



Scancom PLC (MTN Ghana)

MTN Ghana annual results for the year
ended 31 December 2021



Scancom PLC (MTN Ghana)



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

Salient features

- Subscribers (YoY)
 - Mobile subscribers increased by 3.9% to 25.4 million*.
 - Active data subscribers up by 15.3% to 12.4 million#.
 - Active Mobile Money (MoMo) users increased by 3.8% to 11.0 million*.
- Service revenue grew by 28.5% to GHS7,701 million.
- Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 33.7% to GHS4,249 million.
- EBITDA margin up by 2.3 percentage points (pp) to 55.0%.
- Total CAPEX for the period was GHS1,485 million^.
- Proposed final dividend per share of GHS0.085°.
- GHS14.3 million spent on socio-economic initiatives in 2021.
- GHS2,767 million paid in direct and indirect taxes during the period.
- Outlook: We forecast service revenue growth in the high teens over the medium-term from the previous guidance of 13% to 15%.

Snapshot of key financial items (YoY change)

	31 December 2021	31 December 2020	
	GHS 000	GHS 000	Change
Total revenue	7,723,259	6,033,428	28.0%
Service revenue	7,700,725	5,992,329	28.5%
EBITDA	4,249,384	3,178,181	33.7%
EBITDA margin	55.0%	52.7%	2.3pp
Profit before tax	2,848,638	1,972,723	44.4%
Profit after tax	2,001,383	1,394,895	43.5%
Total CAPEX	1,484,910	1,489,336	-0.3%

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

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

Active data subscribers as per MTN Group definition are data subscribers who have used more than 5MB in a month.
Core CAPEX of GHS1,215.6m excludes intangibles and right of use (RoU) assets.

^ Total CAPEX is made up of core CAPEX spend of GHS1,215.6m, intangibles of GHS47.0m (Network licence, Software, etc) and right of use (RoU) assets of GHS222.4m for the period.

° 2021 interim dividend of GHS0.03 per share paid on 14 September 2021 bringing total dividend for 2021 to GHS0.115 per share.



Commentary

2021 marked 25 years of MTN Ghana providing vital telecommunications and digital services. This improved the lives of Ghanaians as well as enabling growth of businesses and the economy. During this period, MTN Ghana has been instrumental in transforming the lives of our customers through innovations that have delivered broad-based digital and financial inclusion. We commemorated the 25th anniversary milestone by celebrating the loyalty and trust we have received from our valued customers, our people and all stakeholders, who have made this journey a success.

As part of the 25th anniversary, we rolled out various programmes that included special promotions, bundles and numerous offers. We commissioned two landmark projects in Health and ICT skills development as part of our corporate social investments along with many other initiatives. These efforts reflect the continued recognition of the value we place on our partnerships and the support we received from our regulators and government more broadly.

Following the disruptions from the COVID-19 pandemic and the implications for accelerated digitization to our lives and businesses, we rolled out our **Ambition 2025** strategy, making major strides towards our goal of long-term growth and creating shared value for all our stakeholders.

Living our purpose – bringing hope to communities within which we operate

The economic and social development of our customers and communities are central to our core objectives of supporting the communities within which we operate. As a responsible corporate institution, we are committed to remaining at the forefront of delivering sustainable development to communities, especially in this era of the pandemic.

Through the MTN Foundation, we donated an additional GHS5 million (bringing our total contribution to GHS10 million since 2020), to the National COVID-19 Fund in support of government's efforts in fighting the pandemic. We also encouraged vaccinations and donated 356,000 vaccines to augment the government's quest to vaccinate the entire nation.

As at 28 February 2022, the official Ghana statistics on COVID-19 show a rise in total infections to 159,124 and deaths to 1,442, which necessitates the extension of our **Yello** Hope initiatives in support of our customers. These include the zero-rating of all MoMo P2P (person-to-person) transfers up to a value of GHS100 a day until further notice, which has saved customers an estimated total of GHS165 million (2020: GHS110 million) while promoting the safety of Ghanaians and deepening financial inclusion.

