MTN Uganda Limited

Interim Financial Results

For the six months ended 30 June 2022

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MTN UGANDA LIMITED FINANCIAL RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

Kampala, Uganda | Thursday 4 August 2022

MTN Uganda Limited (MTN Uganda) today announces its financial results for the six months ended 30 June 2022.

Salient features:

- Mobile subscribers increased by 8.9% to 16.3 million
- Active data subscribers grew by 21.8% to 5.7 million
- Active fintech subscribers increased by 14.1% to 9.8 million
- Service revenue grew by 10.0% to Ush 1,087.3 billion
- Data revenue grew by 36.8% to Ush 237.6 billion
- Fintech revenue grew by 20.5% to Ush 302.1 billion
- Earnings before interest, tax, depreciation, and amortization (EBITDA) grew by 7.2% to Ush 548.7 billion
- EBITDA margin down by 1.3 percentage points (pp) to 50.2%
- Capital expenditure excluding right of use assets for the period increased by 30.7% to Ush 201.7 billion
- Profit After Tax (PAT) increased by 48.1% to Ush 193.6 billion
- 1st interim dividend declared for the FY 2022 is Ush 5.0 per share (Ush 111.95 billion)

Unless otherwise stated, financial and non-financial growth rates are presented on a year-on-year basis (YoY, 6M to 30 June 2022 versus 6M to 30 June 2021, H1 2022 versus H1 2021)

Service revenue excludes device and SIM card revenue. Data revenue is mobile and fixed access data and excludes roaming and wholesale. Fintech includes MoMo, insurance, airtime lending and e-commerce. Active mobile users is a count of all subscribers at a point in time which had a revenue generating event in the specified period of time (90 days) prior to that point in time. Active data users is a count of subscribers who during the past 30 days had data usage greater than or equal to 5 megabytes. Active fintech users is a count of subscribers who have transacted on the platform during the past 30 days.

MTN Uganda outgoing Chief Executive Officer (CEO), Wim Vanhelleputte comments:

MTN Uganda delivered a resilient half-year performance amidst a difficult macroeconomic environment, characterised by increased inflationary and currency pressures. This has largely been influenced by higher fuel prices, rising domestic food crop prices due to dry weather conditions across the country, as well as persistent global production and supply chain challenges. The combination of these factors has had a significant impact on the spending power of our customers in the period under review.

Against this backdrop, we have sustained investment in our business with capex of Ush 201.7 billion in H1, which underpinned the resilience and quality of the network serving our customers. During the period, MTN Uganda was recognised as the *Best Performing Data & Voice Network* in Uganda, having attained the highest Network Performance Score for the past two consecutive years.

MTN Uganda was also recognised as the *Most Admired Brand* in Uganda by Brand Africa 100 for the second year in a row. Brand Africa believes that developing successful brands in Africa will create jobs, fund Africa's development and position Africa as an entrepreneurial, independent, and competitive continent. We are humbled by the impact being made by the MTN Uganda brand in transforming the lives of Ugandans.

Our investment, leading brand and continued execution of our commercial strategy has enabled us to increase our subscriber base by 8.9% to 16.3 million, maintaining our market leadership. Our active data subscriber base grew by 21.8% to 5.7 million enabled by the improved quality of network and data service to our customers. The growth in our data users and traffic was also boosted by increased 4G coverage, which reached 67.7% (up 15.4pp, YoY) population coverage as of 30 June 2022.

Within our platforms, we grew fintech subscribers by 14.1% to 9.8 million as we execute on our stated objective to deepen financial inclusion. In line with our strategic priority to also accelerate advanced services in fintech, MTN Uganda has partnered with Jumo to offer micro loans on mobile money through our MoSente product. MoSente is a convenient service that enables MTN customers to access credit facilities. The partnership will allow for more short-term borrowing options for customers in addition to our MoKash product (savings and lending) and MoMo Advance product (overdraft facility), both in partnership with NCBA bank.

Our solid commercial and strategic execution has enabled us to achieve double-digit service revenue growth of 10.0% in a difficult operating environment. This is in line with our medium-term target, largely anchored on the strong performances of our data and mobile money revenue segments.

We reported EBITDA of Ush 548.7 billion (up 7.2% YoY) with a 1.3pp decline in EBITDA margin to 50.2%. The margin decline was largely driven by increased operational costs, including additional costs related to the separation of the mobile money subsidiary to operate as a fully independent company in line with our Ambition 2025 strategy.

MTN Uganda's commitment to achieve net zero emissions by 2040 underpins our Environmental Social and Governance (ESG) principles premised on the belief that the Company's growth and success should not come at the expense of the planet. In this regard we have partnered with Ubuntu Towers Uganda and the American Tower Company (ATC) to connect all our network sites to the hydro-electricity grid. This year, we plan on connecting a total of 250 sites.

In alignment with our goal to create shared value, we resumed our *21 days of Y'ello Care* campaign under the theme "Empowering communities to drive economic recovery". MTN Uganda staff had the opportunity to upskill local communities focusing on digital skills training and digital job creation across the country. We are committed to playing our part in supporting Uganda and its people through the challenging macroeconomy to accelerate the economic recovery.

Amidst the operating challenges, we commit to executing our strategy to sustain service revenue growth in the low double-digits, as well as extract efficiencies to drive operating leverage and to support solid earnings, cash flows and returns profile over the medium term.

Finally, we have also communicated executive management changes for MTN Uganda. Ms. Sylvia Mulinge will join the Company from 1 October 2022 as the CEO, as I have taken up a new role within the MTN Group as the Operating Executive for the West and Central Africa (WECA) markets of Liberia, Guinea-Conakry, Guinea-Bissau, and Congo-Brazzaville. I thank the shareholders and Board of directors for the opportunity to serve the Company, its customers, and other stakeholders. I wish Ms. Mulinge and the staff at MTN Uganda the very best as they take the Company forward. In the interim, the current Chief Financial Officer, Mr. Andrew Bugembe, will serve as the Acting CEO effective 1 August 2022 until 30 September 2022.

