



**Scancom PLC (MTN Ghana)**  
Annual Report | **2021**



***what  
are we  
doing  
today?***



***...doers  
never  
stop  
doing...***



## Contents

|     |   |
|-----|---|
| 05  | About this report   |
| 06  | Notice to annual general meeting                                |
| 10  | Dividend declaration  |
| 13  | Who we are  |
| 18  | Celebrating 25 years of strong partnerships & collaborations    |
| 20  | Our vision, mission and values                                  |
| 21  | What we offer   |
| 22  | Our Ambition 2025 strategy                                      |
| 24  | Investment case   |
| 27  | Operational performance   |
| 28  | Salient features  |
| 30  | Chairman's statement  |
| 34  | Chief executive officer's statement                             |
| 38  | Chief finance officer's statement                               |
| 41  | Corporate governance  |
| 42  | Our board of directors  |
| 44  | Our management team   |
| 47  | Statement on corporate governance                               |
| 49  | Financial statements and key reports                            |
| 50  | Report of the directors   |
| 53  | Audit and risk committee report                                 |
| 55  | Compensation, remuneration and human resource committee report  |
| 57  | Independent auditor's report to the shareholders of Scancom PLC |
| 61  | Statement of comprehensive income                               |
| 62  | Statement of financial position                                 |
| 63  | Statement of changes in equity                                  |
| 64  | Statement of cash flow  |
| 65  | Notes   |
| 134 | Five year financial summary                                     |
| 137 | Shareholder information   |
| 140 | Shareholder's diary   |
| 141 | Administration  |



# About this report

This annual report is Scancom PLC's (MTN Ghana) primary communication to all stakeholders and aims to enable them to make an informed assessment of our performance and prospects.

It endeavours to provide a balanced review of the material matters we face; our use of the capital as defined by the Securities Industry Act, 2016 (Act 929) and Companies Act, 2019 (Act 992); our key operational, financial, economic, social and environmental performance; how we are governed; our engagement with stakeholders; as well as our risks and opportunities. In short, it is our value-creation story.

## Scope and boundary

Our material matters, as well as our strategy, form the anchor of the report and determine its content. It covers the period 1 January to 31 December 2021, and gives commentary, performance measures and prospects for MTN Ghana's operations. We provide supplementary information in associated reports and the full set of annual financial statements (AFS), at the Investors page on MTN Ghana's website [mtn.com.gh/investors](http://mtn.com.gh/investors)

## Financial information

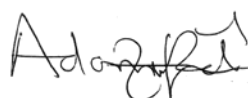
We apply International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and interpretations as issued by the IFRS Interpretations Committee. We comply with the annual filings requirements of the SEC Regulations 2003 (L.I 1728) and Securities Industry Act, 2016 (Act 929) as issued by the Securities and Exchange Commission (SEC). We also comply with the Ghana Stock Exchange (GSE) Rulebook and the requirements of the Companies Act, 2019 (Act 992).

## Non-financial information

We use local and global standards and guidelines to compile non-financial information. These include the GSE Rulebook, the Companies Act, 2019 (Act 992), the Securities Industry Act, 2016 (Act 929), SEC Regulations 2003 (L.I 1728) and other guidelines issued by the National Communications Authority.

## Approval by the Board

The report was prepared under the supervision of CEO, Selorm Adadevoh and CFO, Antoinette Kwofie. The audit committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation. The directors are responsible for the annual report as a whole, which they approved in May 2022.



**Selorm Adadevoh**  
Chief Executive Officer



**Antoinette Kwofie**  
Chief Finance Officer

# Notice of annual general meeting

Notice is hereby given that the 4th Annual General Meeting (“AGM”) of Shareholders of Scancom PLC (“MTN Ghana” or the “Company”) will be held VIRTUALLY and streamed live on <https://mtnghagm.com> from the Company’s Head office at MTN House, Independence Avenue, Accra on Monday, 30 May 2022 at 11am GMT, to transact the following business:

## Ordinary Business

1. To receive and consider the Audited Financial Statements together with the reports of the Directors and Auditors thereon for the year ended 31 December 2021;
2. To declare a final dividend for the year ended 31 December 2021.
3. To appoint Directors.
4. To authorize the Directors to fix the remuneration of the Auditor for 2022.
5. To approve the payment of Directors’ fees for the financial year 2022.

## Special Business

6. Special resolution by Shareholders to amend the Company’s Constitution to increase the maximum number of Directors from twelve (12) to thirteen (13).
7. Special resolution by Shareholders to authorize the increase in the number of shares allocated for the Employee Share Scheme from 4.4% to 5%.
8. To approve the Non-Executive Directors’ Fee Policy for adoption by the Scancom PLC Board.

DATED THIS 9TH DAY OF MAY, 2022  
BY ORDER OF THE BOARD

SIGNED

**PALA ASIEDU OFORI (MRS.)**  
**(COMPANY SECRETARY)**

# Notes continued

## 1. Virtual attendance

This Annual General Meeting (AGM) of Shareholders shall be held virtually and attendance shall be by online participation by accessing <https://mtnghagm.com/>

Alternatively, Shareholders who do not have smart phones may participate in the AGM by (i) dialing **+233 (0) 244 300 025**; (ii) entering the access code 8000; and (iii) entering the conference pin number 056789.

## 2. Proxy / proxy forms

- 2.1 A Shareholder entitled to attend and vote at the AGM may appoint a proxy to attend virtually and vote on his/her behalf. Such a proxy need not be a Shareholder of the Company.
- 2.2 The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the AGM virtually. Where a Shareholder himself/herself attends the meeting virtually, the proxy appointment shall be deemed to be revoked.
- 2.3 A copy of the Proxy Form may be downloaded from <https://mtnghagm.com> and may be completed, signed and sent via email only to [info@csd.com.gh](mailto:info@csd.com.gh) as soon as possible and in any event not less than 48 hours before the time appointed for the meeting.

## 3. Accessing and voting at the AGM

- 3.1 Access to the meeting will be made available from 9AM GMT, on Monday May 30, 2022. Kindly note however that the AGM shall commence at 11AM GMT. Access to the AGM is set out in note 1 above.
- 3.2 A unique token number will be sent to Shareholders by email and/or SMS from Friday May 20, 2022, to grant access to the AGM. Shareholders who do not receive this token may contact [info@csd.com.gh](mailto:info@csd.com.gh) or call **+233 (0) 545 823 198, +233 (0) 545 822 865 or +233 (0) 545 822 920** before the date of the AGM, to be sent the unique token.
- 3.3 Shareholders who do not submit proxy forms to [info@csd.com.gh](mailto:info@csd.com.gh) prior to the meeting, may vote electronically during the AGM using their unique token number.
- 3.4 Shareholders participating in the AGM by dialing as set out in note 1 above, may dial **USSD code \*899\*0#** on all networks to cast their votes.
- 3.5 Shareholders joining online may vote as well using the USSD code as set out in 3.4 above or on the online portal, by clicking on “cast your vote” and following the voice prompts.
- 3.6 Further assistance on accessing the meeting and voting electronically can be found on <https://mtnghagm.com>

## 4. 2021 audited financial statements

Pursuant to Section 128(3) of the Companies Act 2019, Act 992 and Paragraph 24 of the Corporate Governance Code for Listed Companies 2020 SEC/CD/001/10/2020 (SEC Code), the Directors must present to Shareholders at the Annual General Meeting the Financial Statements, together with the report of the Directors, and the report of the Auditor, Messrs Ernst and Young (EY) on the financial statements of the Company for the 2021 Financial Year.

The Shareholders are required to receive and consider the Audited Financial Statements together with the reports of the Directors and Auditor thereon for the year ended 31 December 2021.

## 5. Ordinary resolutions

### 5.1 Resolution 1 - Dividend payouts

Section 76 of the Company's Act provides for the approval by Shareholders of dividends recommended by the Board of Directors. At the February 25, 2022 Board Meeting, the Directors resolved and recommended for approval by Shareholders, a final dividend of GHS 0.085 per share for the Financial year 2021. Together with the interim dividend of GHS 0.03 per share declared and approved by the Board in 2021, the total dividend for the year 2021 is GHS 0.115 per share, at a dividend payout ratio of 70.62%. Shareholders are by this resolution requested to approve the dividend recommended by the Directors.

**Resolution 1:** Ordinary resolution of Shareholders to approve a final dividend of GHS 0.085 per share for the financial year 2021.

### 5.2 Resolution 2 - Appointment of Mrs. Antoinette Kwofie as Director

Following the appointment of Mrs. Antoinette Kwofie as the Chief Finance Officer (CFO) of Scancom PLC, and upon the recommendation of the Nominating Committee of Scancom PLC, Mrs. Antoinette Kwofie is recommended by the Board of Directors for appointment as an Executive Director of Scancom PLC.

**Resolution 2:** Ordinary resolution of Shareholders to appoint Mrs. Antoinette Kwofie as an Executive Director of Scancom PLC.

### 5.3 Resolution 3 - Authorization of the Directors by Shareholders to fix the fees of the Auditor for 2022

Pursuant to Section 140 (1)(c) of Act 992, the remuneration payable to an Auditor of the Company shall be fixed at a meeting of Shareholders by ordinary resolution of the Company or in a manner that the Company by ordinary resolution may determine.

**Resolution 3:** Ordinary resolution of Shareholders to authorize Board of Directors to fix the remuneration of the Auditors for 2022.

### 5.4 Resolution 4 - Approval of Directors' fees for the financial year 2022

Pursuant to Section 185(1) of Act 992 and Paragraph 15(3) of the SEC Corporate Governance Code, the fees and any other remuneration payable to Directors shall be determined by ordinary resolution of the Company. The amount of GHS 2,260,606 is proposed subject to overruns in the event of the appointment of additional Independent Non-Executive Directors and ad-hoc Committee meetings that may be required in the course of the year.

**Resolution 4:** Ordinary resolution of Shareholders approving the amount of GHS 2,260,606 to be paid to eligible Directors of the Board of Scancom PLC.

# Notes continued

## 6. Special resolutions

### 6.1 Special resolution – Approval of the maximum number of Directors from twelve (12) to thirteen (13)

Pursuant to section 30 of Act 992, a special resolution of Shareholders is required to amend the Constitution of the Company. Shareholders' approval is thus being sought to amend the Constitution of Scancom PLC, to increase the maximum number of directors from 12 to 13 to enable the Company to comply with the SEC requirements on the composition of the Board of Directors of Listed Companies.

**Resolution 5:** Special resolution of Shareholders approving the amendment of Clause 57 of the Company's Constitution to increase the limit on the maximum number of Directors from twelve (12) to thirteen (13).

### 6.2 Special resolution – Approval by Shareholders to authorize the increase in the total number of shares for the Employee Share Scheme from 4.4% to 5.0%

Following the listing of Scancom PLC (MTN Ghana) on the Ghana Stock Exchange ("GSE") in 2018 via an Initial Public Offer ("IPO") in line with the requirements of the National Communications Authority ("NCA") for the 4G licence, the Government of Ghana, MTN Group and MTN Ghana agreed in Q1 2020 to increase local ownership in MTN Ghana to 25%. MTN Ghana obtained Shareholder approval at the December 3, 2020 Extraordinary General Meeting (EGM) of Shareholders of Scancom PLC, to implement an Employee Share Scheme as a key component of the localization. Circa 4.4% of the issued share capital of Scancom PLC was allocated for this purpose.

Pursuant to Rule 47(9) of Part VI of the GSE Listing Rules, a Shareholders' resolution is required to alter the total amount of securities subject to the Scheme. Shareholders' approval is thus being sought to increase the total number of shares allocated to the Employee Share Scheme from 4.4% to 5.0% to support Scancom PLC's commitment to achieve 30% localization.

**Resolution 6:** Special resolution of Shareholders approving the increase in the total number of shares allocated to the Employee Share Scheme from 4.4% to 5.0% of the issued share capital of Scancom PLC.

### 6.3 Special resolution – Approval of Non-Executive Directors' fee policy

Pursuant to Paragraph 15(1) of the SEC Corporate Governance Code, the Board is required to adopt a remuneration policy for Directors, which shall be subject to the approval of Shareholders. A Shareholders' resolution is therefore being sought to approve the Non-Executive Directors' Fee Policy for adoption by the Board of Scancom PLC, to ensure compliance with the provisions of the SEC Code. The Directors' Fee Policy can be accessed at <https://mtnghagm.com>

**Resolution 7:** Special resolution of Shareholders' approving the Non-Executive Directors Fee Policy for adoption by the Board of Scancom PLC.

# Dividend declaration

## 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 GH¢0.085 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:

|                              |                               |
|------------------------------|-------------------------------|
| <b>Ex-Dividend Date</b>      | <b>Wednesday, 11 May 2022</b> |
| <b>Qualifying Date</b>       | <b>Friday, 13 May 2022</b>    |
| <b>Dividend Payment Date</b> | <b>Thursday, 16 June 2022</b> |

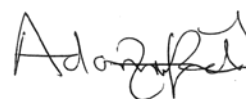
All shareholders registered in the books of Scancom PLC at close of business on Friday, 13 May 2022 qualify for the final dividend.

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:



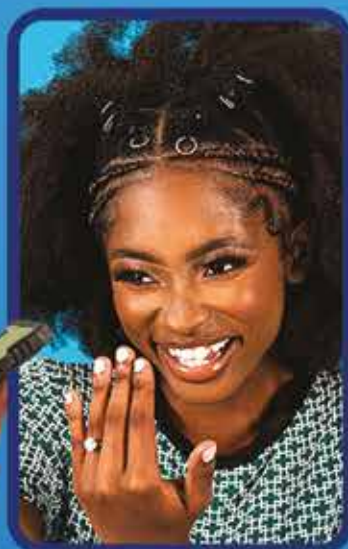
**Ishmael Yamson**  
**Chairman**



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



your all-in-one app that let's you  
chat. call. play. listen. read. pay.



No data costs for MTN users.  
Terms & conditions apply.

***what  
are we  
doing  
next?***





**Who we are**



An aerial photograph of a coastal town, likely in Ghana, featuring a prominent lighthouse with red and white stripes. A road with several cars runs through the town, and the ocean is visible in the background under a cloudy sky.

25.4  
**million**

people nationwide are  
*connected through*

***MTN Ghana***







# **...CELEBRATING 25 YEARS OF STRONG PARTNERSHIPS & COLLABORATIONS...**



**“...The evolution of MTN was not just a business expansion...but a medium for capacity building partly of a new black elite whose participation in the new economy was critical for the future.”**

– Prof. Ivor Agyeman-Duah in Telephone Conversations: A History of Telecommunication Economics and MTN in Ghana.

MTN's foray into the Ghanaian corporate and telecommunication setting, in keeping with the larger MTN Group purpose and philosophy, was anchored on a firm belief that building the capacity of the African was critical if they were to participate fully in the global economy. This belief, observably, finds expression in the modus operandi of MTN Ghana in the quarter of a century that the company has operated in the country. In all its operations—telecommunication infrastructure, network expansion, product development, business advisory, digitization – building and maintaining strong partnerships and collaboration have been a bedrock upon which many successes and laurels have been achieved and won for MTN Ghana.

Throughout its rich history in Ghana, MTN Ghana's capacity building through partnerships and collaboration has always occurred alongside technological innovation and enhanced services.

The telecommunications market leader has, in many ways, imbibed the ideal that collaboration and strategic partnerships are fundamental to improving business outcomes. And that deepening ties between complementary businesses fosters collaboration and longevity and allows companies to offer services and solutions that help their customers and other businesses become more successful.

## **A year to remember**

On the occasion of MTN Ghana's 25th anniversary celebrations, the business set out to mark the milestone with customers in an impactful and memorable way. This was done through a series of targeted engagements, customer promos and activities to ensure customers and stakeholders felt the impact of the anniversary celebrations.

## **The launch – Ghana's President commends MTN**

The President of Ghana, Nana Addo Dankwa Akufo-Addo, applauded MTN Ghana's successes within the past two and a half decades. The President said MTN Ghana deserves commendation for the achievements it has attained over the past 25 years. The President said this during the official launch of MTN Ghana's 25th anniversary at an impressive ceremony held in Accra on June 2, 2021. The ceremony which was attended by the Minister of Communications and Digitalization, Hon. Ursula Owusu-Ekuful, saw the unveiling of the 25th anniversary logo and a host of activities outlined for the anniversary period. The ceremony was also attended by other Regulators,





Partners, Suppliers, and the Media. MTN Ghana Board Chairman, Dr. Ishmael Yamson, and the MTN Foundation Board Chairman, Professor Franklin Manu, along with the members of both boards and executives of MTN, were present at the event.

Speaking at the event, President Akufo-Addo said, "Your slogan 'Everywhere You Go' says it all. My heartfelt congratulations go to all staff of the organization, policymakers, regulators, service providers and MTN subscribers past and present. Government appreciates your hard work and continuous contributions to the telecommunications sector and the country as a whole". He added, "We are confident that many more organisations will be inspired by your 25-year journey and successfully emulate your achievements."

The anniversary launch was an opportunity to recount the immense contributions of MTN Ghana to the growth of Ghana's telecommunications and ICT sector.

#### **Good Day Ghana / Early Bird Rewards**

In this vein, MTN Ghana announced exciting packages to delight and reward its customers as it marked 25 years of operations in Ghana. The rewards were executed in different modes and in different phases. Firstly, all customers got to enjoy Free 25mins talk time on their first on-net call (MTN to MTN calls) each day from 2nd to 30th of June 2021. This promo was referred to as "Good Day Ghana Promo".



The second promo, dubbed the “Early Birds Rewards”, had the top 2,500 customers who have been on the network since the company began its operations in 1996 enjoy unlimited calls on the network throughout the month of June 2021. This promo was capped at 3 hours each day. Also, all 2,500 customers were rewarded with 2.5GB of data in June 2021, valid until 30th June 2022. Additionally, the top 250 customers from the 2,500 list were each rewarded with high-end devices and exclusive souvenirs in recognition of their loyalty and tenure.

#### **Business make-over**

Ten lucky SMEs were given a full ‘Business Make Over’ as a part of a campaign launched by MTN Business to create more awareness on how small businesses can use the power of technology to enhance the management of their business and to grow their business’ competitiveness in the context of a regional and global marketplace. The MTN Business SME Campaign was launched under the theme, “MTN Business, Your Partner for Growth”.

Winners of the ‘Business Make Over’ received packages including free MTN connectivity, free smart phones from Atlantic Phones; free set up on Hubtel E-commerce site, One Year Business Manager App service by Npontu Technologies, Free Vehicle Trackers by E-solutions, Banking and capacity building services by Fidelity bank, MoMo Merchant set up, one-year unified communications and IVR service, Digital Advertising Service and an MTN Business surprise goody bag among many others.

#### **Mega promo**

MTN Ghana offered 25 Hyundai Sonata salon cars in a mega anniversary promotion to reward and excite customers for their loyalty to the brand over the past 25 years of its operations in Ghana as it celebrated its 25th anniversary. Dubbed the “MTN Pulse 25th Anniversary Mega Promo”, the points-based promotion required customers to voluntarily register by dialing \*156# to participate. Once a customer registered, he or she began to accumulate points based on their various paid for activities on the network including Voice, Data, SMS, Value Added Services and MoMo. The customer with the highest accumulated points at the end of each promo month received the keys to a brand-new Hyundai Sonata car.

#### **Commitment to building a digital economy**

MTN Ghana pledged to invest over USD1 Billion in infrastructure and information systems in the next five years, starting this year. The CEO of MTN announced support for government’s ICT developmental initiatives and committed to support an ICT Hub project and the development of a novel idea to establish West Africa’s first Innovation City in Ghana.

#### **GHS10 million investment in girls in ICT project**

As part of the commitment towards building a digital economy, MTN Ghana committed an amount of GHS10 million to the Ministry of Communications and Digitalization in support of the Girls in ICT project. The Girls in ICT programme is an international initiative adopted in 2012 by all ITU Member States including Ghana. It is aimed at showing girls the opportunities in the ICT sector through mentorship workshops and boot camps which are aimed at preparing them for ICT related professions in future.

#### **MoMo awards**

Since 2014, MTN Ghana through its annual MTN MoMo Agents Awards, rewards agents, merchants, and distributors who demonstrate high levels of professionalism in executing their duties in providing mobile financial services to their customers. This year, for instance, the ultimate winner, Mr. Kelvin Atsu Wilson, the Chief Executive Officer of Chafal Communications Limited, received a new 2020 SUV 4X4 Toyota Rush.

#### **Media awards**

The MTN Bright Media Awards competition was opened to all Ghanaian journalists to submit original works not previously published or broadcasted stories based on the theme: MTN Ghana – 25 Years of Brightening Lives. The Media Awards attracted a very high interest and was supported by many media partners. MTN received commendations for giving the media an opportunity to share their views about MTN’s contribution to the Ghanaian economy through competitive work.



### Brightening lives through Entertainment, Culture and Arts

Throughout the celebration, the company continued to give customers thrilling moments with their favourite stars through the various properties owned by the company. MTN has consistently supported various programmes in Music, Sports, Entertainment and many more. Through the various regional festivals, football and gold sponsorships, entertainment stars like Kidi, Kwame Eugene, Samini and several personalities were brought closer to the customers.



### Cheers to a Brighter future

MTN Ghana's approach to corporate organisational thinking and management, together with strategic business decision-making, have made MTN Ghana a stellar organization. As the company takes stock of the past 25 years and strategizes for the next 25, we know, and we are confident that this is just the beginning of greater heights by Ghana's and Africa's foremost telecommunications and digital company.

Cheers to the next 25 years!!!



# Our vision, mission and values





## What we offer

**MTN Ghana leads the data market with 12.4 million<sup>#</sup> subscribers as at December 2021.**

The growth in data market share is largely attributable to effective market propositions, rich content and value-added services, video push and MTN's smart device drive, lifestyle-based propositions and packages as well as partnership models within the data ecosystem.

The various products and services offered by MTN Ghana to retail and corporate consumers include the following:



We connect people and communities through voice (postpaid and prepaid), messaging and data-access services; we enable people to make financial transactions using their mobile phones and bring them entertainment and online platforms, apps and online ventures through lifestyle, mobile financial services and e-commerce offerings. Products in this segment are voice services, fixed line, MTN Shortz, MTN Protect, MTN fibre broadband, data and internet solutions, MTN vehicle tracking, MTN Care 24/7, MTN radio, iStream TV, MTN Play, MTN Xtratime, Music Plus, MTN Video Plus, MTN online school.



As a committed partner to small, medium and large private enterprises and the public sector, we drive agility and growth through connectivity, communication and collaboration solutions over world-class infrastructure. This includes unified communication (voice, messaging and video), cloud and hosting services, connectivity, managed mobility (the internet of things) and security. Products in this segment include MTN dedicated internet, MTN corporate postpaid packages, MTN asset tracking, MTN leased lines, MTN vehicle tracking, MTN smart cam, MTN eazifon, MTN SME plus, MTN directory services, MTN fibre broadband, MTN business caller tunez, MTN multi-caller services, MTN cloud services, MTN global (MPLS) vpn, MTN co-location hosting/ data centre services and MTN APN SIM.



MTN Ghana launched its Mobile Money service in July 2009 in partnership with nine banks, and was the first telco in Ghana to do so. By December 2021, we had 17 partner banks and about 11.0 million\* active users on the MTN Mobile Money platform and over 244,000 active agents nationwide. Services offered on this platform include money transfer; airtime top up; bill payments; general payments; bulk payment payroll; school fees payment; savings and investment; international remittances; link to bank account; insurance and ATM cash-out.

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

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

# MTN Group's Ambition 2025 strategy

MTN Group's revised strategy, Ambition 2025, is anchored in building the largest and most valuable platform business with a clear focus on Africa. This will rest on a scale connectivity and infrastructure business, making use of both mobile and fixed access networks across the consumer, enterprise and wholesale segments. The implementation of this growth strategy will be accelerated through selective partnerships and leveraging MTN's brand as the most trusted and valued in Africa, while it will be supported and funded through enhanced cost and capex efficiencies. The execution of Ambition 2025 is embodied in four clear strategic priorities. We have identified five vital enablers to assist in operationalising our strategy.

As part of Ambition 2025, we want to build five scale platform businesses on top of a very strong connectivity network. The platforms are at different levels of maturity, with – at one end – the fintech platform, which is relatively mature, and – at the other end – the API marketplace, Chenosis, which we launched last year.

- Fintech – We have built a scale fintech business, but we have ambitions to double the size of the platform over the next three to five years and broaden the product proposition, moving from

payments to lending to insurance to savings.

- Digital – We see the opportunity for mobile commerce where the fintech business intersects with our ayoba business.
- Enterprise – In recent years we have focused on connectivity: building and indexing up on enterprise. With increasing industrial IoT – workloads moving to the cloud – we see opportunity to create a significant and scale enterprise business.
- NaaS – We see opportunity to improve the economics of our businesses across markets by extending our well-invested networks to support other players in certain markets.
- API marketplace – We look to aggregate APIs to accelerate the digital ecosystem expansion and ultimately monetise them over time.

The platform strategy is about creating solutions that not only address opportunities but tackle the challenges of the continent. This enhanced platform strategy centres on the four strategic priorities below. This unpacks our strategy, together with our ambitions that we are projecting forward over the next three to five years:

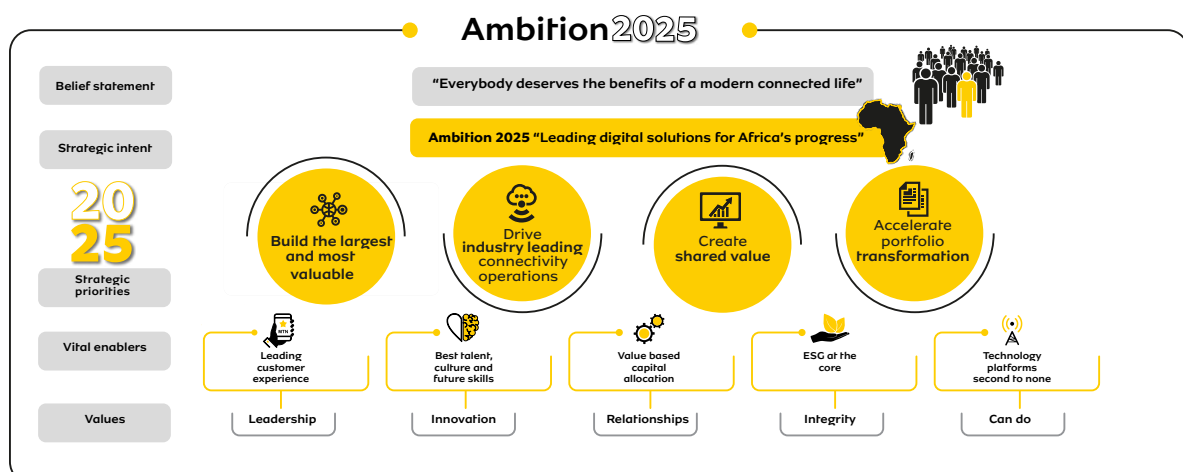
## The case for change

### Challenges

- Reducing the Group's risk profile
- US dollar debt level at Holdco

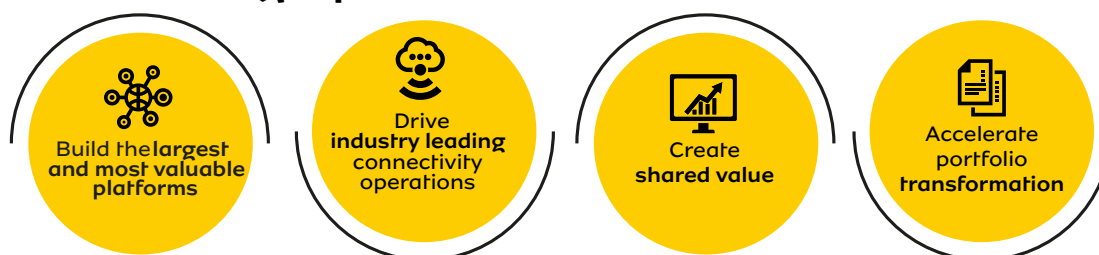
### Opportunities

- Take advantage of the short window of opportunity to win in digital services as customers come online for the first time
- The global operating environment is shifting in the wake of COVID-19 – de-globalisation and digital acceleration
- MTN is well positioned to partner with nation states in socio-economic progress
- Reveal and crystallise value



# MTN Group's Ambition 2025 strategy (continued)

## 2025 strategic priorities:



## Our material stakeholders:



## MTN Group's strategic performance dashboard

| Strategic priorities                           | Objectives   | How we measure success – Ambition 2025  | Performance 2020  | Performance 2021   |
|--|--|---|---|--|
| Build the largest and most valuable platforms  | Pivot from 'product' to 'platform' play  | >20% platform revenue to service revenue contribution<br>100m MoMo users<br>100m ayoba users  | 7.6%<br>46.4m<br>5.5m   | 9.3%<br>56.8m<br>11.6m   |
| Drive industry-leading connectivity operations | Doubling of consumer mobile data<br>'Own the home'<br>Leading Fibreco in Africa<br>Digital transformation   Step change in efficiencies and service levels   | 200m active data users<br>+10m home broadband users<br>Fibre footprint > 135 000km<br>>R5bn of expense savings  | 111m<br>Not tracked previously<br>~85 000km<br>~R2.0bn  | 122m<br>1.9m<br>~100 000km<br>R3.7bn   |
| Create shared value                            | Step change in ESG positioning of the Group<br>Broad-based ownership and inclusion across markets<br><br>Sentiment shift through stakeholder management efforts<br>Continuous growth in contribution to society<br>CHG emissions<br><br>Rural broadband<br>Diversity and inclusion | Top quartile ESG ratings<br>Localisations:<br>– MTN Nigeria (localise 35%)<br>– MTN Ghana (localise 25%)<br>– MTN Uganda (localise 20%)<br>– MTN Rwanda<br><br>MTN reputation<br><br>Continue to contribute to society<br>~47% average reduction target by 2030 and Net Zero by 2040<br>95% by 2025<br>50% women representation by 2030 | Improving, refer to page 79<br><br>–<br>–<br>–<br>–<br>78.7%<br>~R105bn<br>10%<br>Not tracked previously<br>– | Improving, see page 79<br><br>3.1% sold<br>–<br>13.1% sold<br>Listed by introduction<br>79.6 %<br>~R115bn<br>~16%<br>~83%<br>39% |

^ Anticipated R8.8bn to be received in 1H 22

Key: Achieved annual targets In progress

## Investment case – A compelling Ghanaian growth story

Ghana's growing appetite for digital services for entertainment, financial and commercial needs provides a massive opportunity for telcos like MTN to capture the data and financial services opportunity. We believe we are well placed to provide MTN owned digital services and facilitate access to third-party digital services.