Beyond our **Yello** Hope interventions, we expanded our contribution to healthcare, education, and supported youth employment and job creation through economic empowerment projects. In 2021, we successfully equipped 100 young Ghanaians with technological skills in telephone and device diagnostics and repairs through our Youth Empowerment Initiatives. We also extended support to 465 students through our education scholarship scheme, of which 119 have successfully completed their programmes and are now in the workforce. Overall, we disbursed GHS2.3 million to cover tuition, accommodation, and stipend for books.

In addition, we constructed a blood bank unit for the Cape Coast Teaching Hospital in Cape Coast, constructed a 600-bed capacity girls dormitory block for Tamale Girls Senior High School in Tamale and a 24-unit classroom block for the Ghana Police School in Accra. These formed part of a total commitment on Corporate Social Responsibility projects of GHS14.3 million during the year.





Commentary (continued)

We are privileged and humbled to be able to support the development of Ghana through these initiatives that improve the quality of lives of Ghanaians, providing appropriate and sustainable social interventions in communities across the nation. For 2022, through the MTN Foundation, we will dedicate at least GHS20 million towards social investments to support and impact the communities within which we operate.

Creating shared value – committed to being a strategic partner to Ghana's development

Over the years, MTN has won various awards as the highest taxpayer in Ghana in recognition of its contribution to the fiscal development of the country. During the year, MTN paid GHS2,767 million[§] to government in direct and indirect taxes, representing 35.8% of our total revenue.

In line with our commitment to create shared value, we continue to make significant contributions through the creation of direct and indirect employment opportunities impacting over 500,000 Ghanaians, as well as interventions to support our people, our cherished customers and other key stakeholders through the socioeconomic challenges brought about by the pandemic.

Achieving a digital economy – our role in Ghana's digital transformation

MTN continues to work towards providing its support to Ghana's quest to become a digital economy through investments and innovations in the digital ecosystem of the country. As such, we continue to make good on our 25th anniversary commitment, to contribute GHS150 million over three years to Ghana's long-term transformation agenda.

Further to our commitment is our pledge in support of Ghana's ICT developmental efforts, through the construction of an ICT Hub in partnership with government and other private sector entities, in the establishment of West Africa's first Innovation City.

Network sharing – promoting a viable telecoms industry through shared infrastructure

Beyond the opening of its systems and digital channels for the distribution of other operators' airtime, MTN is pleased to announce that it is in advanced stages of an agreement to implement a national roaming plan in partnership with other operators and with the Ghana Investment Fund for Electronic Communications (GIFEC) as part of government's rural telephony project to extend communications to most rural communities.

This initiative will enable MTN to share its infrastructure with other telecommunication operators in Ghana and vice versa, in order to increase the efficiency of infrastructure spend, expand quality telecom coverage or reach and accelerate further development and long-term viability in the telecoms industry. To ensure the success of these commitments, we project an investment of over US\$1.05 billion in infrastructure and information systems over five years, starting from 2021, to support the vision of a digital Ghana.

Operational review

We delivered sustained growth in our core business during 2021. We continued to focus on innovation and diligent execution of operational strategies aided by the commitment to our people. Service revenue grew by 28.5%, driven mainly by increased investment in the network and commercial initiatives which resulted in growth of our customer base and usage across our core business.

[§] This excludes related government agencies fees, permits and charges





Commentary (continued)

These continued strategic investments in the network, IT systems and our people ensured we provided the benefits of a modern connected life through the delivery of the best voice and data connectivity as well as deepening financial inclusion among our customers.

We successfully implemented our investment plans, with a total CAPEX of GHS1,485 million, supporting infrastructure modernization, expansion of 4G population coverage to over 90.6% (+18.9pp) and improvements to quality of service. To achieve this, we rolled out 131 2G, 120 3G and 1,446 4G sites and modernized 2,121 existing 4G sites enhancing capacity and improved customer experience. We extended 4G network and data services to additional 1.7 million people, deepening the digital agenda of Ghana.

Investments in the network and IT systems, coupled with the execution of our commercial strategy, enabled the expansion of the subscriber base by 1.0 million YoY to 25.4 million. These investments combined with changes in consumer usage behaviour resulted in active data user growth of 15.3% YoY with a corresponding growth of 34.3% in Megabytes consumed per active subscriber.