Key financial and operational highlights

Ush (in millions)	30-Jun-22	30-Jun-21	YoY
Total Revenue	**1,094,031**	**994,306**	**10.00%**
Service Revenue	1,087,299	988,729	10.00%
Other Income	713	-	-
Expenses	546,038	482,306	13.20%
EBITDA	**548,706**	**512,000**	**7.20%**
EBITDA Margin	*50.20%*	*51.50%*	*-1.3pp*
Depreciation & Amortisation	195,475	229,182	-14.70%
Net Finance Costs	77,588	74,719	3.80%
Profit Before Tax (PBT)	275,643	208,100	32.50%
Taxation	82,083	77,402	6.05%
Profit After Tax (PAT)	**193,560**	**130,698**	**48.10%**
Earnings Per Share	*8.65*	*5.84*	*48.10%*
CAPEX	201,688	154,356	30.70%
Capex Intensity	*18.44%*	*15.52%*	*2.9pp*
Non-Financials			
Overall Mobile Subscribers	16,255	14,932	8.90%
Data Subscribers	5,694	4,676	21.80%
Fintech Subscribers	9,806	8,595	14.10%

Note:
CAPEX excludes right of use assets

Resilient results in a challenging trading environment

Service revenue recorded a resilient performance with a 10.0% increment underpinned by strong growth in our data and fintech revenue segments. Our top line performance was further supported by an improvement in customer experience evidenced by the increase in our customer Net Promoter Score (+2.6pp) on a year-on-year basis.

Voice revenue declined by 4.9% as a result of reduced spend by our subscribers, particularly our rural client base, reflecting the macroeconomic pressures on our customer’s spending power. Voice revenue growth was also impacted by the substitution effect of consumers’ structurally higher demand for data services.

We continue to leverage our Customer Value Management (CVM) models to create more affordable products to mitigate the macroeconomic pressures felt by our consumers and protect our voice revenue base. The voice contribution to service revenue declined to 45.8% (H1 2021: 52.9%) in favour of increased contributions from higher growth services like data and mobile money.

Data revenue increased by 36.8%, supported by a 21.8% growth in active data users. We have made significant progress in our fibre to the home and business propositions and restructured our internet bundles to drive competitiveness. Our home broadband revenues have doubled on a YoY basis and our reach has increased to approximately 66,500 users. The data contribution to service revenue increased to 21.9% (H1 2021: 17.6%).

Fintech revenue grew by 20.5% as our mobile money active subscribers increased by 14.1%. We recorded an improved performance in our advanced revenues attributed to strong growth of our corporate payment services and remittances portfolios. Our basic revenues also continued to grow, boosted by our customer rewards campaign, *MoMoNyabo Waaka***,** which supported transaction growth on the platform.

Our total transaction value (excluding zero rated transactions) increased by 33.9% on a YoY basis to Ush 34.6 trillion. We also note an increase in our agents to 171k (+17.8%) and merchants to 82k (+132.7%), which have played an important role in the growth and scale of our fintech business. The fintech contribution to service revenue increased to 27.8% (H1 2021: 25.4%).

Digital revenue increased by 9.9% driven by positive performance from our gaming services and more than two-fold growth in our video streaming services (YoTV). Our growing youth-led subscriber base provides an encouraging foundation for the sustained growth of our digital business over the medium-term.

EBITDA was affected by a 13.2% growth in our expenses largely attributed to our network related leases (higher fuel prices accounted for Ush 7.4bn) as well as set-up costs related to the structural separation of the mobile money subsidiary and other once-off costs totalling Ush 7.7 billion. Nevertheless, EBITDA grew by 7.2% YoY and realised an EBITDA margin of 50.2%.

Our **CAPEX** investments have been deployed towards infrastructure modernisation to enhance efficiencies and align with our ESG goals on environmental sustainability. With the sustained increase in the demand for data, we increased our 4G sites by 55% to improve the quality of service, which has supported our customer growth. We have also increased our fibre footprint in strategic locations by 540km this year in alignment with our goal to "Own the Home" through differentiated value propositions, creating experiences that position MTN as the broadband service provider of choice.

The CAPEX growth of 30.7% YoY to Ush 201.7 billion is attributed to accelerated CAPEX in response to forex and global supply chain risks. It is also partially attributable to the base effects of a lower investment made the previous year. The increased investment impacted on our free cash flow, which declined by 3.0% YoY in H1. We expect free cash flow to improve into the second half of the year as capex abates. Accordingly, we anticipate that our capex intensity, which increased by 2.9pp to 18.4% in H1, to be lower by the end of FY 22.

Depreciation and amortisation decreased by 14.7% as the previous year position included a once-off amortisation adjustment relating to the transitional licence obligations (Ush 48 billion).

As a result, **Profit After Tax** increased by 48.1% YoY to Ush 193.6 billion, and in line with our dividend policy, the board has approved an interim dividend of Ush 5.0 per share to be paid at the end of September 2022.

Outlook

MTN Uganda is not immune to the current macro environment and continues to face strong headwinds related to forex, increasing inflation, financing costs, diesel/petrol prices and the impact of global supply chain disruptions, these will obviously have more pressure on both our business and customers.

The spill over effects of the Russian-Ukrainian war and "zero COVID" policy in China have caused global supply chain disruptions. We remain committed to addressing these challenges through advance procurement and long-term planning for orders of devices and other equipment to mitigate against potential shortages and future price increases.

Engagements with the regulator are ongoing to secure more spectrum in the 700/800 MHz bands, which will enable more efficient investment to improve the coverage, capacity and quality of our network. The modernisation of our infrastructure should improve our service delivery to enhance our customer experience. Our commitment to meeting our customers' needs remains, and we will continue to invest in our 4G network investment to drive increased population coverage as well as data connectivity and voice traffic. On our current planning and assumptions, we anticipate closing the FY 22 with a capex intensity closer to the mid-teens.

Under fintech, we continue to focus on driving financial inclusion in Uganda through growth in the active user base as well as engagement and activity. To support this, one of the key engagements with the regulators and other key stakeholders is the current 0.5% withdrawal tax which continues to adversely impact activity in the ecosystem, especially among our large-volume customers. Our work with fintech industry stakeholders, including comprehensive information and fraud awareness campaigns, will ensure that financial inclusion in the country grows in a way that preserves the integrity and trust of the industry.

We are committed to the continued execution of our Ambition 2025 strategy to drive sustained growth, underpinned by investment in our network and platforms. We maintain our target to grow service revenue in the low double-digits over the medium-term.

Interim dividend recommendation

Notice is hereby given that the company’s directors have approved the payment of an interim dividend of Ush 5.0 per share (Ush 111.95 billion) for the six months ended 30 June 2022. This is subject to deduction of withholding taxes. The number of ordinary shares in issue at the date of this declaration is 22,389,044,239.

In compliance with the requirements of USE Listing Rules 2021, the salient dates relating to the payment of the dividend are as follows:

Book Closure Date	**Thursday, 1 September 2022**
Dividend Payment Date	**Friday, 30 September 2022**

In line with the Uganda Securities Exchange (USE) Trading Rules 2021, the ex-dividend date will be Monday, 29 August 2022. Accordingly, an investor who buys MTN Uganda shares before this date will be entitled to the interim dividend. Any investor buying MTN Uganda shares after Monday, 29 August 2022 will not be entitled to the interim dividend declared for the period.

