

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022



KAMPALA, UGANDA | MONDAY 6 MARCH 2023

MTN Uganda Limited (MTN Uganda) today announces its audited results for the financial year ended 31 December 2022.

17.2
MILLION

Mobile subscribers increased by **9.2%**

6.7
MILLION

Active data subscribers grew by **26.6%**

11.0
MILLION

Active fintech users increased by **10.6%**

US\$2,265.2
BILLION

Service revenue grew by **11.1%**

US\$511.3
BILLION

Data revenue grew by **24.0%**

US\$656.1
BILLION

Fintech revenue grew by **24.9%**

US\$331.0
BILLION

Capital expenditure, excluding right of use assets, increased by **22.5%**

US\$406.1
BILLION

Profit after tax (PAT) increased by **19.3%**

US\$123.1
BILLION

Final dividend declared for FY 2022 is **Ush 5.5** per share

US\$355.9
BILLION

Total dividend for FY 2022 is **Ush 15.9** per share



MTN Uganda CEO, Sylvia Mulinge comments;

In 2022, we delivered solid results while navigating challenging macro conditions characterized by slow economic growth, a weaker Shilling, rising inflation and interest rate in the first three quarters of the year. In the fourth quarter, we witnessed an appreciation in the Uganda Shilling, a slowdown in inflationary pressures and a stable benchmark interest rate which in turn supported the Uganda's economic performance and growth trajectory. As we step into 2023, we are cautiously optimistic that the economy will continue improving and support our growth objectives.

Our **service revenue** increased by 11.1%, largely driven by growth in the data (24.0%) and fintech (24.9%) segments. There was an encouraging improvement in the voice performance in H2 (up 4.3%) compared to H1 (down 4.9%), when our customers felt the impact of rising inflation. The strengthening of the Shilling against the US dollar (USD) and the reduced fuel prices in the second half of the year supported our cost base leading to the double-digit increase in EBITDA performance.

Against this background, we continued to provide a competitive service to our customers backed by our leading network quality and improving customer value proposition. MTN Uganda, for the second time in a row, attained the **Best Network Performance** score in the country from an assessment conducted by Rohde & Schwarz. This position was further cemented by the Ookla recognition as the **mobile operator with the fastest internet speed**. This is a testament to our commitment to driving industry-leading connectivity operations.

We accelerated our investment in our core connectivity business and rolled out an additional 475 base stations, bringing the total number of sites to 3,067. We are currently at 98.1% 2G, 91.5% 3G population coverage and have significantly increased our 4G population coverage from 62.7% in 2021 to 79.9% (+17.2pp). Our increased site rollout will go a long way in sustaining our network performance and ensuring a better experience for our customers. In line with our **eco-responsibility** commitment, this year we have transitioned over 64% of our sites to hydroelectricity and have adopted green solutions in our office premises and data centres; thereby reducing our carbon emissions (tCO₂) by 4.4%.

Our improved data performance and revamped device financing programme has further attracted an additional 1.4 million data customers to our network, increasing our smartphone penetration this year to 35.0% (+4.2pp). On the fintech front, we have continued to grow rapidly, reaching new milestones in product rollout and merchant partnerships thus further deepening digital and financial inclusion. Our **MoMoPay merchants** grew three fold to 173,400 while our agents closed at 166,229.

With compliance being at the core of our operations, this year MTN Uganda was granted the prestigious **Authorized Economic Operator** status by the Uganda Revenue Authority, a recognition granted to a select group of partners as a result of a demonstrable track record of tax transparency and compliance. We are pleased with this achievement, which underlines the integrity and execution of our tax management principles. In the cyber-security space, we were awarded an **ISO certification in Information Security Management Systems**, a testament to our commitment to ensuring the safety our customers' information.

Through our MTN Foundation we have invested a total of Ush 3.9 billion in the year with a large focus on ICT focused programmes. Most prominent this year was the launch of our nationwide youth skilling **MTN ACE programme** in partnership with the Ministry of ICT and National Guidance to support the agenda of economic empowerment and job creation, and the **MTN Internet Bus** that traversed the country, particularly focused on marginalised areas, offering basic digital skills to the communities.

I am particularly pleased with our performance this year which is a demonstration of the resilience of our business model.