The growth in subscriber numbers, product enhancements and innovations around customer value management supported growth in voice revenue by 4.9% YoY to GHS2,626 million. The slowing rate of growth in voice is largely in line with expectations and due to the shift in customer behaviour towards data. Accordingly, the contribution of voice to service revenue declined from 41.8% to 34.1% YoY in favour of increased contributions from data and Mobile Money.

Data revenue grew by 56.3% YoY to GHS2,769 million. This was a result of increased data traffic (+54.9%) owing to various commercial interventions, improvements to the network, changes in consumer usage behaviour and increased smartphones on the network (+10.6%). The contribution of data to service revenue increased from 29.6% to 36.0% YoY in line with our revenue diversification strategy.

Active MoMo users recovered from the challenges in H1 to achieve a growth of 3.8% YoY. We also expanded merchants (+29.9% YoY) and agents (+18.7% YoY) to support ongoing growth of the MoMo ecosystem and to further enhance financial inclusion. Growth in Mobile Money advanced service offerings such as retail merchant payments, micro loans, insurance, and international remittances supported an increase in Mobile Money revenue by 38.2% YoY to GHS1,734 million*. The contribution of Mobile Money to service revenue increased from 20.9% to 22.5% YoY.

Enhancements were made to allow sale of airtime to all other operators on our MoMo service on USSD and MyMTN app, as part of our intent to achieve MoMo universality in the ecosystem. We further enhanced the integration of Mobile Money service into our ayoba super app, and this helped drive customer experience and transactional activity on the super app.

Digital revenue declined by 5.1% YoY to GHS0.2 million. During the period, we embarked on a clean-up of our digital products and services to enhance transparency to our customers, improved our digital messaging channels and added more value to our music and gaming offerings to meet the entertainment needs of our customers. These helped grow our active digital subscribers by 1.1 million to 4.2 million in the period.

We continued to drive operational efficiency in the business within the period. This helped drive a 33.7% YoY growth in EBITDA and a margin expansion of 2.3pp to 55.0%. Profit after tax increased by 43.5% YoY.

* Core Momo revenue without related party/intercompany adjustments



Commentary (continued)

Dividend

After the second quarter results, the Board declared an interim dividend of GHS0.03 per share. Following the full year performance of the company, the Board has recommended a final dividend of GHS0.085 per share, bringing the total dividend for 2021 to GHS0.115 per share. This represents 70.6% of profit after tax and a 43.8% increase in dividend per share when compared to the prior period.

Regulatory updates

Introduction of E-Levy

On 17 November 2021, the Finance Minister presented the Budget Statement and Economic Policy of Ghana for the 2022 financial year. It introduced a levy on electronic transactions to widen the tax net.

The 1.75% e-Levy will cover electronic transactions on Mobile Money, bank transfers, merchant payments and inward remittances. The levy when approved will be borne by the sender, except for inward remittances, in which case the levy will be borne by the receiver. The e-Levy will not be applied to transactions totalling GHS100 or less per day per customer.

MTN acknowledges the impact of the proposed levy on its customers. To lessen the overall impact of the new levy, MTN has committed to reducing fees on P2P transactions by 25% upon implementation of the e-Levy.

MTN continues to engage with government and other regulatory stakeholders on the implementation of the e-Levy and working on our system readiness for implementation.

National SIM registration

During the year, the National Communications Authority (NCA) directed all telecom operators to embark on a nationwide re-registration of all SIM cards using the Ghana National ID card. This exercise began on 1 October 2021 and is expected to run until 31 March 2022. MTN is committed to supporting this national initiative to register all existing and new subscribers using the Ghana National ID card which would benefit the telecoms and financial services industry through improvement in security and reduction in fraud within the country.

Accordingly, we have committed significant resources to this exercise. We also remain keen to work with the Regulator and National Identification Authority to ensure all customers are registered and challenges are raised in a timely manner for resolution.

Significant market power (SMP)

Following the SMP designation in 2020, there were seven remedies. Three have been defined and implemented. One is in the advanced stage of implementation and the remaining three shall be worked as and when they are due or defined by the Regulator. The three SMP remedies implemented are, the application of a 30% asymmetrical interconnect rate reduction for two years (01 October, 2020), review and approval of all MTN pricing by the NCA (1 October, 2020) and implementation of the on-net / off-net, price differential removal on default tariffs affecting data and promotional offers as well.