On Friday, 30 September 2022 the dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders.

Wim Vanhelleputte
Out-going Chief Executive Officer

Andrew Bugembe
CFO/Executive Director

The financial statements were approved by the Board of Directors on Wednesday, 3 August 2022 and signed on its behalf by:

Charles Mbire
Board Chairperson

Andrew Bugembe
Executive Director

Contact

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About MTN Uganda

MTN Uganda is one of Africa's largest providers of communications services, connecting approximately 15 million people in communities across the country with each other and the world. Guided by a vision to lead the delivery of a bold new digital world, MTN Uganda's leadership position in coverage, capacity and innovation has remained constant since its launch in 1998. MTN Uganda is part of the MTN Group – a multinational telecommunications group, which operates in 21 countries in Africa and the Middle East.

Statement of Directors' Responsibilities

The directors accept responsibility for the Condensed Consolidated Interim Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IAS 34 Interim Reporting and the requirements of the USE Listing Rules 2021. The directors are of the opinion that the Condensed Consolidated Interim Financial Statements, which have been prepared in accordance IAS 34 Interim Reporting and the USE Listings Rules 2021, give a true and fair view of the Group's state of the financial affairs and its profit for the period. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the Condensed Consolidated Interim Financial Statements, as well as responsibility for such internal control that the directors determine is necessary to enable the preparation of Condensed Consolidated Interim 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 Condensed Consolidated Interim 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 reviewed the Condensed Consolidated Interim Financial Statements and their report is presented on page 8. The Condensed Consolidated Interim Financial Statements which are set out on pages 9 to 35 were approved for issue by the Board of Directors on 3 August 2022 and are signed on its behalf by:

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Chairman	**Director**

REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF MTN (UGANDA) LIMITED

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of MTN (Uganda) Limited and its subsidiaries (together the 'Group') as at 30 June 2022 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

The Engagement Partner on the review engagement resulting in this independent auditor's report is CPA Cedric Mpobusingye - P0213.

PricewaterhouseCoopers

Certified Public Accountants
Kampala
3 August 2022

CPA Cedric Mpobusingye

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Condensed Consolidated Statement of Comprehensive Income

	Notes	30 June 2022 6 months Reviewed Shs'000	30 June 2021 Restated 6 months Reviewed Shs'000	31 December 2021 12 months Audited Shs'000
Revenue from contracts with customers	7	**1,094,031,044**	994,306,081	2,060,086,932
Other income		**712,876**	-	-
Direct network operating costs		**(134,930,071)**	(118,974,407)	(237,846,075)
Government and regulatory costs		**(27,722,345)**	(28,509,483)	(53,115,865)
Cost of handsets and other accessories sold		**(8,664,626)**	(6,944,880)	(22,613,391)
Interconnect and roaming		**(24,322,570)**	(33,381,641)	(62,075,504)
Employee benefits		**(59,751,836)**	(51,695,048)	(105,422,345)
Selling, distribution and marketing expenses		**(200,508,078)**	(161,173,062)	(358,212,198)
(Increase)/ decrease in impairment of trade receivables		**(5,456,410)**	(6,094,943)	(9,230,223)
Other operating expenses		**(84,681,636)**	(75,532,052)	(153,995,224)
Depreciation and impairment of property, plant and equipment	15	**(156,206,332)**	(146,659,935)	(303,600,259)
Amortisation of intangible assets	16	**(39,268,910)**	(82,521,927)	(117,699,567)
Operating profit		**353,231,106**	282,818,703	636,276,281
Finance income	10	**12,275,923**	2,222,566	22,501,091
Finance costs	10	**(89,863,555)**	(76,941,452)	(167,834,272)
Profit before tax		**275,643,474**	208,099,817	490,943,100
Income tax expense	9(b)	**(82,083,195)**	(77,401,652)	(150,532,726)
Profit for the year		**193,560,279**	130,698,165	340,410,374
Other comprehensive income for the year net of tax		**-**	-	-
Total comprehensive income for the year		**193,560,279**	130,698,165	340,410,374
Basic/diluted earnings per share	11	**9**	**6**	15

See note 27 for details regarding the restatement as a result of an asset reclassification.

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2022 6 months Reviewed Shs'000	30 June 2021 Restated 6 months Reviewed Shs'000	31 December 2021 12 months Audited Shs'000
Assets				
Non-current assets				
Property, plant and equipment	15(a)	**935,779,083**	856,232,548	863,704,661
Right-of-use assets	15(b)	**724,941,291**	599,141,950	636,870,389
Intangible assets	16	**375,452,730**	411,784,924	382,814,913
Receivables and prepayments		**49,880,319**	58,345,106	53,073,072
Deferred Tax assets	14	**20,927,612**	-	6,456,748
Contract assets		**9,747,912**	7,101,003	9,564,790
		2,116,728,947	1,932,605,531	1,952,484,573
Current assets				
Current income tax recoverable	9(b)	**12,355,416**	2,187,910	2,351,797
Short-term investments	20	**11,000,000**	-	-
Inventories	17	**20,917,036**	10,298,761	7,810,731
Trade and other receivables	18	**176,451,014**	204,154,932	176,992,789
Contract assets		**9,023,451**	6,710,556	9,949,198
Mobile money deposits	19	**1,096,360,863**	680,564,789	959,991,495
Cash and cash equivalents		**140,396,623**	145,261,279	188,814,310
		1,466,504,403	1,049,178,227	1,345,910,320
Total assets		**3,583,233,350**	2,981,783,758	3,298,394,893
Equity				
Ordinary share capital	12	**22,389,044**	3,764	22,389,044
Retained earnings		**901,967,263**	743,126,898	813,769,826
		924,356,307	743,130,662	836,158,870
Liabilities				
Non-current liabilities				
Deferred income tax liability	14	**-**	3,777,003	-
Lease liabilities	15(b)	**733,671,044**	581,096,305	627,943,283
Borrowings	23	**125,211,470**	209,010,781	165,460,344
Provisions	22	**22,036,166**	16,463,235	23,185,594
		880,918,680	810,347,324	816,589,221
Current liabilities				
Borrowings	23	**166,935,017**	148,306,730	198,693,425
Lease liabilities	15(b)	**110,152,326**	93,648,304	104,276,553
Trade and other payables	21	**373,999,863**	466,307,714	351,713,442
Mobile money deposits	19	**1,096,360,863**	680,564,789	959,991,495
Contract liabilities		**11,022,112**	23,453,531	7,709,821
Provisions	22	**19,488,182**	16,024,704	23,262,066
		1,777,958,363	1,428,305,772	1,645,646,802
Total liabilities		**2,658,877,043**	2,238,653,096	2,462,236,023
Total equity and liabilities		**3,583,233,350**	2,981,783,758	3,298,394,893

See note 27 for details regarding the restatement as a result of an asset reclassification.

