Shs'000
As at start of year	**9,523,183**	19,762,703
Decrease in loss allowance recognised in profit or loss	**9,230,223**	(8,431,783)
Receivables written off during the year as uncollectible	**(2,583,210)**	(1,807,737)
At end of year	**16,170,196**	9,523,183
Consisting of:		
Trade receivables	**15,214,602**	7,165,364
Other receivables	**955,594**	2,357,819
	16,170,196	9,523,183

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

21 Mobile money deposits

	2021 Shs'000	2020 Shs'000
Mobile money deposits	**959,991,495**	655,351,841

Mobile money (MoMo) deposits are balances that are held with banks for and on behalf of MoMo customers. MoMo regulations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with MTN's cash and cash equivalents and that these are ring-fenced to settle MoMo customers' obligations.

The Group recognises mobile money balances held by the respective banks and the customers' rights to these balances as an obligation (financial liability) in the ordinary course to repay the balances to the MoMo customers and a right to claim the corresponding amounts from the relevant banks (financial asset). Cash flows that relate to the principal mobile money deposit balances and corresponding liabilities are reflective of customer transactions net to nil and, consequently, are not recorded in the Company's statement of cash flows.

22 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call, all of which are available for use by the Group. Below is breakdown of cash and cash equivalents.

	2021 Shs'000	2020 Shs'000
Cash at bank	**179,566,910**	49,070,282
Cash at hand	**1,825**	14,527
Deposits on call (mobile money)	**9,245,575**	10,085,716
	188,814,310	59,170,525

23 Trade and other payables

	2021 Shs'000	2020 Shs'000
Trade payables	**81,122,753**	27,298,489
Payables to related parties [note 31 (iv) b]	**17,164,578**	35,181,563
Other creditors and accruals	**253,426,111**	237,784,040
	351,713,442	300,264,092

Trade payables are unsecured and usually paid within 30 days of recognition. The carrying amounts of the above trade and other payables approximate their fair values. Other creditors and accruals mostly relate to accruals for goods received but not invoiced, statutory deductions and other payables.

24 Payables and provisions

	2021 Shs'000	2020 Shs'000
Non-current contract liabilities	**10,831,409**	3,240,024
Provisions	**12,354,185**	8,935,329
	23,185,594	12,175,353

Provisions

Year ended 31 December 2020	At start of year Shs'000	Additional provisions Shs'000	Utilised/ reversed Shs'000	At end of year Shs'000	Non-current provision Shs'000	Current provision Shs'000
Bonus provision	8,706,525	7,721,642	(7,827,482)	8,600,685	-	8,600,685
Notional share options	19,050,088	6,206,602	(5,694,245)	19,562,445	8,935,329	10,627,116
	27,756,613	13,928,244	(13,521,727)	28,163,130	8,935,329	19,227,801
Year ended 31 December 2021						
Bonus provision	8,600,685	11,050,652	(9,823,770)	9,827,567	-	9,827,567
Notional share options	19,562,445	11,855,844	(5,629,605)	25,788,684	12,354,185	13,434,499
	28,163,130	**22,906,496**	**(15,453,375**	**35,616,251**	**12,354,185**	**23,262,066**

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

The board approved a share incentive scheme to eligible employees effective 1 April 2004. The first vesting under the terms of this scheme was due on 1 April 2007 and specific amounts vest annually over a four-year period. The value of the notional share options is based on MTN Group Limited's share price and performance of the Group (note 2 (V)). Set out below is a summary of the notional share options.