Commentary (continued)

We have made significant progress in our discussions with the regulator to implement national roaming programme in the country. To this end, we have engaged in bi-lateral discussions with other operators, are advanced in the terms of agreement with at least one operator and have completed technical tests for standard national roaming. More advanced configurations are also underway. We are also finalizing the agreement in the coming weeks with GIFEC, in partnership to deliver on government's rural telephony project.

We will update the market on the implementation of the remaining directives as discussions with the NCA progress.

Update on localisation of Scancom PLC and MobileMoney Limited

MTN Ghana continues to make progress in fulfilling all agreed localisation requirements of 25% for Scancom PLC per original requirement and 30% for MobileMoney Limited. For ease of implementation and to further deepen localisation, MTN has offered to implement 30% Localisation for both Scancom PLC and MobileMoney Limited. Our consultations with the government, the Central Bank and other relevant stakeholders continues positively, and we look forward to providing further updates on our progress in subsequent releases.

Outlook

In 2022, our areas of focus include improving customer experience across all services and regions to further enhance subscriber growth. We also plan to extend our leadership in 4G / 4G+ by implementing 4G everywhere you go (i.e., 4G on every site) and scale up efforts in the digitalisation journey with a focus on MyMTN and the ayoba super app. Mobile Money ecosystem expansion will also be a key focus for us through innovations in advanced services and a focus on deepening the penetration of MoMo users within the base.

We forecast service revenue growth in the high teens over the medium-term from the previous guidance of 13% to 15%. In addition, we will progress the execution of the expense efficiency programme and our prudent approach to managing costs to deliver on our commitment of margin expansion.

The COVID-19 pandemic, emerging global trends and uncertainties in the local economy raise some concerns and we will continue to monitor these trends closely. We remain committed to supporting our employees, customers, communities and the government on the national recovery as well as the fight against the spread of COVID-19 through our **y'ello** Hope initiatives.

We will continue to support Ghana's digital ambitions and make progress on our 25th anniversary commitments. In addition to supporting digital initiatives, MTN Ghana Foundation will undertake two legacy projects by constructing a modern 60-bed maternity and neonatal center for the Keta Municipal Hospital in Keta at a cost of GHS9 million and invest GHS1.2 million in building a STEM Robotics lab for the Mamfe Girls' School on Mamfe and the surrounding communities.

Execution of our **Ambition 2025** strategy will continue, as we seek to build a platform business that enables broader digital ecosystem acceleration. We expect to make considerable progress on localisation of MobileMoney Limited and Scancom PLC.

Final dividend recommendation

Notice is hereby given that the company's directors will be recommending to the shareholders at the annual general meeting to be held on 30 May 2022, the payment of a final dividend of GHS0.085 per share for the 2021 financial year. This is subject to deduction of the appropriate taxes. The number of ordinary shares in issue at the date of this declaration is 12,290,474,360.

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

Ex-Dividend Date	Wednesday, 11 May 2022
Qualifying Date	Friday, 13 May 2022
Dividend Payment Date	Thursday, 16 June 2022

All shareholders registered in the books of Scancom PLC at close of business on Friday, 13 May 2022 qualify for the final dividend.

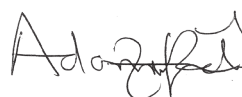
In view of the foregoing, the ex-dividend date has been set as Wednesday, 11 May 2022. Consequently, an investor purchasing MTNGH shares before this date will be entitled to the final dividend. However, an investor buying MTNGH shares on or after Wednesday, 11 May 2022 will not be entitled to the final dividend.

On Thursday, 16 June 2022 the dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders who make use of these facilities.

The dividend statement was approved by the Board of Directors on 25 February 2022 and signed on its behalf by:



Ishmael Yamson
Chairman



Selorm Adadevoh
Chief executive officer



Report of the directors

The directors have the pleasure in submitting their report together with the summary financial statements of Scancom PLC (“the Company”) and its subsidiary MobileMoney Limited (together “the Group”) for the year ended 31 December 2021.