### Strong position in market



- #1 subscriber market share
- Leader with a strong competitive advantage across all segments: voice, data and mobile money

### Well-positioned for the long-term

- Increased data investment: fixed and mobile
- Best Network with excellent customer experience
- Accelerated growth in advanced services : Payments, S&L and insurance



API Marketplace



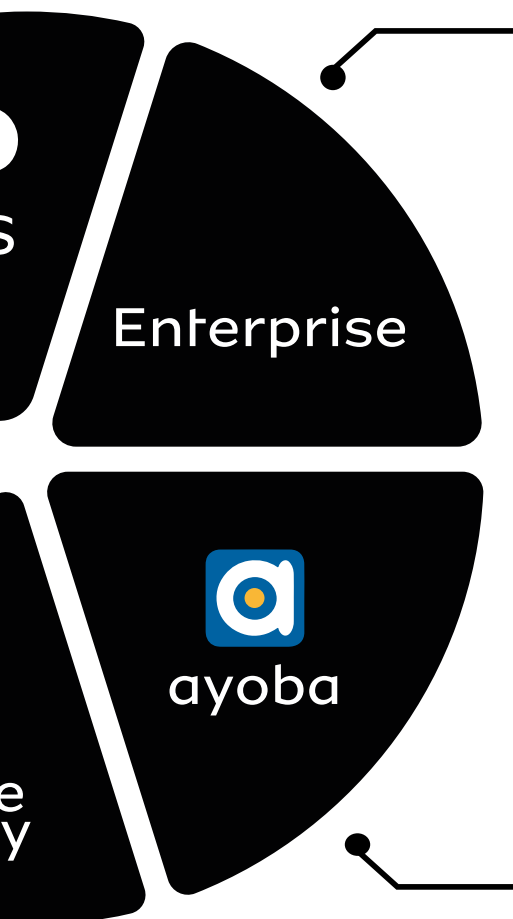
NaaS



Mobile money

Enhanced risk and re

Disciplined cap



#### Exciting demographic opportunity

- Fast growing youthful population
- Large opportunity in digital and financial services
- Partner in socioeconomic development of our economy



#### Attractive return profile

- Strong cash flow generation
- Consistent dividend payment
- Significant contribution sustainability



regulatory framework

capital allocation

***what  
are we  
doing  
next?***

## Operational performance

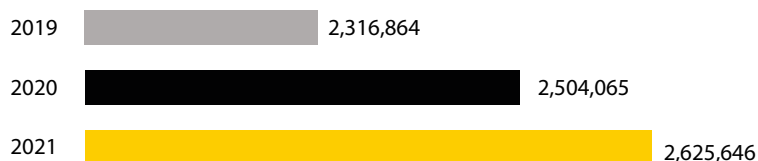


# Salient features

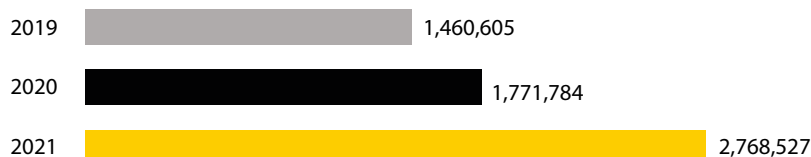
## Service Revenue (GHS '000s)



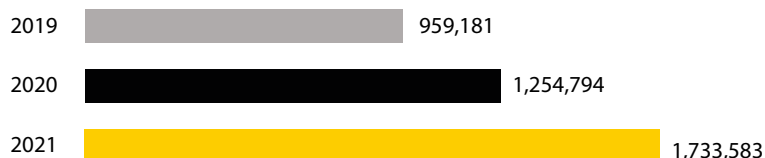
## Voice Revenue (GHS '000s)



## Data Revenue (GHS '000s)



## MoMo Revenue (GHS '000s)



## Digital Revenue (GHS '000s)



## EBITDA (GHS '000s)



**+28.5%**  
Service Revenue  
Growth

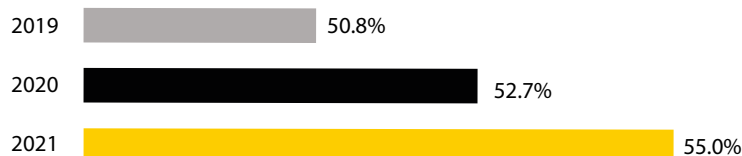
**+4.9%**  
Voice Revenue  
Growth

**+56.3%**  
Data Revenue  
Growth



# Salient features

## EBITDA Margin



## Core Capex (GHS '000s)



## Active Voice subs ('000s)



## Active Data subs ('000s)



## Active MoMo subs ('000s)



## Active Digital subs ('000s)



**+38.2%**  
MoMo Revenue  
Growth

**+33.7%**  
EBITDA  
Growth

**+2.3pp**  
EBITDA  
Margin

## Chairman's statement

Distinguished shareholders, ladies and gentlemen,

It is my pleasure to welcome you all to this year's Annual General Meeting of Scancom PLC (MTN Ghana)

and to update you on the progress of your company in the year MTN Ghana celebrated 25 years of impacting the lives of over 25 million Ghanaians since its launch in 1996.



“

Economic and social development is 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 global challenges.

Ishmael Yamson

”

# Chairman's statement (continued)

## Global overview

The global economy emerged from the pandemic-induced recession of 2020, with economic growth estimated by the International Monetary Fund (IMF) to have risen to 6.1% in 2021. Global energy prices surged in the last six months of the year on the back of recovering demand and constrained supply. Global inflation continued to trend upwards, reflecting the rebound in demand, as well as supply chain disruptions and rising food and energy prices.\*

According to the IMF's latest estimates, global economic growth is expected to slow to 3.6% in 2022, reflecting the risk of COVID-19 flare-ups linked to the Omicron variant, lingering supply-chain bottlenecks, and the spillover effects of the Russian-Ukraine conflict. Notably, commodity prices have soared and logistics disruptions are likely to increase. Global inflation is expected to remain elevated in 2022 for the same reasons as stated above.#

## Ghana's operating environment

Economic activity continued to expand in 2021 in line with the recovery following the lingering impact of the pandemic. The local economy grew by 5.4% in 2021, higher than the estimates of the IMF and the World Bank. Ghana's GDP growth was driven by the services and agricultural sectors, which grew by 9.4% and 8.4% respectively.

Headline inflation slowed from 10.4% in December 2020 to 7.5% in May 2021 but increased in the second half of the year to reach 12.6% due to the rise in crude oil prices and higher food prices. The local currency performed well in 2021, depreciating against the USD, GBP and EUR by 4.1%, 3.1% and 3.5% respectively. The improvement in forex inflows from the Eurobond issuance, the USD1.5 billion COCOBOD pre-export facility and the USD1.0 billion Special Drawing Rights (SDR) shored up reserves and helped to offset pressures from energy-related forex demand, and pandemic-induced portfolio outflows. As a result of the emergence of inflationary pressures in the second half of 2021, the central bank increased the monetary policy rate by 100bps to 14.5% in November 2021.

In the first quarter of 2022, the Ghanaian economy faced a whirlwind of economic pressures from rising inflation and increased depreciation of the Cedi. Difficulties with revenue mobilization combined with high debt service commitments led to fiscal challenges. Also, the Government's inability to access the international funding market to issue additional

Eurobonds meant the usual annual forex inflows from that avenue were not available to shore up the local currency. On the interbank market, the local currency depreciated against the US Dollar by 18.4% in Q1 2022\*\* compared to a 0.5% appreciation in Q1 2021. Headline inflation rose to a 13-year high of 19.4% at the end of the first quarter of 2022 (and rose further to 23.6% in April), driven by rising food prices, higher petroleum prices and the pass-through effect of exchange rate-depreciation. Consequently, the Bank of Ghana increased the monetary policy rate by 250bps to 17.0% in March 2022 and introduced other measures to check inflation and address the local currency's depreciation.

Notwithstanding the prevailing headwinds, the IMF projects Ghana's economy will grow by 5.2% in 2022. However, recent developments on the macroeconomic front, and the resulting fiscal consolidation measures undertaken by government to mitigate the impact could result in a more muted growth in the economy. According to the central bank, economic activity is expected to rise albeit at a moderate pace in the first half of 2022 due to rising input costs from higher petroleum prices as well as softened consumer and business confidence which will impact private sector production and investment plans.^

## Financial performance and dividends

Ladies and gentlemen, in 2021, MTN Ghana recorded strong growth in service revenue (+28.5% YoY) and managed its costs prudently, which led to growth in profit after tax of 43.5% YoY to GHS2.0 billion. After reviewing the full year performance of the company in 2021, the Board shall be recommending a final dividend of 8.5 pesewas on ordinary shares to be approved by shareholders at today's meeting. This is further to the interim dividend of 3.0 pesewas per share declared by the Board after reviewing the half year performance of the company. This brings the total dividend for the year 2021 to 11.5 pesewas per share and represents 70.6% of profit after tax and a 43.8% increase in dividend per share payout in 2021 over 2020.

## 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 made a fiscal contribution of GHS3.1 billion of which GHS2.8 billion was paid to

\* World Bank Global Economic Prospects Report, January 2022

# International Monetary Fund (IMF) World Economic Outlook Report, April 2022

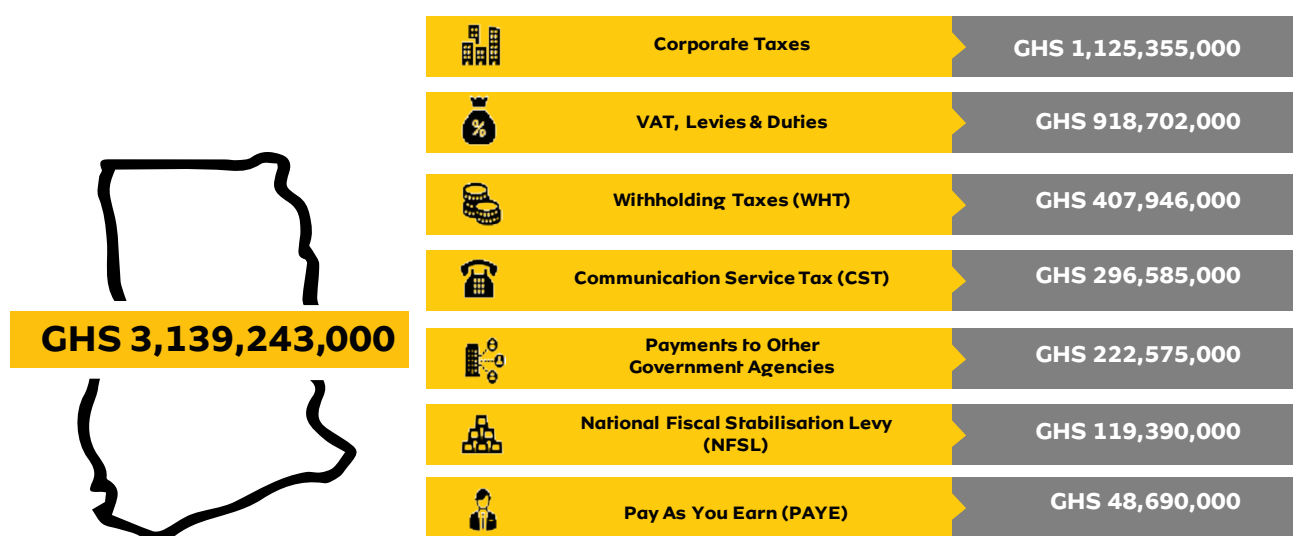
^ Bank of Ghana Monetary Policy Report, March 2022

## Chairman's statement (continued)

government in direct and indirect taxes, representing 35.8% of our total revenue.

In line with our commitment to creating 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.

### A significant contributor to Ghana's GDP growth: GHS3.1 billion contribution to Ghana's revenue mobilization in 2021



#### Our corporate governance strategy

Strong governance remains a core focus of the Board. In this regard, the Board continues to ensure the practice of strong internal controls and ethical behaviour within your company.

I am happy to report that the Board and its committees have worked tirelessly with management to ensure the existence of a sustainable framework that can support the business strategy going forward.

During the year, the Board met nine times with five meetings being extraordinary or special meetings. This was in addition to committee meetings as presented in the Report of the Directors. The Board deliberated on issues relating to financial reporting and compliance, regulatory issues and governance issues to ensure the long-term viability of the business.

Ladies and gentlemen, to achieve success the Board requires a good balance of skill sets and I am satisfied that the Board is appropriately balanced and has the skills and training required to ensure that the company is well governed.

I would like to reassure our shareholders that the Board will continue to build on our effective governance structure through adequate training and maintaining the right balance to ensure the long-term growth of the business.

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

The economic and social development of our customers and communities is 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.

## Chairman's statement (continued)

Through the MTN Foundation, we donated an additional GHS5 million (bringing our total contribution to GHS10 million since 2020), to the National COVID-19 Trust Fund in support of government's efforts to fight the pandemic. We also encouraged vaccinations and donated 356,000 vaccines to the Government of Ghana through the Ministry of Health.

MTN also extended the zero-rating of all MoMo P2P (person-to-person) transfers up to a value of GHS100 per subscriber a day until further notice, which has saved customers an estimated total of GHS165 million in 2021 (2020: GHS110 million) while promoting the safety of Ghanaians and deepening financial inclusion.

Beyond this, MTN through the MTN Ghana Foundation expanded its contribution to healthcare, education, and economic empowerment by supporting youth employment and job creation through various initiatives implemented during the year.

In 2021, the MTN Ghana Foundation equipped 100 young Ghanaians with technological skills in telephone and device diagnostics and repairs through our youth empowerment Initiatives. The Foundation extended its support to 465 students through the MTN Bright Scholarship Scheme, of which 119 have successfully completed their programmes and are now in the workforce contributing towards the growth and development of Ghana in their own small ways. Overall, the Foundation disbursed GHS2.3 million to cover tuition, accommodation and a stipend for books.

In addition, the Foundation constructed a blood bank unit for the Cape Coast Teaching Hospital in Cape Coast, constructed a 600-bed girls dormitory block for Tamale 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 of GHS14.3 million earmarked towards corporate social responsibility projects for the year.

We are privileged 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 Ghana Foundation, we will dedicate at least GHS20 million towards social investments to support the communities within which we operate.

### Board changes

I am pleased to inform our distinguished shareholders that, in October 2021, Antoinette Kwofie joined MTN Ghana as Chief Finance Officer (CFO) from Absa Bank Ghana, where she held the role of CFO for more than eight years. I am confident of her appointment to the Board at today's meeting.

### Outlook on governance

Ladies and gentlemen, on behalf of the Board I wish to pledge our commitment to the building of a robust governance charter and framework in the coming year. The Board will continue to evaluate and improve on performance and undertake training and development programmes to ensure that all directors execute their duties diligently.

The Board will ensure your company is compliant with all corporate governance directives issued by regulatory stakeholders and will work to make your company a responsible body corporate in a rapidly changing world.

### Conclusion

Ladies and gentlemen, I would like to conclude by expressing my profound gratitude to all management and staff of MTN Ghana for the hard work and commitment to the vision of the company. I say a big Ayekoo!! to all of you.

To our valued customers who continue to support our business, I say a big thank you and assure you of the very best of our service.

I would like to thank all regulatory stakeholders and government who have created the enabling environment for the business to operate in and thrive.

I cannot end my statement without expressing my gratitude to you, our shareholders and my fellow Board members for the invaluable support through the year.

Thank you and God bless us all.



Ishmael E. Yamson

Board Chairman

## Chief executive officer's statement

Dear Shareholders,

It is my pleasure to welcome you to the 4th Annual General Meeting as a publicly listed company, to share with you the report of your company's activities and business performance for the year ended 31st December 2021.



“

The pandemic and ongoing changes in the world showed how critical connectivity and digital services are to society. We have seen demand for mobile connectivity grow rapidly every year and we continue to invest a significant amount of money to meet the needs of our cherished customers.

Selorm Adadevoh

”

# Chief executive officer's statement (continued)

## 2021 in review

2021 was a special year for MTN Ghana, as it marked 25 years of providing vital telecommunications and digital services to Ghanaians. During this period, MTN Ghana played its part in improving the lives of Ghanaians as well as enabling growth of businesses and the economy. We commemorated the milestone by celebrating the loyalty and trust we have received from our valued customers, our people and all stakeholders including our trade partners, our technology partners, our business collaborators, our regulators and our media partners, who have made this journey possible.

We also commissioned three landmark projects in Health and ICT skills development as part of our corporate social investments as well as extending our scholarship program to support 300 students over three years into local tertiary institutions. These initiatives reflect our commitment to the people of Ghana in the communities within which we operate, to promote health, education and economic empowerment as part of our Corporate Social Investments.

To crown the year, we delivered strong financial results in line with our market guidance and achieved growth across our key business segments in a world that continued to be impacted by COVID-19.

## Operational review

As the nation navigated through unprecedented times, we continued to demonstrate and live our 'Can Do' value through sustained investments, sound operational execution and resilience in delivering continued growth in our core business during 2021. Service revenue grew by 28.5%, driven mainly by increased investment in the network and delivery of commercial initiatives which resulted in growth of our customer base and demand for our services.

Our customers remained our key focus and we continued to invest in digitalising our customer support services and improving our flagship MyMTN app. We improved our support as well as elevated the available self-service options. For example, MTN customers are now able to check their bills, look at call records and data spend and also seek help among other services on the MyMTN app.

We remained committed to truly putting the customer at the heart of the organisation to achieve high levels of advocacy, measured through our Net Promoter Score (NPS). The pandemic heightened our need to align our focus on addressing essential

customer needs with empathy, care and concern. We enhanced our customer service resolution through a variety of different channels including our customer service digital channels and use of social media to listen and improve on our understanding of customer sentiments.

The pandemic and ongoing changes in the world showed how critical connectivity and digital services are to society. We have seen demand for mobile connectivity grow rapidly every year and we continue to invest a significant amount of money in making our network even better. In 2021, we invested a total capex of GHS1.5 billion supporting infrastructure modernization, expansion of 4G population coverage to over 90.6% (+18.9pp) and improvements to quality of service.

Improvements to network capacity and quality were made possible by rolling out 131 2G, 120 3G and 1,446 4G sites and modernising 2,121 existing 4G sites. We extended 4G network and data services to an additional 1.7 million people, deepening digital inclusion in 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 patterns 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 GHS2.6 billion. The contribution of voice to service revenue consequently 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 GHS2.8 billion. 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 an increased number of 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 2021 to achieve a growth of 3.8% YoY. We expanded our MoMo distribution and footprint across the nation through the growth in active agents (+18.7% YoY). We also expanded merchants

# Chief executive officer's statement (continued)

(+29.9% YoY) to bring our services much closer to our customers 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 GHS1.7 billion. The contribution of Mobile Money to service revenue increased from 20.9% to 22.5% YoY.

Enhancements were made to allow the 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 cleanup of our digital products and services to enhance customer experience and rationalization of our digital products portfolio, 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. This helped support a 33.7% YoY growth in EBITDA and margin expansion of 2.3pp to 55.0%. Profit after tax increased by 43.5% YoY.

## Management changes

Ladies and gentlemen, I am pleased to announce that, in October 2021, Antoinette Kwofie joined MTN Ghana as Chief Finance Officer (CFO) from Absa Bank Ghana, where she held the role of CFO for more than eight years. The management team also gained a new member in the person of Shaibu Haruna, who is our Chief Sales and Distribution officer. Shaibu has decades of experience in sales and leadership roles and we are pleased to have him as part of the team.

While we had great additions to the team, our Chief Corporate Services Officer, Samuel Koranteng, retired from active duty. I want to wish him the very best and announce that Nana Kofi Asare (who is our Senior Manager, Legal) will act in this role until a replacement is appointed.

I wish them all the very best in their respective roles and endeavours.

## Looking ahead

In 2022, our areas of focus include improving customer experience across all services and regions to further enhance subscriber growth and usage of our services. We also plan to expand our 4G / 4G+ service by implementing 4G everywhere you go (i.e., 4G on every site) by the end of 2022 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 work to deepen the penetration of MoMo users within the base.

We forecast service revenue growth in the high teens (in percentage terms) 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.

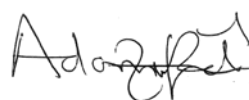
Execution of our Ambition 2025 strategy will continue, as we seek to build a platform business that enables broader digital ecosystem acceleration. We expect to make considerable progress on localisation of Scancom PLC and its subsidiary, MobileMoney Limited.

## Conclusion

As I conclude, I would like to note my appreciation to the management and employees of MTN Ghana for their tireless efforts, and the great sacrifices made to ensure we deliver on the set targets. I am confident about the opportunities that lie ahead of us and I look forward to your continued support to steer MTN Ghana to greater heights in the years to come.

On behalf of the staff of MTN Ghana, I would like to extend my sincere appreciation to the Board of Directors for their continued guidance and support and for the many challenges they have helped us navigate positively.

I also wish to thank our customers, strategic partners, government, regulators and you, our shareholders, for your continued faith in the leadership and strategy of MTN Ghana. Thank you, please stay safe and God bless us all.



Selorm Adadevoh

Chief executive officer



**Doing for  
tomorrow,  
*today.***



## Chief finance officer's statement

Dear Shareholders,  
Welcome to our fourth Annual General Meeting. It is a pleasure to share some financial highlights of the 2021 financial year with you.



“

We remain focused on driving efficiencies in our business and prudently managing cash positions to sustain returns.

Antoinette Kwofie

”

## Chief finance officer's statement (continued)

In 2021, the global economy and financial markets saw somewhat of a recovery from the recession induced by the pandemic. The persistence of supply chain disruptions and rising energy and food prices continues to drive an upward trend in inflation globally, resulting in a challenging operating environment for businesses.

We remain focused on driving efficiencies in our business and prudently managing cash positions to sustain returns. We continue to invest in our infrastructure to expand our technology footprint and serve our customers better. These combined with sound operational execution and commercial initiatives helped generate a strong financial performance for the year under review.

### Financial highlights

In 2021, the Group (Scancom PLC and MobileMoney Limited) delivered a total revenue and service revenue growth of 28.0% and 28.5% year-on-year (YoY) respectively to GHS7.7 billion. This growth was underpinned by growth in data (up 56.3% YoY), voice (up 4.9% YoY), and Mobile Money (up 38.2% YoY). Digital revenue declined by 5.1% YoY and this was due to a cleanup of our digital products and services to enhance customer experience and rationalization of our digital products portfolio.

Mobile Money recorded a revenue growth of 38.2% YoY and EBITDA growth of 46.9% YoY. The growth in revenue was supported by growth in the number of active users which increased by 3.8% YoY. Our drive to deepen the ecosystem resulted in growth of Mobile Money float by 36.9% YoY to GHS9.0 billion with a corresponding increase in transacted volume and value by 42.0% YoY and 68.5% YoY respectively.

Over the period, our total operating cost (including cost of sales) increased by 21.7% YoY to GH¢3.5 billion. We continued to deploy various cost efficiency initiatives, including the digitization of our distribution channels. We invested GH¢1.5 billion in total capex to improve our network capacity and expand our infrastructure.

Our reported earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 33.7% YoY to GH¢4.3 billion with an EBITDA margin expansion of 2.3 percentage points to 55.0% YoY.

The improvement in our top-line revenue, coupled with our cost management and efficiency initiatives, resulted in a 45.3% YoY growth in profit after tax. Earnings per share increased by 43.8% YoY to GHS0.163.

We exceeded our guidance for key revenue lines in 2021 and we are focused on delivering on our medium-term guidance. The table below shows how we performed against our financial guidance submitted to the market for 2021.

| IFRS 16 GHS billion     |                  |                     |                 |
|-------------------------|------------------|---------------------|-----------------|
|                         | 2021<br>Guidance | 2021<br>performance | Variance<br>(%) |
| <b>Revenue</b>          | 6.1              | 7.7                 | 20.5%           |
| <b>EBITDA</b>           | 2.0              | 4.2                 | 52.8%           |
| <b>Profit after tax</b> | 1.3              | 2.0                 | 37.4%           |

### Debt & Financing

In May 2021, we made use of a GHS165 million revolving loan at a rate of 16.6%. This was in support of our CAPEX deployment for the year. We continued to maintain a healthy balance sheet in line with existing banking guidelines. During the year, no debt covenants were breached.

### Outlook

In 2022, our revenue growth is expected to be in the high teens, while we actively manage costs to maintain a healthy margin and grow our bottom line. We expect to spend GHS2.5 billion in CAPEX while maintaining our guidance of an improving trend in Capex intensity.

We are acutely aware of the uncertainties the current macro environment may have on the prospects of the business for the rest of the year, and remain focused on efficient execution, spend discipline and operational diligence to ensure delivery of our objectives for the year. We will proactively monitor macroeconomic developments affecting currency and inflation and take steps to mitigate the effect on our business.

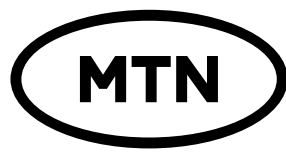
Notwithstanding the uncertainties, we are maintaining our medium-term guidance for service revenue growth of high teens (in percentage terms). Thank you once again for joining us today, I wish you the very best and look forward to meeting you again next year. Please stay safe. God bless us all.



Antoinette Kwofie

CFO

***what  
are we  
doing  
next?***



## **Corporate governance**





# Our Board of Directors

**Ishmael Yamson** (Born 1942)  
Board chairman (NED)

Appointed: 27 April 2011  
Ghanaian

**B.Sc. Economics**

**Skills:**

Economic and finance  
Strategy and governance  
Corporate and government  
relations

**Attendance:** 4/4

**Special attendance:** 6/6

**Selorm Adadevoh** (Born 1974)  
Chief executive officer (ED)

Appointed: 8 June 2018  
Ghanaian

**B.Sc. Civil Engineering  
MBA**

**Skills:**

Finance and  
civil engineering

**Attendance:** 4/4

**Special attendance:**

6/6

**Rosie Ebe-Arthur** (Born 1961)  
Independent non-executive director

Appointed: 1 March 2021  
Ghanaian

**B.Education  
CIPD Fellow**

**Skills:**

Human resources

**Attendance:**

3/3 2/2

**Special attendance:**

6/6

**Kofi Dadzie** (Born 1977)  
Independent non-executive director

Appointed: 1 March 2021  
Ghanaian

**B.Eng. Computer Engineering**

**Skills:**

Information technology

**Attendance:**

3/3 2/2

**Special attendance:**

6/6

**Felix Addo** (Born 1955)  
Independent non-executive director

Appointed: 1 March 2021  
Ghanaian

**B.Sc. Administration  
MA Accounting, CPA, CA, IP**

**Skills:**

Finance and Accounting

**Attendance:**

3/3 2/2

**Special attendance:**

6/6 1/1

**Ebenezer Asante** (Born 1968)  
Non-executive director

Appointed: 1 July 2016  
Ghanaian

**BA Econs and Stats  
PGDip Management**

**Skills:**

Finance and management

**Attendance:**

4/4 4/4 4/4

**Special attendance:**

6/6 4/4

Key  
Committee membership and attendance of meetings

Board

Special and AGM

Compensation, remuneration and human resource

Audit and risk

# Our Board of Directors

**Sugentharen Perumal** (Born 1979)  
Non-executive director

Appointed: 1 June 2018  
South African

**BCom Accounting, (Hons)**  
**Accounting**  
**Chartered Accountant (SA)**

**Skills:**  
Finance and accounting

**Attendance:**  
4/4 4/4 3/4

**Special attendance:**  
6/6 4/4



**Tsholofelo Molefe** (Born 1968)  
Non-executive director

Appointed: 25 May 2021  
South African

**BA, Accounting and Finance**  
**Chartered Accountant (SA)**

**Skills:**  
Finance and accounting

**Attendance:**  
2/2

**Special attendance:**  
2/4



**NanaAma Botchway** (Born 1969)  
Independent non-executive director

Appointed: 1 March 2021  
Ghanaian

**BA International Affairs**  
**MBA Finance and Accounting**  
**Juris Doctor**

**Skills:**  
Legal

**Attendance:**  
3/3 2/2

**Special attendance:**  
6/6 1/1



**Fatima Daniels** (Born 1960)  
Non-executive director


Appointed: 15 April 2016  
South African

**BSc. Mathematical Statistics**  
**Chartered Accountant (SA)**

**Skills:**  
Accounting

**Attendance:**  
4/4 4/4

**Special attendance:**  
5/6 4/4



**Pala Asiedu Ofori** (Born 1970)  
Board secretary





Ghanaian

**Bachelor of Laws**  
**Master of Laws**

**Skills:**  
Legal  
Corporate governance



Key  
Committee membership and attendance of meetings

-  Board
-  Special and AGM
-  Compensation, remuneration and human resource
-  Audit and risk

## Our management team

Chief executive officer

**Selorm  
Adadevoh**

B.Sc. Civil Engineering  
MBA

Chief finance officer

**Antoinette  
Kwofie**

B.Sc. Agricultural Economics  
Chartered Accountant (GH),  
ACMA (UK), CGMA

Chief human resource officer

**Amma  
Benneh  
Amponsah**

B.Sc. Admin  
MBA

Chief capital projects officer

**William  
Tetteh**

B.Sc. Physics  
MBA

Chief customer  
relations officer

**Jemima  
Kotei Walsh**

B.Sc. Admin  
MA Human Resource Dev.