24 Payables and provisions (continued)

	2021		2020	
	Number of shares	Total Shs'000	Number of shares	Total Shs'000
As at 31 December	**1,329,290**	**25,788,684**	1,329,290	19,562,445
Vested and exercisable at 31 December	**491,050**	**13,434,499**	491,050	10,627,116

25 Borrowings

		Currency	2021 Shs'000	2020 Shs'000
	Borrowings comprise a syndicated loan facility broken down below:	Currency		
(i)	Loan facility A	Shs	**90,431,353**	111,518,473
(ii)	Loan facility A – Stanbic Bank	Shs	**25,076,582**	37,632,082
(iii)	Loan facility B- Stanbic Bank	USD	**22,191,528**	34,324,032
(iv)	Loan facility B- Revolving credit	Shs	**112,760,722**	60,356,147
(v)	Loan facility C	USD	**115,568,329**	146,818,930
	Interest bearing loans		**366,028,514**	390,649,664
	Capitalised transaction costs		**(1,874,745)**	(2,424,716)
	Total borrowings		**364,153,769**	388,224,948

None of the facilities is secured against assets of the Group.

	2021 Shs'000	2020 Shs'000
The movement in borrowings is as follows:		
At start of year	**388,224,948**	192,429,011
Proceeds from borrowings	**50,000,000**	348,518,960
Interest expense	**31,839,142**	37,574,511
Amortisation of transaction costs	**549,971**	1,627,704
Principal repayments	**(70,777,880)**	(153,623,344)
Interest repayments	**(31,861,851)**	(33,650,902)
Unrealised foreign exchange gain	**(3,820,561)**	(4,650,992)
At end of year	**364,153,769**	388,224,948
The maturity profile of the above borrowings is as follows:		
More than one year but not exceeding two years	**83,944,153**	87,381,975
More than two years but not exceeding five years	**81,516,191**	166,918,109
Non - current borrowings	**165,460,344**	254,300,084
Current borrowings	**198,693,425**	133,924,864
	364,153,769	388,224,948

25 Borrowings (continued)

The Group's borrowings are in respect of an unsecured syndicated loan facility that the Group obtained from Stanbic Bank Uganda Limited, Standard Bank, Standard Chartered Bank, absa and Citibank on 4 February 2016. This facility was refinanced on 25 February 2020, and the values reported are the carrying amounts which approximate their fair value. The Group also has an unsecured loan facility from Stanbic Bank Uganda Limited which run from 21 December 2018.

Noneoftheborrowingswasindefaultatanytimeduringtheyear.

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

(i) Loan facility A

This facility has a limit of Shs 110,000 million. At 31 December 2021, the principal loan outstanding in respect of this facility amounted to Shs 89,375 million and accrued interest of Shs 1,056 million. The loan is repayable in 16 quarterly instalments starting May 2021 with the final payment due in February 2024. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 3.25%. The average interest rate for the year was 13.1%% (2020: 14%).

(ii) Loan facility A – Stanbic Bank

This facility has a limit of Shs 50,000 million. At 31 December 2021, the loan outstanding in respect of this facility amounted to Shs 25 billion. The loan is repayable in 16 quarterly instalments which started in March 2020 with the final payment due in December 2023. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 2.5%. The average interest rate for the year was 12.1% (2020:.12.28%)

(iii) Loan facility B – Revolving credit

This facility has a limit of Shs 110,000 million. At 31 December 2021, the principal loan outstanding in respect of this facility amounted to Shs 110 billion with accrued interest of Shs 2,760 million. The loan is repayable in either 3, 6, 9, or 12 months with an option to re-draw any amounts paid to a maximum of Shs 110 billion depending on the cash requirements. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 3.5%. The average interest rate for the year was 13.21% (2020: 13.5%).

(iv) Loan facility B – Stanbic Bank

This facility has a limit of US$ 12.5 million. At 31 December 2021, the loan outstanding in respect of this facility amounted to US$ 6.25 million (equivalent to Shs 22,188 million). The loan is repayable in 16 quarterly instalments, which started in March 2020 with the final payment due in December 2023. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 2.5%. The average interest rate for the year was 3.32% (2020: 4.5%).

(v) Loan facility C

This facility has a limit of US$ 40 million. The loan at 31 December 2021 amounts to US$ 32.5 million (equivalent Shs 115,375 million). This is repayable in 16 quarterly instalments starting May 2021 with the final payment due in February 2024. The rate of interest on this facility is the aggregate of the 1-year LIBOR plus a margin of 3.15%. The average interest rate for the year was 3.6% (2020: 3.46%).