Condensed Consolidated Statement of Changes in Equity

	Ordinary share capital Shs'000	Retained earnings Shs'000	Total equity Shs'000
Period ended 30 June 2021			
At start of year	3,764	725,950,972	725,954,736
Comprehensive income:			
Profit for the year	-	130,698,165	130,698,165
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	130,698,165	130,698,165
Transactions with owners:			
Dividends declared (note 13)	-	(113,522,239)	(113,522,239)
At end of the period	3,764	743,126,898	743,130,662
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 13)	-	(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
Period ended 30 June 2022			
At start of year	**22,389,044**	**813,769,826**	**836,158,870**
Comprehensive income:			
Profit for the year	**-**	**193,560,279**	**193,560,279**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**193,560,279**	**193,560,279**
Transactions with owners:			
Dividends paid (note 13)	**-**	**(105,362,842)**	**(105,362,842)**
At end of the period	**22,389,044**	**901,967,263**	**924,356,307**

Condensed Consolidated Statement of Cash Flows

	Notes	30 June 2022 6 months Reviewed Shs'000	30 June 2021 Restated 6 months Reviewed Shs'000	31 December 2021 12 months Audited Shs'000
Operating activities				
Cash generated from operations	24	**565,092,854**	630,154,882	1,092,317,616
Interest received	10	**3,392,001**	2,222,566	5,314,139
Interest paid on borrowings	23	**(15,071,889)**	(17,158,066)	(31,861,851)
Interest paid on lease liabilities	15(b)	**(63,256,655)**	(55,304,724)	(115,043,904)
Dividends paid	13	**(105,362,842)**	(113,522,239)	(230,206,240)
Income tax paid	9(b)	**(106,557,678)**	(88,452,017)	(171,980,729)
Net cash generated from operating activities		**278,235,791**	357,940,402	548,539,031
Cash flow from investing activities				
Purchase of property, plant and equipment	15(a)	**(182,227,469)**	(124,823,692)	(212,796,427)
Proceeds from disposal of property, plant and equipment		**1,277,145**	2,815,822	2,942,523
Purchase of intangible assets	16	**(19,460,449)**	(76,168,177)	(106,618,286)
Net cash used in investing activities		**(200,410,773)**	(198,176,047)	(316,472,190)
Financing activities				
Repayments of borrowings	23	**(78,663,263)**	(27,644,088)	(70,777,880)
Proceeds from borrowings	23	**-**	-	50,000,000
Repayments of lease liability		**(42,638,584)**	(41,587,831)	(79,321,550)
Net cash used in financing activities		**(121,301,847)**	(69,231,919)	(100,099,430)
Net increase in cash at bank and in hand		**(43,476,829)**	90,532,436	131,967,411
Movement in cash at bank and in hand				
At start of year		**188,814,310**	59,170,525	59,170,525
(Decrease)/ Increase		**(43,476,829)**	90,532,436	131,967,411
Exchange losses on cash at bank and in hand		**(4,940,858)**	(4,441,682)	(2,323,626)
At end of period		**140,396,623**	145,261,279	188,814,310

See note 27 for details regarding the restatement as a result of an asset reclassification.

1 Independent review

The directors of the Company take full responsibility for the preparation of the Condensed Consolidated Interim Financial Statements. The Condensed Consolidated Interim Financial Statements have been reviewed by PricewaterhouseCoopers, Certified Public Accountants who have expressed an unmodified conclusion thereon. The auditors have performed their review in accordance with International Standard on Review Engagements (ISRE) 2410 Review of interim financial information performed by the independent auditor of the entity.

2 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 Group's ultimate parent and holding company, which is incorporated in the Republic of South Africa and is listed on the Johannesburg Stock Exchange Limited.

3 Basis of preparation

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2022 have been prepared in accordance with the requirements of the USE Listing Rules for interim financial statements. The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS.

4 Principal accounting policies

The accounting policies applied in the preparation of the Condensed Consolidated Interim Financial Statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

A number of amendments to accounting pronouncements are effective from 1 January 2022, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements. These are as summarised below:

- Annual Improvements to IFRS Standards 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 on or after 1 January 2022.

- Amendments to IAS 37 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 on or after 1 January 2022.

4 **Principal accounting policies (continued)**

- 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 on or after 1 January 2022.

- Amendment to IFRS 3, 'Business combinations' – refers 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 beginning on or after 1 January 2022.

5 **Financial risk management**

The Group 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 condensed information about the Group's exposure to each of the above risks.

Market risk

(i) Foreign exchange risk

The Group 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.

At 30 June 2022, if the Shilling had weakened/strengthened by 5% (2021: 5%) against the US dollar with all other variables held constant, post-tax profit for the year would have been
Shs 1,936 million lower/higher (June 2021: Shs 4,064 million), mainly as a result of US dollar receivables, payables, borrowings and bank balances.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

At 30 June 2022, an increase/decrease of 5% in the interest rate would have resulted in a decrease/increase in post-tax profit impact of Shs 505 million (June 2021: Shs 600 million).

Credit risk

Credit risk arises from cash and cash equivalents, short-term investments, 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.

Impairment of financial assets:

Trade receivables, contract assets, Mobile money deposits, short-term investments and cash and cash equivalents are all subject to the impairment requirements of IFRS 9. The impairment provisions are computed using the Expected Credit Loss (ECL) model.

5 Financial risk management (continued)

Credit risk (continued)

The amount that best represents the Group's maximum exposure to credit risk at 30 June 2022 is made up as follows:

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Cash and cash equivalents	**140,396,623**	145,261,279	188,814,310
Short-term investments (note 20)	**11,000,000**	-	-
Mobile money deposits (note 19)	**1,096,360,863**	680,564,789	959,991,495
Trade receivables (note 18)	**58,261,319**	108,637,517	88,874,384
Other receivables (note 18)	**33,088,619**	20,498,654	20,347,002
Non-current trade receivables	**8,670,951**	13,299,947	9,030,717
Receivables from related companies (note 28(iv)(b))	**34,709,421**	36,174,311	28,926,952
	1,382,487,796	1,004,436,497	1,295,984,860

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.

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. 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.