Chief technical officer

**Thomas Motlepa**

B.Sc. Electrical Engineering

## Our management team (continued)

Chief sales and  
distribution officer

**Shaibu  
Haruna**

B.Sc. Admin  
MBA Finance

Chief risk and  
compliance officer

**Didier  
Sala-Diakanda**

B.Sc. Mgt and Economics  
MSc Finance and Accounting

Chief information officer

**Bernard  
Acquah**

B.Sc. Computer Science  
MBA

Chief marketing officer

**Noel Kojo-Ganson**

MBA Strategic Marketing  
CIM (UK)

CEO MobileMoney Ltd

**Eli Hini**

B.Sc. Agriculture  
CIM (UK)

Chief enterprise  
business officer

**Samuel Addo**

B.Sc. Biological Science  
CIM (UK)



## Our management team (continued)

Ag. Chief corporate  
services officer

**Nana Kofi Asare**

BA Econs & Devt. studies  
MA Int. Business Law



General manager: internal  
audit and forensics

**Micheal  
Gbewonyo**

B.Sc. Admin  
ICAG-GHANA



Chief digital officer

**Dario Bianchi**

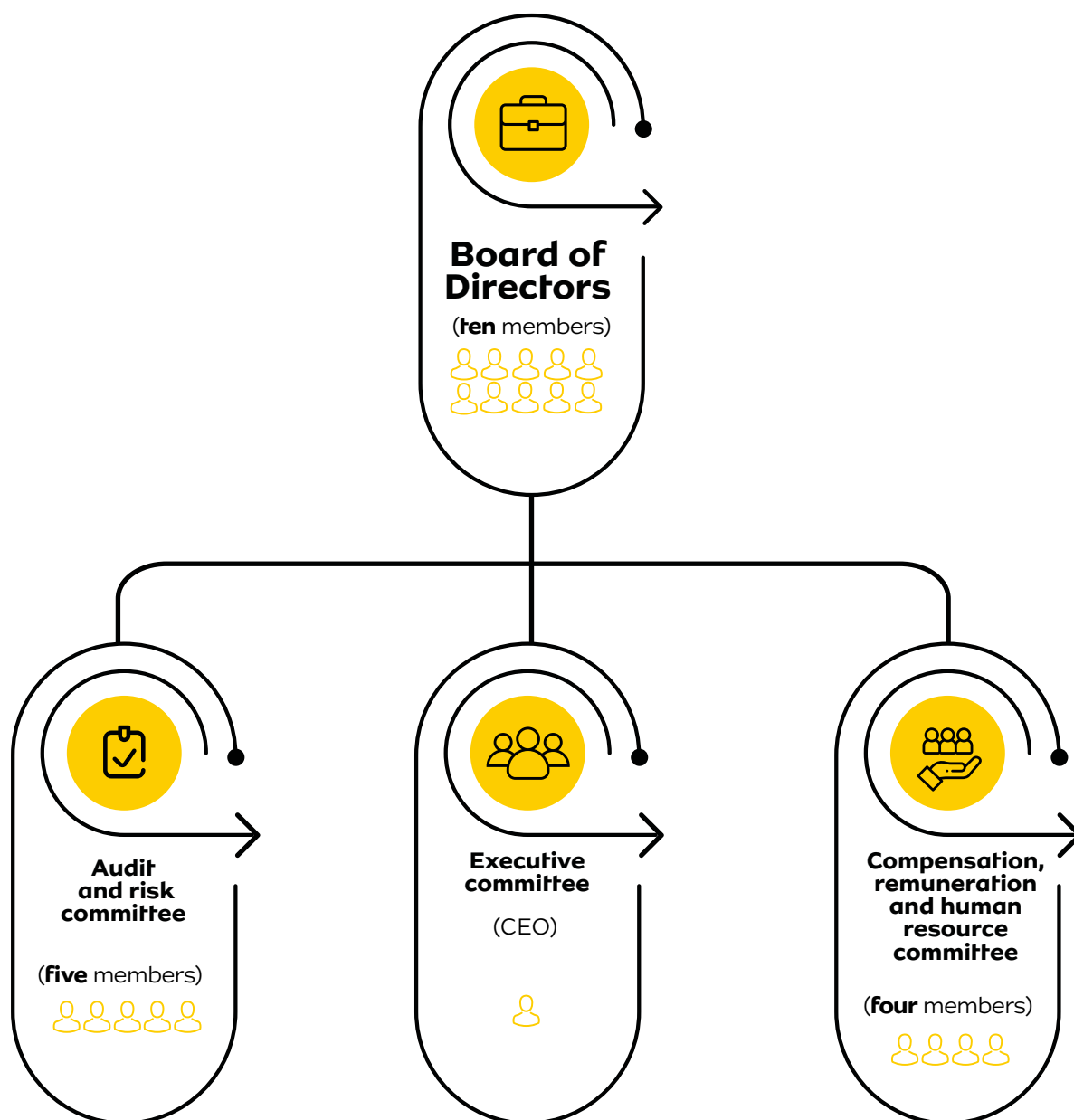
MSc Telecom engineering,  
General Mgt. program (GMP)





# Statement on corporate governance

The Scancom PLC (MTN Ghana) Board is responsible for governing the company as well as setting the strategic policies, appointing top management, monitoring progress towards the achievement of objectives and compliance with policies and approving all policies. The Board strives to create maximum shared value for its shareholders. The Scancom PLC (MTN Ghana) Board consists of ten members, made up of an independent non-executive chairman, four independent non-executive directors, four non-executive directors and one executive director.



These directors have wide experience and in-depth knowledge in management, industry and the financial and capital markets, which enable them to make informed decisions and valuable contributions to the company's progress.

***what  
are we  
doing  
next?***



## **Financial statements and key reports**



# Report of the directors



**Ishmael Yamson**  
Board chairman

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

## 1. Statement of directors' responsibilities

The directors are responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act, 2019 (Act 992) and the Ghana Stock Exchange Act of 1971 (ACT 384), and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors have selected suitable accounting policies and applied them consistently, and also made judgements and estimates that are reasonable and prudent in the circumstances.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so. Having reviewed the Group's budget, and cashflow forecast for the year to 31 December 2022, and in the light of the current financial position, the directors are satisfied that the Group has access to adequate resources to continue its operation for the foreseeable future.

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. They are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Those charged with governance are responsible for overseeing the Group's financial reporting processes.

## 2. 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 advanced services in the mobile financial services industry; and
- provide consultancy and support services in the areas of mobile banking, payment services and fintech.

## 3. Summary of financial results

The financial results for the year ended December 31, 2021 are set out on page 61.

## 4. Holding company

Scancom Plc's ultimate holding company is MTN Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange.

## 5. Dividend

Dividends amounting to GHS983.24 million (GHS0.08 per share) were 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.

## 6. 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 and 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.



# Report of the directors (continued)

## 7. Substantive interest in shares

According to the register of members as at December 31, 2021, no other shareholder apart from MTN Group Limited had more than 5% of the issued stated capital of the Company.

The number of shares held by directors are shown below:

|                       | December<br>31, 2021 | December<br>31, 2020 |
|-----------------------|----------------------|----------------------|
| I. Yamson (Chairman)* | 667,300              | 667,300              |
| E. Asante             | 8,000,100            | 8,000,100            |
| S. Adadevoh - CEO     | 133,500              | 133,500              |
| F. Addo               | 666,680              | 666,680              |
| K. Dadzie**           | 12,000               | 12,000               |

\*Held in joint ownership in the name of Ishmael and Lucy Yamson (134,000) and a nominee holding account Octane SD ILY072018 (533,300).

\*\*Held in the name of Afua Dadzie ITF Jayne-Cristabel Dadzie (4,000), Joshua Caleb Dadzie (4,000) and Johannes Dadzie (4,000)

## 8. Remuneration of executive and non-executive directors

The remuneration of executive directors is disclosed under key management personnel information in Note 2.32 and that of non-executive directors is disclosed as directors' fee in Note 2.10.

## 9. 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. Further details of the authorised and issued ordinary shares are disclosed in Note 2.25.

## 10. 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 advanced services in the mobile financial service industry; and
- Provide consultancy and support services in the area of mobile banking, payment services and fintech.

## 11. Property, plant and equipment

There were no changes in the nature of Property, Plant and Equipment or in the policy regarding their use during the financial year under review. In the opinion of the directors, the fair value of the Property, Plant and Equipment is not less than the value shown in the consolidated and separate financial statements.

## 12. 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. This was achieved through the deployment of 152 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 million (2020: GHS13.9 million) was charged to the Statement of Comprehensive Income.

## 13. Y'ello hope and social impact

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.

The official Ghana statistics on COVID-19 show a rise in total infections and deaths over the period, which necessitates the extension of our **Y'ello** Hope initiatives in support of our customers. These include the zero-rating of all mobile money (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.

# Report of the directors (continued)

---

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 educational 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, 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 utilized during the year.

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.

## 14. Auditor's remuneration


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

## 15. Capacity building of directors

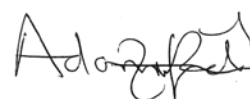
Directors of Scancom PLC, in 2021, have been engaged in a combination of local and international instructor led and online courses and seminars, aimed at strengthening their skills and abilities in the exercise of their duties as directors. Trainings covered a broad spectrum of areas including corporate 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 both network and information systems), and mobile financial services.

## Approval of the consolidated and separate financial statements

The consolidated and separate financial statement of the Company and Group were approved by the board of directors on 25th February 2022 and signed on their behalf by:



**Ishmael Yamson**  
Chairman



**Selorm Adadevoh**  
Chief Executive Officer



# Audit and Risk Committee report



**Fatima Daniels**  
Chairperson

## Membership of the Audit and Risk Committee (ARC) of the Board

| Name                 | Designation | Date appointed   |
|----------------------|-------------|------------------|
| Fatima Daniels       | Chairperson | 07 February 2016 |
| Sugenthanren Perumal | Member      | 01 June 2018     |
| Ebenezer Asante      | Member      | 14 August 2018   |
| Felix Addo           | Member      | 01 March 2021    |
| Nana Ama Botchway    | Member      | 01 March 2021    |

The Chief Executive Officer, the Chief Financial Officer, the Chief Risk & Compliance Officer, General Manager: Internal Audit & Forensics and the External Auditor (Ernst & Young) attend ARC meetings. Other officers (executives and senior management) are also invited to attend meetings, as deemed appropriate.

### 1. Mandate

The ARC assists the Board of Directors in discharging its duties relating to the safeguarding of assets, operation of adequate risk management, governance, compliance and internal control systems and processes, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards. These include internal financial controls and ensuring that assurance services and functions enable an effective control environment and that these support the integrity of information produced in compliance with applicable legal and regulatory requirements.

## 2. Summary of the Audit and Risk Committee Activities in 2021

The ARC remained focused on discharging its responsibility of exercising oversight over governance, risk and compliance activities as well as monitoring the effectiveness of internal controls (both financial and non-financial) for both Scancom Plc and its subsidiary MobileMoney Limited.

The ARC met six times during the financial year under review: on 19 February 2021, 23 April 2021, 27 May 2021, 26 July 2021, 20 September 2021 and 20 October 2021. At these meetings, the committee reviewed:

- The Group and Company's performance and financial results.
- Major risk exposures and changes to Group risk profile.
- Adequacy of internal controls – significant financial or non-financial control issues and misstatements (actual or potential), major fraud cases and fraud risk alerts.
- IT governance, information security, disaster recovery and business continuity.
- Significant tax, regulatory and legal matters.
- Adequacy of Risk & Compliance Management and Internal Audit & Forensic Services plans.
- Audit findings report and financial statements.
- Progress against implementation of audit recommendations (by internal & external auditors).
- External audit plans, remuneration and independence of the Group's auditor.
- Degree of compliance with laid down policies, laws and regulations, code of ethics and business practices of the Group.

## 3. Review of Financial Performance for the year ended December 31, 2021

The committee at its meetings held on 18 and 22 February 2022 reviewed the financial statements for the year ended December 31, 2021 of both Scancom Limited and MobileMoney Limited as presented by management and recommended them to the Board for approval.

# Audit and Risk Committee report (continued)

---

## 4. Risk & Compliance Management / Internal Audit & Forensic Services Functions

The ARC reviewed and approved the MTN Ghana Combined Assurance Plan for 2021 at its meeting on 26 July 2021 and was updated on the activities of Risk & Compliance and Internal Audit & Forensic Services Divisions including the status of audits and findings from internal audit reports.

## 5. External Audit

Ernst & Young, the external auditor, at the ARC meeting held on 20 October 2021 shared their audit plan which included objectives of the audit, audit approach, responsibilities of the directors and the auditor, audit scope and reporting timetable for the year ended 31 December 2021.

At the 18 February 2022 ARC meeting, Ernst & Young presented the findings from their revenue assurance report, observations and matters arising from their audit of the financial statements for the year ended 31 December 2021 to the committee members.

The ARC is satisfied that the external auditor is independent of the Company and Group.

## 6. Key focus areas for 2022

- Continue to strengthen the second and third lines of defense in the organization, extract efficiencies of a combined assurance model.
- Sustained oversight on legal and regulatory requirements. Monitor regulatory compliance and further enhance maturity of compliance structures.
- Risk identification, assessment and mitigation. Review significant risks and assess effectiveness of management actions and strategies to minimize exposure, respond to risks and emerging opportunities.
- Continue to evaluate and improve the internal control systems including information systems controls, information security and data privacy.
- Monitor progress on disaster recovery, business continuity and operational resilience programmes.
- Continued oversight over whistleblowing mechanisms, fraud investigations and remediation of related control breakdowns and deficiencies.
- Review the adequacy of and implementation of the risk management, compliance programmes and internal controls of Scancom PLC and its subsidiary.
- Review progress on adoption of new accounting standards.
- Continue to facilitate a fair and balanced approach to corporate reporting.

# Compensation, Remuneration and Human Resource Committee report



## Dear stakeholders

On behalf of the Board, I am pleased to present our Remuneration Report for 2021.

## Introduction

Our people and culture continue to underpin the delivery of our Ambition 2025 strategy. We aspire to create an impact execution culture, and a great place to work which has served us well in the past year as we adjusted to new ways of working.

In line with MTN Ghana's strategy, the Company adopted hybrid working and transformed the workplace to improve how our people communicate, collaborate, learn and interact by launching a new Employee Value Proposition (EVP) "Live Inspired." The new EVP is premised on choice, flexibility and agility. This will ensure that our reward offerings, practices and policies evolve, remain relevant and stay true to the business requirements. Smart-working principles such as Anywhere, Anytime flexibility and balanced work-life was prioritized and will continue to be a key component of our overall employee value proposition. Additionally, MTN Ghana refreshed its approach to recruitment to incorporate virtual and digital elements, a blended method to the development of critical skills, and the retention of diverse evolving talent.

## Membership of Compensation, Remuneration and Human Resource Committee.

| Name                | Designation | Date appointed |
|---------------------|-------------|----------------|
| Sugentharen Perumal | Chairperson | 01 June 2018   |
| Ebenezer Asante     | Member      | 14 August 2018 |
| Rosie Ebe-Arthur    | Member      | 01 March 2021  |
| Kofi Dadzie         | Member      | 01 March 2021  |

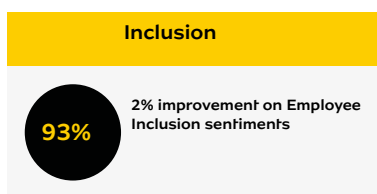
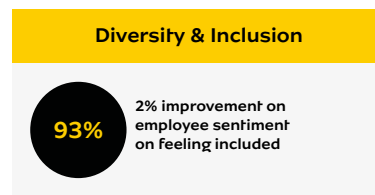
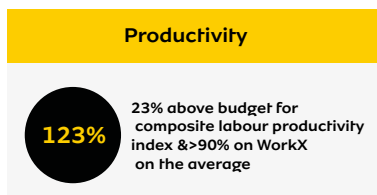
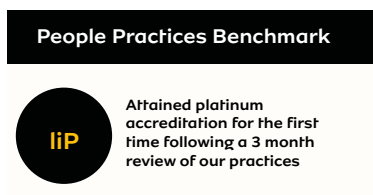
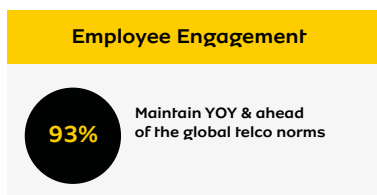
## Performance Reward and Culture

We strive to maximize the potential of MTNers by enabling a respectful, rewarding, and inclusive work environment that allows for a high performing, empowered and enabled team. Our engagements with employees through various platforms on culture and reward matters, transformed many of our human capital metrics. Multiple interventions beyond the traditional performance management approach were implemented to ensure that each MTNer is driven by purpose, and is equipped for and aligned with the Group's Ambition 2025.

Our employee listening systems enabled us to source feedback directly from MTNers to inform programs and employee needs. Especially, our Pulse surveys gave us vital insights into ways we could support employees especially related to wellbeing and the COVID-19 pandemic.

During the COVID-19 pandemic, we adopted several interventions to protect the health and well-being of our employees. Modifications were made to employee commute policies and implemented remote working. We added wellbeing days for those who needed to take time off, implemented on-demand COVID-19 testing, company facilitated vaccinations, telehealth and enhanced the medical cover for non-permanent employees and their families. In addition, Employee physical, emotional, and financial wellness programs including counseling through an Employee Assistance Program, virtual fitness initiatives, savings and investment advisory were deployed.

# Compensation, Remuneration and Human Resource Committee report (continued)



## Mandate

The Committee oversees the formulation of our remuneration philosophy and human resources approach, thus ensuring that MTN Ghana remunerates fairly and transparently. It also ensures that MTN Ghana employs and retains the best human capital for its business needs and maximizes the potential of its employees.

We focus on the design of MTN's remuneration strategies and policies, to attract, motivate and retain quality employees. To this end, senior management and directors are committed to achieve the overall goals of the Company.

## Key Features of 2021

In 2021, the Committee reviewed and approved the following key remuneration decisions and policy developments, as part of the repositioning of our employee value proposition (EVP):

### Employee Reward and Recognition

- 2021 Salary review and remuneration enhancements.
- Annual performance scorecards and pay-outs for short-term incentives (STIs).

- Annual Long-term incentives (LTIs) under the employee share ownership plan (ESOP) and performance share plan (PSP) scheme.
- Establishment of a Trust to manage Employee Share scheme.

### Talent Development

- Increased focus on succession planning and development for key roles.
- Training spend focused on prioritized future for future learning to support Ambition 2025.

### Employee Wellness & Engagement

- Wellness and COVID-19 management
- Scancom PLC 25th Anniversary Employee Initiatives

### Executive Management Appointments

Chief Finance Officer, Chief Sales and Distribution Officer and General Manager Internal Audit and Forensics appointments.

# Independent auditor's report to the shareholders of Scancom Plc

---

## Report on the Audit of the Consolidated and Separate Financial Statements

### Opinion

We have audited the consolidated and separate financial statements of Scancom Plc and its subsidiaries ('the group') and company set out on pages 61 to 133, which comprise of the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019 (Act 992).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

# Independent auditor's report to the shareholders of Scancom Plc (continued)

The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements.

| Key Audit Matter  | How the matter was addressed in the audit   |
|---|---|
| <p><b>Impairment of trade receivables</b></p> <p>Referring to note 2.3.3 of the Group's consolidated financial statements for significant accounting judgments and estimates, an estimated allowance for doubtful accounts is maintained to reduce the Group's receivables to their carrying amount, which approximates their fair value.</p> <p>Management applies the IFRS 9 simplified approach to measuring Expected Credit Losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. In applying the provision matrix, the Group estimates the ultimate write offs for a defined population of trade receivables. A loss ratio is calculated according to the ageing profile of the trade receivables by applying the historic write offs to the payment profile of the population adjusted to reflect current and forward-looking information on microeconomic factors. The Group exercises significant judgements in the inputs, assumptions, and techniques for estimating ECL, default and credit impaired assets.</p> <p>The carrying amount of trade and other receivable as of 31 December 2021 was GHS568m and GHS551m for the Group and Company respectively.</p> <p>Additional disclosures regarding these balances and basis for impairment assessment are documented in notes 2.21.1 and 2.33.8 of the financial statements.</p> | <p>We obtained an understanding of the Group's accounting process for trade receivables as well as the impairment methodology.</p> <p>We evaluated management's assumption and judgment by comparing to the historical collection trends and payment profiles, estimated loss ratios and impact of forward-looking information.</p> <p>We performed a re-computation of the Group's ECL calculation based on our assessment of the various parameters.</p> <p>We assessed the adequacy of the Group's disclosure regarding allowance for doubtful accounts.</p> |
| <p><b>Lease liabilities</b></p> <p>As indicated in note 2.15.4 of the financial statements, the Group's leases include network infrastructure (tower space and land) and retail stores. The Group recognises right-of-use assets and lease liabilities at the lease commencement date for qualifying leases.</p> <p>The carrying amount of lease liability and Right of use asset in the statement of financial position as of 31 December 2021 are GHS1.68b and GHS1.34b respectively.</p>   | <p>We have obtained an understanding of the processes instituted by management to account for leases and the processes management has in place to ensure completeness of leases.</p>  |
| Key Audit Matter  | How the matter was addressed in the audit   |
| <p>The right-of-use assets are initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses.</p> <p>The carrying amount of lease liability is estimated as the present value of remaining lease payments discounted using the group's incremental borrowing rate at date of initial application.</p> <p>Management makes several assumptions regarding application of extension and termination options, renewal and escalation clauses among others. A summary of key judgements exercised by management in these areas are disclosed in notes 2.3.2, and 2.15.4.</p>  | <p>We reviewed management's calculation of lease liability focusing on key factors including the following:</p> <ul style="list-style-type: none"> <li>• Review of judgements made around excising rights under lease extensions options; and</li> <li>• Review of how management has applied various escalation clauses in the lease liability calculations</li> </ul> <p>We also performed a review of the financial statements disclosures.</p>  |



# Independent auditor's report to the shareholders of Scancom Plc (continued)

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the 142-page document titled "Scancom Plc (MTN Ghana Annual Report 2021", which includes the Report of directors, the Audit Committee's Report and Other Disclosures as required by the Companies Act, 2019 (Act 992).

The other information does not include the consolidated or the separate financial statements and our Auditor's report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

# Independent auditor's report to the shareholders of Scancom Plc (continued)

- may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Other matter

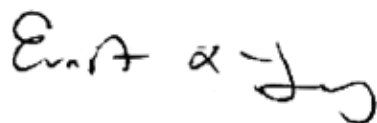
The consolidated and separate financial statements of Scancom Plc for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements dated 24 February 2021.

## Report on Other Legal and Regulatory Requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit, we consider and report on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account have been kept by the group and the company, so far as appears from our examination of those books;
- iii. The consolidated and separate statement of financial position and the consolidated and separate statement of comprehensive income (statement of profit or loss and other comprehensive income) of the group and the company are in agreement with the underlying books of account;
- iv. In our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the group and the company at the end of the financial year and of the profit or loss for the financial year then ended;
- v. We are independent of the company pursuant to Section 143 of the Companies Act, 2019 (Act 992).

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

# Statement of Comprehensive Income

| All amounts are in thousands of Ghana Cedis                       | Note(s) | Group            |                  | Company          |                  |
|---|---------|------------------|------------------|------------------|------------------|
|   |         | 2021             | 2020             | 2021             | 2020             |
| Revenue from contracts with customers                             | 2.5.6   | 7,723,259        | 6,033,428        | 6,066,545        | 4,778,634        |
| Other income  | 2.5.9   | -                | 12,747           | 45,288           | 12,747           |
| Direct network operating costs                                    | 2.6     | (903,720)        | (750,393)        | (900,637)        | (750,313)        |
| Cost of handsets and other accessories                            |         | (145,645)        | (92,760)         | (145,645)        | (92,760)         |
| Interconnect and roaming costs                                    | 2.7     | (308,815)        | (267,335)        | (308,815)        | (267,335)        |
| Employee benefits expense   | 2.8     | (265,988)        | (266,820)        | (253,525)        | (258,295)        |
| Selling, distribution and marketing expenses                      | 2.9     | (1,295,786)      | (1,035,553)      | (617,840)        | (413,297)        |
| Other operating expenses  | 2.10    | (553,921)        | (455,133)        | (540,955)        | (446,851)        |
| <b>Earnings Before Interest Tax Depreciation and Amortisation</b> |         | <b>4,249,384</b> | <b>3,178,181</b> | <b>3,344,416</b> | <b>2,562,530</b> |
| Depreciation  | 2.15.1  | (875,255)        | (748,728)        | (873,045)        | (747,033)        |
| Amortisation  | 2.16.3  | (160,302)        | (128,725)        | (159,656)        | (128,464)        |
| <b>Operating profit</b>   |         | <b>3,213,827</b> | <b>2,300,728</b> | <b>2,311,715</b> | <b>1,687,033</b> |
| Finance income  | 2.11.3  | 78,812           | 119,221          | 491,632          | 401,731          |
| Finance costs   | 2.11.3  | (444,001)        | (447,226)        | (444,468)        | (447,112)        |
| <b>Profit before income tax</b>                                   |         | <b>2,848,638</b> | <b>1,972,723</b> | <b>2,358,879</b> | <b>1,641,652</b> |
| National fiscal stabilisation levy                                | 2.13    | (140,706)        | (98,637)         | (95,943)         | (67,083)         |
| Income tax expense  | 2.12.3  | (706,549)        | (479,191)        | (482,678)        | (321,416)        |
| <b>Profit after income tax</b>                                    |         | <b>2,001,383</b> | <b>1,394,895</b> | <b>1,780,258</b> | <b>1,253,153</b> |
| <b>Other comprehensive income:</b>                                |         |                  |                  |                  |                  |
| Items that will not be reclassified to profit or loss:            |         |                  |                  |                  |                  |
| Interest on investments   |         | 5,966            | 799              | -                | -                |
| <b>Other comprehensive income for the year net of taxation</b>    |         | <b>5,966</b>     | <b>799</b>       | <b>-</b>         | <b>-</b>         |
| <b>Total comprehensive income for the year</b>                    |         | <b>2,007,349</b> | <b>1,395,694</b> | <b>1,780,258</b> | <b>1,253,153</b> |
| <b>Earnings per share</b>   |         |                  |                  |                  |                  |
| <b>Per share information</b>                                      |         |                  |                  |                  |                  |
| Diluted/Basic Earnings per share (GHS)                            | 2.14    | 0.163            | 0.113            | 0.145            | 0.102            |

The notes on pages 65 to 133 form an integral part of the consolidated and separate financial statements.

# Statement of Financial Position

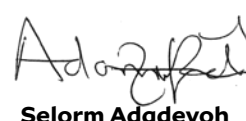
|   |         | Group             |                   | Company          |                  |
|---|---------|-------------------|-------------------|------------------|------------------|
| All amounts are in thousands of Ghana Cedis | Note(s) | 2021              | 2020              | 2021             | 2020             |
| <b>Non-Current Assets</b>                   |         |                   |                   |                  |                  |
| Property, plant and equipment               | 2.15.1  | 3,906,148         | 3,371,844         | 3,898,955        | 3,366,375        |
| Right-of-use assets                         | 2.15.1  | 1,342,204         | 1,420,085         | 1,342,204        | 1,420,085        |
| Intangible assets                           | 2.16.3  | 778,872           | 858,648           | 778,842          | 858,608          |
| Investments in subsidiary                   | 2.17.1  | -                 | -                 | 50               | 50               |
| IRU assets                                  | 2.18.1  | 88,385            | 83,459            | 88,385           | 83,459           |
| Contract assets                             | 2.19.2  | 2,273             | 3,112             | 2,273            | 3,112            |
| Contract costs                              | 2.19.3  | 39,744            | 38,818            | 39,744           | 38,818           |
|   |         | <b>6,157,626</b>  | <b>5,775,966</b>  | <b>6,150,453</b> | <b>5,770,507</b> |
| <b>Current Assets</b>                       |         |                   |                   |                  |                  |
| Inventories                                 | 2.20    | 29,310            | 54,786            | 29,310           | 54,786           |
| Trade and other receivables                 | 2.21.1  | 568,461           | 475,078           | 551,306          | 433,557          |
| Other assets                                | 2.22.1  | 27,431            | 48,934            | 27,431           | 48,189           |
| Other financial assets                      | 2.22.2  | 142,389           | 103,091           | 142,267          | 128,177          |
| Income tax Assets                           | 2.12.5  | 526,969           | 496,741           | 437,847          | 336,476          |
| National fiscal stabilisation levy          | 2.13    | 2,519             | 5,117             | 4,858            | 6,647            |
| IRU assets                                  | 2.18.1  | 14,753            | 13,362            | 14,753           | 13,362           |
| Mobile money floats                         | 2.23    | 8,977,989         | 6,559,373         | -                | -                |
| Cash and cash equivalents                   | 2.24    | 995,422           | 671,968           | 621,715          | 518,499          |
| Investment in Securities                    | 2.24.1  | 82,540            | 13,401            | -                | -                |
|   |         | <b>11,367,783</b> | <b>8,441,851</b>  | <b>1,829,487</b> | <b>1,539,693</b> |
| <b>Total Assets</b>                         |         | <b>17,525,409</b> | <b>14,217,817</b> | <b>7,979,940</b> | <b>7,310,200</b> |
| <b>Equity</b>                               |         |                   |                   |                  |                  |
| Stated capital                              | 2.25    | 1,097,504         | 1,097,504         | 1,097,504        | 1,097,504        |
| Other reserves                              | 2.24.1  | 82,540            | 13,401            | -                | -                |
| Retained income                             | 2.35    | 3,183,254         | 2,228,282         | 2,773,211        | 1,976,191        |
|   |         | <b>4,363,298</b>  | <b>3,339,187</b>  | <b>3,870,715</b> | <b>3,073,695</b> |
| <b>Non-Current Liabilities</b>              |         |                   |                   |                  |                  |
| Borrowings                                  | 2.26    | 369,774           | 557,093           | 369,774          | 557,093          |
| Lease liabilities                           | 2.15.4  | 1,390,212         | 1,167,858         | 1,390,212        | 1,167,858        |
| IRU liability                               | 2.18.2  | 15,703            | 6,140             | 15,703           | 6,140            |
| Provisions                                  | 2.27.3  | 14,442            | 3,337             | 13,238           | 3,337            |
|   |         | <b>2,210,988</b>  | <b>2,114,722</b>  | <b>2,210,803</b> | <b>2,115,251</b> |
| <b>Current Liabilities</b>                  |         |                   |                   |                  |                  |
| Trade and other payables                    | 2.28    | 1,229,416         | 1,278,884         | 1,159,162        | 1,198,205        |
| Obligations to electronic money holders     | 2.23    | 8,977,989         | 6,559,373         | -                | -                |
| Contract liabilities                        | 2.19.1  | 191,558           | 100,120           | 191,558          | 100,120          |
| Provisions                                  | 2.27.3  | 57,702            | 81,359            | 53,244           | 78,757           |
| Lease liabilities                           | 2.15.4  | 293,526           | 463,555           | 293,526          | 463,555          |
| IRU liability                               | 2.18.2  | 1,616             | 615               | 1,616            | 615              |
| Borrowings                                  | 2.26    | 199,316           | 280,002           | 199,316          | 280,002          |
|   |         | <b>10,951,123</b> | <b>8,763,908</b>  | <b>1,898,422</b> | <b>2,121,254</b> |
| <b>Total Liabilities</b>                    |         | <b>13,162,111</b> | <b>10,878,630</b> | <b>4,109,225</b> | <b>4,236,505</b> |
| <b>Total Equity and Liabilities</b>         |         | <b>17,525,409</b> | <b>14,217,817</b> | <b>7,979,940</b> | <b>7,310,200</b> |

The notes on pages 65 to 133 are an integral part of these consolidated and separate financial statements.