Unutilised facilities

The Group had an unutilised overdraft and short-term loan facilities of Shs 17,750 million (2020: Shs 50,000 million). These facilities are unsecured. The overdraft interest rate is the aggregate of the 1-year LIBOR plus a margin of 3.25%.

Bonds and Guarantees

The Group had letters of credit and guarantee facilities of Shs 1,930 million with Standard Chartered Bank Limited (2020: Shs 5,203 million) and Stanbic Bank of Shs 17,750 million (2020: nil).

Compliance with covenants

The Group complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting periods. The section below sets out an analysis of net debt and the movements in net debt.

Net debt	2021 Shs'000	2020 Shs'000
Cash and cash equivalents (note 22)	**188,814,310**	59,170,525
Borrowings	**(364,153,769)**	(388,224,948)
Lease liabilities [note 16 (b)]	**(732,219,836)**	(635,537,229)
At end of year	**(907,559,295)**	(964,591,652)

25 Borrowings (continued)

Net debt reconciliation	Cash Shs'000	Leases Shs'000	Borrowings Shs'000	Total Shs'000
Year ended 31 December 2020				
At 1 January 2020	109,387,902	(629,837,518)	(192,429,011)	(712,878,627)
Cash flows	(46,096,582)	160,858,865	(194,895,616)	(80,133,333)
Foreign exchange losses	(4,120,795)	(42,413)	4,650,992	487,784
Other changes	-	(166,516,163)	(5,551,313)	(172,067,476)
Net debt at 31 December 2020	59,170,525	(635,537,229)	(388,224,948)	(964,591,652)
Year ended 31 December 2021				
At 1 January 2021	59,170,525	(635,537,229)	(388,224,948)	(964,591,652)
Cash flows	131,967,411	194,365,454	52,639,731	378,972,596
Foreign exchange (losses)/ gains	(2,323,626)	735,038	3,820,561	2,231,973
Other changes	-	(291,783,099)	(32,389,113)	(324,172,212)
Net debt at 31 December 2021	**188,814,310**	**(732,219,836)**	**(364,153,769)**	**(907,559,295)**

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

26 Cash generated from operations

	2021 Shs'000	2020 Restated Shs'000
Reconciliation of profit before income tax to cash generated from operations:		
Profit before income tax	**490,943,100**	460,378,893
Profit before income tax		
Adjustments for:		
Depreciation and impairment [notes16(a) and 16(b)]	**303,600,259**	279,468,499
Amortisation of intangible assets (note17)	**117,699,567**	50,998,294
Gain on sale of property, plant and equipment	**(716,038)**	(3,564,518)
Other movements in property, plant and equipment [note 16(a)]	**(20,166,120)**	3,332
Other movements in intangible assets (note17)	**22,090,125**	-
Write off of intangible assets (note17)	**2,150,836**	1,785,491
Interest and other changes in borrowings (note 25)	**28,568,552**	34,551,223
Interest and other changes in lease liabilities [note 16(b)]	**114,308,866**	99,034,179
Termination of right of use asset contract	**1,724,965**	-
Termination of lease liabilities contract	**(1,773,588)**	-
Interest income (note 10)	**(5,314,139)**	(3,565,949)
Other foreign exchange movements	**2,323,626**	4,120,795
Changes in working capital:		
Inventories	**353,704**	(7,224,589)
Trade and other receivables	**(22,339,115)**	1,458,476
Contract assets	**(4,692,089)**	(7,470,632)
Contract liabilities	**(2,938,751)**	(9,681,496)
Trade and other payables	**51,449,350**	(35,274,104)
Provisions	**15,044,506**	3,646,541
Cash generated from operations	**1,092,317,616**	868,664,435

27 Operating lease commitments

The Group leases various network sites, offices, services centres and vehicles. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. From 1 January 2019, the Group has recognised right-of-use assets for these leases as set out under note 16(b).