The summary financial statements have been extracted from the full set of annual financial statements and show the summary statements of financial position, summary statements of comprehensive income, summary statements of changes in equity, summary statements of cash flows and selected notes that the directors determine are necessary to provide useful information to the shareholders in summary.

Statement of directors’ responsibilities

The directors are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profit or loss and cash flows for that period. The directors are responsible for ensuring that the Group keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group.

The directors are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors have no plans or intentions, for example to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

The directors have reviewed the Group’s budget and cash flow forecast for the year to 31 December 2022. Based on the review, and in the light of the current financial position, the directors are satisfied that the Group has access to adequate resources to continue in operation for the foreseeable future and is a going concern.

Nature of business

The Group’s principal activities are to:

- provide telecommunication services including voice, data and enterprise solutions;
- provide mobile financial services in the financial services industry;
- develop strategic partnerships to provide advance services in the mobile financial service industry; and
- provide consultancy and support services in the area of mobile banking, payment services and fintech.

Dividend

Dividend amounting to GHS983.24 million (GHS0.08 per share) was paid in 2021 (2020: GHS860.30 million, GHS0.07 per share). This consisted of an interim dividend of GHS368.71 million for the financial year ended December 31, 2021 and a final dividend of GHS614.52 million for the financial year ended December 31, 2020. The directors recommend the payment of GHS1,045 million (GHS0.085 per share) as final dividend to shareholders for the financial year ended December 31, 2021.



Report of the directors (continued)

Interest of directors and officers

During the year under review, no significant or material contract was entered into in which directors and officers of the Group had an interest which significantly or materially affected the business of the Group. The directors and officers had no interest in any third party or entity responsible for managing any of the business activities of the Group.

Stated capital

There was no change in the authorised shares of Scancom PLC during the year under review. A total of 12.29 billion (2020: 12.29 billion) ordinary shares of no-par value have been issued as at December 31, 2021.

Subsidiary

MobileMoney Limited is a wholly owned subsidiary of Scancom PLC, incorporated on 5 November 2015. The principal activities of the Company are to:

- Provide mobile financial services in the financial services industry;
- Develop strategic partnerships to provide advance services in the mobile financial service industry; and
- Provide consultancy and support services in the area of mobile banking, payment services and fintech.

Donations and charity

- The Group performs its corporate social responsibility via the MTN Foundation. MTN's global policy is to set aside 1% of its profit after tax to fund the foundation's activities.
- The Foundation has invested over GHS74.3 million to improve health care, education and living conditions for over 4 million people with 150 projects across the entire country. In the area of education, the Foundation has provided scholarships to over 1,500 needy and brilliant students in Ghana. During the year, an amount of GHS20.0 million (2020: GHS13.9 million) was charged to the statement of comprehensive income.

Auditor's remuneration

Audit fee for the year ended December 31, 2021 was GHS5,330,000.

Capacity building of directors

Directors of Scancom PLC, in 2021, have been engaged in a combination of local and international instructor led and online courses and seminars, aimed at strengthening their skills and abilities in the exercise of their duties as directors. Trainings covered a broad spectrum of areas including corporate governance, anti-money laundering, risk and ethics. As part of the quarterly meetings of the Board, directors received updates in areas of the business such as marketing, technology covering network and information systems, and mobile financial services



Report of the directors (continued)

Approval of the annual report and financial statements

The summary financial information for the year ended 31 December 2021 of the Company and Group were approved by the Board of Directors on 25 February 2022 and are signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Ishmael Yamson'.

Ishmael Yamson

Chairman

A handwritten signature in black ink, appearing to read 'Selorm Adadevoh'.

Selorm Adadevoh

Chief executive officer



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SCANCOM PLC

Opinion

The summary consolidated and separate financial statements, which comprise consolidated and separate statement of financial position as at 31 December 2021, consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate cash flow statements for the year then ended, and related notes, are derived from the audited financial statements of Scancom Plc for the year ended 31 December 2021.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the basis of preparation described in the notes.