The consolidated and separate financial statements on pages 61 to 133, were approved by the board of directors on the February 25, 2022 and were signed on its behalf by:



**Ishmael Yamson**  
Chairman



**Selorm Adadevoh**  
Chief Executive Officer

# Statement Of Changes In Equity

| All amounts are in thousands of Ghana cedis  | Stated capital   | Mobile Money Contingency Fund | Retained Income    | Total equity     |
|--|------------------|-------------------------------|--------------------|------------------|
| <b>Group</b>   |                  |                               |                    |                  |
| Opening balance as previously reported   | 1,097,504        | (13,401)                      | 1,706,322          | 2,790,425        |
| Adjustments  |                  |                               |                    |                  |
| Other Comprehensive Income   | -                | 799                           | -                  | 799              |
| Transfer to other Reserves   | -                | 12,602                        | -                  | 12,602           |
| <b>Balance at January 1, 2020</b>  | <b>1,097,504</b> | <b>-</b>                      | <b>1,706,322</b>   | <b>2,803,826</b> |
| Profit for the year  | -                | -                             | 1,394,895          | 1,394,895        |
| Other comprehensive income   | -                | 13,401                        | -                  | 13,401           |
| <b>Total comprehensive income for the year</b>   | <b>-</b>         | <b>13,401</b>                 | <b>1,394,895</b>   | <b>1,408,296</b> |
| Transfer between reserves  | -                | -                             | (12,602)           | (12,602)         |
| Dividends  | -                | -                             | (860,333)          | (860,333)        |
| <b>Total contributions by and distributions to owners of company recognised directly in equity</b> | <b>-</b>         | <b>-</b>                      | <b>(872,935)</b>   | <b>(872,935)</b> |
| <b>Balance at January 1, 2021</b>  | <b>1,097,504</b> | <b>13,401</b>                 | <b>2,228,282</b>   | <b>3,339,187</b> |
| Profit for the year  | -                | -                             | 2,001,383          | 2,001,383        |
| Other comprehensive income   | -                | 5,966                         | -                  | 5,966            |
| <b>Total comprehensive income for the year</b>   | <b>-</b>         | <b>5,966</b>                  | <b>2,001,383</b>   | <b>2,007,349</b> |
| Transfer between reserves  | -                | 63,173                        | (63,173)           | -                |
| Dividends  | -                | -                             | (983,238)          | (983,238)        |
| <b>Total contributions by and distributions to owners of company recognised directly in equity</b> | <b>-</b>         | <b>63,173</b>                 | <b>(1,046,411)</b> | <b>(983,238)</b> |
| <b>Balance at December 31, 2021</b>  | <b>1,097,504</b> | <b>82,540</b>                 | <b>3,183,254</b>   | <b>4,363,298</b> |
| Note:2.25  |                  |                               |                    |                  |
| <b>Company Balance at January 1, 2020</b>  | <b>1,097,504</b> | <b>-</b>                      | <b>1,583,371</b>   | <b>2,680,875</b> |
| Profit for the year  | -                | -                             | 1,253,153          | 1,253,153        |
| <b>Total comprehensive income for the year</b>   | <b>-</b>         | <b>-</b>                      | <b>1,253,153</b>   | <b>1,253,153</b> |
| Dividends  | -                | -                             | (860,333)          | (860,333)        |
| <b>Total contributions by and distributions to owners of company recognised directly in equity</b> | <b>-</b>         | <b>-</b>                      | <b>(860,333)</b>   | <b>(860,333)</b> |
| <b>Balance at January 1, 2021</b>  | <b>1,097,504</b> | <b>-</b>                      | <b>1,976,191</b>   | <b>3,073,695</b> |
| Profit for the year  | -                | -                             | 1,780,258          | 1,780,258        |
| Other comprehensive income   | -                | -                             | -                  | -                |
| <b>Total comprehensive income for the year</b>   | <b>-</b>         | <b>-</b>                      | <b>1,780,258</b>   | <b>1,780,258</b> |
| Dividends  | -                | -                             | (983,238)          | (983,238)        |
| <b>Total contributions by and distributions to owners of company recognised directly in equity</b> | <b>-</b>         | <b>-</b>                      | <b>(983,238)</b>   | <b>(983,238)</b> |
| <b>Balance at December 31, 2021</b>  | <b>1,097,504</b> | <b>-</b>                      | <b>2,773,211</b>   | <b>3,870,715</b> |

The notes on pages 65 to 133 form an integral part of the consolidated and separate financial statement.

# Statement of Cash Flow

| All amounts are in thousands of Ghana cedis                   |         | Group              |                  | Company            |                  |
|---|---------|--------------------|------------------|--------------------|------------------|
|   | Note(s) | 2021               | 2020             | 2021               | 2020             |
| <b>Cash flows from operating activities</b>                   |         |                    |                  |                    |                  |
| Profit before taxation  |         | 2,848,638          | 1,972,723        | 2,358,879          | 1,641,652        |
| <b>Adjustments for:</b>                                       |         |                    |                  |                    |                  |
| Depreciation of property, plant and equipment                 | 2.15.1  | 875,255            | 748,728          | 873,045            | 747,033          |
| Amortisation of intangible assets                             | 2.16.3  | 160,302            | 128,725          | 159,656            | 128,464          |
| Amortisation of IRU (Capacity leasing)                        | 2.18.1  | 22,289             | 18,043           | 22,289             | 18,043           |
| Amortisation of contract cost                                 | 2.19.3  | 31,586             | 17,179           | 31,586             | 17,179           |
| IRU deferred income charge/(release)                          | 2.18.2  | 10,564             | 642              | 10,564             | 642              |
| Profit on disposal of property, plant and equipment           | 2.15.6  | (2,983)            | (183)            | (2,983)            | (183)            |
| (Recovery) / Impairment charge on trade receivables           | 2.34.3  | (3,566)            | (6,871)          | (3,566)            | (6,871)          |
| Interest Income   | 2.11.3  | (78,812)           | (119,221)        | (491,632)          | (401,731)        |
| Finance costs   | 2.11.3  | 444,001            | 447,226          | 444,468            | 447,112          |
| <b>Changes in working capital:</b>                            |         |                    |                  |                    |                  |
| Inventories   |         | (47,814)           | (28,927)         | (47,814)           | (28,927)         |
| Trade and other receivables                                   |         | (97,883)           | (96,647)         | (117,749)          | (75,314)         |
| Contract assets   |         | 839                | 729              | 839                | 729              |
| Other assets  |         | 21,504             | 2,868            | 20,758             | 2,782            |
| Increase/decrease in other financial assets at amortised cost |         | (39,298)           | (4,373)          | (14,090)           | (26,980)         |
| Trade and other payables                                      |         | 73,694             | (186,078)        | 99,245             | (230,844)        |
| Increase /decrease in contract liabilities                    |         | 91,438             | 19,186           | 91,438             | 19,186           |
| Increase /decrease in provisions                              |         | (12,551)           | 32,340           | (15,611)           | 30,642           |
| Increase in capitalised contract costs                        |         | (32,512)           | (21,100)         | (32,512)           | (21,100)         |
| Cash generated from operations                                |         | <b>4,264,691</b>   | <b>2,924,989</b> | <b>3,386,810</b>   | <b>2,261,514</b> |
| Interest Received   |         | 78,812             | 53,260           | 51,632             | 36,028           |
| Dividends received from subsidiary                            |         | -                  | -                | 440,000            | 300,000          |
| Finance costs   |         | (236,321)          | (106,686)        | (236,321)          | (106,686)        |
| Dividends   |         | (983,238)          | (860,333)        | (983,238)          | (860,333)        |
| Tax paid  |         | (699,214)          | (950,305)        | (541,208)          | (648,917)        |
| National fiscal stabilisation levy                            |         | (138,108)          | (101,391)        | (95,943)           | (69,516)         |
| <b>Net cash from operating activities</b>                     |         | <b>2,286,622</b>   | <b>959,534</b>   | <b>2,021,732</b>   | <b>912,090</b>   |
| <b>Investing activities</b>                                   |         |                    |                  |                    |                  |
| Purchase of property, plant and equipment                     | 2.15.2  | (1,211,994)        | (351,029)        | (1,215,552)        | (351,029)        |
| Proceeds from disposal of property, plant and equipment       | 2.15.6  | 4,354              | 493              | 4,354              | 493              |
| Purchase of other intangible assets                           | 2.16.4  | (47,003)           | (220,974)        | (47,003)           | (220,974)        |
| Acquisition of additional IRU capacity                        | 2.18.1  | (8,020)            | (39,984)         | (8,020)            | (39,984)         |
| Purchase of Securities  |         | (63,173)           | (12,602)         | (14,090)           | -                |
| <b>Net cash used in investing activities</b>                  |         | <b>(1,325,836)</b> | <b>(624,096)</b> | <b>(1,280,311)</b> | <b>(611,494)</b> |
| <b>Financing activities</b>                                   |         |                    |                  |                    |                  |
| Proceeds from borrowings                                      | 2.26.1  | 165,000            | 945,000          | 165,000            | 945,000          |
| Repayment of borrowings                                       | 2.26.1  | (444,373)          | (615,542)        | (444,373)          | (615,542)        |
| Principal element of lease payments                           |         | (359,730)          | (451,969)        | (359,730)          | (451,969)        |
| <b>Net cash used in financing activities</b>                  |         | <b>(639,103)</b>   | <b>(122,511)</b> | <b>(639,103)</b>   | <b>(122,511)</b> |
| Total cash movement for the year                              |         | 321,683            | 212,927          | 102,318            | 178,085          |
| Cash at the beginning of the year                             |         | 671,968            | 458,735          | 518,499            | 340,546          |
| Effect of exchange rate movement on cash balances             |         | 1,771              | 306              | 898                | (132)            |
| <b>Total cash at end of the year</b>                          | 2.24    | <b>995,422</b>     | <b>671,968</b>   | <b>621,715</b>     | <b>518,499</b>   |

The notes on pages 65 to 133 form an integral part of the consolidated and separate financial statement.



# Notes

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

---

## 1. General information

Scancom PLC was incorporated as a private limited liability company on 14 April 1994 and commenced operations on 9 September 1994. The Company's regulations were amended on 13 October 2016 to become a public company and its shares were listed on the Ghana Stock Exchange on 5 September 2018.

Its ultimate holding company is MTN Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange.

The registered address of the business is MTN House, Plot OER 6, Independence Avenue, West Ridge, Accra. The principal activities are the provision of telecommunication services including voice, data, and enterprise solutions, mobile financial services, the development of strategic partnerships to provide advanced services and the provision of consultancy and support services in the mobile banking, payment services and fintech space. The consolidated financial statements are for the Group consisting of the Company, Scancom PLC and its subsidiary, MobileMoney Limited.

## 2. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below and are consistent with those adopted in the prior year, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standard Board (IASB), and in the manner required by the Companies Act, 2019 (Act 992) and in accordance with Ghana Stock Exchange Act of 1971 (Act 348). The financial statements have been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income.

#### 2.1.1 Going Concern

The Group's current assets exceed its current liabilities by GHS417 million whilst the Company's current liabilities exceed its current assets by GHS69 million (2020: Group & Company's current liabilities exceeded its current assets by GHS322 million and GHS582 million respectively). The Company finances this through cash generated from operations and borrowings. The financial statements have therefore been prepared using the going concern basis.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.2 Measurement principles

Assets and liabilities shown in the statement of financial position are measured as follows:

| Item                          | Measurement principle   | Item                           | Measurement principle  |
|-------------------------------|---|--------------------------------|--|
| <b>Assets</b>                 |   | <b>Liabilities</b>             |  |
| <i>Non-current assets</i>     |   | <i>Non-current liabilities</i> |  |
| Property, plant and equipment | Historical cost, less accumulated depreciation and impairment losses  | Borrowing                      | Amortised cost   |
| Right of use assets           | Cost  | Deferred tax liabilities       | Undiscounted amount measured at the tax rates that are expected to apply to the period when the liability is settled             |
|                               | -Initial measurement of lease liability   | Lease liabilities              | Present value of remaining lease payments discounted using the group's incremental borrowing rate at date of initial application |
|                               | - any lease payment made at/before commencement date  |                                |  |
| Intangible assets             | Historical cost, less accumulated recognised and impairment losses  | Provisions                     | Present value of settlement amount   |
| Investment in subsidiary      | Cost less accumulated impairment losses   |                                |  |
| Contract assets               | Amortised cost  | Others                         | Cost   |
|                               |   | <i>Current liabilities</i>     |  |
| Capitalised contract cost     | Cost less accumulated amortisation  |                                |  |
| Other reserves                | Fair value through Other Comprehensive Income   | Trade and other payables       | Amortised cost   |
|                               |   | Contract liabilities           | Amortised cost   |
| <i>Current assets</i>         |   | Unearned income                | Cost   |
| Inventories                   | Lower of cost and net realisable value  | Provision                      | Present value of settlement amount   |
| Trade receivables             | Amortised cost  |                                | Amount expected to be paid to the tax authorities using tax rates that have been enacted at the reporting date                   |
| Other                         | Cost  | Taxation liabilities           |  |
| Income tax assets             | Amount expected to be recovered from the tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date | Borrowings                     | Amortised cost   |

## 2.3 Critical accounting estimates and judgement

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management also needs to exercise judgement in applying the Group's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### 2.3.1 Contract Liability

Recharge vouchers that have been purchased but not loaded and airtime loaded but not used are recorded as contract liabilities. Customers may not exercise all their rights, and this is often called breakage. The Group recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. The pattern of rights exercised is estimated by reference to recharge/usage patterns. Management estimates a breakage rate with which to gradually release unexercised rights or recognise credit into revenue. The business has not recognised breakage in the current period as Electronic Voucher Distribution (EVD) is now the sole channel for recharge voucher vendoring and therefore does not age since it is an electronic system.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.3.2 Lease liabilities

### (i) Extension and termination options

Extension and termination options are included on a number of leases across the group. These are used to maximise operational flexibility in managing the assets used in the group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Due to the technological nature of MTN operations, the directors have determined that a reasonably certain period of exercising an option to extend a lease term to be aligned to the business planning cycle of between 3 to 5 years.

### (ii) Variable lease payment

Certain network sites have variable lease payments linked to CPI. To the extent that there are no floors in the contract, escalations based on these invoices were discarded by directors in determining the lease liability.

## 2.3.3 Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses. This uses a lifetime expected loss allowance for all trade receivables. In applying the provision matrix, the Group estimates the ultimate write-offs for a defined population of trade receivables. A loss ratio is calculated according to the aging profile of the trade receivables by applying the historic write-offs to the payment profile of the population adjusted to reflect current and forward-looking information on macroeconomic factors. The Group exercises significant judgements in the inputs, assumptions, and techniques for estimating ECL, default and credit impaired assets.

## 2.3.4 Income tax and deferred tax

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets as well as liabilities in the period in which such determination is made.

## 2.3.5 Property, plant, and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

### 2.3.5 Property, plant, and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised. The useful lives of items of property, plant and equipment have been assessed as the residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

---

total cost of the item is depreciated separately. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives ranging from 3 to 20 years. Changes in the expected level of the usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## 2.3.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortization period and the amortization method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

## 2.3.7 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

## Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

## Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives.
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- the amount expected to be payable by the group under residual value guarantees.
- the exercise price of purchase options if the group is reasonably certain to exercise the option.
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

- There has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- There has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- There has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- There has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- A lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease. For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

## 2.3.8 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.



# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

---

- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## 2.4 New and amended standards and interpretations

The following standards and amendments became effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.4 New and amended standards and interpretations (continued)

| Standard/ Interpretation:   | Effective date:                                   | Expected impact:                         |
|---|---|--|
| Standard/ Interpretation:   | Effective date:<br>Years beginning<br>on or after | Expected impact:                         |
| Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | January 1, 2023                                   | Unlikely there will be a material impact |
| Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.                                   | January 1, 2023                                   | Unlikely there will be a material impact |
| Definition of accounting estimates: Amendments to IAS 8   | January 1, 2023                                   | Unlikely there will be a material impact |
| Classification of Liabilities as Current or Non-Current Amendment to IAS 1  | January 1, 2023                                   | Unlikely there will be a material impact |
| IFRS 17 Insurance Contracts   | January 1, 2023                                   | Unlikely there will be a material impact |
| Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1  | January 1, 2022                                   | Unlikely there will be a material impact |
| Reference to the Conceptual Framework: Amendments to IFRS 3   | January 1, 2022                                   | Unlikely there will be a material impact |
| Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9  | January 1, 2022                                   | Unlikely there will be a material impact |
| Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16                                       | January 1, 2022                                   | Unlikely there will be a material impact |
| Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37   | January 1, 2022                                   | Unlikely there will be a material impact |
| Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41  | January 1, 2022                                   | Unlikely there will be a material impact |

### Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

## 2.5 Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of indirect taxes, estimated returns and trade discounts.

The Group derives revenue from the transfer of mobile handset, devices and accessories and the rendering of services at a point in time and over time in the following major product and services lines.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

---

## 2.5 Revenue from contracts with customers (continued)

### 2.5.1 Network services

Network services revenue comprises revenue from airtime voice, data and SMS. Revenue is recognised over time commencing on the date of activation or subscription.

Amounts received from prepaid voucher sales is deferred as a contract liability and recognised when services are utilised by the customer or on termination of the customer relationship.

### 2.5.2 Interconnect and roaming

Interconnect and roaming revenue is recognised on a usage basis, over time, unless it is not probable on the transaction date that the interconnect revenue will be received; in which case interconnect revenue is recognised only when the cash is received. It is measured at the transaction price agreed with the counterparties or by the regulator.

### 2.5.3 Digital and Fintech

Fintech revenue is driven by fee income received from subscribers, transactions by subscribers on money transfers, subscriber cash out, other fees charged to merchants. Fintech revenue is recognised when subscriber payment transactions are made and are based on transaction prices set out for those services at a point in time. Digital revenue is revenue earned on value added services and recognised over time. Digital revenue is recognised upon subscription based on tariff plans.

### 2.5.4 Mobile, devices and accessories

Revenue from the sale of mobile handset devices and accessories to third parties are recognised at a point in time, when risks and rewards of ownership are transferred to the buyer. It is measured at the transaction price agreed in the contract.

### 2.5.5 Other

Other revenue comprises revenue from fixed broad band, international and local leased lines providing connectivity, wireless broad band services, infrastructure sharing, infrastructure rentals and ICT services. Revenue is recognised over time commencing on the date of activation or subscription.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.5.6 Disaggregation of revenue from contracts with customers

All amounts are in thousands of Ghana Cedis

| Group                                 | Network Services | Interconnect and roaming | Digital and Fintech | Mobile, devices and accessories | Other          | Total            |
|---------------------------------------|------------------|--------------------------|---------------------|---------------------------------|----------------|------------------|
| <b>Year ended December 31, 2021</b>   |                  |                          |                     |                                 |                |                  |
| Revenue from contracts with customers | 5,171,069        | 270,414                  | 2,073,326           | 22,534                          | 185,916        | 7,723,259        |
| <b>Timing of revenue recognition</b>  |                  |                          |                     |                                 |                |                  |
| At a point in time                    | -                | -                        | 1,656,715           | 22,534                          | -              | 1,679,249        |
| Over time                             | 5,171,069        | 270,414                  | 416,611             | -                               | 185,916        | 6,044,010        |
|                                       | <b>5,171,069</b> | <b>270,414</b>           | <b>2,073,326</b>    | <b>22,534</b>                   | <b>185,916</b> | <b>7,723,259</b> |

| Year ended December 31, 2020          | Network Services | Interconnect and roaming | Digital and Fintech | Mobile, devices and accessories | Other         | Total            |
|---------------------------------------|------------------|--------------------------|---------------------|---------------------------------|---------------|------------------|
| Revenue from contracts with customers |                  |                          |                     |                                 |               |                  |
| <b>Timing of revenue recognition</b>  | 4,078,870        | 259,861                  | 1,568,891           | 41,100                          | 84,706        | 6,033,428        |
| At a point in time                    | -                | -                        | 1,219,498           | 41,100                          | -             | 1,260,598        |
| Over time                             | 4,078,870        | 259,861                  | 349,393             | -                               | 84,706        | 4,772,830        |
|                                       | <b>4,078,870</b> | <b>259,861</b>           | <b>1,568,891</b>    | <b>41,100</b>                   | <b>84,706</b> | <b>6,033,428</b> |

| Company                               | Network Services | Interconnect and roaming | Digital and Fintech | Mobile, devices and accessories | Other          | Total            |
|---------------------------------------|------------------|--------------------------|---------------------|---------------------------------|----------------|------------------|
| <b>Year ended December 31, 2021</b>   |                  |                          |                     |                                 |                |                  |
| Revenue from contracts with customers | 5,171,069        | 270,414                  | 416,611             | 22,534                          | 185,917        | 6,066,545        |
| <b>Timing of revenue recognition</b>  |                  |                          |                     |                                 |                |                  |
| At a point in time                    | -                | -                        | 416,611             | 22,534                          | -              | 439,145          |
| Over time                             | 5,171,069        | 270,414                  | -                   | -                               | 185,917        | 5,627,400        |
|                                       | <b>5,171,069</b> | <b>270,414</b>           | <b>416,611</b>      | <b>22,534</b>                   | <b>185,917</b> | <b>6,066,545</b> |

| Year ended December 31, 2020          | Network Services | Interconnect and roaming | Digital and Fintech | Mobile, devices and accessories | Other         | Total            |
|---------------------------------------|------------------|--------------------------|---------------------|---------------------------------|---------------|------------------|
| Revenue from contracts with customers | 4,071,375        | 267,356                  | 314,097             | 41,100                          | 84,706        | 6,066,545        |
| <b>Timing of revenue recognition</b>  |                  |                          |                     |                                 |               |                  |
| At a point in time                    | -                | -                        | 314,097             | 41,100                          | -             | 355,197          |
| Over time                             | 4,071,375        | 267,356                  | -                   | -                               | 84,706        | 4,423,437        |
|                                       | <b>4,071,375</b> | <b>267,356</b>           | <b>314,097</b>      | <b>41,100</b>                   | <b>84,706</b> | <b>4,778,634</b> |

Included in revenue from digital and fintech is interest income of GHS39.1 million (2020: GHS21.6 million) that is retained by the Group in respect of mobile money float interest.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.5.7 Segment reporting

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group. The Group has identified reportable segments that are used by the executive committee to make key operating decisions, allocate resources and assess performance. The reportable segments are largely grouped according to how data on the segments are managed and reported internally to the Group.

|                              | Network<br>Services | Interconnect<br>and roaming | Digital<br>and<br>Fintech | Mobile,<br>devices and<br>accessories | Other   | Total     |
|------------------------------|---------------------|-----------------------------|---------------------------|---------------------------------------|---------|-----------|
| <b>2021 Revenue</b>          | 5,171,069           | 270,414                     | 2,073,326                 | 22,534                                | 185,916 | 7,723,259 |
| <b>2020 Revenue</b>          | 4,078,870           | 259,861                     | 1,568,891                 | 41,100                                | 84,706  | 6,033,428 |
| <b>% YoY</b>                 | 27 %                | 4 %                         | 32 %                      | (45)%                                 | 119 %   | 28 %      |
| <b>2021 EBITDA margin</b>    |                     |                             |                           |                                       |         | 55 %      |
| <b>2020 EBITDA margin</b>    |                     |                             |                           |                                       |         | 53 %      |
| <b>2021 Capex spend</b>      |                     |                             |                           |                                       |         | 1,484,910 |
| <b>2020 Capex spend</b>      |                     |                             |                           |                                       |         | 1,112,539 |
| <b>% YoY</b>                 |                     |                             |                           |                                       |         | 34%       |
| <b>2021 Profit after tax</b> |                     |                             |                           |                                       |         | 2,001,383 |
| <b>2020 Profit after tax</b> |                     |                             |                           |                                       |         | 1,394,895 |

The Group focuses on revenues from the various categories, EBITDA margin and Capex spend and runs the business as a single segment entity.

## 2.5.8. Assets and liabilities related to contracts with customers

### i) Capitalisation of subscriber acquisition costs

The Group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent and dealer commissions on successful SIM activation costs, agent commissions for successful portings to the MTN network via the mobile number portability (MNP) platform, and fees to the operator of the MNP platform for successful portings. These have therefore been capitalised. The amortisation of the capitalised cost is based on subscriber churn rate.

### (ii) Assets recognised from costs to fulfil a contract

The Group recognised assets in relation to costs to fulfil long-term Wi-Fi service contracts. The contract asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

|  | 31 December<br>2021 | 31 December<br>2020 |
|--|---------------------|---------------------|
| Capitalised costs relating to acquisition of customer contracts 2.19.3 | 39,744              | 38,818              |
| Loss allowance   | -                   | -                   |
| Capitalised contract cos   | <b>39,744</b>       | <b>38,818</b>       |
| Costs incurred to fulfil a contract (contract assets) 2.19.2           | 2,273               | 3,112               |
| Note 2.19.1  |                     |                     |
| Contract liabilities   | <b>191,558</b>      | <b>100,120</b>      |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

|                           | Group |        | Company |        |
|---------------------------|-------|--------|---------|--------|
|                           | 2021  | 2020   | 2021    | 2020   |
| <b>2.5.9 Other income</b> |       |        |         |        |
| Other income              | -     | 12,747 | 45,288  | 12,747 |

Other income for the Company for 2021 relates to consideration for the use of Related Party resources, services or obligations between the company and MobileMoney Limited in the normal course of business. The company undertook various transactions with its subsidiary, MobileMoney Limited during the year. These include the provision of Network services, Office space and other Services. The charges are reflected as Other Income for the company

## 2.6 Direct network operating costs

|                              |                |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|
| Transmission costs           | 348,206        | 295,736        | 347,356        | 295,665        |
| Network maintenance costs    | 370,863        | 297,595        | 368,649        | 297,586        |
| Leased lines costs           | 28,132         | 29,753         | 28,113         | 29,753         |
| Spectrum and regulatory fees | 156,519        | 127,309        | 156,519        | 127,309        |
|                              | <b>903,720</b> | <b>750,393</b> | <b>900,637</b> | <b>750,313</b> |

## 2.7 Interconnect and roaming costs

|                    |                |                |                |                |
|--------------------|----------------|----------------|----------------|----------------|
| Interconnect costs | 297,717        | 244,492        | 297,717        | 244,492        |
| Roaming costs      | 11,098         | 22,843         | 11,098         | 22,843         |
|                    | <b>308,815</b> | <b>267,335</b> | <b>308,815</b> | <b>267,335</b> |

## 2.8 Employee benefits expenses

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Salaries and other short-term employee benefits | 210,520        | 181,008        | 203,310        | 174,974        |
| Share-based payment                             | 31,497         | 10,106         | 28,294         | 9,149          |
| Training  | 4,242          | 2,051          | 4,251          | 2,033          |
| Long service awards                             | (24,199)       | 35,562         | (24,199)       | 35,503         |
| Post-employment benefit                         | 10,491         | 8,478          | 10,174         | 8,237          |
| Bonus provision                                 | 16,037         | 13,651         | 14,965         | 13,042         |
| Pension Cost                                    | 17,400         | 15,964         | 16,730         | 15,357         |
|   | <b>265,988</b> | <b>266,820</b> | <b>253,525</b> | <b>258,295</b> |

### 2.8.1 Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised on an undiscounted basis as an expense in that reporting period. Provision is made for accumulated leave and for non-vested short-term benefits when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined up to the financial year end;
- Achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined.

### 2.8.2 Long term employee benefits

The Group has a compensation scheme for managers and executives based on both the appreciation of Scancom PLC's value according to set rules and movements in the MTN Group Limited share price. A provision is raised to represent the growth in value of all unexercised compensation at the end of each reporting date.



# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

Long service awards were instituted and implemented in December 2016. The qualification criteria were for permanent staff who have attained a minimum of five years of service to the Group. The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value.

## 2.8.3 Defined contribution plan

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

## 2.8.4 Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to death or retrenchment or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are charged against profit or loss when the Group is demonstrably committed to any such plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy and it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the statement of financial position date are discounted to their present value.