	2021 Shs'000	2020 Shs'000
Within 1 year	**217,384,708**	178,694,189
More than 1 year but less than 5 years	**481,189,643**	485,014,916
5 years and more	**446,604,347**	366,090,378
	1,145,178,698	1,029,799,483

28 Capital commitments

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

	2021 Shs'000	2020 Shs'000
Property, plant and equipment		
Authorised and contracted for	**127,127,559**	16,371,157
Authorised but not contracted for	**334,099,254**	319,164,266
	461,226,813	335,535,423
Intangible assets - software		
Authorised and contracted for	**7,049,300**	1,813,867
Authorised but not contracted for	**48,820,821**	42,802,123
	55,870,121	44,615,990
	517,096,934	380,151,413

29 Contingent liabilities

i) Following a tax audit conducted by the Uganda Revenue Authority (URA) covering the financial years of 2003 to 2009, the URA disallowed certain expenses and issued revised income tax assessments in December 2011 for those periods. The impact of this would be Shs 10,500 million. The Company did not agree with these assessments and declared a dispute, following which the matter was referred to the court mediation process stipulated in the Uganda Income Tax Act. The key tax issues referred to mediation included the treatment of brand expense and management fees. As part of this case, the Company has also decided to allow the Mutual Agreement Procedure (MAP) to be concluded as provided for under the provisions of the Double Taxation Agreement (DTA) between Uganda and South Africa. Although the contingency cancels out from a South Africa Group perspective, it should be noted that the Company holds the view that the URA is unlikely to succeed with their claim and there has been no update on the matter during the year.

ii) The Group is also a defendant in a number of other legal suits. In the opinion of the directors, after taking appropriate legal advice, the outcome of the actions will not give rise to any significant loss.

30 Correction of material error in classification of network soft ware licences

The Company reviewed its asset classification against the MTN Group standard classification and identified misalignments, specifically network software feature licences and hardware activation codes classified under intangible assets instead of Property, plant and equipment (PPE). Network software feature licences and hardware activation codes qualify for classification under PPE because they are integral to the functionality of the network equipment. This misalignment, which represented a material overstatement of intangible assets and an understatement in PPE in 2020 and prior years, was corrected by restating each of the affected financial statement line items for the prior periods as follows:

30 Correction of material error in classification of network soft ware licences (continued)

Statement of financial position (extract)	31 December 2020	(Decrease)/ Increase	31 December 2020 (Restated)	31 December 2019	(Decrease)/ Increase	31 December 2019 (Restated)
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Intangible assets	516,424,533	(98,287,378)	418,137,155	152,313,785	(103,766,724)	48,547,061
Property, plant and equipment	727,131,137	98,287,378	825,418,515	713,879,887	103,766,724	817,646,611
	1,243,555,670	-	1,243,555,670	866,193,672	-	866,193,672

The net book value of the assets is as follows:

	2020	2019
	Shs'000	Shs'000
Cost	198,005,933	176,127,529
Accumulated depreciation	(99,718,555)	(72,360,805)
	98,287,378	103,766,724

Statement of comprehensive income (extract)	2020	Profit Increase/ (Decrease)	2020 (Restated)
	Shs'000	Shs'000	Shs'000
Amortisation	(80,564,364)	29,566,070	(50,998,294)
Depreciation	(249,902,429)	(29,566,070)	(279,468,499)
	(330,466,793)	-	(330,466,793)

31 Related party transactions

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

31 Related party transactions (continued)

i) Sale of goods and services

	2021 Shs'000	2020 Shs'000
Nilecom (U) Limited	**980,905**	1,445,256
MTN Rwandacell	**1,534,496**	1,752,107
MTN South Africa	**154,357**	375,169
MTN Zambia	**671,361**	1,570,330
MTN Swaziland	**331,584**	537,499
MTN Business Solutions Kenya	**563,248**	341,252
MTN Dubai	**-**	18,505
MTN South Sudan	**188,092**	2,261,486
MTN Global Connect Solutions Limited	**76,152,066**	79,506,709
MTN Sudan	**8,594**	8,953
MTN Management Services	**48,087**	233,772
MTN Nigeria	**2,647**	165,983
	80,635,437	88,217,021

ii) Purchase of goods and services

	2021 Shs'000	2020 Shs'000
MTN Rwandacell	**2,319,919**	4,617,829
Belgacom International Carrier Services	**5,537**	57,909
MTN International (Mauritius) Limited	**-**	129,441
MTN Management Services	**-**	105,015
Interserve Overseas Ltd (BVI)	**-**	28,000
MTN South Sudan	**-**	601,047
MTN Global Connect Solutions Limited	**48,780,683**	48,516,893
	51,106,139	54,056,134