	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	More than 5 years Shs'000
At 31 December 2021:				
- trade and other payables	**351,713,442**	**-**	**-**	**-**
- mobile money deposits	**959,991,495**	**-**	**-**	**-**
- borrowings	**227,045,752**	**110,380,674**	**84,692,188**	**-**
- lease liabilities	**129,486,429**	**175,474,768**	**309,540,148**	**366,090,378**
	1,668,237,118	**285,855,442**	**394,232,336**	**366,090,378**

5 Financial risk management (continued)

Liquidity risk (continued)

	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Between 2 and 5 years Shs'000
At 30 June 2021:				
- trade and other payables	466,307,714	-	-	-
- mobile money deposits	680,564,789	-	-	-
- borrowings	151,508,316	102,481,803	151,354,295	-
- lease liabilities	198,690,435	158,202,014	302,191,059	391,467,681
	1,497,071,254	260,683,817	453,545,354	391,467,681

	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Between 2 and 5 years Shs'000
At 30 June 2022:				
- trade and other payables	373,999,863	-	-	-
- mobile money deposits	1,096,360,863	-	-	-
- borrowings	226,684,982	91,665,105	51,547,933	-
- lease liabilities	110,152,326	68,362,759	135,788,719	529,519,566
	1,807,198,034	160,027,864	187,336,652	529,519,566

Financial instruments by category	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Financial assets at amortised cost			
Cash and cash equivalents	**140,396,623**	145,261,279	188,814,310
Short-term investments (note 20)	**11,000,000**	-	-
Mobile money deposits (note 19)	**1,096,360,863**	680,564,789	959,991,495
Non-current trade receivables and other receivables	**8,670,951**	13,299,947	9,030,717
Trade and other receivables	**126,059,359**	165,310,482	138,148,338
	1,382,487,796	1,004,436,497	1,295,984,860
Financial liabilities at amortised cost			
Trade and other payables	**373,999,863**	466,307,714	351,713,442
Mobile money deposits	**1,096,360,863**	680,564,789	959,991,495
Borrowings	**292,146,487**	357,317,511	364,153,769
Lease liabilities	**843,823,370**	674,744,609	732,219,836
	2,606,330,583	2,178,934,623	2,408,078,542

5 Financial risk management (continued)

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 30 June 2022, 31 December 2021 and 30 June 2021. As such, there were no movements between levels in 2021 and 2022. The carrying amount of other financial assets and financial liabilities is a reasonable approximation of their fair value.

Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Group 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 Group does not have a target gearing ratio or externally imposed capital requirements. The gearing ratios at 30 June 2022 and 30 June 2021 and 31 December 2021 were as follows:

	June 2022 6 months Reviewed Shs'000	**June 2021 6 months Reviewed Shs'000**	**Dec 2021 12 months Audited Shs'000**
Total borrowings and lease liabilities	**1,135,969,857**	1,032,062,120	1,096,373,605
Less: cash and cash equivalents	**140,396,623**	145,261,279	188,814,310
Net debt	**995,573,234**	886,800,841	907,559,295
Total equity	**924,356,307**	743,130,662	836,158,870
Total capital	**1,919,929,541**	1,629,931,503	1,743,718,165
Gearing ratio	**52%**	54%	52%

6 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.

6 Critical accounting estimates and judgements (continued)

(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 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.

(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.

7 Revenue from contracts with customers

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:

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Network services	**713,985,945**	677,203,002	1,381,281,155
Interconnect and roaming	**45,690,037**	46,980,450	91,297,270
Mobile devices	**6,731,969**	5,576,618	19,859,731
Digital and fintech services	**303,953,978**	252,312,398	529,748,593
Other revenue	**23,669,115**	12,233,613	37,900,183
	1,094,031,044	994,306,081	2,060,086,932

Network services, interconnect and roaming, digital services and other revenue are recognised over time, whereas mobile devices are recognised at a point in time. Other revenue mostly relates to IT services provided to MTN Zambia and MTN Swazi.

8 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 EXCO primarily focuses on revenue at the segment level. The structure of the business is such that the assets and liabilities are primarily utilised across the segments, so are reviewed for the entire company.

The reportable segments are identified as below:

(i) Consumer – This comprises of prepaid subscriber revenue.

(ii) Enterprise Business Unit – This comprises of 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 Shs'000**	**Enterprise Business Unit Shs'000**	**Wholesale & Carrier services Shs'000**	**Mobile Financial services Shs'000**	**Total Shs'000**
June 2022 Revenue*	**663,005,861**	**75,296,750**	**53,421,139**	**302,307,294**	**1,094,031,044**
June 2021 Revenue	622,232,783	69,137,077	52,293,193	250,643,028	994,306,081
Dec 2021 Revenue	1,289,503,971	142,135,119	103,022,000	525,425,842	2,060,086,932
June 2022 EBITDA					**548,706,348**
June 2021 EBITDA					512,000,565
Dec 2021 EBITDA					1,057,576,107
June 2022 Profit After Tax					**193,560,279**
June 2021 Profit After Tax					130,698,165
Dec 2021 Profit After Tax					340,410,374

* Revenue refers to Revenue from external customers.

9 Profit and loss information

a) Significant items

	June 2022 6 months Reviewed Shs'000	**June 2021 6 months Reviewed Shs'000**	**Dec 2021 12 months Audited Shs'000**
Profit for the half year includes the following items that are unusual because of their nature, size and incidence:			
Expenses			
Regulatory fees	-	48,348,675	-
	-	48,348,675	-

The Shs 48 billion regulatory fees relate to the license fee for the 20-month transition period from October 2018 to June 2020. This license fee is recorded under amortisation of intangible assets for the six months ended 30 June 2021.

9 Profit and loss information (continued)

b) Income tax

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Current income tax	**96,554,059**	83,489,802	166,854,627
Deferred income tax credit (note 14)	**(14,470,864)**	(6,088,150)	(16,321,901)
	82,083,195	77,401,652	150,532,726

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

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Profit before income tax expense	**275,643,474**	208,099,817	490,943,100
Tax calculated at a rate of 30% (2021: 30%)	**82,693,042**	62,429,945	147,282,930
Tax effect of:			
- expenses not deductible for tax purposes	**261,157**	15,510,270	3,656,459
- prior year under/ (over) provision of current income tax	**(62,776)**	-	94,563
- prior year under provision of deferred income tax	**(808,228)**	(538,563)	(501,226)
Income tax expense	**82,083,195**	77,401,652	150,532,726

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

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
At the start of the year	**(2,351,797)**	2,774,305	2,774,305
Current income tax charge	**96,554,059**	83,489,802	166,854,627
Tax paid	**(106,557,678)**	(88,452,017)	(171,980,729)
At the end of the year	**(12,355,416)**	(2,187,910)	(2,351,797)

10 Finance income/ (costs)

Finance costs:			
- Interest expense and other charges on borrowings	**(14,420,689)**	(17,128,574)	(32,389,113)
- Interest expense on lease liabilities	**(61,371,324)**	(55,304,724)	(115,043,904)
- Other interest expenses	**(247,073)**	(66,471)	(73,783)
- Foreign exchange losses	**(13,824,469)**	(4,441,683)	(20,327,472)
	(89,863,555)	(76,941,452)	(167,834,272)

10	Finance income/ (costs) (continued)	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
	Finance income:			
	- Interest income	**3,392,001**	2,222,566	5,314,139
	- Foreign exchange gains	**8,883,922**	-	17,186,952
		12,275,923	2,222,566	22,501,091

11 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 is 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 12) was a result of a bonus share 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 2021.