## 2.9 Selling, distribution and marketing expenses

|   | Group            |                  | Company        |                |
|---|------------------|------------------|----------------|----------------|
|   | 2021             | 2020             | 2021           | 2020           |
| Expenses incurred in respect of valued added services (VAS) | 86,967           | 60,018           | 67,846         | 59,981         |
| Dealer commissions  | 243,183          | 254,259          | 243,183        | 254,259        |
| Mobile money commissions                                    | 798,000          | 600,942          |                | -              |
| Marketing and advertising expenses                          | 167,636          | 120,334          | 306,811        | 99,057         |
|   | <b>1,295,786</b> | <b>1,035,553</b> | <b>617,840</b> | <b>413,297</b> |
| Included in general expenses are the following:             |                  |                  |                |                |
| Audit fees and expenses                                     | 5,330            | 4,580            | 5,330          | 4,580          |
| Directors' fees and expenses                                | 1,989            | 860              | 1,989          | 860            |

## 2.10 Operating expenses

|                                       |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
| General expenses                      | 193,172        | 79,291         | 184,441        | 75,955         |
| Management fees                       | 250,905        | 267,657        | 250,905        | 267,657        |
| Power, maintenance and security costs | 21,713         | 33,895         | 21,709         | 33,815         |
| Impairment of trade receivables       | 6,770          | 3,268          | 6,770          | 3,268          |
| Travel and entertainment              | 13,203         | 12,513         | 12,040         | 11,653         |
| MTN foundation expenses               | 20,038         | 13,949         | 17,803         | 9,943          |
| Outsourced expenses non-network       | 47,287         | 44,560         | 47,287         | 44,560         |
| Secretarial fees                      | 833            | -              | -              | -              |
|                                       | <b>553,921</b> | <b>455,133</b> | <b>540,955</b> | <b>446,851</b> |

Included in general expenses are the following:

|                              |       |       |       |       |
|------------------------------|-------|-------|-------|-------|
| Audit fees and expenses      | 5,330 | 4,580 | 5,330 | 4,580 |
| Directors' fees and expenses | 1,989 | 860   | 1,989 | 860   |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.11 Foreign currency translation

### 2.11.1 Functional and Presentation Currency

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

### 2.11.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation, where items are revalued. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### 2.11.3 Finance income and costs

Finance income comprises interest income on funds invested, dividend received from subsidiary and foreign currency gains that are recognised in the statement of comprehensive income. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method. Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions, foreign exchange losses and interest on obligations on lease liabilities.

All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case the directly attributable borrowing costs are capitalized.

|   | Group   |         | Company |         |
|---|---------|---------|---------|---------|
|   | 2021    | 2020    | 2021    | 2020    |
| Interest income from banks              | 78,812  | 119,221 | 51,632  | 36,029  |
| Dividend income                         | -       | -       | 440,000 | 300,000 |
| Realised foreign exchange gains         | -       | -       | -       | 45,587  |
| Unrealised foreign exchange differences | -       | -       | -       | 20,115  |
| Finance income                          | 78,812  | 119,221 | 491,632 | 401,731 |
| Interest expense on lease liabilities   | 301,448 | 278,501 | 301,448 | 278,501 |
| Interest expense on borrowings          | 52,760  | 116,395 | 53,758  | 116,395 |
| Other finance cost                      | 4,205   | 3,461   | 4,205   | 3,461   |
| Realised foreign exchange losses        | 6,132   | 34,241  | 5,601   | 34,127  |
| Unrealised foreign exchange losses      | 79,456  | 14,628  | 79,456  | 14,628  |
| Finance costs                           | 444,001 | 447,226 | 444,468 | 447,112 |

## 2.12 Income tax

### 2.12.1 Current income tax

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

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.12.2 Deferred income tax

Deferred income tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is measured at tax rates (and laws) that have been enacted or substantially enacted at the statement of financial position date and are expected to apply to temporary differences when they reverse or are settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, where there is an intention to settle these balances on a net basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

## 2.12.3 Analysis of income tax expense

|   | Group   |         | Company |         |
|---|---------|---------|---------|---------|
|   | 2021    | 2020    | 2021    | 2020    |
| Current   |         |         |         |         |
| Local income tax - current period               |         | 665,986 | 438,296 | 441,626 |
| 285,843   |         |         |         |         |
| Deferred  |         |         |         |         |
| Originating and reversing temporary differences | 40,563  | 40,895  | 41,052  | 35,573  |
| Income tax expense                              | 706,549 | 479,191 | 482,678 | 321,416 |

## 2.12.4 Tax rate reconciliation

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

|   | Group     |           | Company   |           |
|---|-----------|-----------|-----------|-----------|
|   | 2021      | 2020      | 2021      | 2020      |
| Profit before income tax                          | 2,848,638 | 1,972,723 | 2,358,879 | 1,641,652 |
| Tax at the applicable tax rate of 25% (2020: 25%) | 712,160   | 493,181   | 589,720   | 410,413   |
| Tax effect of adjustments on taxable income       | (110,000) | (17,319)  | (110,000) | (75,000)  |
| Exempt income- Dividend                           | 20        | 3,329     | -         | 3,322     |
| Permanent restriction of vehicles                 |           |           |           |           |
| Intercompany transaction taxable                  | 101,456   | -         | -         | -         |
| Audit liability accepted                          | 2,829     | -         | 2,829     | -         |
| 2,829   |           |           |           |           |
| Fixed asset adjustments-IFRS16                    | 84        | -         | 129       | (17,319)  |
| Income tax expense                                | 479,191   | 482,678   | 6,549     | 321,416   |
| 70  |           |           |           |           |
| Effective tax rate                                | 24.8 %    | 24.3%     | 20.5 %    | 19.6 %    |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.12.5 Current income tax assets

Group

| Group Year of Assessment | At 1 January     | Charge for the year | Adjustment     | Payments during the year | At 31 December   |
|--------------------------|------------------|---------------------|----------------|--------------------------|------------------|
| Up to 2020               | (496,741)        | -                   | -              | -                        | (496,741)        |
| 2021                     | -                | 665,986             | 273,631        | (969,845)                | (30,228)         |
|                          | <b>(496,741)</b> | <b>665,986</b>      | <b>273,631</b> | <b>(969,845)</b>         | <b>(526,969)</b> |

|                     |              |                     |            |                          |                |
|---------------------|--------------|---------------------|------------|--------------------------|----------------|
| Years of assessment | At 1 January | Charge for the year | Adjustment | Payments during the year | At 31 December |
|---------------------|--------------|---------------------|------------|--------------------------|----------------|

|            |                  |                |                |                  |                  |
|------------|------------------|----------------|----------------|------------------|------------------|
| Up to 2019 | (374,353)        | -              | -              | -                | (374,353)        |
| 2020       | 438,296          | 396,621        | (950,305)      | (122,388)        |                  |
|            | <b>(374,353)</b> | <b>438,296</b> | <b>389,261</b> | <b>(950,305)</b> | <b>(496,741)</b> |

Company

|                     |                  |                     |                |                          |                  |
|---------------------|------------------|---------------------|----------------|--------------------------|------------------|
| Years of assessment | At 1 January     | Charge for the year | Adjustment     | Payments during the year | At 31 December   |
| Up to 2020          | (336,476)        | -                   | -              | -                        | (336,476)        |
| 2021                | -                | 441,626             | 205,677        | (542,997)                | (101,371)        |
|                     | <b>(336,476)</b> | <b>441,626</b>      | <b>205,677</b> | <b>(542,997)</b>         | <b>(437,847)</b> |

|                     |                  |                     |                |                          |                  |
|---------------------|------------------|---------------------|----------------|--------------------------|------------------|
| Years of assessment | At 1 January     | Charge for the year | Adjustment     | Payments during the year | At 31 December   |
| Up to 2019          | (363,023)        | -                   | -              | -                        | (363,023)        |
| 2020                | -                | 285,843             | 389,621        | (648,917)                | 26,547           |
|                     | <b>(363,023)</b> | <b>285,843</b>      | <b>389,621</b> | <b>(648,917)</b>         | <b>(336,476)</b> |

Adjustment of GHS273 million for the Group and GHS205 million for the company (2020:GHS390 million) relates to tax prepayment used to set off VAT obligations which is permitted under the Revenue Administration Act, 2016 (Act 915).

## 2.12.6 Deferred tax

Deferred tax is accounted for in accordance with the accounting policy disclosed in note 2.12.2. Deferred tax assets are recognised for tax losses carried forward to the extent that the recognition of the related tax benefit through taxable future profits is probable. The deductible temporary differences have no expiry dates and are allowed as and when they crystallise. Deferred tax computation considered the impact of provision, and other provision such as share based payments, long services ward and expected credit loss.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.12.6 Deferred tax (continued)

Deferred tax liabilities are attributable to the following:

At December 31, 2021

| <b>Group</b>                    | <b>Balance at 1</b> | <b>Recognised in</b>  | <b>Balance at 31</b> |
|---------------------------------|---------------------|-----------------------|----------------------|
|                                 | <b>January</b>      | <b>profit or loss</b> | <b>December</b>      |
| <b>Deferred tax liabilities</b> |                     |                       |                      |
| Property plant and equipment    | 407,326             | 56,472                | 463,919              |
| Others                          | (27,151)            | (15,909)              | (43,062)             |
|                                 | <b>380,175</b>      | <b>40,563</b>         | <b>420,857</b>       |

| <b>Company</b>               | <b>Balance at 1</b> | <b>Recognised in</b>  | <b>Balance at 31</b> |
|------------------------------|---------------------|-----------------------|----------------------|
|                              | <b>January</b>      | <b>profit or loss</b> | <b>December</b>      |
| Deferred tax liabilities     |                     |                       |                      |
| Property plant and equipment | 407,326             | 56,497                | 463,823              |
| Others                       | (26,503)            | (15,444)              | (41,947)             |
|                              | <b>380,823</b>      | <b>41,053</b>         | <b>421,876</b>       |

At December 31, 2020

| <b>Group</b>                 | <b>Balance at 1</b> | <b>Recognised in</b>  | <b>Balance at 31</b> |
|------------------------------|---------------------|-----------------------|----------------------|
|                              | <b>January</b>      | <b>profit or loss</b> | <b>December</b>      |
| Deferred tax liabilities     |                     |                       |                      |
| Property plant and equipment | 365,322             | 42,123                | 407,445              |
| Others                       | (25,923)            | (1,228)               | (27,151)             |
|                              | <b>339,399</b>      | <b>40,895</b>         | <b>380,294</b>       |

| <b>Company</b>               | <b>Balance at 1</b> | <b>Recognised in</b>  | <b>Balance at 31</b> |
|------------------------------|---------------------|-----------------------|----------------------|
|                              | <b>January</b>      | <b>profit or loss</b> | <b>December</b>      |
| Deferred tax liabilities     |                     |                       |                      |
| Property plant and equipment | 365,324             | 42,002                | 407,326              |
| Others                       | (20,074)            | (6,429)               | (26,503)             |
|                              | <b>345,250</b>      | <b>35,573</b>         | <b>380,823</b>       |

## Deferred tax asset

Others includes provisions, share options, expected credit loss and long service award.

## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

### 2.13 National Fiscal Stabilisation Levy

|                          | Group     |           | Company  |          |
|--------------------------|-----------|-----------|----------|----------|
|                          | 2021      | 2020      | 2021     | 2020     |
| At 1 January             | (5,117)   | (2,363)   | (6,647)  | (4,214)  |
| Charge for the year      | 140,706   | 98,637    | 95,943   | 67,083   |
| Payments during the year | (138,108) | (101,391) | (94,154) | (69,516) |
| At 31 December           | (2,519)   | (5,117)   | (4,858)  | (6,647)  |

The National Fiscal Stabilisation Levy is a levy of 5% on profit before income tax introduced in July 2013.

### 2.14 Earnings per share

The Group present basic and diluted earnings per share (EPS) for outstanding ordinary shares. The Group calculates basic earnings per share by dividing profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. On the other hand, dilutive EPS is 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.

|  | Group      |            | Company    |            |
|--|------------|------------|------------|------------|
|  | 2021       | 2020       | 2021       | 2020       |
| Profit attributable to shareholders              | 2,001,383  | 1,395,694  | 1,780,258  | 1,253,153  |
| Weighted average number of shares at 31 December | 12,290,474 | 12,290,474 | 12,290,474 | 12,290,474 |
| Earnings per share                               | 0.163      | 0.113      | 0.145      | 0.102      |

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.



# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15 Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the present value of future decommissioning costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Property, plant and equipment under construction is measured at initial cost and depreciated from the date the asset is made available for use in the manner intended by management over its useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The Group capitalises general and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is deemed to be an asset which takes more than 12 months to acquire, construct or produce. Other borrowing costs are expensed in profit or loss. Property, plant and equipment acquired in an exchange transaction is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received, nor the asset given up is reliably measurable.

No asset exchange transactions where one or more items of property, plant and equipment are acquired in exchange for non-monetary assets or a combination of monetary and non-monetary assets occurred in the current period.

Depreciation of property, plant and equipment is calculated to write off the cost of the asset to its residual value, on the straight-line basis, over its expected useful life as follows:

|                         | 2021         | 2020         |
|-------------------------|--------------|--------------|
| Buildings – owned       | 20 years     | 20 years     |
| Buildings – leased      | Lease term   | Lease term   |
| Network infrastructure  | 3 - 20 years | 3 - 20 years |
| Information systems     | 3 - 5 years  | 3 - 5 years  |
| Furniture and equipment | 5 years      | 5 years      |
| Office equipment        | 5 years      | 5 years      |
| Leasehold improvement   | Lease term   | Lease term   |
| Vehicles                | 5 years      | 5 years      |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

---

## 2.15 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, during each financial year. Land is held under leasehold terms. Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

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

Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset and is included in operating profit.

### Impairment of assets

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash- generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash- generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

---

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.1 Property, plant and equipment (continued)

|                             | Land &         | Network          | Furniture and | Motor vehicles | Office       |
|-----------------------------|----------------|------------------|---------------|----------------|--------------|
| Carrying amount             |                |                  |               |                |              |
| Cost                        | 164,984        | 5,154,808        | 94,720        | 84,041         | 7,346        |
| Accumulated depreciation    | (58,239)       | (2,323,019)      | (85,646)      | (34,948)       | (6,333)      |
| <b>At December 31, 2020</b> | <b>106,745</b> | <b>2,831,788</b> | <b>9,074</b>  | <b>49,093</b>  | <b>1,011</b> |
| Cost                        | 180,315        | 6,187,584        | 92,193        | 104,670        | 7,913        |
| Accumulated depreciation    | (68,879)       | (2,827,682)      | (85,833)      | (49,104)       | (6,505)      |
| <b>At December 31, 2021</b> | <b>111,435</b> | <b>3,359,902</b> | <b>6,360</b>  | <b>55,566</b>  | <b>1,408</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

| Information    | Fixed Assets | Work in       | Total         | Land &           |
|----------------|--------------|---------------|---------------|------------------|
| 518,819        | 176          | 134,260       | 98,463        | 6,257,617        |
| (323,452)      |              | (54,133)      | -             | (2,885,773)      |
| <b>195,367</b> | <b>176</b>   | <b>80,127</b> | <b>98,463</b> | <b>3,371,844</b> |
| 656,127        | -            | 134,016       | 35,174        | 7,397,992        |
| (393,644)      | (194)        | (60,002)      | -             | (3,491,844)      |
| <b>262,483</b> | <b>(194)</b> | <b>74,014</b> | <b>35,174</b> | <b>3,906,148</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.1 Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment (owned) -

#### Group

|                                 | Land & Buildings | Network Equipment  | Furniture and Fixtures | Motor Vehicles  | Office Equipment |
|---------------------------------|------------------|--------------------|------------------------|-----------------|------------------|
| <b>Cost</b>                     |                  |                    |                        |                 |                  |
| At January 1, 2020              | 164,298          | 4,449,148          | 93,513                 | 66,455          | 7,575            |
| Additions                       | 686              | 689,596            | 3,253                  | 24,880          | -                |
| Disposal                        | -                | -                  | (1,925)                | (4,583)         | (229)            |
| Reallocations                   | -                | 16,064             | -                      | -               | -                |
| Other movements                 | -                | -                  | (121)                  | (2,711)         | -                |
| <b>At December 31, 2020</b>     | <b>164,984</b>   | <b>5,154,808</b>   | <b>94,720</b>          | <b>84,041</b>   | <b>7,346</b>     |
| Additions                       | 15,331           | 970,746            | 1,868                  | 21,673          | 567              |
| Disposals                       | -                | (1,433)            | (3,176)                | (4,862)         | -                |
| Reallocations                   | -                | 63,463             | (1,219)                | 3,818           | -                |
| <b>At December 31, 2021</b>     | <b>180,315</b>   | <b>6,187,584</b>   | <b>92,193</b>          | <b>104,670</b>  | <b>7,913</b>     |
| <b>Accumulated Depreciation</b> |                  |                    |                        |                 |                  |
|                                 | (48,231)         |                    |                        |                 |                  |
| At January 1, 2020              |                  | (1,921,116)        | (80,716)               | (26,489)        | (5,881)          |
| -                               |                  |                    |                        |                 |                  |
| Disposals                       | -                | -                  | 1,908                  | 4,332           | 217              |
| Depreciation                    | (10,021)         | (401,904)          | (7,013)                | (13,486)        | (668)            |
| Other movements                 | 13               | -                  | 175                    | 695             | (3)              |
| <b>At December 31, 2020</b>     | <b>(58,239)</b>  | <b>(2,323,020)</b> | <b>(85,646)</b>        | <b>(34,948)</b> | <b>(6,335)</b>   |
| Disposals                       | -                | 1,708              | -                      | 4,991           | -                |
| Reallocations                   | -                | (561)              | 2,705                  | (288)           | -                |
| Depreciation charge             | (10,641)         | (505,809)          | (2,892)                | (18,859)        | (297)            |
| Other changes, movements        | -                | -                  | -                      | -               | 127              |
| <b>At December 31, 2021</b>     | <b>(68,880)</b>  | <b>(2,827,682)</b> | <b>(85,833)</b>        | <b>(49,104)</b> | <b>(6,505)</b>   |



## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

| Information Systems | Fixed Assets Inventory | Leasehold Improvements | Work in progress | Total              |
|---------------------|------------------------|------------------------|------------------|--------------------|
| 434,967             | 151                    | 134,383                | 62,240           | 5,412,730          |
| 87,651              | 25                     | -                      | 52,342           | 858,433            |
| (3,898)             | -                      | -                      | -                | (10,635)           |
| 26                  | -                      | 26                     | (16,116)         | -                  |
| 73                  | -                      | (149)                  | (3)              | (2,911)            |
| <b>518,819</b>      | <b>176</b>             | <b>134,260</b>         | <b>98,463</b>    | <b>6,257,617</b>   |
| 137,324             | -                      | 760                    | -                | 1,148,269          |
| (281)               | -                      | (1,004)                | -                | (10,756)           |
| 265                 | (176)                  | -                      | (63,289)         | 2,862              |
| <b>656,127</b>      | <b>-</b>               | <b>134,016</b>         | <b>35,174</b>    | <b>7,397,992</b>   |
| (266,557)           | -                      | (45,732)               | -                | (2,394,722)        |
| 3,868               | -                      | -                      | -                | 10,325             |
| (60,822)            | -                      | (8,388)                | -                | (502,301)          |
| 59                  | -                      | (13)                   | -                | 926                |
| <b>(323,452)</b>    | <b>-</b>               | <b>(54,133)</b>        | <b>-</b>         | <b>(2,885,773)</b> |
| 11                  | -                      | 633                    | -                | 7,343              |
| 617                 | -                      | -                      | -                | 2,473              |
| (70,820)            | -                      | (6,502)                | -                | (615,820)          |
| -                   | (194)                  | -                      | -                | (67)               |
| <b>(393,644)</b>    | <b>(194)</b>           | <b>(60,002)</b>        | <b>-</b>         | <b>(3,491,844)</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.1 Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment (owned)

| - Company                | Land & Buildings | Network equipment | Furniture and fixtures | Motor vehicles |
|--------------------------|------------------|-------------------|------------------------|----------------|
| Cost                     |                  |                   |                        |                |
| At January 1, 2020       | 164,298          | 4,449,079         | 58,800                 | 7,575          |
| Additions                | 686              | 689,663           | 3,185                  | 22,989         |
| Disposals                | -                | -                 | (1,925)                | (4,583)        |
| Reallocations            | -                | 16,064            | -                      | -              |
| Other movements          | -                | -                 | (87)                   | (1,883)        |
| At December 31, 2020     | 164,984          | 5,154,806         | 94,715                 | 75,323         |
| Additions                | 15,331           | 970,747           | 1,868                  | 25,492         |
| Disposals                | -                | (1,435)           | (3,176)                | (4,863)        |
| Reallocations            | -                | 63,464            | (1,335)                | (3,953)        |
| Other movements          | -                | -                 | 123                    | (88)           |
| At December 31, 2021     | 180,315          | 6,187,582         | 92,195                 | 91,911         |
| Accumulated Depreciation |                  |                   |                        |                |
| At January 1, 2020       | (48,231)         | (1,921,228)       | (80,600)               |                |
| Disposals                | -                | -                 | 1,908                  | 4,332          |
| Reallocation             | 13               | -                 | -                      |                |
| Depreciation Charge      | (10,021)         | (401,792)         | (6,952)                | (11,997)       |
| Other movements          | -                | -                 | -                      | 64             |
| At December 31, 2020     | (58,239)         | (2,323,020)       | (85,644)               | (31,608)       |
| Disposals                | -                | 1,710             | -                      | 4,613          |
| Depreciation charge      | (10,640)         | (467,218)         | (2,856)                | (16,731)       |
| Other changes, movements |                  | (38,933)          | 2,706                  | 90             |
| At December 31, 2021     | (68,879)         | (2,827,461)       | (85,794)               | (43,636)       |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

| Office equipment | Information systems | Fixed Asset Inventory | Leasehold improvements | Work in progress | Total       |
|------------------|---------------------|-----------------------|------------------------|------------------|-------------|
| 434,910          | 151                 | 134,383               | 62,240                 |                  | 5,404,804   |
| -                | 87,652              | 25                    | -                      | 52,342           | 856,542     |
| (229)            | (3,898)             | -                     | -                      | -                | (10,635)    |
| -                | 26                  | -                     | 26                     | (16,116)         |             |
| (35)-            | -                   | -                     | (149)                  | (5)              | (1,985)     |
| 7,311            | 518,690             | 176                   | 134,260                | 98,461           | 6,248,726   |
| 602              | 137,323             | -                     | 760                    | -                | 1,152,123   |
| -                | (14)                | -                     | (1,004)                | -                | (10,492)    |
| -                | (266)               | (176)                 | -                      | (63,289)         | (5,555)     |
| (35)             | -                   | -                     | -                      | -                |             |
| 7,878            | 655,733             | -                     | 134,016                | 35,172           | 7,384,802   |
| (24,007)         | (5,881)             | (266,455)             | -                      | (45,732)         | (2,392,134) |
| 218              | 3,868               | -                     | -                      | -                | 10,326      |
| -                | -                   | -                     | (13)                   | -                | -           |
| (670)            | (60,787)            | -                     | (8,388)                | -                | (500,607)   |
| -                | -                   | -                     | -                      | -                | 64          |
| (6,333)          | (323,374)           | -                     | (54,132)               | -                | (2,882,351) |
| -                | 11                  | -                     | 633                    | -                | 6,967       |
| (297)            | (70,775)            | -                     | (6,502)                | -                | (575,019)   |
| 127              | 566                 | -                     | -                      | -                | (35,444)    |
| (6,503)          | (393,572)           | -                     | (60,002)               | -                | (3,485,847) |

## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

### 2.15.1 Property, plant and equipment (continued)

Carrying amount

|                          | <b>Land &amp;<br/>Buildings</b> | <b>Network<br/>equipment</b> | <b>Furniture and<br/>fixtures</b> | <b>Motor<br/>vehicles</b> |
|--------------------------|---------------------------------|------------------------------|-----------------------------------|---------------------------|
| Cost                     | 164,984                         | 5,154,806                    | 94,715                            | 75,323                    |
| Accumulated depreciation | (58,239)                        | (2,323,020)                  | (85,644)                          | (31,608)                  |
| At December 31, 2020     | 106,745                         | 2,831,786                    | 9,071                             | 43,715                    |
| Cost                     | 180,315                         | 6,187,582                    | 92,195                            | 91,911                    |
| Accumulated depreciation | (68,879)                        | (2,827,461)                  | (85,794)                          | (43,636)                  |
| At December 31, 2021     | 111,436                         | 3,360,121                    | 6,401                             | 48,275                    |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

| Office<br>equipment | Information<br>systems | Fixed Asset<br>Inventory | Leasehold<br>improvements | Work in<br>progress | Total       |
|---------------------|------------------------|--------------------------|---------------------------|---------------------|-------------|
| 7,311               | 518,690                | 176                      | 134,260                   | 98,461              | 6,248,726   |
| (6,333)             | (323,374)              | -                        | (54,133)                  | -                   | (2,882,351) |
| 978                 | 195,316                | 176                      | 80,127                    | 98,461              | 3,366,375   |
| 7,878               | 655,732                | -                        | 134,016                   | 35,172              | 7,384,802   |
| (6,503)             | (393,571)              | -                        | (60,002)                  | -                   | (3,485,847) |
| 1,375               | 262,161                | -                        | 74,014                    | 35,172              | 3,898,955   |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.1 Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment (Leased) - Group

|                                 | Land & Buildings | Network equipment | Total     |
|---------------------------------|------------------|-------------------|-----------|
| <b>Cost</b>                     |                  |                   |           |
| At January 1, 2020              | 104,666          | 1,712,134         | 1,816,800 |
| Additions                       | 339              | 91,396            | 91,735    |
| <b>At December 31, 2020</b>     | 105,005          | 1,803,530         | 1,908,535 |
| Additions                       | -                | 222,355           | 222,355   |
| <b>At December 31, 2021</b>     | 105,005          | 2,025,885         | 2,130,890 |
| <b>Accumulated Depreciation</b> |                  |                   |           |
| At January 1, 2020              | (22,877)         | (219,147)         | (242,024) |
| Depreciation Charge             | (19,734)         | (226,692)         | (246,426) |
| <b>At December 31, 2020</b>     | (42,611)         | (445,839)         | (488,450) |
| Depreciation                    | (18,156)         | (282,080)         | (300,236) |
| Other changes, movements        | -                |                   |           |
| <b>At December 31, 2021</b>     | (60,767)         | (727,919)         | (788,686) |
| Carrying amount                 |                  |                   |           |
| Cost                            | 105,005          | 1,803,530         | 1,908,535 |
| Accumulated depreciation        | (42,611)         | (445,839)         | (488,450) |
| <b>At December 31, 2020</b>     | 62,394           | 1,357,691         | 1,420,085 |
| Cost                            | 105,005          | 2,025,885         | 2,130,890 |
| Accumulated depreciation        | (60,767)         | (727,919)         | (788,686) |
| <b>At December 31, 2021</b>     | 44,238           | 1,297,966         | 1,342,204 |



## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

---

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.1 Property, plant and equipment (Owned and leased) Reconciliation of property, plant and equipment Group

| Cost                            | Land & Buildings | Network equipment  | Furniture and fixtures | Motor vehicles  | Office equipment |
|---------------------------------|------------------|--------------------|------------------------|-----------------|------------------|
| At January 1, 2020              | 268,964          | 6,161,282          | 93,513                 | 66,455          | 7,575            |
| Additions                       | 1,024            | 781,104            | 3,253                  | 22,862          | -                |
| Disposals                       | -                | -                  | (1,925)                | (4,583)         | (229)            |
| Reallocation                    | -                | 16,064             | (125)                  | -               | -                |
| Other changes, movements        | -                | -                  | -                      | (6,90)          | -                |
| <b>At December 31, 2020</b>     | <b>269,988</b>   | <b>6,958,450</b>   | <b>94,716</b>          | <b>84,044</b>   | <b>7,346</b>     |
| Additions                       | 15,333           | 1,193,100          | 1,868                  | 25,492          | 567              |
| Disposals                       | -                | (1,433)            | (3,176)                | (4,863)         | -                |
| Reclassification                | -                | 63,464             | (1,215)                | -               | -                |
| Other movements                 | (2)              | -                  | -                      | -               | -                |
| <b>At December 31, 2021</b>     | <b>285,319</b>   | <b>8,213,581</b>   | <b>92,193</b>          | <b>104,673</b>  | <b>7,913</b>     |
| <b>Accumulated Depreciation</b> |                  |                    |                        |                 |                  |
| At January 1, 2020              | (71,108)         | (2,140,262)        | (80,716)               | (26,489)        | (5,882)          |
| Disposals                       | -                | -                  | 1,908                  | 4,332           | 217              |
| Depreciation                    | (29,754)         | (628,597)          | (7,013)                | (13,486)        | (668)            |
| Other movements                 | 13               | (113)              | 177                    | 694             | -                |
| At December 31, 2020            | <b>(100,849)</b> | <b>(2,768,972)</b> | <b>(85,644)</b>        | <b>(34,949)</b> | <b>(6,333)</b>   |
| Disposals                       | -                | 1,710              | -                      | 4,513           | -                |
| Reallocations                   | -                | -                  | 2,705                  | -               | -                |
| Depreciation                    | (28,797)         | (747,080)          | (2,892)                | (18,859)        | (297)            |
| Other changes, movements        | -                | (41,370)           | -                      | 190             | 127              |
| <b>At December 31, 2021</b>     | <b>(129,646)</b> | <b>(3,555,712)</b> | <b>(85,831)</b>        | <b>(49,105)</b> | <b>(6,503)</b>   |

## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

| Information systems | Fixed Asset Inventory | Leasehold improvements | Capital - Work in progress | Capital Work in progress | Total              |
|---------------------|-----------------------|------------------------|----------------------------|--------------------------|--------------------|
| 434,967             | 151                   |                        | 134,383                    | 62,240                   | 7,229,530          |
| 87,724              | 25                    |                        | -                          | 52,342                   | 948,334            |
| (3,898)             | -                     |                        | -                          | -                        | (10,635)           |
| 26                  | -                     |                        | 26                         | (16,116)                 |                    |
| -                   | -                     |                        | (149)                      | (4)                      | (968)              |
| <b>518,819</b>      | <b>176</b>            |                        | <b>134,260</b>             | <b>98,462</b>            | <b>8,166,261</b>   |
| 137,057             | -                     |                        | 760                        | -                        | 1,374,177          |
| (15)                | -                     |                        | (1,004)                    | -                        | (10,491)           |
| 266                 | (176)                 |                        | -                          | (63,289)                 | (947)              |
| -                   | -                     |                        | -                          | -                        | (2)                |
| <b>656,127</b>      | <b>-</b>              |                        | <b>134,016</b>             | <b>35,173</b>            | <b>9,528,995</b>   |
| (266,557)           | -                     |                        | (45,732)                   | -                        | (2,636,746)        |
| 3,868               | -                     |                        | -                          | -                        | 10,325             |
| (60,822)            | -                     |                        | (8,388)                    | -                        | (748,728)          |
| 59                  | -                     |                        | (13)                       | -                        | 817                |
| <b>(323,452)</b>    |                       |                        | <b>(54,133)</b>            | <b>-</b>                 | <b>(3,374,332)</b> |
| 11                  | -                     |                        | 634                        | -                        | 6,868              |
| 419                 | -                     |                        | -                          | -                        | 3,124              |
| (70,820)            | -                     |                        | (6,502)                    | -                        | (875,255)          |
| 192                 | (194)                 |                        | (1)                        | -                        | (248)              |
| <b>(393,650)</b>    | <b>(194)</b>          |                        | <b>(60,002)</b>            | <b>-</b>                 | <b>(4,280,643)</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.1 Property, plant and equipment