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

iii) Management, technical and other fees

	2021 Shs'000	2020 Shs'000
Invesco Uganda Limited	**14,403,618**	1,448,362
MTN International (Mauritius) Limited	**69,029,982**	56,465,783
Global Trading Company	**1,629,632**	2,446,404
	85,063,232	60,360,549

31 Related party transactions (continued)

Management and technical fees are in accordance with agreements between the Group and the respective parties.

The fees to MTN International (Mauritius) Limited are primarily based on revenue. The fees paid to Invesco Uganda Limited and Global Trading Company are fixed but subject to annual revision. The Group terminated its contract with Invesco Uganda Limited in 2021.

The significant increase in the Invesco Uganda Limited fee in 2021 is to reflect the fees for the termination of the Support Services Agreement that was entered into between the Company and Invesco Uganda Limited on 15 May 2013.

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

	2021 Shs'000	2020 Shs'000
a) Receivables from related parties (note 20)		
Belgacom International Carrier Services	-	5,944
MTN Management Services Company	**1,630,176**	3,729,842
MTN Rwandacell	**121,312**	4,144,646
MTN Dubai Limited		268,981
MTN Swaziland	**270,389**	577,329
MTN South Sudan	**36,891**	13,458,882
MTN Zambia	**7,449,939**	6,686,678
MTN Botswana	**46,160**	37,611
MTN Iran	**2,668**	2,611
Nilecom (U) Limited		2,141,118
MTN Nigeria		10,222
MTN Ghana	**7,700**	7,976
MTN Guinea Bissau	**43,062**	7,325
MTN South Africa	**2,350,030**	3,131,364
MTN Business Solutions Kenya	**1,667,972**	1,586,641
MTN Sudan		1,277,070
MTN Liberia	**58,930**	5,857
MTN Conakry	**315,860**	316,750
MTN Congo Brazzaville	**161,668**	82,193
MTN Global Connect Solutions Limited	**14,758,447**	20,298,689
MTN Ivory Coast	-	6,526
MTN Afghanistan Limited	**5,748**	5,950
	28,926,952	57,790,205

31 Related party transactions (continued)

b) Payables to related parties (note 23)

	2021 Shs'000	2020 Shs'000
MTN International (Mauritius) Limited - management fees	**3,862,034**	5,107,343
MTN Dubai Limited	**-**	399,727
Belgacom International Carrier Services	**-**	192,967
MTN South Africa	**14,693**	-
MTN Group Management Services Company	**837,038**	2,858,396
MTN Rwandacell	**150,026**	5,137,695
MTN Ghana	**21,023**	131,112
MTN Global Trading Company	**178,312**	-
MTN Botswana	**7,178**	7,411
MTN Zambia	**8,727**	9,010
MTN Swaziland	**4,024**	4,155
Interserve BV	**1,300,601**	-
MTN Afghanistan Ltd	**17,523**	-
MTN South Sudan	**-**	12,202,839
MTN Irancell	**196,359**	202,737
MTN Global Connect Solutions Limited	**10,557,194**	8,928,171
MTN Congo Brazzaville	**9,846**	-
	-	
	17,164,578	35,181,563

v) Key management compensation

	2021 Shs'000	2020 Shs'000
Short term employee benefits	**8,125,759**	11,673,271
Post-employment benefits	**832,483**	889,423
Notional share options	**199,070**	104,214
	9,157,312	12,666,908

31 Related party transactions (continued)

vi) Contributions to the MTN (Uganda) Limited Staff Provident Fund)