Summary financial statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards and the Companies Act, 2019 (Act 992). Reading the summary financial statements and the Auditor's report thereon, therefore is not a substitute for reading the audited financial statements and the Auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 28 February 2022. That report also includes the communication of other key matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

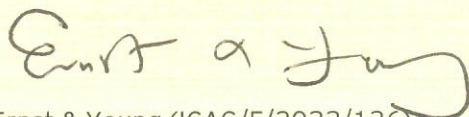
Management's responsibility for the summary financial statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis of preparation described in the notes.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagement to Report on Summary Financial Statements.

The Engagement Partner on the audit resulting in this independent Auditors' report is Pamela Des Bordes (ICAG/P/1329).



Ernst & Young (ICAG/F/2022/126)
Chartered Accountants
Accra, Ghana

Date: 28.02.2022

Summary consolidated and separate financial statements for the year ended 31 December 2021

Summary statements of comprehensive income

	Group	Company	Group	Company
	For the year ended 31 December 2021	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2020
	GHS 000	GHS 000	GHS 000	GHS 000
Revenue from contracts with customers	7,723,259	6,066,545	6,033,428	4,778,634
Other revenue	-	45,288	12,747	12,747
Direct network operating costs	(903,720)	(900,637)	(750,393)	(750,313)
Cost of handsets and other accessories	(145,645)	(145,645)	(92,760)	(92,760)
Interconnect and roaming costs	(308,815)	(308,815)	(267,335)	(267,335)
Employee benefits expense	(265,988)	(253,525)	(266,820)	(258,295)
Selling, distribution and marketing expenses	(1,295,786)	(617,840)	(1,035,553)	(413,297)
Other operating expenses	(553,921)	(540,955)	(455,133)	(446,851)
Earnings Before Interest Tax Depreciation and Amortisation	4,249,384	3,344,416	3,178,181	2,562,530
Depreciation	(875,255)	(873,045)	(748,728)	(747,033)
Amortisation	(160,302)	(159,656)	(128,725)	(128,464)
Operating profit	3,213,827	2,311,715	2,300,728	1,687,033
Finance income	78,812	491,632	119,221	401,731
Finance costs	(444,001)	(444,468)	(447,226)	(447,112)
Profit before income tax	2,848,638	2,358,879	1,972,723	1,641,652
National fiscal stabilisation levy	(140,706)	(95,943)	(98,637)	(67,083)
Income tax expense	(706,549)	(482,678)	(479,191)	(321,416)
Profit after income tax	2,001,383	1,780,258	1,394,895	1,253,153
Other comprehensive income	5,966	-	799	-
Total comprehensive income	2,007,349	1,780,258	1,395,694	1,253,153
Attributable to:				
Equity holders of the company	2,007,349	1,780,258	1,394,895	1,253,153
Diluted/Basic Earnings per share	GHS 0.163	GHS 0.145	GHS 0.113	GHS 0.102

Summary consolidated and separate financial statements for the year ended 31 December 2021

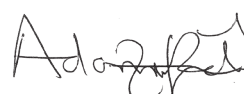
Summary statements of financial position