### Reconciliation of property, plant and equipment – Group (owned & leased)

|                             | Land &<br>Buildings | Network<br>equipment | Furniture and<br>fixtures | Motor<br>vehicles |
|-----------------------------|---------------------|----------------------|---------------------------|-------------------|
| Carrying amount             |                     |                      |                           |                   |
| Cost                        | 269,988             | 6,958,450            | 94,716                    | 84,044            |
| Accumulated depreciation    | (100,849)           | (2,768,972)          | (85,644)                  | (34,949)          |
| At 31 December, 2020        | 169,139             | 4,189,478            | 9,072                     | 49,095            |
| Cost                        | 285,319             | 8,213,581            | 92,193                    | 104,673           |
| Accumulated depreciation    | (129,646)           | (3,555,712)          | (85,831)                  | (49,105)          |
| <b>At December 31, 2021</b> | <b>155,673</b>      | <b>4,657,868</b>     | <b>6,362</b>              | <b>55,568</b>     |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

| Office<br>equipment | Information<br>systems | Fixed Asset<br>Inventory | Leasehold<br>improvements | Capital - Work<br>in progress | Capital Work<br>in progress | Total       |
|---------------------|------------------------|--------------------------|---------------------------|-------------------------------|-----------------------------|-------------|
| 7,346               | 518,819                | 176                      |                           | 134,260                       | 98,462                      | 8,166,261   |
| (6,333)             | (323,452)              | -                        |                           | (54,133)                      | -                           | (3,374,332) |
| 1,013               | 195,367                | 176                      |                           | 80,127                        | 98,462                      | 4,791,929,  |
| 7,913               | 656,127                | -                        |                           | 134,015                       | 35,173                      | 9,528,995   |
| (6,503)             | (393,650)              | (194)                    |                           | (60,001)                      | -                           | (4,280,643) |
| 1,410               | 262,477                | (194)                    |                           | 74,014                        | 35,173                      | 5,248,352   |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.1 Property, plant and equipment

### Reconciliation of property, plant and equipment – Company (owned & leased)

| Cost                     | Land & Buildings | Network equipment  | Furniture and fixtures | Motor vehicles  |
|--------------------------|------------------|--------------------|------------------------|-----------------|
| At January 1, 2020       | 268,964          | 6,161,213          | 93,387                 | 58,800          |
| Additions                | 1,025            | 781,173            | 3,254                  | 22,989          |
| Disposals                | -                | -                  | (1,925)                | (4,583)         |
| Reallocation             | -                | 16,064             | -                      | -               |
| Other changes, movements | -                | -                  | (105)                  | (2,017)         |
| At December 31, 2020     | <b>269,989</b>   | <b>6,958,450</b>   | <b>94,592</b>          | <b>75,189</b>   |
| Additions                | 15,332           | 1,193,100          | 1,868                  | 25,492          |
| Disposals                | -                | (1,434)            | (3,176)                | (4,863)         |
| Reclassification         | -                | 63,464             | (1,212)                | -               |
| Other movements          | -                | -                  | -                      | (3,819)         |
| At December 31, 2021     | <b>285,321</b>   | <b>8,213,580</b>   | <b>92,072</b>          | <b>91,999</b>   |
| Accumulated Depreciation |                  |                    |                        |                 |
| At January 1, 2020       | (71,108)         | (2,140,374)        | (80,600)               | (24,007)        |
| Disposals                | -                | -                  | 1,908                  | 4,332           |
| Depreciation             | (29,754)         | (628,598)          | (6,977)                | (11,863)        |
| Other movements          | 13               | -                  | 107                    | 64              |
| At December 31, 2020     | <b>(100,849)</b> | <b>(2,768,972)</b> | <b>(85,562)</b>        | <b>(31,474)</b> |
| Disposals                | -                | 1,710              | -                      | 4,613           |
| Reallocations            | -                | -                  | 2,707                  | -               |
| Depreciation             | (28,797)         | (747,080)          | (2,856)                | (16,731)        |
| Other changes, movements | -                | (47,369)           | -                      | 90              |
| At December 31, 2021     | <b>(129,646)</b> | <b>(3,561,711)</b> | <b>(85,711)</b>        | <b>(43,502)</b> |



## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

| Office equipment | Information systems | Fixed Asset Inventory | Leasehold improvements | Capital - Work in progress | Total              |
|------------------|---------------------|-----------------------|------------------------|----------------------------|--------------------|
| 7,575            | 434,910             | 151                   | 134,383                | 62,240                     | 7,221,604          |
| -                | 87,651              | 25                    | -                      | 52,338                     | 948,455            |
| (228)            | (3,898)             | -                     | -                      | -                          | (10,634)           |
| -                | 26                  | -                     | 26                     | (16,116)                   | -                  |
| -                | -                   | -                     | (149)                  | -                          | (2,271)            |
| <b>7,347</b>     | <b>518,689</b>      | <b>176</b>            | <b>134,260</b>         | <b>98,462</b>              | <b>8,157,154</b>   |
| 567              | 137,324             | -                     | 758                    | -                          | 1,374,440          |
| -                | (15)                | -                     | (1,003)                | -                          | (10,491)           |
| -                | (266)               | (176)                 | -                      | (63,289)                   | (5,298)            |
| -                | -                   | -                     | -                      | -                          | -                  |
| <b>7,914</b>     | <b>655,732</b>      | <b>-</b>              | <b>134,015</b>         | <b>35,173</b>              | <b>9,515,806</b>   |
| (5,881)          | (266,455)           | -                     | (45,732)               | -                          | (2,634,157)        |
| 217              | 3,868               | -                     | -                      | -                          | 10,325             |
| (667)            | (60,787)            | -                     | (8,387)                | -                          | (747,033)          |
| -                | -                   | -                     | (13)                   | -                          | 171                |
| <b>(6,331)</b>   | <b>(323,374)</b>    | <b>-</b>              | <b>(54,132)</b>        | <b>-</b>                   | <b>(3,370,694)</b> |
| -                | 11                  | -                     | 633                    | -                          | 6,868              |
| -                | 568                 | -                     | -                      | -                          | 3,124              |
| (299)            | (70,775)            | -                     | (6,502)                | -                          | (873,045)          |
| 127              | -                   | -                     | -                      | -                          | (248)              |
| <b>(6,503)</b>   | <b>(393,569)</b>    | <b>-</b>              | <b>(60,001)</b>        | <b>-</b>                   | <b>(4,280,644)</b> |

## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

### 2.15.1 Property, plant and equipment (continued)

|                             | Land & Buildings | Network equipment | Furniture and fixtures | Motor vehicles |
|-----------------------------|------------------|-------------------|------------------------|----------------|
| <b>Carrying amount</b>      |                  |                   |                        |                |
| Cost                        | 269,989          | 6,958,450         | 94,592                 | 75,189         |
| Accumulated depreciation    | (100,849)        | (2,768,972)       | (85,562)               | (31,474)       |
| <b>At December 31, 2020</b> | 169,140          | 4,189,478         | 9,030                  | 43,715         |
| Cost                        | 285,321          | 8,213,580         | 92,072                 | 91,999         |
| Accumulated depreciation    | (129,646)        | (3,555,713)       | (85,711)               | (43,502)       |
| <b>At December 31, 2021</b> | 155,675          | 4,657,867         | 6,361                  | 48,497         |

### 2.15.2 Cash used for the purchase of property, plant and equipment

Additions for the year

Credit purchases

**Cash used for purchase of property, plant and equipment**

## Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

| Office<br>equipment | Information<br>systems | Fixed Asset<br>Inventory | Leasehold<br>improvements | Capital - Work in<br>progress | Total       |
|---------------------|------------------------|--------------------------|---------------------------|-------------------------------|-------------|
| 7,347               | 518,689                | 176                      | 134,260                   | 98,462                        | 8,157,154   |
| (6,331)             | (323,374)              | -                        | (54,132)                  | -                             | (3,370,694) |
| 1,016               | 195,315                | 176                      | 80,128                    | 98,462                        | 4,786,460   |
| 7,914               | 655,732                | -                        | 134,015                   | 35,173                        | 9,515,806   |
| (6,503)             | (393,569)              | -                        | (60,001)                  | -                             | (4,280,644) |
| 1,411               | 262,163                | -                        | 74,014                    | 35,173                        | 5,235,162   |

| Group     |           | Company   |           |
|-----------|-----------|-----------|-----------|
| 2021      | 2020      | 2021      | 2020      |
| 1,484,910 | 858,433   | 1,437,907 | 856,542   |
| (272,916) | (507,404) | (222,355) | (505,513) |
| 1,215,552 | 351,029   | 1,211,994 | 351,029   |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.3 Impairment

**During the year, no property, plant and equipment was impaired.**

## 2.15.4 Lease liabilities

The Group's leases include network infrastructure (tower space and land) and retail stores. Rental contracts are typically made for fixed periods varying between 2 to 15 years but may have renewal periods. At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. office equipment) and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The Group defines low-value leases as leases of assets for which the value of the underlying asset when it is new is GHS31,550 or less and is not considered fundamental to its network. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any incentives receivable
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date
- Amounts that are expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option
- Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from variable lease payments, extension options and termination options, Leases not yet commenced to which the lessee is committed, and restrictions or covenants imposed by lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments specific to the lease, such as term, country, currency and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. It is re-measured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Decommissioning costs

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.15.4 Lease liabilities (continued)

### Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. 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 Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle of three to five years and history of terminating/not renewing leases. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the Group and the lessor to terminate the lease without a termination penalty. In determining whether the Group has an economic incentive to not exercise the termination option, the Group considers the broader economics of the contract and not only contractual termination payments.

### Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

|                                    | Group            |                  | Company          |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
| Measurement of lease liabilities   | 2021             | 2020             | 2021             | 2020             |
| Current lease liabilities          | 293,526          | 463,555          | 293,526          | 463,555          |
| Non-current lease liabilities      | 1,390,212        | 1,167,858        | 1,390,212        | 1,167,858        |
|                                    | <b>1,683,738</b> | <b>1,631,413</b> | <b>1,683,738</b> | <b>1,631,413</b> |
| Measurement of right of use assets |                  |                  |                  |                  |
| Right-of-use assets                |                  |                  |                  |                  |
| Cost                               |                  |                  |                  |                  |
| Buildings                          | 105,005          | 105,005          | 105,005          | 105,005          |
| Network equipment                  | <b>2,025,998</b> | <b>1,803,644</b> | <b>2,025,998</b> | <b>1,803,644</b> |
| Depreciation                       |                  |                  |                  |                  |
| Buildings                          | (60,767)         | (42,611)         | (60,767)         | (42,611)         |
| Network equipment                  | (728,032)        | (445,953)        | (728,032)        | (445,953)        |
|                                    | <b>(788,799)</b> | <b>(488,564)</b> | <b>(788,799)</b> | <b>(488,564)</b> |
| Carrying amount                    | 1,342,204        | 1,420,085        | 1,342,204        | 1,420,085        |

### 2.15.5 Encumbrances

Borrowings are secured by a floating charge on the Group's total assets over 5 years with a carrying value of GHS8,547 million (2020: GHS7,658 million).

### 2.15.6 Profit on disposal of property, plant and equipment

|   |                |              |                |              |
|---|----------------|--------------|----------------|--------------|
| Cost  | 10,491         | 10,635       | 10,491         | 10,635       |
| Accumulated depreciation                            | (9,120)        | (10,325)     | (9,120)        | (10,325)     |
| Net book value                                      | 1,371          | 310          | 1,371          | 310          |
| Proceeds  | (4,354)        | (493)        | (4,354)        | (493)        |
| Profit on disposal of property, plant and equipment | <b>(2,983)</b> | <b>(183)</b> | <b>(2,983)</b> | <b>(183)</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.16 Intangible assets

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 when the following conditions are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Expenditure that enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Other development expenditure that does not meet the criteria is accounted for as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives which does not exceed three years.

### 2.16.1 Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised in the statement of comprehensive income over their estimated useful lives (three to five years).

### 2.16.2 Licenses

Licenses are initially shown at historical cost. Licenses have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives. The useful lives and renewal periods of licenses are given below and are determined primarily with reference to the contractual or unexpired license period.

| Type of License                  | Date granted/    | License Term | Useful Life renewed |
|----------------------------------|------------------|--------------|---------------------|
| 3G                               | 23 January 2009  | 15 years     | 15 years            |
| 2G spectrum (900MHz and 1800MHz) | 12 February 2019 | 15 years     | 15 years            |
| International Gateway            | 10 August 2019   | 5 years      | 5 years             |
| 800MHz Spectrum (2x10MHz         | 21 June 2016     | 15 years     | 15 years            |
| 800MHz Spectrum (2x5MHz          | 10 January 2020  | 15 years     | 15 years            |
| 2600MHz spectrum                 | 1 December 2018  | 15 years     | 15 years            |
| Fixed Access License             | 23 March 2020    | 15 years     | 15 years            |
| 2x3 MHz on 900 & 2x7 1800MHz     | 2 December 2019  | 15 years     | 15 years            |
| IRU                              | Various dates    | 15 years     | 15 years            |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.16.3 Intangible assets (continued)

### Reconciliation of intangible assets - Group

|   | Network<br>Licenses | Software         | Work in<br>Progress | Total            |
|---|---------------------|------------------|---------------------|------------------|
| <b>Cost</b>                             |                     |                  |                     |                  |
| At January 1, 2020                      | 487,048             | 327,166          | 3,977               | 818,191          |
| Additions                               | 389,410             | 149,297          | (255)               | 538,450          |
| <b>At December 31, 2020</b>             | <b>876,456</b>      | <b>476,463</b>   | <b>3,722</b>        | <b>1,356,641</b> |
| Additions                               | -                   | 46,410           | 593                 | 47,003           |
| Reallocations                           | (73,778)            | 68,146           | (4,716)             | (10,348)         |
| <b>At December 31, 2021</b>             | <b>802,679</b>      | <b>591,016</b>   | <b>(402)</b>        | <b>1,393,293</b> |
| <b>Depreciation and impairment</b>      |                     |                  |                     |                  |
| At January 1, 2020                      | (145,508)           | (224,406)        | -                   | (369,914)        |
| Reallocation                            | 1,896               | (1,250)          | -                   | 646              |
| Amortisation                            | (70,275)            | (58,450)         | -                   | (128,725)        |
| <b>At December 31, 2020</b>             | <b>(213,887)</b>    | <b>(284,106)</b> | <b>-</b>            | <b>(497,993)</b> |
| Reallocation                            | 47,283              | (3,441)          | -                   | 43,842           |
| Amortisation                            | (67,189)            | (93,113)         | -                   | (160,302)        |
| Other changes, movements                | -                   | 29               | -                   | 29               |
| <b>At December 31, 2021</b>             | <b>(233,789)</b>    | <b>(380,632)</b> | <b>-</b>            | <b>(614,421)</b> |
| <b>Carrying amount</b>                  |                     |                  |                     |                  |
| Cost                                    | 876,456             | 476,463          | 3,722               | 1,356,641        |
| Accumulated depreciation and impairment | (213,887)           | (284,106)        | -                   | (497,993)        |
| <b>At December 31, 2020</b>             | <b>662,569</b>      | <b>192,357</b>   | <b>3,722</b>        | <b>858,648</b>   |
| Cost                                    | 802,679             | 591,016          | (402)               | 1,393,293        |
| Accumulated depreciation and impairment | (233,789)           | (380,632)        | -                   | (614,421)        |
| <b>At December 31, 2021</b>             | <b>568,890</b>      | <b>210,384</b>   | <b>(402)</b>        | <b>778,872</b>   |



# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.16.3 Intangible assets (continued)

### Reconciliation of intangible assets - Company

|   | Network<br>Licenses | Software         | Work in<br>Progress | Total            |
|---|---------------------|------------------|---------------------|------------------|
| <b>Cost</b>                             |                     |                  |                     |                  |
| At January 1, 2020                      | 487,098             | 326,460          | 3,977               | 817,535          |
| Additions                               | 389,359             | 149,346          | (255)               | 538,450          |
| <b>At December 31, 2020</b>             | <b>876,457</b>      | <b>475,806</b>   | <b>3,722</b>        | <b>1,355,985</b> |
| Additions                               | -                   | 46,410           | 593                 | 47,003           |
| Reallocations                           | (73,778)            | 68,146           | (4,716)             | (10,348)         |
| <b>At December 31, 2021</b>             | <b>802,679</b>      | <b>590,362</b>   | <b>(402)</b>        | <b>1,392,639</b> |
| <b>Depreciation and impairment</b>      |                     |                  |                     |                  |
| At January 1, 2020                      | (145,498)           | (223,270)        | -                   | (368,768)        |
| Reallocation                            | 1,105               | (1,250)          | -                   | (145)            |
| Amortisation                            | (69,490)            | (58,974)         | -                   | (128,464)        |
| <b>At December 31, 2020</b>             | <b>(213,883)</b>    | <b>(283,494)</b> | <b>-</b>            | <b>(497,377)</b> |
| Reallocation                            | 5,835               | (3,401)          | -                   | 2,434            |
| Amortisation                            | (66,543)            | (93,113)         | -                   | (159,656)        |
| <b>At December 31, 2021</b>             | <b>(233,789)</b>    | <b>(380,008)</b> | <b>-</b>            | <b>(613,797)</b> |
| <b>Carrying amount</b>                  |                     |                  |                     |                  |
| Cost                                    | 487,039             | 325,726          | 3,977               | 816,742          |
| Accumulated amortisation and impairment | (145,498)           | (223,270)        | -                   | (368,768)        |
| <b>At December 31, 2020</b>             | <b>662,574</b>      | <b>192,312</b>   | <b>3,722</b>        | <b>858,608</b>   |
| Cost                                    | 802,679             | 590,362          | (402)               | 1,392,639        |
| Accumulated amortisation and impairment | (233,789)           | (380,008)        | -                   | (613,797)        |
| <b>At December 31, 2021</b>             | <b>568,890</b>      | <b>210,354</b>   | <b>(402)</b>        | <b>778,842</b>   |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.16 Intangible assets (continued)

| 2.16.4 Cash used in the purchase of intangible assets | Group         |                | Company       |                |
|---|---------------|----------------|---------------|----------------|
|   | 2020          | 2021           | 2020          | 2021           |
| Additions for the year                                | 47,003        | 538,450        | 47,003        | 538,450        |
| Credit purchases                                      | -             | (317,476)      | -             | (317,476)      |
|   | <b>47,003</b> | <b>220,974</b> | <b>47,003</b> | <b>220,974</b> |

## 2.17 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are ensuring consistent with the policies adopted by the Group.

### 2.17.1 Investment in subsidiary

Investment in MobileMoney Limited is GHS50,000. MobileMoney Limited was incorporated on 5 November 2015 to operate mobile financial services in Ghana.

## 2.18 Indefeasible Right of Use (IRU)

### 2.18.1 IRU assets

The Group holds Indefeasible Right of Use (IRU) assets which are payments for international submarine capacity, with a useful life of fifteen years on average starting from 2012 and a local lease cable capacity for 15 years starting from December 2018.

|   | Group          |               | Company        |               |
|---|----------------|---------------|----------------|---------------|
|   | 2021           | 2020          | 2021           | 2020          |
| Balance at 1 January                      | 96,821         | 93,091        | 96,821         | 93,091        |
| Additions                                 | 22,352         | 24,875        | 22,352         | 24,875        |
| Amortisation                              | (22,289)       | (18,043)      | (22,289)       | (18,043)      |
| Exchange difference                       | 6,254          | (3,102)       | 6,254          | (3,102)       |
|   | <b>103,138</b> | <b>96,821</b> | <b>103,138</b> | <b>96,821</b> |
| Non-current portion                       | 88,385         | 83,459        | 88,385         | 83,459        |
| Current portion                           | 14,753         | 13,362        | 14,753         | 13,362        |
|   | <b>103,138</b> | <b>96,821</b> | <b>103,138</b> | <b>96,821</b> |
| <b>IRU payment: Statement of cashflow</b> |                |               |                |               |
| Total payment for IRU during the year     | (8,020)        | (39,984)      | (8,020)        | (39,984)      |

Total payment for IRU during the year amounted to GHS8million (2020: GHS39.9million).

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.18.2 IRU liability

This relates to a sale of a 60-Gbps terrestrial capacity to MainOne during the year. This provides MainOne an indefeasible right of use of the said capacity for a period of 15 years. The proceeds from the sale have been deferred to be amortised over 15 years.

|                                    | Group         |              | Company       |              |
|------------------------------------|---------------|--------------|---------------|--------------|
|                                    | 2021          | 2020         | 2021          | 2020         |
| Balance at 1 January               | 6,755         | 6,113        | 6,755         | 6,113        |
| Charge/(release) to profit or loss | 10,564        | 642          | 10,564        | 642          |
|                                    | <b>17,319</b> | <b>6,755</b> | <b>17,319</b> | <b>6,755</b> |
| Non-current portion                | 15,703        | 6,140        | 15,703        | 6,140        |
| Current portion                    | 1,616         | 615          | 1,616         | 615          |
| Balance at 31 December             | <b>17,319</b> | <b>6,755</b> | <b>17,319</b> | <b>6,755</b> |

## 2.19 Contract assets and liabilities

### 2.19.1 Contract liability

Contract liability (previously unearned revenue) represents subscriber balances of prepaid activated balances. The balance is affected by the early recognition of breakage. Previously, the Group only accounted for breakage on customer rights that will not be exercised when it became remote. When the Group expects to be entitled to breakage, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. This has led to an increase in revenue and a reduction in contract liability. The business has not recognised breakage as Electronic Voucher Distribution (EVD) is now the sole channel for recharge voucher vendoring and therefore does not age since its electronic.

**Movement in contract liability is shown below:**

#### Group and Company

|                               |                |                |
|-------------------------------|----------------|----------------|
| Opening balance               | 100,120        | 80,934         |
| Sale of prepaid airtime       | 5,665,154      | 4,422,314      |
| Prepaid revenue recognised    | (5,573,716)    | (4,398,119)    |
| Breakage recognised           | -              | (5,009)        |
| <b>Balance at 31 December</b> | <b>191,558</b> | <b>100,120</b> |

### 2.19.2 Contract assets

Contract assets are the Group's right to consideration in exchange for goods or services that it has transferred to a customer. The Group's contract assets relate to initial infrastructural cost incurred in fulfilling customer contracts (specifically providing Wi-Fi services).

#### Group and Company

|                 |              |              |
|-----------------|--------------|--------------|
| Contract assets | <b>2,273</b> | <b>3,112</b> |
|-----------------|--------------|--------------|

### 2.19.3 Capitalised contract costs

The Group has determined that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent's commission on post-paid contracts and SIM activation costs on prepaid contracts. The Group has therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer life of 3 years and included in selling, distribution and marketing expenses in profit or loss.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

The impact of this change is a decrease in selling, distribution and marketing expenses and the recognition of a new asset, capitalised contract costs.

|                                  | <b>Group</b>  |               | <b>Company</b> |               |
|----------------------------------|---------------|---------------|----------------|---------------|
|                                  | 2021          | 2020          | 2021           | 2020          |
| <b>Group and Company</b>         |               |               |                |               |
| Balance at beginning of the year | 38,818        | 34,897        | 38,818         | 34,897        |
| Additions                        | 32,512        | 21,100        | 32,512         | 21,100        |
| Amortisation                     | (31,586)      | (17,179)      | (31,586)       | (17,179)      |
| Balance at end of the year       | <b>39,744</b> | <b>38,818</b> | <b>39,744</b>  | <b>38,818</b> |

## 2.20 Inventories

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

Inventory is reported net of allowances for impairment. The Group tests for impairment of inventories at each reporting date, and where items are assessed to be impaired, the carrying value of these is written down to net realisable values.

|   | <b>Group</b>    |                 | <b>Company</b>  |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2021            | 2020            | 2021            | 2020            |
| Handsets, SIM cards and accessories at cost   | 114,825         | 67,011          | 114,825         | 67,011          |
| Less provision for obsolescence               | (85,515)        | (12,225)        | (85,515)        | (12,225)        |
|   | <b>29,310</b>   | <b>54,786</b>   | <b>29,310</b>   | <b>54,786</b>   |
| <b>Movement in provision for obsolescence</b> |                 |                 |                 |                 |
| Balance at 1 January                          | (12,225)        | (23,303)        | (12,225)        | (23,303)        |
| Reductions / (Additions) during year          | (73,290)        | 11,078          | (73,290)        | 11,078          |
|   | <b>(85,515)</b> | <b>(12,225)</b> | <b>(85,515)</b> | <b>(12,225)</b> |

## 2.21 Financial assets at amortised cost

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days for interconnect debtors and 7 days for post-paid corporate and individual debtors. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Impairment on trade receivables is discussed in Note 2.33.8.

### 2.21.1 Trade and other receivables

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Trade receivables                                   | 576,583        | 486,766        | 559,428        | 445,245        |
| Less: allowance for impairment of trade receivables | (8,122)        | (11,688)       | (8,122)        | (11,688)       |
| <b>Net trade receivables</b>                        | <b>568,461</b> | <b>475,078</b> | <b>551,306</b> | <b>433,557</b> |

The Group holds collateral of GHS97.1 million (2020: GHS82.82 million) for trade and other receivables. The Group's exposure to credit and currency risk relating to trade and other receivables is disclosed in Note 2.34.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.22.1 Other assets

|             | Group  |        | Company |        |
|-------------|--------|--------|---------|--------|
|             | 2021   | 2020   | 2021    | 2020   |
| Prepayments | 27,431 | 48,934 | 27,431  | 48,189 |

Prepayments represents payments made in advance for certain network and information technology maintenance services level agreements

## 2.22.2 Other financial assets

### At amortised cost

|                          |                |                |                |                |
|--------------------------|----------------|----------------|----------------|----------------|
| Staff loans              | 8,429          | 7,200          | 8,429          | 7,134          |
| Intercompany receivables | 133,960        | 95,891         | 133,838        | 121,043        |
| <b>Total</b>             | <b>142,389</b> | <b>103,091</b> | <b>142,267</b> | <b>128,177</b> |

## 2.23 Mobile money float

The Company is an Electronic Money Issuer (EMI) that provides Mobile Money (MoMo) services. Mobile Money services involves the issuing of electronic money into MoMo wallet which is recorded on mobile phones for immediate and later use in return for cash. The service is rendered via MoMo agents and merchants who provide services to the Company's MoMo customers. MoMo agents are recruited by the MobileMoney Limited to facilitate customer activities including cash deposit and loading of electronic cash into wallets. The service is also performed through the Company's branches.

The wallet represents a "store" of MoMo, and at any moment all monetary value stored on a MoMo wallet is backed by an equivalent cash deposit held with partner banks in Ghana.

MobileMoney Limited's operation is regulated by the Bank of Ghana through its regulations and the payment systems and services Act, 2019 Act (987).

Mobile money float and obligation to electronic money holders are presented in the statement of financial position at cost. Mobile money float includes all subscriber funds held with partner banks. Obligations to electronic money holders include all balances on electronic wallets of customers and represents an obligation of the electronic money issuer. Mobile money float balances as at 31 December are as follows:

|                                 | Group            |                  |
|---------------------------------|------------------|------------------|
|                                 | 2021             | 2020             |
| Partner banks' own funds        | 4,710,720        | 2,397,765        |
| Money held on EMI's own account | 4,267,269        | 4,161,608        |
| <b>Total</b>                    | <b>8,977,989</b> | <b>6,559,373</b> |

As at December 31, 2021, the number of partner banks, MobileMoney Limited operated with were 19 (2020: 19).

### Impairments of mobile money float

MobileMoney Limited applies the IFRS9 model in determining impairment on the mobile money float. The allowance or provision recognized depends on the output of the partner banks risk assessment for the period, with forward looking assumptions regarding the choice of variables, inputs and their interdependencies. Partner banks whose counterpart risk profile indicate significant increase in credit risk where impaired.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## Quantitative criteria

The Company designates risk scoring for partner banks on the basis of weighted partner bank financial data as follows.

- 1) Between 80%-100% as low risk, Tier 1
- 2) Between 60%-79% as low risk, Tier 2
- 3) Between 0 - 59% as high risk, Tier 3

## Qualitative Criteria

MobileMoney Limited considers qualitative criteria such as whether a partner bank is publicly owned, state owned or privately owned in determining whether it may be unlikely to make available mobile money float when they are due.

The Expected Credit Loss (ECL) is measured on a 12-month basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is credit impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) defined as follows:

1. Probability of default: this is the likelihood that the partner bank will default.
2. Loss given default: the percentage that the company stands to lose when the partner bank defaults (LGD).
3. Exposure at default: the amount a partner bank carry at the time of default.

Based on the above elements, and the assigned probabilities, the expected credit loss is computed and recognised through the profit or loss account. At each reporting date, the company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the period.

## 2.24 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, all of which are available for use by the Group.

|                        |         |         |         |
|------------------------|---------|---------|---------|
| Cash and bank balances | 671,968 | 621,715 | 518,499 |
|------------------------|---------|---------|---------|

### 2.24.1 Investment in Securities

Investment in Securities represent a transfer from retained earnings at a minimum amount of 5% of MobileMoney Limited's annual net profit per internal policy. This is invested in risk free, highly liquid assets such as Treasury bills or Government notes or short-dated bonds up until such a time that the reserve fund amounts to GHS200 million. Interest earned on investment are also transferred into other reserves and are not available for distribution.