	2021 Shs'000	2020 Shs'000
Employer contributions	**2,828,670**	2,496,147

vii) Contributions to the MTN Foundation

Contributions	**2,970,598**	3,153,709

viii Dividends paid

MTN International (Mauritius) Limited	**221,032,241**	146,909,100
Invesco Uganda Limited	**9,173,999**	6,097,500
Contributions	**230,206,240**	153,006,600

32 Business Reorganisation

The Company undertook the Mobile Financial Services (MFS) business reorganisation to achieve compliance with the National Payments Systems Act 2020 and the National Payments Systems Regulations 2021. The business reorganisation took effect on 1 June 2021 when the Company transferred its MFS business, assets and liabilities to its subsidiary, MTN Mobile Money (U) Limited.

MTN (Uganda) Limited invested Shs 13,035 million in the share capital of MTN Mobile Money (U) Limited through a transfer of cash of Shs 11,050 million and transfer of Property and equipment and intangible assets of Shs 1,985 million. Details of the transfer consideration are as below:

	Shs'000
Ordinary shares issued	**13,034,991**
Cash paid/ to be paid	**47,395,792**
Total transfer consideration	**60,430,783**

The assets and liabilities transferred as a result of the reorganisation are as follows:

	Shs'000
Cash	**11,050,000**
Trade and other receivables	**50,982,804**
Contract assets	**3,216,099**
Mobile money deposits	**581,645,160**
Property and equipment	**150,431**
Intangible assets – software	**1,834,560**
Deferred tax asset	**828,713**
Trade and other payables	**(6,666,654)**
Mobile money deposits	**(581,645,160)**
Provisions	**(965,170)**
Net assets transferred	**60,430,783**

As this was a business combination under common control, in line with the Group's accounting policies, predecessor accounting was applied, with the transaction accounted for prospectively.

33 Going concern

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

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

34 Retirement benefit plans

The Group set up a defined contributory provident fund scheme for its employees in 1999. The provident fund is a defined contribution fund and is designed to provide a lump sum on retirement and not a guaranteed pension. The lump sum is dependent upon the investment performance of the fund. Both employees and the Group contribute to the provident fund on a fixed contribution basis.

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

35 Interest rate benchmarks and reference interest rate reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as the USD LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. There remains some uncertainty around the timing and precise nature of these changes. The IASB 'phase 2' amendments address issues arising during interest rate benchmark reform. They require that for financial instruments measured using amortised cost, measurement changes to the basis for determining the contractual cash flows are reflected by adjusting their effective interest rate. For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient, the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform.

The Company currently has borrowings contracts which reference the USD LIBOR and extend beyond 2021. The Company also has USD lease liabilities discounted at rates based on this benchmark. These contracts are disclosed within the table below:

	2021 Shs'000	2020 Shs'000
Measured at amortised cost:		
Borrowings	**138,206,072**	181,155,128
Lease liabilities	**6,025,033**	8,026,756
Intercompany receivables	**28,926,952**	57,790,205
Intercompany payables	**(17,040,668)**	(35,181,563)
Total liabilities exposed to USD LIBOR	**156,117,389**	211,790,526

The alternative benchmark that the Company will be transitioning to is the Secured Overnight Financing Rate. At the time of reporting, management was in the early stages of managing the transition, considering changes to processes, risk management and valuation models, as well as managing any related tax and accounting implications.

36 Events after the reporting period

There were no adjusting or non-adjusting subsequent events that would have an impact on the financial statements as at 31 December 2021.

37 Non-cash investing and financing activities

	2021 Shs'000	2020 Shs'000
Investing activities		
Right-of-use asset additions	**(178,512,783)**	(67,524,397)
Financing activities		
Bonus share issue	**22,385,280**	-
Lease liabilitiy additions	**178,512,783**	67,524,397
	200,898,063	67,524,397
	22,385,280	-

38 Interests in subsidiaries

Name of entity	Place of business/ country of incorporation	Ownership interest	Principal activities
MTN Publicom (Uganda) Limited	Uganda	99.99%	Dormant entity
MTN Village Phone (Uganda) Limited	Uganda	99.99%	Dormant entity
MTN Mobile Money (U) Limited	Uganda	99.99%	Mobile financial services

The Company invested Shs 13,035 million in the share capital of the business through a transfer of cash of Shs 11,050 million and transfer of Property and equipment and intangible assets of Shs 1,985 million.