	Group	Company	Group	Company
	As at 31 December 2021	As at 31 December 2021	As at 31 December 2020	As at 31 December 2020
	GHS 000	GHS 000	GHS 000	GHS 000
Non-current assets	6,157,626	6,150,453	5,775,966	5,770,507
Property, plant and equipment	3,906,148	3,898,955	3,371,844	3,366,375
Right-of-Use assets	1,342,204	1,342,204	1,420,085	1,420,085
Intangible assets	778,872	778,842	858,648	858,608
Investment in subsidiary	-	50	-	50
IRU assets	88,385	88,385	83,459	83,459
Contract asset	2,273	2,273	3,112	3,112
Capitalised contract cost	39,744	39,744	38,818	38,818
Current assets	11,367,783	1,829,487	8,441,851	1,539,693
Inventories	29,310	29,310	54,786	54,786
Trade and other receivables	568,461	551,306	475,078	433,557
Other current assets	27,431	27,431	48,934	48,189
Other financial assets at amortised cost	142,389	142,267	103,091	128,177
Income tax assets	529,488	442,705	501,858	343,123
IRU assets	14,753	14,753	13,362	13,362
Mobile Money float	8,977,989	-	6,559,373	-
Cash and cash equivalents	995,422	621,715	671,968	518,499
Investments in securities (MoMo)	82,540	-	13,401	-
Total assets	17,525,409	7,979,940	14,217,817	7,310,200
Total equity	4,363,298	3,870,715	3,339,187	3,073,695
Stated capital	1,097,504	1,097,504	1,097,504	1,097,504
Retained earnings	3,183,254	2,773,211	2,228,282	1,976,191
Other reserves	82,540	-	13,401	-
Non-current liabilities	2,210,988	2,210,803	2,114,722	2,115,251
Borrowings	369,774	369,774	557,093	557,093
Deferred tax liabilities	420,857	421,876	380,294	380,294
Lease liabilities	1,390,212	1,390,212	1,167,858	1,167,858
IRU liability	15,703	15,703	6,140	6,140
Provisions	14,442	13,238	3,337	3,337
Current liabilities	10,951,123	1,898,422	8,763,908	2,121,254
Trade and other payables	1,229,416	1,159,162	1,278,884	1,198,205
Obligations to electronic money holders	8,977,989	-	6,559,373	-
Contract liabilities	191,558	191,558	100,120	100,120
Provisions	57,702	53,244	81,359	78,757
Lease liabilities	293,526	293,526	463,555	463,555
IRU liability	1,616	1,616	615	615
Borrowings	199,316	199,316	280,002	280,002
Total liabilities	13,162,111	4,109,225	10,878,630	4,236,505
Total equity and liabilities	17,525,409	7,979,940	14,217,817	7,310,200

The summary financial information for the year ended 31 December 2021 were approved by the Board of Directors on 25 February 2022 and signed on their behalf by:



Ishmael Yamson
Chairman



Selorm Adadevoh
Chief executive officer

Summary consolidated and separate financial statements for the year ended 31 December 2021

Summary statements of changes in equity - Group

	Stated Capital	Mobile Money contingency fund	Retained income	Total Equity
	GHS 000	GHS 000	GHS 000	GHS 000
Opening balance as previously reported	1,097,504	(13,401)	1,706,322	2,790,425
Other comprehensive income	-	799	-	799
Transfer to other reserves	-	12,602	-	12,602
Balance at 1 January, 2020 as restated	1,097,504	-	1,706,322	2,803,826
Profit for the year	-	-	1,394,895	1,394,895
Other comprehensive income	-	13,401	-	13,401
Total comprehensive income	-	13,401	1,394,895	1,408,296
Transfer between reserves	-	-	(12,602)	(12,602)
Dividends	-	-	(860,333)	(860,333)
Total contributions by and distributions to owners of company recognized directly in equity	-	-	(872,935)	(872,935)
Balance at 1 January 2021	1,097,504	13,401	2,228,282	3,339,187
Profit for the year	-	-	2,001,383	2,001,383
Other comprehensive income	-	5,966	-	5,966
Total comprehensive income	-	5,966	2,001,383	2,007,349
Transfer between reserves	-	63,173	(63,173)	-
Dividends	-	-	(983,238)	(983,238)
Total contributions by and distributions to owners of company recognized directly in equity	-	63,173	(1,046,411)	(983,238)
Balance at 31 December 2021	1,097,504	82,540	3,183,254	4,363,298

Summary consolidated and separate financial statements for the year ended 31 December 2021

Summary statements of changes in equity - Company

	Stated capital	Mobile Money contingency fund	Retained income	Total equity
	GHS 000	GHS 000	GHS 000	GHS 000
Balance at 1 January, 2020	1,097,504	-	1,583,371	2,680,875
Profit for the year	-	-	1,253,153	1,253,153
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,253,153	1,253,153
Transfer between reserves	-	-	-	-
Dividends	-	-	(860,333)	(860,333)
Total contributions by and distributions to owners of company recognized directly in equity	-	-	(860,333)	(860,333)
Balance at 1 January 2021	1,097,504	-	1,976,191	3,073,695
Profit for the year	-	-	1,780,258	1,780,258
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,780,258	1,780,258
Transfer between reserves	-	-	-	-
Dividends	-	-	(983,238)	(983,238)
Total contributions by and distributions to owners of company recognized directly in equity	-	-	(983,238)	(983,238)
Balance at 31 December 2021	1,097,504	-	2,773,211	3,870,715