## 2.25 Stated capital

|  |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|
| Authorised Ordinary shares of no-par value | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 |
|--|-----------------|-----------------|-----------------|-----------------|

### Reconciliation of number of shares issued:

|                                   |                       |                       |                       |                       |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reported as at January 1, 2021    | 12,290,474,360        | 12,290,474,360        | 12,290,474,360        | 12,290,474,360        |
| Issue of shares – ordinary shares | -                     | -                     | -                     | -                     |
| As at 31 December 2021            | <b>12,290,474,360</b> | <b>12,290,474,360</b> | <b>12,290,474,360</b> | <b>12,290,474,360</b> |

### Issued share

|          |           |           |           |           |
|----------|-----------|-----------|-----------|-----------|
| Ordinary | 1,097,504 | 1,097,504 | 1,097,504 | 1,097,504 |
|----------|-----------|-----------|-----------|-----------|

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.26 Borrowings

Borrowings are initially recognised at fair value net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

|                         | Group          |                | Company        |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | 2021           | 2020           | 2021           | 2020           |
| Current liabilities     | 199,316        | 280,002        | 199,316        | 280,002        |
| Non-current liabilities | 369,774        | 557,093        | 369,774        | 557,093        |
|                         | <b>569,090</b> | <b>837,095</b> | <b>569,090</b> | <b>837,095</b> |

Carrying amount of borrowings are denominated as follows:

|                |         |         |         |         |
|----------------|---------|---------|---------|---------|
| Local currency | 569,090 | 837,095 | 569,090 | 837,095 |
|----------------|---------|---------|---------|---------|

### 2.26.1 Summary of borrowing arrangements

#### At December 31, 2021

Facility A: A term loan of GHS345 million bearing interest at 17.1274% per annum repayable starting on 13/06/2020 and expiring on 13/12/2022. The facility is secured on assets with a carrying amount of GHS8,547 million.

Facility B: A revolving loan of GHS165 million bearing interest at 17.1274% repayable starting on 30/3/2020 and expiring 13/12/2022. The facility is secured on assets with a carrying amount of GHS8,547 million.

Additional Facility: Additional term loan of GHS450 million bearing interest at 17.1274% per annum repayable starting on 24/12/2022 and expiring on 24/06/2025. The facility is secured on assets with a carrying amount of GHS8,547 million.

#### Total Funding Available

#### Movement in borrowings is as follows:

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| At start of year                                  | 839,458        | 510,000        | 839,458        | 510,000        |
| Proceeds from borrowings                          | 165,000        | 945,000        | 165,000        | 945,000        |
| Repayments on borrowings                          | (444,373)      | (615,542)      | (444,373)      | (615,542)      |
| <b>At end of year</b>                             | <b>560,085</b> | <b>839,458</b> | <b>560,085</b> | <b>839,458</b> |
| <b>Movement in capitalised transaction costs:</b> |                |                |                |                |
| At start of year                                  | (2,363)        | (4,577)        | (2,363)        | (4,577)        |
| Amortisation for the year                         | 11,368         | 2,214          | 11,368         | 2,214          |
| <b>At end of year</b>                             | <b>9,005</b>   | <b>(2,363)</b> | <b>9,005</b>   | <b>(2,363)</b> |
|   | <b>569,090</b> | <b>837,095</b> | <b>569,090</b> | <b>837,095</b> |

#### Repayment

Repayment in 2021 were for revolving loan facility B of GHS165 million drawn down in 2020, GHS165 million revolving loan facility drawn down in 2021 and GHS115 million on the term loan (Facility A).



# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.27 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### 2.27.1 Bonus provision

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

### 2.27.2 Decommissioning provision

Decommissioning provision relates to the estimated cost of dismantling and removing an item of property, plant and

equipment and restoring the site on which the item was located to its original condition. The Group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment that are erected on leased land. The timing of the provision is expected to be at the expiry of 15 years of site commissioning.

### 2.27.3 Current portion of provisions

| <b>Reconciliation of provisions - Group - 2021</b> | <b>Opening balance</b> | <b>Additions</b> | <b>Utilised during the year</b> | <b>Total</b>  |
|--|------------------------|------------------|---------------------------------|---------------|
| Bonus provision                                    | 29,457                 | 16,037           | (18,054)                        | 27,440        |
| Provision for share-based payments                 | 13,845                 | 6,980            | (325)                           | 20,500        |
| Other provisions                                   | 38,057                 | 79,786           | (108,081)                       | 9,762         |
|  | <b>81,359</b>          | <b>102,803</b>   | <b>(126,460)</b>                | <b>57,702</b> |

### Reconciliation of provisions - Group - 2020

|                                    | <b>Opening balance</b> | <b>Additions</b> | <b>Utilised during the year</b> | <b>Total</b>  |
|------------------------------------|------------------------|------------------|---------------------------------|---------------|
| Bonus provision                    | 31,894                 | 13,651           | (16,088)                        | 29,457        |
| Provision for share-based payments | 13,693                 | 10,105           | (9,953)                         | 13,845        |
| Other provisions                   | 3,432                  | 34,625           | -                               | 38,057        |
|                                    | <b>49,019</b>          | <b>58,381</b>    | <b>(26,041)</b>                 | <b>81,359</b> |

### Reconciliation of provisions - Company - 2021

|                                    | <b>Opening balance</b> | <b>Additions</b> | <b>Utilised during the year</b> | <b>Total</b>  |
|------------------------------------|------------------------|------------------|---------------------------------|---------------|
| Bonus provision                    | 28,455                 | 14,964           | (15,979)                        | 27,440        |
| Provision for share-based payments | 13,520                 | 6,980            | -                               | 20,500        |
| Other provisions                   | 36,783                 | 79,202           | (110,681)                       | 5,304         |
|                                    | <b>78,758</b>          | <b>101,146</b>   | <b>(126,660)</b>                | <b>53,244</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.27.3 Provisions (continued)

### Reconciliation of provisions Company – 2020

|                                    | Opening<br>balance | Additions     | Utilised during<br>the year | Total         |
|------------------------------------|--------------------|---------------|-----------------------------|---------------|
| Bonus provision                    | 31,080             | 19,042        | (21,667)                    | 28,455        |
| Provision for share-based payments | 13,632             | 9,149         | (9,261)                     | 13,520        |
| Other provisions                   | 3,403              | 33,397        | (18)                        | 36,782        |
|                                    | <b>48,115</b>      | <b>61,588</b> | <b>(30,946)</b>             | <b>78,757</b> |

## 2.27.3 Other provisions (non-current)

The non-current portion of other provisions of GHS14.44 million (2020: GHS3.34 million) represents warranty provision in respect of sites sold under a sale and lease back arrangement. The Company recognized provisions in respect of a warranty for the sale and lease back arrangement based on estimates and the probability of whether an outflow of economic benefits will be required to settle the obligation. This provision will be released at final closure of site transfer under the Asset Purchase agreement.

## 2.27.4 Share based payments

The Group operates a Performance Share Plan (PSP) and a Notional Share Option (NSO). The PSP is a long-term incentive scheme offered under the MTN Group Performance Share Plan to qualifying participants. The NSO consists of a Group Aligned NSO (GAN) and a Locally Aligned NSO (LAN). The GAN mirrors the movement in value of the MTN Group share price. The LAN is reflective of the increase in value of a key performance indicator of the business such as EBITDA. All the share-based payment schemes are cash settled in the accounting records of Scancom PLC.

NSO allocated prior to 1 January 2014 may only be exercised by the participants up to 20% after 2 years; up to 40% after 3 years; up to 70% after 4 years and up to 100% after 5 years of granting the NSO. NSO allocated effective 1 January 2014 may only be exercised 100% after 3 years from allocation. Each allocation of NSO granted prior to 2014 will remain in force for a period of 10 years from the date of offer. Each allocation of NSO granted after 2014 will remain in force for a period of 5 years from the date of offer. Any un-exercised NSOs remaining at the end of the stated periods will automatically elapse. The exercise price- GAN option is the price at which a vested GAN NSO is exercised and will be the closing MTN Group Limited share price on the day following the date of exercising. Exercise price- LAN option is the price at which a vested LAN NSO is exercised and will be the current or ruling value of such NSO on the date of exercising, as determined by the annual LAN NSO valuation exercise. The NSO price is the Price at which an NSO is offered to any qualifying participant.

During 2021, 17,506 shares were granted to qualifying employees for no consideration and subject to a service condition. The shares will vest in three tranches, i.e. a third will vest on the third, fourth and fifth anniversary of the grant date respectively.

These are Equity settled at the vesting date base on set criteria which includes non-market conditions such as cash generated from operations. Return on Equity (ROE), and Environmental, Social and Governance KPIs set at grant date. Also included are market conditions of total shareholder return which is based on the price of stock on the exchange on which Monte Carlo simulations applies. The summaries of options granted are:

| LAN                      | 2021                           |                                | 2020                                 |                                      |
|--------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
|                          | Average<br>price per<br>option | Number<br>of options<br>(‘000) | Average<br>price per option<br>(GHS) | Number<br>of options<br>(‘000) (GHS) |
| As at 1 January          | 0.85                           | 45,968                         | 0.66                                 | 45,612                               |
| Granted                  | -                              | -                              | 1.13                                 | 14,909                               |
| Exercised                | 1.42                           | (15,046)                       | 1.13                                 | (14,553)                             |
| Expired and forfeited    | -                              | (116)                          | -                                    | -                                    |
| <b>As at 31 December</b> |                                | <b>30,806</b>                  |                                      | <b>45,968</b>                        |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.27.4 Share based payments (continued)

| GAN                      | 2021                           |                          | 2020                           |                          |
|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|
|                          | Average price per option (GHS) | Number of options ('000) | Average price per option (GHS) | Number of options ('000) |
| As at 1 January          | 26.46                          | 940,570                  | 35.62                          | 508,730                  |
| Granted                  | -                              | -                        | 15.56                          | 462,760                  |
| Exercised                | 52.08                          | (190,238)                | 15.56                          | -                        |
| Expired and forfeited    | -                              | (14,712)                 | -                              | (30,920)                 |
| <b>As at 31 December</b> |                                | <b>735,620</b>           |                                | <b>940,570</b>           |

Share options outstanding at the end of the year have the following expiry dates and prices:

## MTN Group and Company

### LAN

| Grant date               | Expiry date                  | NSO            | Number of  | Number of  |
|--------------------------|------------------------------|----------------|--|--|
|                          |                              | Price<br>(GHS) | share options<br>at December<br>31, 2021<br>('000) | share options<br>at December<br>31, 2020<br>('000) |
| Friday, April 1, 2016    | Wednesday,<br>March 31, 2021 | 0.45           | 58   | 888  |
| Saturday, April 1, 2017  | Thursday,<br>March 31, 2022  | 0.55           | 267  | 917  |
| Sunday, April 1, 2018    | Friday, March<br>2023        | 0.68           | 775  | 13,814   |
| Monday, April 1, 2019    | Sunday, March<br>31, 2024    | 0.77           | 15,430   | 15,441   |
| Wednesday, April 1, 2020 | Monday, March<br>31, 2025    | 1.13           | 14,276   | 14,908   |
|                          |                              |                | <b>30,806</b>                                      | <b>45,968</b>                                      |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.27.4 Share based payments (continued)

| Grant date               | Expiry date               | NSO Price (GHS) | Number of share options at December 31, 2021 ('000) | Number of share options at December 31, 2020 ('000) |
|--------------------------|---------------------------|-----------------|---|---|
| Friday, April 1, 2011    | Wednesday, March 31, 2021 | 31.40           | -   | 10,030  |
| Sunday, April 1, 2012    | Thursday, March 31, 2022  | 25.76           | 4,260   | 917   |
| Monday, April 1, 2013    | Friday, March 31, 2023    | 24.45           | 14,620  | 13,814  |
| Tuesday, April 1, 2014   | Sunday, March 31, 2024    | 28.64           | -   | 31,980  |
| Wednesday, April 1, 2015 | Tuesday, March 31, 2020   | 22.66           | -   | 14,908  |
| Friday, April 1, 2016    | Wednesday, March 31, 2021 | 44.62           | 66,430  | 77,820  |
| Saturday, April 1, 2017  | Thursday, March 31, 2022  | 39.14           | 14,460  | 87,040  |
| Sunday, April 1, 2018    | Friday, March 31, 2023    | 44.27           | 12,060  | 90,780  |
| Monday, April 1, 2019    | Sunday, March 31, 2024    | 32.15           | 169,250   | 162,420   |
| Wednesday, April 1, 2020 | Monday, March 31, 2025    | 15.16           | 454,540   | 462,760   |
|                          |                           |                 | 735,620   | 940,570   |

| MTN Group PSP Grant date | Expiry date               | NSO Price (GHS) | Number of share options at December 31, 2021 ('000) | Number of share options at December 31, 2020 ('000) |
|--------------------------|---------------------------|-----------------|---|---|
| Friday, April 1, 2016    | Wednesday, March 31, 2021 | 120.22          | -   | -   |
| Saturday, April 1, 2017  | Thursday, March 31, 2022  | 133.14          | -   | 166,400   |
| Sunday, April 1, 2018    | Friday, March 31, 2023    | 86.13           | -   | 361,500   |
| Monday, April 1, 2019    | Sunday, March 31, 2024    | 86.88           | -   | 445,500   |
| Wednesday, April 1, 2020 | Monday, March 31, 2025    | 63.08           | -   | 131,000   |
|                          |                           |                 | -   | 1,104,400   |
|                          |                           |                 | 19,292,560  | 6,871   |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.27.4 Share based payments (continued)

| MTN Ghana PSP Grant date     | Expiry date               | NSO Price (GHS) | Number of share options at December 31, 2021 ('000) | Value of share options at December 31, 2020 ('000) |
|------------------------------|---------------------------|-----------------|---|--|
| Tuesday, December 15, 2020   | Sunday, December 14, 2025 | 0.62            | 4,663,516   | 2,891  |
|                              |                           |                 | 14,171,350  | 3,685  |
| Tuesday, December 15, 2020   | Sunday, December 14, 2025 | 0.26            | 4,484   | 5  |
| Tuesday, December 15, 2020   | Sunday, December 14, 2025 | 1.16            | 453,210   | 290  |
| Wednesday, December 15, 2021 | Sunday, December 14, 2025 | 0.64            |   |  |
|                              |                           |                 | <b>19,292,560</b>                                   | <b>6,871</b>                                       |

## 2.28 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are accounted for as financial liabilities. Other payables are stated at their nominal values. Trade and other payable includes Mobile money customer deposit, which are payable on demand. Corresponding restricted cash has been recognised in cash and cash equivalents.

|                       |                  |                  |                  |                  |
|-----------------------|------------------|------------------|------------------|------------------|
| Trade payables        | 291,552          | 427,239          | 259,940          | 395,051          |
| Sundry payables       | 56,932           | 45,413           | 66,686           | 45,413           |
| Accrued expenses      | 601,742          | 559,957          | 547,983          | 517,650          |
| Intercompany payables | 150,957          | 146,341          | 150,957          | 146,341          |
| Other payables        | 128,233          | 99,934           | 133,596          | 93,750           |
|                       | <b>1,229,416</b> | <b>1,278,884</b> | <b>1,159,162</b> | <b>1,198,205</b> |

## 2.29 Dividends paid

Dividend distribution to shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Payment of dividends is subject to the deduction of withholding taxes at a final tax rate of 8% for resident and foreign shareholders.

|                                  |           |           |           |           |
|----------------------------------|-----------|-----------|-----------|-----------|
| Dividend declared                | 983,238   | 860,333   | 983,238   | 860,333   |
| Dividend paid                    | (983,238) | (860,333) | (983,238) | (860,333) |
| <b>Balance as at 31 December</b> | <b>-</b>  | <b>-</b>  | <b>-</b>  | <b>-</b>  |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.30 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.

The Group had certain legal cases pending before the courts as of December 31, 2021. In the opinion of the directors, after taking appropriate legal advice, the outcome of these legal cases will not give rise to a significant loss to the Group. There were no contingent liabilities determined as of 31 December 2021.

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 and no reliable estimate could be made of any risk at this point in time.

## 2.31 Capital commitments

|  | Group   |         | Company |         |
|--|---------|---------|---------|---------|
|  | 2021    | 2020    | 2021    | 2020    |
| <b>Capital commitments for the acquisition of property, plant and equipment:</b>   |         |         |         |         |
| Property, plant and equipment contracted   | 252,338 | 991,239 | 252,338 | 991,239 |
| <b>Commercial commitments as at 31 December:</b>                                   |         |         |         |         |
| 100% commitment to purchase SIM and recharge cards (open purchase orders for 2021) | 38,000  | 38,860  | 38,000  | 38,860  |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.32 Related parties

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged.

For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals. The Group entered into various transactions with related parties during the year.

The Group is related to other entities in the MTN Group by virtue of common shareholding.

### 2.32.1 Transactions with related parties during the year are as follows:

|  | Group        |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2021         | 2020         | 2021         | 2020         |
| <b>Purchase from related parties:</b>                          |              |              |              |              |
| MTN Group management services (PTY) Limited                    | 1,592        | 1,585        | 1,592        | 1,585        |
| MTN Nigeria Communications Limited                             | -            | 127          | -            | 127          |
| MTN Dubai Limited (Management Fees and Others)                 | 254,115      | 220,491      | 254,115      | 220,491      |
| MobileMoney Limited  | -            | -            | 158,409      | 168,767      |
| Global Connect Solutions                                       | 131,975      | 106,466      | 131,975      | 106,466      |
| Other Intercompany Purchases                                   | -            | 6            | -            | 6            |
| <b>Services to related parties:</b>                            |              |              |              |              |
| Mobile Telephone Network Cameroon Limited                      | 424          | -            | 424          | -            |
| MTN Group management services (PTY) Limited                    | 14,524       | 493,552      | 14,524       | 493,552      |
| MTN South Africa   | 228          | 653          | 228          | 653          |
| MTN Nigeria Communications Limited                             | 122          | 10,372       | 122          | 10,372       |
| UUTET Kenya (PTY) Limited                                      | 1,995        | 1,868        | 1,995        | 1,868        |
| MTN Cote d'Ivoire  | 1,888        | 347          | 1,888        | 347          |
| Ayo Ghana  | 8,744        | -            | 8,744        | -            |
| MobileMoney Limited  | -            | -            | 163,505      | 32,756       |
| Global Connect Solutions                                       | 247,701      | 202,026      | 247,701      | 202,026      |
| Other Intercompany Purchases                                   | 3,098        | 1,311        | 3,098        | 1,311        |
| <b>Dividend to related parties</b>                             |              |              |              |              |
| Dividend paid to Investcom Consortium Holding SA               | 839,710      | 735,498      | 839,710      | 735,498      |
| <b>Compensation to directors and other key management</b>      |              |              |              |              |
| Short-term employee benefits                                   | 6,830        | 7,467        | 5,381        | 6,276        |
| Post-employment benefits - Pension - Defined contribution plan | 785          | 667          | 603          | 500          |
| Share-based payment  | 966          | 286          | -            | -            |
|  | <b>8,581</b> | <b>8,420</b> | <b>5,984</b> | <b>6,776</b> |



# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.32.2 Year end balances arising from the above transactions are as follows:

|   | Group    |           | Company   |           |
|---|----------|-----------|-----------|-----------|
|   | 2021     | 2020      | 2021      | 2020      |
| <b>Purchases</b>                            |          |           |           |           |
| MTN Group management services (PTY) Limited | (10,035) | (7,858)   | (10,035)  | (7,858)   |
| MTN South Africa                            | (342)    | (331)     | (342)     | (331)     |
| MTN Dubai Limited                           | (72,971) | (112,326) | (72,971)  | (112,326) |
| Ayo Ghana                                   | (8,753)  | -         | (8,753)   | -         |
| MobileMoney Limited                         | -        | -         | (120,362) | -         |
| GlobalConnect Solutions                     | (56,544) | 25,457    | (56,544)  | 25,457    |
| Other Intercompany Payable                  | (352)    | 369       | (352)     | 369       |
| <b>Sales</b>                                |          |           |           |           |
| MTN Group management services (PTY) Limited | 53,898   | 36,674    | 53,898    | 36,674    |
| MTN South Africa                            | 5,549    | 4,969     | 5,549     | 4,969     |
| MTN Nigeria Communications Limited          | 211      | 2,143     | 211       | 2,143     |
| GlobalConnect Solutions                     | 53,202   | 46,486    | 53,202    | 46,486    |
| UUTET Kenya (PTY) Limited                   | 1,995    | 1,868     | 1,995     | 1,868     |
| MobileMoney Limited                         | -        | 2,319     | -         | 25,152    |
| Ayo Ghana                                   | 3,423    | -         | 3,423     | -         |
| Other intercompany receivable               | 15,560   | 3,751     | 15,560    | 3,715     |

The receivables from related parties arise mainly from professional and Interconnect services transactions rendered on behalf of other operations within MTN Group. These are due one month after the date of rendering of service. No provisions are held against receivables from related parties.

Trade payables to related parties arise mainly from professional and management fees, interconnect and transmission service transactions rendered on Scancom PLC's behalf by other operations within the MTN Group and are due one month after the date of purchase.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.33 Financial instruments

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

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. There are no financial assets at fair value through profit or loss. Financial assets are recognised (derecognised) on the date the Group commits to purchase (sell) the instruments (trade date accounting).

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

### 2.33.1 Offsetting financial instruments

Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

No financial assets and liabilities were subjected to offsetting as at December 31, 2021.

### 2.33.2 Financial instrument classification

The Group classifies its financial instruments into the following categories:

- Financial assets at fair value through other comprehensive income
- Financial assets at amortised cost
- Financial liabilities at amortised cost.

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition.

### 2.33.3 Classification of financial assets at amortised cost

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

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

### 2.33.4 Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise debt securities where the contractual cashflow are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cashflow and selling financial assets.

On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to other gains/(losses) within profit or loss.

### 2.33.5 Subsequent measurement

The Group holds financial assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

### 2.33.6 Financial liabilities

Financial liabilities comprise trade and other payables, bank overdrafts, borrowings and other non-current liabilities (excluding provisions). All financial liabilities are subsequently measured at amortised cost using the effective interest method.

### 2.33.7 De-recognition

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

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

---

## 2.33.8 Impairment

### Impairment of trade receivables

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

The expected loss rates are based on the payment profiles of trade receivables over a period of 24 months before December 31, 2021 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (where data is available and is obtained without undue effort or cost) affecting the ability of the customers to settle the receivables.

## 2.34 Financial risk management and fair values

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 information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### 2.34.1 Risk profile

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the board of directors of the MTN Group and Scancom PLC. The Boards identify, evaluate and manage financial risks and provide written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34 Interests in unconsolidated structured entities (continued)

### Categories of financial liabilities

#### Group - 2021

|                           | Amortised cost   | Total            |
|---------------------------|------------------|------------------|
| Trade and other payables  | 1,102,128        | 1,102,128        |
| Borrowings                | 569,090          | 569,090          |
| Finance lease obligations | 1,683,738        | 1,683,738        |
|                           | <b>3,354,956</b> | <b>3,354,956</b> |

#### Group - 2020

|                           | Amortised cost   | Total            |
|---------------------------|------------------|------------------|
| Trade and other payables  | 1,178,950        | 1,178,950        |
| Borrowings                | 837,095          | 837,095          |
| Finance lease obligations | 1,631,413        | 1,631,413        |
|                           | <b>3,647,458</b> | <b>3,647,458</b> |

#### Company - 2021

|                           | Amortised cost   | Total            |
|---------------------------|------------------|------------------|
| Trade and other payables  | 1,025,591        | 1,025,591        |
| Borrowings                | 569,090          | 569,090          |
| Finance lease obligations | 1,683,738        | 1,683,738        |
|                           | <b>3,278,419</b> | <b>3,278,419</b> |

#### Company - 2020

|                           | Amortised cost   | Total            |
|---------------------------|------------------|------------------|
| Trade and other payables  | 1,104,455        | 1,104,455        |
| Borrowings                | 837,095          | 837,095          |
| Finance lease obligations | 1,631,413        | 1,631,413        |
|                           | <b>3,572,963</b> | <b>3,572,963</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34.2 Financial instruments by category

### Categories of financial assets

#### Group - 2021

|  | Amortised cost   | Total            |
|--|------------------|------------------|
| Trade receivables and other financial assets | 710,850          | 710,850          |
| Cash and cash equivalents                    | 995,422          | 995,422          |
|  | <b>1,706,272</b> | <b>1,706,272</b> |

#### Group - 2020

|  | Amortised cost   | Total            |
|--|------------------|------------------|
| Trade receivables and other financial assets | 578,169          | 578,169          |
| Cash and cash equivalents                    | 671,968          | 671,968          |
|  | <b>1,250,137</b> | <b>1,250,137</b> |

#### Company - 2021

|  | Amortised cost   | Total            |
|--|------------------|------------------|
| Trade receivables and other financial assets | 693,573          | 693,573          |
| Cash and cash equivalents                    | 621,715          | 621,715          |
|  | <b>1,315,288</b> | <b>1,315,288</b> |

#### Company - 2020

|  | Amortised cost   | Total            |
|--|------------------|------------------|
| Trade receivables and other financial assets | 561,734          | 561,734          |
| Cash and cash equivalents                    | 518,499          | 518,499          |
|  | <b>1,080,233</b> | <b>1,080,233</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34 Interests in unconsolidated structured entities (continued)

### 2.34.3 Credit risk

Credit risk, or the risk of financial loss to the Group due to customers or counterparties not meeting their contractual obligations, is managed through the application of credit approvals, limits and monitoring procedures. The Group's maximum exposure to credit risk is represented by the carrying amounts of the financial assets that are exposed to credit risk. The Group considers its maximum exposure per class, without taking into account any collateral and financial guarantees, to be as follows:

| Group                       |        | 2021                  |                       |                                       | 2021                  |                       |                                       |
|-----------------------------|--------|-----------------------|-----------------------|---------------------------------------|-----------------------|-----------------------|---------------------------------------|
|                             |        | Gross carrying amount | Credit loss allowance | Amortised cost / fair allowance value | Gross carrying amount | Credit loss allowance | Amortised cost / fair allowance value |
| value                       |        |                       |                       |                                       |                       |                       |                                       |
| Operating lease asset       | 2.18   | 103,138               | -                     | 103,138                               | 96,821                | -                     | 96,821                                |
| Trade and other receivables | 2.21.1 | 568,461               | -                     | 568,461                               | 475,078               | -                     | 475,078                               |
| Contract assets             | 2.19.2 | 2,273                 | -                     | 2,273                                 | 3,112                 | -                     | 3,112                                 |
| Cash and cash equivalents   | 2.24   | 995,422               | -                     | 995,422                               | 674,857               | -                     | 674,857                               |
|                             |        | <b>1,669,294</b>      | <b>-</b>              | <b>1,669,294</b>                      | <b>1,249,868</b>      | <b>-</b>              | <b>1,249,868</b>                      |

| Company                     |        | 2021                  |                       |                                       | 2020                  |                       |                                       |
|-----------------------------|--------|-----------------------|-----------------------|---------------------------------------|-----------------------|-----------------------|---------------------------------------|
|                             |        | Gross carrying amount | Credit loss allowance | Amortised cost / fair allowance value | Gross carrying amount | Credit loss allowance | Amortised cost / fair allowance value |
| Operating lease asset       | 2.18   | 103,138               | -                     | 103,138                               | 96,821                | -                     | 96,821                                |
| Trade and other receivables | 2.21.1 | 551,306               | -                     | 551,306                               | 433,557               | -                     | 433,557                               |
| Contract assets             | 2.19.2 | 2,273                 | -                     | 2,273                                 | 3,112                 | -                     | 3,112                                 |
| Cash and cash equivalents   | 2.24   | 621,721               | -                     | 621,721                               | 521,387               | -                     | 521,387                               |
|                             |        | <b>1,278,438</b>      | <b>-</b>              | <b>1,278,438</b>                      | <b>1,054,877</b>      | <b>-</b>              | <b>1,054,877</b>                      |

|                                    |  | Group             |                  | Company          |                  |
|------------------------------------|--|-------------------|------------------|------------------|------------------|
|                                    |  | 2021              | 2020             | 2021             | 2020             |
| Mobile money float                 |  | 8,977,989         | 6,559,373        | -                | -                |
| Trade receivables and other assets |  | 710,850           | 578,169          | 693,573          | 561,734          |
| Contract assets                    |  | 2,273             | 3,112            | 2,273            | 3,112            |
| Cash at bank                       |  | 995,422           | 671,617          | 621,715          | 518,148          |
|                                    |  | <b>10,686,534</b> | <b>7,812,271</b> | <b>1,317,561</b> | <b>1,082,994</b> |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34 Interests in unconsolidated structured entities (continued)

On the basis of the policy in Note 2.35.7, the loss allowance as at December 31, 2021 was determined as follows for trade receivables.