39 Impact of COVID-19 pandemic on the business

The pandemic resulted in the implementation of moderate to strict government restrictions since April 2020, following which restrictions began to be eased to varying degrees. We provide commentary on the main considerations arising from COVID-19, the impact on the business as well as the initiatives we have implemented to manage the pandemic's impact. The focus areas on which we provide an update are:

Social

As companies in the telecommunications sector were designated as essential services by the government, our operations have not been significantly disrupted. We continue to prioritise the health of our people and have empowered most of them to work remotely where possible. Our initiatives to manage the impact of the pandemic include: contributions to the Uganda government's efforts through donating motor vehicles, call centre resources and communication lines; a campaign to promote the wearing of masks; and subsidised data bundles to facilitate remote working in the market ("work from home"). In 2020 (April to June), the Company did not charge transaction fees for sending mobile money, and has since reduced charges.

Commercial

The commercial trends have been encouraging, with resilient data and voice traffic generally holding up at higher levels. Within fintech, the overall volume and value of transactions processed through our ecosystem also trended up from month to month. There were cost savings within marketing expenses as promotional activity was disrupted. Roaming revenue and costs were also impacted due to the limited movement of persons across borders.

Network and supply chain

The constraints of the COVID-19 pandemic have delayed the pace of rolling out sites, however our emphasis on the capacity and resilience of connectivity has ensured that our networks continue to remain stable and perform well.

Funding and liquidity

COVID-19 has not had a material impact on the Group's funding or liquidity.

Supplementary Information

10.1 Shareholder Analysis

The Company's top 20 shareholders as of 31 December 2021 were:

Shareholder		Number of shares	% shareholding
1	MTN International (Mauritius) Limited	18,594,809,664	83.05%
2	National Social Security Fund	1,9800,000,000	8.84%
3	Charles Mbire	892,230,775	3.99%
4	National Social Security Fund (Pinebridge)	58,590,000	0.26%
5	Bank of Uganda Defined Benefits Scheme	42,000,000	0.19%
6	National Social Security Fund (Kenya)	39,180,225	0.17%
7	Duet Africa Opportunities Master Fund IC	30,000,000	0.13%
8	EFG Hermes Oman LLC	26,855,500	0.12%
9	First Rand Bank Limited	22,000,000	0.10%
10	Uganda Revenue Authority Staff Benefit Scheme	18,900,000	0.08%
11	Centenary Rural Development Bank Staff Defined Contribution Scheme	17,640,000	0.08%
12	Patel Baloobhai and Patel Amarjeet Baloobhai	15,750,000	0.07%
13	National Social Security Fund Staff Provident Fund	13,650,000	0.06%
14	Sanlam Centre Africa Equity Fund Ltd	13,380,000	0.06%
15	Bank of Uganda Defined Benefits Scheme	12,862,500	0.06%
16	Kuramo Africa Opportunity Master Fund III LP	12,515,000	0.06%
17	Central Bank of Kenya Pension Fund	12,440,000	0.06%
18	Tonny Mpuga Murungi	10,500,000	0.05%
19	Zamara Retirement Fund	9,870,000	0.04%
20	ICEA Life Assurance Company Limited	9,788,100	0.04%
21	Other shareholders	554,907,075	2.48%
	Total	**22,389,044,239**	**100%**

Analysis by size of holding			
Volume	**Number of shares**	**%**	**Holders**
1 – 1000	5,041,342	0.02%	9,171
1,001 – 5,000	12,047,486	0.05%	6,908
5,001 – 10,000	12,459,208	0.06%	2,109
10,001 – 1,000,000	215,760,239	0.96%	3,285
Above 1,000,001	22,143,735,964	98.90%	121
Register totals	**22,389,044,239**	**100%**	**21,594**