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Weighted average number of shares at 30 June 2022, 2021 and 31 December 2021	**22,389,044**	22,389,044	22,389,044
Profit attributable to shareholders	**193,560,279**	130,698,165	340,410,374
Basic/ Diluted Earnings per share	**9**	6	15

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.

12 Share capital	June 2022 6 months Reviewed		June 2021 6 months Reviewed		Dec 2021 12 months Audited	
	Number of shares	Ordinary share capital Shs'000	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	28,000,000,000	28,000,000
Issued and fully paid:						
Ordinary shares	**22,389,044,239**	**22,389,044**	3,764	3,764	22,389,044,239	22,389,044

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 Group's Initial Public Offer:

a) By a share sub-division, the Group 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 Group'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 Group 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 Group's authorised share capital became Shs 28,000,000,000 divided into 28,000,000,000 ordinary shares of Shs 1 each.

13 Dividends	June 2022 6 months Reviewed Dividend		June 2021 6 months Reviewed Dividend		Dec 2021 12 months Audited Dividend	
	per share Shs	Total Shs'000	per share Shs	Total Shs'000	per share Shs	Total Shs'000
Dividends paid	**4.71**	**105,362,842**	5.07	113,522,239	10.28	230,206,240
Dividends proposed	**5.00**	**111,945,221**	-	-	4.71	105,362,842

Payment of dividends is subject to withholding tax at rates depending on the residence of the respective shareholders.

14 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 period 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% (2021: 30%). The movement on the deferred income tax account is as follows:

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
At start of year	6,456,748	(9,865,153)	(9,865,153)
Credit to profit or loss	14,470,864	6,088,150	16,321,901
At end of period	20,927,612	(3,777,003)	6,456,748

Half-year ended 30 June 2022	**1 January 2022**	**Credit/ (charge) to profit or loss**	**30 June 2022**
Deferred income tax liabilities:			
Accelerated tax depreciation	**(13,280,008)**	**12,347,591**	**(932,417)**
Deferred income tax assets:			
Provisions	**17,817,978**	**6,972,644**	**24,790,622**
Net unrealised foreign exchange	**(601,609)**	**(1,475,078)**	**(2,076,687)**
Deferred income	**2,520,387**	**(3,374,293)**	**(853,906)**
	19,736,756	**2,123,273**	**21,860,029**
Net deferred income tax asset	**6,456,748**	**14,470,864**	**20,927,612**

Year ended 31 December 2021	**1 January 2021**	**Credit/ (charge) to profit or loss**	**31 December 2021**
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 asset	(9,865,153)	16,321,901	6,456,748

14 Deferred income tax (continued)

Half-year ended 30 June 2021	1 January 2021	Credit/ (charge) to profit or loss	30 June 2021
Deferred income tax liabilities:			
Accelerated tax depreciation	(28,162,849)	8,910,648	(19,252,201)
Deferred income tax assets:			
Provisions	12,614,239	(1,154,149)	11,460,090
Net unrealised foreign exchange	2,488,885	(2,359,342)	129,543
Deferred income	3,194,572	690,993	3,885,565
	18,297,696	(2,822,498)	15,475,198
Net deferred income tax liability	(9,865,153)	6,088,150	(3,777,003)

15(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
Year ended 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**
Half-year ended 30 June 2022							
Opening net book amount	45,612,535	5,732,634	764,323,781	39,437,149	1,189,783	7,408,779	863,704,661
Additions	-	763,220	102,516,437	10,330,329	-	68,617,483	182,227,469
Transfers							
- cost	516,421	1,226,744	254,768	650,818	-	(2,648,751)	-
- accumulated depreciation	-	-	-	-	-	-	-
Disposals:							
- cost	-	(2,208,193)	(13,138,667)	(4,524,582)	(202,131)	-	(20,073,573)
- accumulated depreciation	-	2,055,840	12,399,359	4,271,363	191,578	-	18,918,140
Reallocations**	-		(10,326,035)		-	(2,120,243)	(12,446,278)
Impairment	-	-	(487,148)	-	-	-	(487,148)
Depreciation charge	(1,152,876)	(1,703,968)	(83,852,266)	(9,273,521)	(81,557)	-	(96,064,188)
Closing net book amount	44,976,080	5,866,277	771,690,229	40,891,556	1,097,673	71,257,268	935,779,083
At 30 June 2022							
Cost	50,399,068	29,947,997	2,061,978,383	210,786,375	13,416,998	71,257,268	2,437,786,089
Accumulated depreciation	(5,422,988)	(24,081,720)	(1,290,288,154)	(169,894,819)	(12,319,325)	-	(1,502,007,006)
Net book amount	**44,976,080**	**5,866,277**	**771,690,229**	**40,891,556**	**1,097,673**	**71,257,268**	**935,779,083**

** These relate to asset class re-classifications.
Work in progress mainly relates to telecommunications equipment.

15(b) Leases

i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	June 2022 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Right-of-use assets		
Network sites	**667,487,836**	616,469,909
Offices and services centres	**45,073,837**	14,419,126
Motor vehicles	**12,379,618**	5,981,354
	724,941,291	636,870,389
Lease liabilities		
Current	**110,152,326**	104,276,553
Non-current	**733,671,044**	627,943,283
	843,823,370	732,219,836

ii) Amounts recognised in profit or loss

	June 2022 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Depreciation charge for right-of-use assets		
Network sites	**56,083,527**	103,649,502
Offices and services centres	**3,218,997**	5,949,116
Motor vehicles	**839,620**	1,551,725
	60,142,144	111,150,343

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

At 1 January 2022	**636,870,389**	571,232,914
Additions	**151,497,851**	178,512,783
Depreciation	**(60,142,144)**	(111,150,343)
Disposal	**(3,284,805)**	(1,724,965)
At end of period	**724,941,291**	636,870,389

iv) The movement in lease liabilities is as follows:

At 1 January 2022	**732,219,836**	635,537,229
Additions	**151,497,851**	178,512,783
Interest expense	**63,302,456**	115,043,904
Principal repayments	**(42,638,583)**	(79,321,550)
Interest repayments	**(63,256,655)**	(115,043,904)
Foreign exchange losses/ (gains)	**5,222,076**	(735,038)
Disposal	**(2,523,611)**	(1,773,588)
At end of period	**843,823,370**	732,219,836

16 Intangible assets

	License fee Shs'000	IT software Shs'000	Total Shs'000
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
Half-year ended 30 June 2022			
Opening net book amount	333,344,537	49,470,376	382,814,913
Additions	-	19,460,449	19,460,449
Amortisation	(17,208,276)	(22,060,634)	(39,268,910)
Reallocations**	-	12,446,278	12,446,278
Closing net book amount	**316,136,261**	**59,316,469**	**375,452,730**
At 30 June 2022			
Cost	380,988,858	183,804,297	564,793,155
Accumulated amortisation	(64,852,597)	(124,487,828)	(189,340,425)
Net book amount	**316,136,261**	**59,316,469**	**375,452,730**

** These relate to asset class re-classifications.

License fee

Shs 312 million of the Shs 316 million Licence NBV relates to the Group's 12-year NTO licence that was effective 1 July 2020. Uganda Communications Commission (UCC) granted the 12-year NTO licence at a fee of USD 100 million (equivalent to Shs 374.5 billion).

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.

17 Inventories

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Sim cards, phones and accessories	**22,674,511**	11,122,551	9,498,482
Provisions	**(1,757,475)**	(823,790)	(1,687,751)
	20,917,036	10,298,761	7,810,731
Inventories expensed during the period	**(8,664,626)**	(6,944,880)	(22,613,391)
Reversal of impairment during the period	**(69,724)**	1,338,645	474,684

Determined to boost digital inclusion in the country, the Group launched smartphones under its device financing scheme that allows customers to pay for their phones over time. Additionally, the Group made bulk purchases of sim cards following the global chip supply shortages.

18 Trade and other receivables

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Trade receivables	**77,438,435**	124,003,770	104,088,986
Loss allowance	**(19,177,116)**	(15,366,253)	(15,214,602)
Trade receivables – net	**58,261,319**	108,637,517	88,874,384
Prepayments	**50,391,655**	38,844,450	38,844,451
Receivables from related parties (note 28)	**34,709,421**	36,174,311	28,926,952
Other receivables	**33,088,619**	20,498,654	20,347,002
	176,451,014	204,154,932	176,992,789

19 Mobile money deposits

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Mobile money deposits	**1,096,360,863**	680,564,789	959,991,495

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 not co-mingled with the MTN's cash and cash equivalents and that these are ring-fenced to settle MoMo customers' obligations.

The Group recognises the 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 and, consequently, are not recorded in the Group's statement of cash flows.

20 Short-term investments

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Maturing after three months	**11,000,000**	-	-

The Group's short-term investment comprises of a fixed deposit with Standard Chartered Bank at an annual rate of 8.3%.

21 Trade and other payables

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Trade payables	**81,692,536**	107,520,332	81,122,753
Payables to related parties (note 28)	**15,784,165**	27,023,882	17,164,578
Other creditors and accruals	**276,523,162**	331,763,500	253,426,111
	373,999,863	466,307,714	351,713,442

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.

22 Payables and Provisions

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Non-current contract liabilities	**12,659,829**	8,680,510	10,831,409
Provisions	**9,376,337**	7,782,725	12,354,185
	22,036,166	16,463,235	23,185,594

Period ended 30 June 2022	**At start of period Shs'000**	**Additional provisions Shs'000**	**Utilised/ reversed Shs'000**	**At end of period Shs'000**	**Non-current provision Shs'000**	**Current provision Shs'000**
Bonus provision	9,827,568	5,962,240	(10,177,667)	5,612,141	-	5,612,141
Notional share options	25,788,684	6,714,205	(9,250,511)	23,252,378	9,376,337	13,876,041
	35,616,252	**12,676,445**	**(19,428,178)**	**28,864,519**	**9,376,337**	**19,488,182**

Period ended 31 Dec 2021	**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	8,600,685	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.

23 Borrowings

Borrowings comprise a syndicated loan facility broken down below:

		Currency	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
(i)	Loan facility A	Shs	**76,460,078**	106,370,382	90,431,353
(ii)	Loan facility A – Stanbic Bank	Shs	**18,800,685**	32,137,928	25,076,582
(iii)	Loan facility B- Stanbic Bank	USD	**17,642,054**	27,348,254	22,191,528
(iv)	Loan facility B- Revolving credit	Shs	**76,829,799**	61,160,098	112,760,722
(v)	Loan facility C	USD	**103,343,331**	132,512,129	115,568,329
	Interest bearing loans		**293,075,947**	359,528,791	366,028,514
	Unamortised capitalised transaction costs		**(929,460)**	(2,211,280)	(1,874,745)
	Total borrowings		**292,146,487**	357,317,511	364,153,769

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

The movement in borrowings is as follows:

	June 2022	June 2021	Dec 2021
At start of year	**364,153,769**	**388,224,948**	388,224,948
Proceeds from borrowings	**-**	**-**	50,000,000
Interest expense	**14,109,194**	**17,128,574**	31,839,142
Amortisation of transaction costs	**311,225**	**382,952**	549,971
Principal repayments	**(78,663,263)**	**(27,644,088)**	(70,777,880)
Interest repayments	**(15,071,889)**	**(17,158,066)**	(31,861,851)
Unrealised foreign exchange gain	**7,307,451**	**(3,616,809)**	(3,820,561)
At end of period	**292,146,487**	**357,317,511**	364,153,769

The maturity profile of the above borrowings is as follows:

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
More than one year but not exceeding two years	**76,693,689**	86,744,688	83,944,153
More than two years but not exceeding five years	**48,517,781**	122,266,093	81,516,191
Non - current borrowings	**125,211,470**	209,010,781	165,460,344
Current borrowings	**166,935,017**	148,306,730	198,693,425
	292,146,487	357,317,511	364,153,769

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

23 Borrowings (continued)

None of the borrowings was in default at any time during the year.

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

There have not been any changes in relation to the existing borrowings and financing arrangements that occurred during the interim period in terms of new borrowings, facilities, debt modifications and loan negotiations.

As at 30 June 2022, the Group had $32.1 million in outstanding principal debt with variable interest rates that are indexed to the LIBOR. Since LIBOR will cease to be in place on 30 June 2023, management has received communication from the lenders and confirmed that the USD denominated loans will be computed based on Secured Overnight Financing Rate (SOFR). Engagements have commenced to ensure that all loan documentation is updated before the deadline and there is agreement on the SOFR methodology to be applied.