| Group<br>At December 31, 2021             | Gross<br>carrying<br>amount | Loss rate | Lifetime<br>expected<br>losses | Carrying<br>amount (net<br>of impairment<br>provision) |
|---|-----------------------------|-----------|--------------------------------|--|
| <b>Fully performing trade receivables</b> | <b>410,635</b>              |           | <b>410</b>                     | <b>410,225</b>   |
| Interconnect receivables                  | 15,201                      | 0.10 %    | 15                             | 15,186   |
| Contract receivables                      | 25,959                      | 0.10 %    | 26                             | 25,933   |
| Other receivables                         | 369,475                     | 0.10 %    | 369                            | 369,106  |
| <b>Past due trade receivables</b>         | <b>165,948</b>              |           | <b>7,712</b>                   | <b>158,236</b>   |
| <b>Interconnect receivables</b>           | <b>1,416</b>                |           | <b>26</b>                      | <b>1,390</b>   |
| 0 to 3 months                             | 1,055                       | 1.71 %    | 18                             | 1,037  |
| 3 to 6 months                             | 203                         | 1.97 %    | 4                              | 199  |
| 6 to 9 months                             | 158                         | 2.53 %    | 4                              | 154  |
| <b>Contract receivables</b>               | <b>6,218</b>                |           | <b>97</b>                      | <b>6,121</b>   |
| 0 to 3 months                             | 4,630                       | 1.38 %    | 64                             | 4,566  |
| 3 to 6 months                             | 1,588                       | 2.08 %    | 33                             | 1,555  |
| <b>Other receivables</b>                  | <b>158,314</b>              |           | <b>7,589</b>                   | <b>150,725</b>   |
| 0 to 3 months                             | 68,912                      | 0.70 %    | 479                            | 68,433   |
| 3 to 6 months                             | 34,033                      | 1.03 %    | 351                            | 33,682   |
| 6 to 9 months                             | 55,369                      | 12.21 %   | 6,759                          | 48,610   |
| <b>Total</b>                              | <b>576,583</b>              |           | <b>8,122</b>                   | <b>568,461</b>   |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34 Interests in unconsolidated structured entities (continued)

| Group                                     | Gross carrying amount | Loss rate | Lifetime expected losses | Carrying amount (net of impairment provision) |
|---|-----------------------|-----------|--------------------------|---|
| <b>At December 31, 2020</b>               |                       |           |                          |   |
| <b>Fully performing trade receivables</b> | <b>295,689</b>        |           | <b>296</b>               | <b>295,393</b>                                |
| Interconnect receivables                  | 25,719                | 0.10 %    | 26                       | 25,693  |
| Contract receivables                      | 6,879                 | 0.10 %    | 7                        | 6,872   |
| Other receivables                         | 263,091               | 0.10 %    | 263                      | 262,828                                       |
| <b>Past due trade receivables</b>         | <b>191,078</b>        |           | <b>11,392</b>            | <b>179,685</b>                                |
| <b>Interconnect receivables</b>           | <b>23,996</b>         |           | <b>512</b>               | <b>23,484</b>                                 |
| 2 to 3 months                             | 11,313                | 1.71 %    | 194                      | 11,119  |
| 3 to 6 months                             | 5,032                 | 2.11 %    | 106                      | 4,926   |
| 9 to 12 months                            | 7,651                 | 2.77 %    | 212                      | 7,439   |
| <b>Contract receivables</b>               | <b>6,556</b>          |           | <b>118</b>               | <b>6,438</b>                                  |
| 0 to 3 months                             | 6,026                 | 1.73 %    | 104                      | 5,922   |
| 3 to 6 months                             | 333                   | 2.10 %    | 7                        | 326   |
| 9 to 12 months                            | 197                   | 3.55 %    | 7                        | 190   |
| <b>Other receivables</b>                  | <b>160,525</b>        |           | <b>10,762</b>            | <b>149,763</b>                                |
| 0 to 3 months                             | 99,596                | 0.65 %    | 643                      | 98,953  |
| 3 to 6 months                             | 24,891                | 1.03 %    | 256                      | 24,635  |
| 6 to 9 months                             | 21,336                | 16.48 %   | 3,516                    | 17,820  |
| 9 to 12 months                            | 14,703                | 43.17 %   | 6,347                    | 8,356   |
| <b>Total</b>                              | <b>486,767</b>        |           | <b>11,688</b>            | <b>475,079</b>                                |

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates as follows:

| Company                                   | Gross carrying amount | Loss rate | Lifetime expected losses | Carrying amount (net of impairment provision) |
|---|-----------------------|-----------|--------------------------|---|
| <b>At December 31, 2021</b>               |                       |           |                          |   |
| <b>Fully performing trade receivables</b> | <b>410,636</b>        |           | <b>410</b>               | <b>410,226</b>                                |
| Interconnect receivables                  | 15,201                | 0.10 %    | 15                       | 15,186  |
| Contract receivables                      | 25,959                | 0.10 %    | 26                       | 25,933  |
| Other receivables                         | 369,476               | 0.10 %    | 369                      | 369,107                                       |
| <b>Past due trade receivables</b>         | <b>148,792</b>        |           | <b>7,712</b>             | <b>141,080</b>                                |
| <b>Interconnect receivables</b>           | <b>1,416</b>          |           | <b>26</b>                | <b>1,390</b>                                  |
| 0 to 3 months                             | 1,055                 | 1.71 %    | 18                       | 1,037   |
| 3 to 6 months                             | 203                   | 1.97 %    | 4                        | 199   |
| 6 to 9 months                             | 158                   | 2.53 %    | 4                        | 154   |
| <b>Contract receivables</b>               | <b>6,218</b>          |           | <b>97</b>                | <b>6,121</b>                                  |
| 0 to 3 months                             | 4,630                 | 1.38 %    | 64                       | 4,566   |
| 3 to 6 months                             | 1,588                 | 2.08 %    | 33                       | 1,555   |
| <b>Other receivables</b>                  | <b>141,158</b>        |           | <b>7,589</b>             | <b>133,569</b>                                |
| 0 to 3 months                             | 68,912                | 0.70 %    | 479                      | 68,433  |
| 3 to 6 months                             | 34,033                | 1.03 %    | 351                      | 33,682  |
| 6 to 9 months                             | 38,213                | 17.69 %   | 6,759                    | 31,454  |
| <b>Total</b>                              | <b>559,428</b>        |           | <b>8,122</b>             | <b>551,306</b>                                |



# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34 Interests in unconsolidated structured entities (continued)

| Company<br>At December 31, 2020                    | Gross<br>carrying<br>amount | Loss rate        | Lifetime<br>expected<br>losses | Carrying<br>amount (net<br>of impairment<br>provision) |
|--|-----------------------------|------------------|--------------------------------|--|
| <b>Fully performing trade receivables</b>          | <b>295,689</b>              |                  | <b>296</b>                     | <b>295,393</b>   |
| Interconnect receivables                           | 25,719                      | 0.10 %           | 26                             | 25,693   |
| Contract receivables                               | 6,879                       | 0.10 %           | 7                              | 6,872  |
| Other receivables                                  | 263,091                     | 0.10 %           | 263                            | 262,828  |
| <b>Past due trade receivables</b>                  | <b>149,556</b>              |                  | <b>11,392</b>                  | <b>138,164</b>   |
| <b>Interconnect receivables</b>                    | <b>23,996</b>               |                  | <b>512</b>                     | <b>23,484</b>  |
| 2 to 3 months                                      | 11,313                      | 1.71 %           | 194                            | 11,119   |
| 3 to 6 months                                      | 5,032                       | 2.11 %           | 106                            | 4,926  |
| 9 to 12 months                                     | 7,651                       | 2.77 %           | 212                            | 7,439  |
| <b>Contract receivables</b>                        | <b>6,556</b>                |                  | <b>118</b>                     | <b>6,438</b>   |
| 0 to 3 months                                      | 6,026                       | 1.73 %           | 104                            | 5,922  |
| 3 to 6 months                                      | 333                         | 2.10 %           | 7                              | 326  |
| 9 to 12 months                                     | 197                         | 3.55 %           | 7                              | 190  |
| <b>Other receivables</b>                           | <b>119,004</b>              |                  | <b>10,762</b>                  | <b>108,242</b>   |
| 0 to 3 months                                      | 57,127                      | 0.80 %           | 457                            | 56,670   |
| 3 to 6 months                                      | 22,798                      | 0.99 %           | 226                            | 22,572   |
| 6 to 9 months                                      | 19,661                      | 17.49 %          | 3,439                          | 16,222   |
| 9 to 12 months                                     | 19,418                      | 34.20 %          | 6,640                          | 12,778   |
| <b>Total</b>                                       | <b>445,245</b>              |                  | <b>11,688</b>                  | <b>433,557</b>   |
| <b>Movement in impairment provision</b>            | <b>At 1 January</b>         | <b>Increases</b> | <b>Write-off</b>               | <b>At 31<br/>December</b>                              |
| 2021 Provision for impairment of trade receivables | (11,688)                    | (7,515)          | 11,081                         | (8,122)  |
| 2020 Provision for impairment of trade receivables | (18,672)                    | 113              | 6,871                          | (11,688)   |

### 2.34.4 Cash and cash equivalents

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate values of cash and cash equivalents are spread amongst approved financial institutions. The Group actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the credit risk department. Given these credit ratings,

### 2.34.5 Determination of fair values

The Group considers that the carrying values of cash and cash equivalents, trade receivables, trade and other payables and their fair values due to their short-term nature.

The fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. The Group considers that the recognised assets and liabilities are at Level 3 in the fair value hierarchy (that is inputs for the assets and liabilities that are not based on observable market data).

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34 Interests in unconsolidated structured entities (continued)

### 2.34.6 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they become due. The Group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures it has sufficient cash on demand or access to facilities to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

| <b>At December 31, 2021</b>   |                        | <b>Payable within one month or on demand</b> | <b>More than 1 month but not exceeding 3 months</b> | <b>More than 3 months but not exceeding one year</b> | <b>More than one year but not exceeding five years</b> |
|-------------------------------|------------------------|--|---|--|--|
| <b>Group</b>                  | <b>Carrying amount</b> |  |   |  |  |
| Trade payables                | 285,501                | 285,501                                      | -   | -  | -  |
| Accruals and sundry payables  | 609,852                | 609,852                                      | -   | -  | -  |
| Lease liabilities             | 1,683,738              | -  | 102,444   | 418,013  | 1,958,356  |
| Amount due to related parties | 142,089                | 142,089                                      | -   | -  | -  |
| Borrowings                    | 569,090                | -  | 110,742   | 92,569   | 420,646  |
|                               | <b>3,290,270</b>       | <b>1,037,442</b>                             | <b>213,186</b>                                      | <b>510,582</b>                                       | <b>2,379,002</b>                                       |

| <b>At December 31, 2020</b>   |                        | <b>Payable within one month or on demand</b> | <b>More than 1 month but not exceeding 3 months</b> | <b>More than 3 months but not exceeding one year</b> | <b>More than one year but not exceeding five years</b> |
|-------------------------------|------------------------|--|---|--|--|
| <b>Group</b>                  | <b>Carrying amount</b> |  |   |  |  |
| Trade payables                | 427,239                | 427,239                                      | -   | -  | -  |
| Accruals and sundry payables  | 605,370                | -  | 225,888   | 161,609  | 217,873  |
| Lease liabilities             | 1,631,413              | -  | 156,093   | 312,187  | 2,899,867  |
| Amount due to related parties | 146,341                | 146,341                                      | -   | -  | -  |
| Borrowings                    | 837,095                | -  | 67,939  | 227,214  | 727,020  |
|                               | <b>3,647,458</b>       | <b>799,468</b>                               | <b>385,641</b>                                      | <b>757,274</b>                                       | <b>3,626,887</b>                                       |

| <b>At December 31, 2021</b>   |                        | <b>Payable within one month or on demand</b> | <b>More than 1 month but not exceeding 3 months</b> | <b>More than 3 months but not exceeding one year</b> | <b>More than one year but not exceeding five years</b> |
|-------------------------------|------------------------|--|---|--|--|
| <b>Company</b>                | <b>Carrying amount</b> |  |   |  |  |
| Trade payables                | 285,501                | 285,501                                      | -   | -  | -  |
| Accruals and sundry payables  | 609,852                | 609,852                                      | -   | -  | -  |
| Lease liabilities             | 1,683,738              | -  | 102,444   | 418,013  | 1,958,356  |
| Amount due to related parties | 142,089                | 142,089                                      | -   | -  | -  |
| Borrowings                    | 569,090                | -  | 110,742   | 92,569   | 420,646  |
|                               | <b>3,290,270</b>       | <b>1,037,442</b>                             | <b>213,186</b>                                      | <b>510,582</b>                                       | <b>2,379,002</b>                                       |

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34.6 Liquidity risk (continued)

| At December 31, 2020          |                    | Payable<br>within one<br>month or on<br>demand | More than<br>1 month<br>but not<br>exceeding 3<br>months | More than<br>3 months<br>but not<br>exceeding<br>one year | More than<br>one year<br>but not<br>exceeding<br>five years |
|-------------------------------|--------------------|--|--|---|---|
| Company                       | Carrying<br>amount |  |  |   |   |
| Trade payables                | 395,051            | 395,051  | -  | -   | -   |
| Accruals and sundry payables  | 563,063            | 183,364  | 161,609  | 218,090   | -   |
| Lease liabilities             | 1,631,413          | -  | 156,093  | 312,187   | 2,899,867   |
| Amount due to related parties | 146,341            | 146,341  | -  | -   | -   |
| Borrowings                    | 837,095            | -  | 67,939   | 227,214   | 727,020   |
|                               | <b>3,572,963</b>   | <b>724,756</b>                                 | <b>385,641</b>   | <b>757,491</b>  | <b>3,626,887</b>  |

The amounts included in the maturity table for borrowings are the contractual undiscounted cash flows, including principal and interest payments.

## 2.34.7 Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holding of financial instruments.

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### Interest rate risk

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. In the current year, there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured as compared to previous years.

Interest rate risk is the risk borne by an interest-bearing asset or liability, due to variability of interest rates. Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents and Borrowings. The interest rates applicable to these financial instruments are a combination of floating and fixed rates in line with those currently available in the market. The Group's interest rate risk arises from the re-pricing of the Group's borrowings. Debt is managed on an optimal floating interest rate basis.

At December 31, 2021, the interest rate profile of the Group's interest bearing financial instruments was: 17.12%. The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 10% (1000 basis points) in market interest rates, from the rate applicable at December 31, 2020, for Borrowings with all other variables remaining constant.

At December 31, 2021, if the interest rate for local currency denominated loans had increased /decreased by 10% (2020: 10%) with all other variables held constant, post-tax profit for the year and equity would have been GHS14,331,000 (2020: GHS 10,245,000).

### Foreign exchange risk

At December 31, 2021, if the Ghana cedi had weakened/strengthened by 1000 basis point (10%) (2020: 10%) against the US Dollar and Euro with all other variables held constant, post-tax profit for the year and equity would have been higher/lower at GHS2,526,000 and GHS604,000 for the Group and Company respectively (2020: GHS3,684,000 and GHS3,179,000), mainly as a result of US Dollar, Euro denominated trade payables, trade receivables and cash and cash equivalents.

# Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

## 2.34 Interests in unconsolidated structured entities (continued)

### 2.34.8 Price risk

The Group is not directly exposed to commodity price risk or material equity securities price risk.

### 2.34.9 Capital risk management

Capital includes borrowings, stated capital and equity attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group's policy is to borrow using a mixture of long term and short-term borrowings from local and international financial institutions. Total equity is the equity attributable to owners of the Company and Group.

The Group monitors capital on the basis of gearing ratio, calculated as net debt divided by total equity.

#### Gearing ratio at the reporting date was:

|                           |      |                  |                |                 |                |
|---------------------------|------|------------------|----------------|-----------------|----------------|
| Borrowings                | 2.26 | 569,090          | 569,090        | 569,090         | 837,095        |
| Cash and cash equivalents |      | (995,422)        | (671,969)      | (621,715)       | (518,499)      |
| <b>Net debt</b>           |      | <b>(426,332)</b> | <b>165,126</b> | <b>(52,625)</b> | <b>318,596</b> |
| Equity                    |      | 4,363,295        | 3,339,187      | 3,870,711       | 3,073,695      |
| Gearing ratio             |      | (9.77)%          | 4.95 %         | (1.36)%         | 10.37 %        |

#### Loan covenant

Under the terms of the borrowing facilities, the Group is required to comply with the following financial covenants:

- The ratio of net debt to EBITDA must not be less than 2.5
- The ratio of net debt to equity must be within 30/70
- The ratio of interest coverage must be greater than 4.5
- The ratio of debt service coverage must be greater than 1.5

## 2.35 Retained earnings

|                         |                  |                  |                  |                  |
|-------------------------|------------------|------------------|------------------|------------------|
| Balance at 1 January    | 2,228,282        | 1,706,322        | 1,976,191        | 1,583,371        |
| Dividends declared      | (983,238)        | (860,333)        | (983,238)        | (860,333)        |
| Net profit for the year | 2,001,383        | 1,394,895        | 1,780,258        | 1,253,153        |
| Transfer to reserves    | (63,173)         | (12,602)         | -                | -                |
| Balance at 31 December  | <b>3,183,254</b> | <b>2,228,282</b> | <b>2,773,211</b> | <b>1,976,191</b> |

## 2.36 Subsequent events

The company performed a review of events subsequent to the balance sheet date through to the date the financial statements were issued and determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

# Five Year Financial Summary

## Statement of Profit or Loss and Other Comprehensive Income

|                                 | 2021             | 2020             | 2019             | 2018             | 2017             |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue                         | 7,723,259        | 6,033,428        | 5,181,836        | 4,218,847        | 3,423,551        |
| <b>EBITDA</b>                   | <b>4,249,384</b> | <b>3,178,181</b> | <b>2,630,433</b> | <b>1,587,629</b> | <b>1,362,558</b> |
| Depreciation and amortisation   | (1,035,557)      | (877,453)        | (801,544)        | (463,567)        | (359,928)        |
| <b>Operating profit</b>         | <b>3,213,827</b> | <b>2,300,728</b> | <b>1,828,889</b> | <b>1,124,062</b> | <b>1,002,630</b> |
| Net finance costs               | (365,189)        | (328,005)        | (385,515)        | (44,868)         | (21,956)         |
| <b>Profit before income tax</b> | <b>2,848,638</b> | <b>1,972,723</b> | <b>1,443,374</b> | <b>1,079,194</b> | <b>980,674</b>   |
| Taxes and levies                | (847,255)        | (577,828)        | (435,416)        | (324,518)        | (262,162)        |
| <b>Profit for the year</b>      | <b>2,001,383</b> | <b>1,394,895</b> | <b>1,007,958</b> | <b>754,676</b>   | <b>718,512</b>   |

## Statement of Financial Position

|   |                   |                   |                  |                  |                  |
|---|-------------------|-------------------|------------------|------------------|------------------|
| Property, plant and equipment           | 3,906,148         | 3,371,844         | 3,018,008        | 2,549,095        | 2,267,833        |
| Right-of-use assets                     | 1,342,204         | 1,420,085         | 1,574,776        | -                | -                |
| Intangible assets                       | 778,872           | 858,648           | 448,276          | 418,536          | 340,305          |
| Other non-current assets                | 130,402           | 125,389           | 120,962          | 92,915           | 61,895           |
| Other current assets                    | 1,394,372         | 1,210,510         | 932,314          | 709,809          | 581,626          |
| Mobile money float                      | 8,977,989         | 6,559,373         | 3,405,579        | -                | -                |
| Cash and cash equivalents               | 995,422           | 671,968           | 458,735          | 406,525          | 196,730          |
| <b>Total assets</b>                     | <b>17,525,409</b> | <b>14,217,817</b> | <b>9,958,650</b> | <b>4,216,880</b> | <b>3,448,389</b> |
| Obligations to electronic money holders | (8,977,989)       | (6,559,373)       | (3,405,579)      | -                | -                |
| Total liabilities net of e-money        | (4,184,122)       | (4,319,257)       | (3,749,245)      | (1,806,488)      | (1,576,008)      |
|   | <b>4,363,298</b>  | <b>3,339,187</b>  | <b>2,803,826</b> | <b>2,410,392</b> | <b>1,872,381</b> |
| Stated capital                          | 1,097,504         | 1,097,504         | 1,097,504        | 1,097,504        | 1,363            |
| Reserves                                | 82,540            | 13,401            | -                | -                | -                |
| Retained income                         | 3,183,254         | 2,228,282         | 1,706,322        | 1,312,888        | 1,871,018        |
|   | <b>4,363,298</b>  | <b>3,339,187</b>  | <b>2,803,826</b> | <b>2,410,392</b> | <b>1,872,381</b> |



your all-in-one app that let's you  
chat. call. play. listen. read. pay.



No data costs for MTN users.  
Terms & conditions apply.

***what  
are we  
doing  
next?***





## Shareholder information





## Shareholder information

### Stock exchange performance

| Scancom PLC (MTNGH)  | 2021                  | 2020           |
|--|-----------------------|----------------|
| Closing Price (c)  | <b>GH¢ 1.11 p</b>     | GH¢ 0.64 p     |
| Highest Price (c)  | <b>GH¢ 1.33 p</b>     | GH¢ 0.70 p     |
| Lowest Price (c)   | <b>GH¢ 0.64 p</b>     | GH¢ 0.55 p     |
| Total Number of shares traded                                  | <b>387,005,389</b>    | 589,645,729    |
| Number of shares in issue                                      | <b>12,290,474,360</b> | 12,290,474,360 |
| Number of shares traded as a percentage of shares in issue (%) | <b>3.15</b>           | 4.80           |
| One Year VWAP (c)  | <b>GH¢ 1.07 p</b>     | GH¢ 0.62 p     |
| Market Cap (million)   | <b>GH¢ 13,642.43</b>  | GH¢ 7,865.90   |
| Dividend yield (%)   | <b>10.36</b>          | 12.50          |
| Earnings yield (%)   | <b>14.67</b>          | 17.67          |
| P/E (X)  | <b>6.82</b>           | 5.66           |
| Ghana Stock Exchange Composite Index (close)                   | <b>2,789.34</b>       | 1,941.59       |
| Ghana Stock Exchange Financial Index (close)                   | <b>2,151.85</b>       | 1,782.76       |

### Directors shareholding

The Directors named below held the following number of shares in Scancom PLC as at 31 December 2021

| Ordinary Shares         | 2021             | 2020      |
|-------------------------|------------------|-----------|
| Ishmael Yamson*         | <b>667,300</b>   | 667,300   |
| Ebenezer Twum Asante    | <b>8,000,100</b> | 8,000,100 |
| Selorm Andreas Adadevoh | <b>133,500</b>   | 133,500   |
| Felix Addo              | <b>666,680</b>   | 666,680   |
| Kofi Dadzie**           | <b>12,000</b>    | 12,000    |

\* Held in joint ownership in the name of Ishmael and Lucy Yamson (134,000) and a nominee holding account Octane SD ILYO7 2018 (533,300).

\*\*Held in the name of Afua Dadzie ITF Jayne-Cristabel Dadzie (4,000), Joshua Caleb Dadzie (4,000) and Johannes Dadzie (4,000)

### Number of shares in issue

Scancom PLC had only ordinary shareholders as at 31 December 2021 and distributed as follows

| Range of Shares                | Number of Shareholders | Number of shares      | Percentage %  |
|--------------------------------|------------------------|-----------------------|---------------|
| 1 – 1,000                      | <b>97,434</b>          | <b>13,948,706</b>     | <b>0.11</b>   |
| 1001 - 5,000                   | <b>8,185</b>           | <b>18,158,293</b>     | <b>0.15</b>   |
| 5001 - 10,000                  | <b>1,814</b>           | <b>14,325,668</b>     | <b>0.12</b>   |
| 10,001 - 999,999,999           | <b>1,903</b>           | <b>1,747,661,693</b>  | <b>14.22</b>  |
| 1,000,000,000 – 11,000,000,000 | <b>1</b>               | <b>10,496,380,000</b> | <b>85.40</b>  |
| TOTAL                          | <b>109,337</b>         | <b>12,290,474,360</b> | <b>100.00</b> |

# Shareholder information

## Details of 20 largest ordinary shareholders as at 31 December 2021

|  | Number of shares held | Percentage (%) holding |
|--|-----------------------|------------------------|
| 1. INVESTCOM CONSORTIUM (MTN GROUP)  | 10,496,380,000        | 85.40                  |
| 2. SOCIAL SECURITY AND NATIONAL INSURANCE TRUST                                  | 198,745,480           | 1.62                   |
| 3. SCGN/JPMC FIRSTRAND BANK LTD GTI:73863  | 184,179,373           | 1.50                   |
| 4. SCGN/SSB& TRUST AS CUST FOR KIMBERLITE FRONTIER, AFRICA MASTER FUND, L.P-RCKM | 135,574,136           | 1.10                   |
| 5. SCGN / NORTHERN TRUST CO. AVFC 6314B  | 111,923,964           | 0.91                   |
| 6. SCGN/JPMCBNA: DECCAN VALUE INVESTORS FUND LP: EXA05, 056898600386             | 96,949,275            | 0.79                   |
| 7. SCGN/JPMCBNA: VEDA INVESTORS FUND L P: EXA06, 056898600388                    | 79,822,410            | 0.65                   |
| 8. SCGN/JPM IRE RE CORONATION FD MGR IRE ON BEHALF, OF THE AFR FRTR FUND         | 61,585,254            | 0.50                   |
| 9. STD NOMS/ BNYMSANV RE BNYMSANVLUX RE EASTSPRING INVESTMENTS SICAV-FIS         | 57,941,382            | 0.47                   |
| 10. STD NOMS/BNYMSANV RE BNYMSANVFFT RE ODDO KIL AFR,                            | 54,399,722            | 0.44                   |
| 11. SCGN/SSB AND TRUST CO. BOSTON RE RUSSELL INVESTMENT CO. PLC FUND-NAS5        | 43,710,250            | 0.36                   |
| 12. SCGN/JPMCBNA: A D INVESTORS FUND L P: EXA09, 056898600385                    | 40,183,020            | 0.33                   |
| 13. STD NOMS TVL PTY MOMENTUM SP REID SECURI-TIES LIMITED                        | 31,725,649            | 0.26                   |
| 14. SCGN/SSB&TRUST AS CUST FOR CONRAD N HIL-TON, FOUNDATION-00FG                 | 30,549,346            | 0.25                   |
| 15. STD NOMS/ BNYM RE VANDERBILT UNIVERSITY                                      | 30,205,242            | 0.25                   |
| 16. SCGN/JPMCBNA: DVG 1740 FUND L P: EXA04, 056898600384                         | 28,275,425            | 0.23                   |
| 17. SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MASTER FUND, IC GTI: AEX26            | 28,000,000            | 0.23                   |
| 18. SCGN/ JPMORGAN CHASE BANK N.A RE H/D IN-VESTORS FUND L.P.-EXA03 056898600383 | 22,192,300            | 0.18                   |
| 19. STD NOMS/ BNYM RE TERRA GLOBAL OPPT FD 2                                     | 20,500,000            | 0.17                   |
| 20. STD NOMS/BNYM RE FRONTURA GLOBAL FRON-TIER FUND LLC,                         | 17,222,968            | 0.14                   |
|  | <b>11,770,065,196</b> | <b>95.77</b>           |

# Shareholder information

## Shareholders' diary

|  | Date              |
|--|-------------------|
| Final dividend recommendation              | 25 February 2022  |
| Summary annual financial results published | 28 February 2022  |
| Annual financial statements posted         | early April 2022  |
| First quarter results published            | 27 April 2022     |
| Annual general meeting                     | 30 May 2022       |
| Half year-end                              | 30 June 2022      |
| Interim dividend declaration               | 28 July 2022      |
| Interim financial statements published     | 01 August 2022    |
| Third quarter results published            | 31 October 2022   |
| Financial year-end                         | 31 December 2022  |
| Final dividend declaration for 2022        | end February 2023 |
| 2022 summary annual financial results      | end February 2023 |

Please note that these dates are subject to change

## Forward looking information

Opinions and forward looking statements expressed in this report represent those of the company at the time. Undue reliance should not be placed on such statements and opinions because by nature, they are subjective to known and unknown risk and uncertainties and can be affected by other factors that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward looking statements.

Neither the company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (based on negligence or otherwise) for any loss howsoever arising from any use of this report or its contents or otherwise arising in connection with this presentation and do not undertake to publicly update or revise any of its opinions or forward looking statements whether to reflect new information or future events or circumstances otherwise.

# Administration

## Scancom PLC.

(Incorporated in Ghana)  
Registration number PL000322016  
ISIN: HEMTN051541  
Share code: MTNGH  
("MTN Ghana" or "MTNGH")

## Board of Directors

Ishmael Yamson<sup>2</sup>  
Ebenezer Asante<sup>2</sup>  
Selorm Adadevoh<sup>1</sup>  
Ralph Mupita<sup>2</sup>  
Sugentharen Perumal<sup>2</sup>  
Fatima Daniels<sup>2</sup>  
Felix Addo<sup>3</sup>  
Nana Ama Botchway<sup>3</sup>  
Kofi Nkisah Dadzie<sup>3</sup>  
Rosemond Ebe-Arthur<sup>3</sup>

<sup>1</sup> Executive

<sup>2</sup> Non-executive

<sup>3</sup> Independent non-executive director

## Company secretary

Pala Asiedu-Ofori  
MTN House  
Independence Avenue  
West Ridge, Accra

## Registered office

MTN House  
Independence Avenue  
West Ridge, Accra

## Depository and registrars

Central Securities Depository (Gh) Limited  
4th Floor Cedi House  
Accra, Ghana

## Auditor

PricewaterhouseCoopers  
Chartered accountants  
PwC Tower  
A4 Rangoon Lane  
PMB CT 42, Cantonments, Accra

## Bankers

Access Bank (Ghana) Limited  
ADB Bank Limited  
Absa Bank Ghana Limited  
Ecobank Ghana Limited  
Fidelity Bank Limited  
Stanbic Bank Ghana Limited  
Standard Chartered Bank (Ghana) Limited  
Zenith Bank (Ghana) Limited  
GTBank Ghana Limited

## Legal representatives

Law Trust Company  
No. 27 Castle Road  
Adabraka, Accra

Kuenyehia & Nutsukpui  
Legal practitioners and notaries  
No. 35 Labone Crescent  
Labone, Accra

Totoe Legal Services  
Practitioners and notaries  
Plot 4 Block 2 Asokwa, Kumasi

## Investor Relations

Jeremiah Opoku  
MTN House  
Independence Avenue  
West Ridge, Accra  
Tel: +233 (0) 24 430 0000/+233 (0) 24 100 6820  
E-mail: InvestorRelations.Gh@mtn.com  
Website: <https://www.mtn.com.gh/investors>

# *What are we doing today?*



**Scancom PLC (MTN Ghana)**

MTN House, Independence Avenue, Accra  
P.O.Box TF 281, Trade Fair, La, Accra, Ghana  
Tel: +233 (0) 24 430 0000 | Fax: +233 (0) 233 1974

[mtn.com.gh](http://mtn.com.gh)