10.2 Proxy Form

MTN Uganda Limited ("the Company") (Registration number P.498)
Plot 69/71, Jinja Road
KAMPALA

I/We ____ (Name in block letters)

of ____ (Address in block letters)

being a Member(s) and the holder(s) of __________ ordinary shares of UShs. 1 each in the Company and entitled to vote hereby appoint:

1 ______________________________ or, failing him/her

2 ______________________________ or, failing him/her

3 ______________________________ the Chairperson of the general meeting,

as my/our proxy to vote for me/us and on my/our behalf at the general meeting of Members to be held on 27 May 2022 at Plot 69/71 Jinja Road, Kampala at 10.00 a.m, and at any adjournment thereof as follows:

	Number of votes for*	***Number of votes against****	***Abstain****
Adoption of audited financial statements for the year ended 31 December 2021:			
Approval and declaration of a final dividend of UGX 4.706 per ordinary share for the year ended 31 December 2021:			
Approval of the re-appointment of PricewaterhouseCoopers Certified Public Accountants as the external auditor of the Company for the audit relating to the financial year ending 31 December 2022:			
Approval of the remuneration of the non-executive directors of the Company:			

**** Insert a cross or tick or number of votes. If no options are marked, the proxy can vote as he/she deems fit.***

Signed at ____________________ on ____________________ 2022

Assisted by (where applicable) (State capacity and full name)

____

Please provide contact details:

Tel: ______________________________________

E-mail: ____________________________________

Notes

(1) A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space provided. The person whose name stands first on the proxy form and who is present at the general meeting first will be entitled to act as proxy to the exclusion of those whose names follow.

(2) To be effective, completed proxy forms must be lodged by not later than 10:00 am on 25 May 2022 at:

(a) MTN Uganda head office at Plot 69/71, Jinja Road, Kampala, Uganda; or

(b) the offices of the Share Registrar, Uganda Securities Exchange Nominees Limited (SCD Registrars) at Plot 3-5 New Port Bell Road, UAP Nakawa Business Park, Block A, 4th Floor, Kampala, Uganda.

(3) The completion and lodging of this form of proxy will not prevent the shareholder from attending the general meeting and speaking and voting in person at the general meeting instead of the proxy.

(4) The Chairperson of the general meeting may accept or reject any proxy form which is completed and/or received other than in compliance with these notes.

(5) The signatories must initial any alteration to this proxy form, other than the deletion of alternatives.

(6) If the appointer of a proxy is a corporate entity, the proxy form must be executed under the seal of the corporate entity or under the hand of a director or an officer or attorney duly authorised by that corporate entity.

(7) Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this proxy form. In the case of a company or an unincorporated body or association, a resolution of the board or equivalent body shall be required.

(8) Where there are joint holders of ordinary shares any one holder may sign the proxy form; and the vote of the senior shareholder (for that purpose seniority will be determined by the order in which the names of the shareholders who tender a vote (whether in person or by proxy) appear in the Company's register) will be accepted as to the exclusion of the vote(s) of the other joint shareholders.

10.3 Corporate Information

MTN Uganda Corporate Information

Registered Business Address	Plot 69/71, Jinja Road, Kampala
Directors	Mr. Charles Mbire Ms. Karabo Nondumo Ms. Yolanda Cuba Mr. Sugentharen Perumal Mr. Wim Vanhelleputte Mr. Andrew Bugembe
Company Secretary	Ms. Enid Edroma Plot 69/71, Jinja Road Kampala
Auditors	PricewaterhouseCoopers CPA 1 Colville Street, Communications House, 10th Floor Kampala
Share Registrars	Uganda Securities Exchange Nominees Limited / SCD Registrars Plot 3-5 New Port Bell Road, UAP Nakawa Business Park, Block A, 4th Floor Kampala


What are we doing today?


Doing dares to take the gap
Doing is always ready, eager and amped.
Doing doesn't like to nod off, slumber or sleep in.
You just can't stop Doing from doing its thing.
So, *What are we doing today?*
MTN

MTN Uganda Ltd.

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