Compliance with covenants

The Group complied with the financial covenants of its borrowing facilities during the 2022 and 2021 reporting periods.

24 Cash generated from operations

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Reconciliation of profit before income tax to cash generated from operations:			
Profit before income tax	**275,643,474**	208,099,817	490,943,100
Profit before income tax			
Adjustments for:			
Depreciation and impairment (note 15(a) and (b))	**156,206,332**	146,659,935	303,600,259
Amortisation of intangible assets (note 16)	**39,268,910**	82,521,927	117,699,567
Gain on sale of property, plant and equipment	**(121,711)**	26,401	(716,038)
Impairment of property, plant and equipment (note 15(a))	**487,148**	(1,976,133)	1,924,005
Write off of intangibles	**-**	-	2,150,836
Interest and other changes in borrowings (note 23)	**21,727,870**	13,894,717	28,568,552
Interest and other changes in lease liabilities	**68,524,532**	54,673,014	114,308,866
Loss on disposal of right of use asset	**3,284,805**	-	1,724,965
Disposal of lease liabilities	**(2,523,611)**	-	(1,773,588)
Interest income (note 10)	**(3,392,001)**	(2,222,566)	(5,314,139)
Other foreign exchange movements	**4,940,858**	4,441,682	2,323,626
Changes in working capital:			
Inventories	**(13,106,305)**	(2,134,326)	353,704
Short-term investments	**(11,000,000)**	-	-
Trade and other receivables	**3,734,528**	(54,773,292)	(22,339,115)
Contract assets	**742,625**	1,010,340	(4,692,089)
Contract liabilities	**3,312,291**	12,804,959	(2,938,751)
Trade and other payables	**22,286,421**	166,043,622	51,449,350
Provisions	**(4,923,312)**	1,084,785	15,044,506
Cash generated from operations	**565,092,854**	630,154,882	1,092,317,616

25 Capital commitments

Capital commitments at the balance sheet date not recognised in the financial statements are as follows:

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Property, plant and equipment			
Authorised and contracted for	**87,449,290**	66,331,715	127,127,559
Authorised but not contracted for	**-**	73,911,305	334,099,254
	87,449,290	140,243,020	461,226,813
Intangible assets - software			
Authorised and contracted for	**14,789,153**	14,713,571	7,049,300
Authorised but not contracted for	**41,446,538**	8,539,104	48,820,821
	56,235,691	23,252,675	55,870,121
	143,684,981	163,495,695	517,096,934

26 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 Group 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 Group 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 virtually cancels out from a Group perspective, it should be noted that the Group holds the view that the URA is unlikely to succeed with their claim.

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.

27 Correction of material error in classification of network software licences

In 2021, the Group 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, corrected and disclosed in the 31 December 2021 financial statements, represented a material overstatement of intangible assets and an understatement in PPE. In these Condensed Consolidated Interim Financial Statements, the effect of this alignment has also been corrected in the 30 June 2021 comparatives as shown below.

Statement of financial position (extract)	**30 June 2021** **Shs'000**	**(Decrease)/ Increase** **Shs'000**	**30 June 2021 (Restated)** **Shs'000**
Property, plant and equipment	772,728,205	83,504,343	856,232,548
Intangible assets	495,289,267	(83,504,343)	411,784,924
	1,268,017,472	-	1,268,017,472

Statement of comprehensive income (extract)	**30 June 2021** **Shs'000**	**Profit Increase/ (Decrease)** **Shs'000**	**30 June 2021 (Restated)** **Shs'000**
Depreciation	(131,876,900)	(14,783,035)	(146,659,935)
Amortisation	(97,304,962)	14,783,035	(82,521,927)
	(229,181,862)	-	(229,181,862)

28 Related party transactions

The Group is controlled by MTN International (Mauritius) Limited incorporated in Mauritius. The ultimate parent and ultimate controlling party of the Group is MTN Group Limited, incorporated in South Africa. The following transactions were carried out with related parties, with whom the Group has common shareholdings or common directorships:

28 Related party transactions (continued)

i) Sale of goods and services	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Nilecom (U) Limited	**-**	-	980,905
MTN Rwandacell	**110,420**	1,171,363	1,534,496
MTN Zambia	**207,635**	209,278	671,361
MTN Global Connect Solutions Limited	**37,583,540**	38,874,774	76,152,066
Others	**740,294**	618,136	1,296,609
	38,641,889	40,873,551	80,635,437

ii) Purchase of goods and services	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
MTN Rwandacell	**86,819**	1,972,201	2,319,911
MTN Global Connect Solutions Limited	**22,112,705**	25,951,509	48,780,691
Others	**-**	5,537	5,537
	22,199,524	27,929,247	51,106,139

Purchases and sales of goods relate to sim card sales and accessories as well as interconnect and roaming charges amongst the various partners.

iii) Management, technical and other fees	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
Management and technical fees:			
Invesco Uganda Limited	**-**	-	14,403,618
MTN International (Mauritius) Limited	**35,720,464**	29,068,297	60,070,310
Global Trading Group	**-**	-	1,629,632
	35,720,464	29,068,297	76,103,560

Management and technical fees are in accordance with agreements between the Group and the respective parties.

28 Related party transactions (continued)

iv) Outstanding balances arising from sale and purchase of goods/services

	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
a) Receivables from related parties			
Receivables due within one year			
MTN Management Services Group	**2,453,896**	1,965,163	1,630,176
MTN (Pty) Ltd	**2,521,142**	-	-
MTN Rwandacell	**11,543**	5,281,458	121,312
MTN Zambia	**8,264,066**	7,422,539	7,449,939
MTN South Africa	**-**	3,219,079	2,350,030
MTN Business Solutions Kenya	**-**	1,537,423	1,667,972
MTN Global Connect Solutions Limited	**18,410,842**	14,742,519	14,758,447
Global Connect Fibre Kenya	**1,869,661**	-	-
Others	**1,178,271**	2,006,130	949,076
	34,709,421	36,174,311	28,926,952

b) Payables to related parties	June 2022 6 months Reviewed Shs'000	June 2021 6 months Reviewed Shs'000	Dec 2021 12 months Audited Shs'000
MTN International (Mauritius) Limited - management fees	**7,449,253**	5,069,704	3,862,034
MTN Group Management Services Group	**522,830**	815,124	837,038
Interserve BV	**1,377,520**	-	1,300,601
MTN South Sudan	**-**	18,489,252	-
MTN Global Connect Solutions Limited	**5,677,001**	18,436	10,557,194
Others	**757,561**	2,631,366	607,711
	15,784,165	27,023,882	17,164,578

22 Events after the reporting period

There were no adjusting or non-adjusting subsequent events that would have an impact on the interim financial statements as at 30 June 2022.