Summary consolidated and separate financial statements for the year ended 31 December 2021

Summary statements of cash flow

	Group For the year ended 31 December 2021 GHS 000	Company For the year ended 31 December 2021 GHS 000	Group For the year ended 31 December 2020 GHS 000	Company For the year ended 31 December 2020 GHS 000
Net cash generated from operating activities	2,286,622	2,021,732	959,534	912,090
Cash generated from operations	4,264,691	3,386,810	2,924,989	2,261,514
Interest received	78,812	51,632	53,260	36,028
Interest paid	(236,321)	(236,321)	(106,686)	(106,686)
Dividend paid	(983,238)	(983,238)	(860,333)	(860,333)
Dividend received	-	440,000	-	300,000
National fiscal stabilisation levy	(138,108)	(95,943)	(101,391)	(69,156)
Income tax paid	(699,214)	(541,208)	(950,305)	(649,278)
Net cash used in investing activities	(1,325,836)	(1,280,311)	(624,096)	(611,494)
Acquisition of property, plant and equipment	(1,211,994)	(1,215,552)	(351,029)	(351,029)
Acquisition of intangible assets	(47,003)	(47,003)	(220,974)	(220,974)
Investment in securities	(63,173)	(14,090)	(12,602)	-
Proceeds from disposal of PPE	4,354	4,354	493	493
Acquisition of additional IRU capacity	(8,020)	(8,020)	(39,984)	(39,984)
Net cash used in financing activities	(639,103)	(639,103)	(122,511)	(122,511)
Proceeds from borrowing	165,000	165,000	945,000	945,000
Obligations under finance leases	(444,373)	(444,373)	(615,542)	(615,542)
Principal element of lease payments	(359,730)	(359,730)	(451,969)	(451,969)
Net increase in cash and cash equivalents	321,683	102,318	212,927	178,085
Cash and cash equivalents at the beginning of the year	671,969	518,499	458,735	340,546
Exchange gain/(loss) on cash and cash equivalents	1,770	898	306	(32)
Cash and cash equivalents at end of the year	995,422	621,715	671,968	518,499



Notes

1. Independent review

The directors of Scancom PLC (“the Group”) take full responsibility for the preparation of the annual financial information. The annual financial information has been audited by our auditor, EY Ghana, in accordance with the International Standards on Auditing. EY has expressed an unmodified opinion thereon.

2. General information

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

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

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

3. Basis of preparation

The condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standard Board (IASB) and interpretations issued by the IFRS interpretations committee (IFRSIC) of IASB that are effective as at December 31, 2021, and the requirements of the Companies Act, 2019 (Act 992). The condensed consolidated financial information has been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income.

Functional and presentation currency

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

4. Property, plant and equipment & intangible asset

Property, plant and equipment and intangibles are measured at historical cost less accumulated depreciation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits, are recognised as intangible assets. During the period, PPE amounting to GHS1,215.6 million was acquired and capitalized, while an intangible asset amounting to GHS47.0 million was acquired and capitalized. The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases in line with IFRS 16, and during the period a total amount of GHS222.4 million was capitalized.

Notes (continued)

Breakdown of CAPEX (GHS 000)

Details	Cash movement	Non-cash / credit	Item total
Property, plant and equipment	1,211,994	3,558	1,215,552
Intangible assets	47,003	-	47,003
Right-of-use assets	-	222,355	222,355
Total CAPEX	1,258,997	225,913	1,484,910

5. Contingent liabilities

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

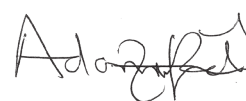
There is an ongoing tax audit by the Ghana Revenue Authority (GRA) spanning 2014 to 2018 years of assessment. Discussions were ongoing by the time the financial statements were being finalised for issue. Thus, no reliable estimate could be made of any risk at this point in time.

The summary financial information for the year ended 31 December 2021 on pages 12 to 18 were approved by the Board of Directors on 25 February 2022 and signed on their behalf by:



Ishmael Yamson

Chairman



Selorm Adadevoh

Chief executive officer

Contact

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



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