For the full report visit www.mtn.co.ug/investors/annualreports

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
	Shs'000	Shs'000
Revenue from contracts with customers	2,286,251,974	2,060,086,932
Other income	(827,338)	-
Direct network operating costs	(284,343,020)	(237,846,075)
Government and regulatory costs	(57,935,672)	(53,115,865)
Cost of handsets and other accessories sold	(23,878,564)	(22,613,391)
Interconnect and roaming	(49,455,209)	(62,075,504)
Employee benefits	(124,574,477)	(105,422,345)
Selling, distribution and marketing expenses	(414,176,823)	(358,212,198)
(Increase)/decrease in impairment of trade receivables	(7,797,794)	(9,230,223)
Other operating expenses	(143,525,853)	(153,995,224)
Depreciation & impairment of PPE	(330,505,072)	(303,600,259)
Amortisation of intangible assets	(76,609,606)	(117,699,567)
Operating profit	772,277,222	636,276,281
Finance income	37,923,920	22,501,091
Finance costs	(219,172,078)	(167,834,272)
Profit before tax	591,029,065	490,943,100
Income tax expense	(184,978,704)	(150,532,726)
Profit for the year	406,050,361	340,410,374
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the year	406,050,361	340,410,374
Basic/ diluted earnings per share	18.14	15.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022	2021
	Shs'000	Shs'000
Assets		
Non-current assets		
Property, plant and equipment	949,189,267	863,704,661
Right-of-use assets	949,357,815	636,870,389
Intangible assets	357,716,576	382,814,913
Deferred tax assets	14,615,302	6,456,748
Contract assets	10,702,428	9,564,790
Receivables and prepayments	55,876,044	53,073,072
	2,337,457,432	1,952,484,573
Current assets		
Inventories	27,432,437	7,810,731
Current income tax recoverable	-	2,351,797
Contract assets	10,585,068	9,949,198
Trade and other receivables	185,363,265	176,992,789
Mobile money deposits	1,207,758,423	959,991,495
Cash and cash equivalents	200,772,719	188,814,310
	1,631,911,912	1,345,910,320
Total assets	3,969,369,344	3,298,394,893
Equity		
Ordinary share capital	22,389,044	22,389,044
Retained earnings	881,608,509	813,769,826
	903,997,553	836,158,870
Liabilities		
Non-current liabilities		
Borrowings	82,897,391	165,460,344
Lease liabilities	965,891,796	627,943,283
Deferred income tax liability	-	-
Provisions	31,728,657	23,185,594
	1,080,517,845	816,589,221
Current liabilities		
Trade and other payables	460,430,472	351,713,442
Contract liabilities	16,507,615	7,709,821
Current income tax payable	3,893,911	-
Borrowings	166,675,565	198,693,425
Lease liabilities	106,595,075	104,276,553
Mobile money deposits	1,207,758,423	959,991,495
Provisions	22,992,885	23,262,066
	1,984,853,946	1,645,646,802
Total liabilities	3,065,371,791	2,462,236,023
Total equity and liabilities	3,969,369,344	3,298,394,893



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS OF MTN UGANDA LIMITED.

Our opinion

In our opinion, the accompanying summary financial statements of MTN Uganda Limited ("the Company") are consistent, in all material respects, with the audited financial statements of the Company for the period ended 31 December 2022, in accordance with International Financial Reporting Standards and have been prepared in the manner required by the Ugandan Companies Act.

The summary financial statements

The Company's summary financial statements derived from the audited financial statements for the period ended 31 December 2022 comprise:

- the summary statement of financial position as at 31 December 2022;
- the summary statement of comprehensive income for the period then ended;
- the summary statement of changes in equity for the period then ended;
- the summary statement of cash flows for the period then ended; and

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and the Ugandan Companies Act. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements for the period ended 31 December 2022. That report also includes the communication of a key audit matter. A key audit matter is that which in our professional judgement, is of most significance in our audit of the audited financial statements of the current period.

Directors' responsibility for the summary financial statements

The Directors are responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards.

Auditor's responsibility

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

Certified Public Accountants
Kampala, 3 March 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CASH FLOWS

What are we doing today?

	Ordinary Share Capital	Retained Earnings	Total Equity
	Shs'000	Shs'000	Shs'000
Year ended 31 December 2021			
At start of year	3,764	725,950,974	725,954,738
Comprehensive income:			
Profit for the year	-	340,410,374	340,410,374
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	340,410,374	340,410,374
Transactions with owners:			
Bonus share issue	22,385,280	(22,285,280)	-
Dividends paid	-	(230,206,240)	(230,206,240)
	22,385,280	(252,591,520)	(230,206,240)
At end of year	22,389,044	813,769,826	836,158,870
Year ended 31 December 2022			
At start of year	22,389,044	813,769,826	836,158,870
Comprehensive income:			
Profit for the year	-	406,050,361	406,050,361
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	406,050,361	406,050,361
Transactions with owners:			
Bonus share issue	-	-	-
Dividends paid	-	(338,211,678)	(338,211,678)
	-	(338,211,678)	(338,211,678)
At end of year	22,389,044	881,608,509	903,997,553

	2022	2021
	Shs'000	Shs'000
Operating activities		
Cash generated from operations	1,249,272,387	1,092,317,616
Interest received	28,046,232	5,314,139
Interest paid on borrowings	(29,191,791)	(31,861,851)
Interest paid on lease liabilities	(147,554,278)	(115,043,904)
Interest paid on Mobile Money deposits	(20,706,131)	-
Income tax paid	(186,891,550)	(171,980,729)
Net cash generated from operating activities	892,974,868	778,745,766
Cash flow from investing activities		
Payments for property, plant, and equipment	(294,287,547)	(212,796,427)
Proceeds from disposal of PPE	4,832,840	2,942,523
Proceeds from disposal of intangible assets.	70,280	-
Purchase of intangible assets	(40,680,334)	(106,618,286)
Net cash used in investing activities	(330,064,761)	(316,472,190)
Financing activities		
Repayments of borrowings	(120,451,228)	(70,777,880)
Proceeds from borrowings	-	50,000,000
Repayments of lease liability	(88,052,972)	(79,321,500)
Dividends paid	(338,211,678)	(230,206,240)
Net cash used in financing activities	(546,715,878)	(330,305,620)
Net increase in cash at bank and in hand	16,194,230	131,967,411
Movement in cash at bank and in hand		
At start of year	188,814,310	59,170,525
Increase	16,194,229	131,967,411
Exchange losses on cash at bank and in hand	(4,235,820)	(2,323,626)
At end of year	200,772,719	188,814,310

In 2022, MTN Uganda supported its customers and stakeholders with a total **Ush 3.9 billion** through the MTN Foundation. Sustainability is at the core of our business as we strive to create shared value for our stakeholders through responsible ESG practices as outlined within our sustainability framework. The main objective of the **MTN Foundation** is to improve the quality of life in communities across the country by supporting and implementing sustainable projects in four thematic areas: **Youth Empowerment, Education, Health, and Yello Hope Support**. The foundation's objectives are strategically tailored to address national challenges aligned with the National Development Plan as well as the global targets set through the United Nations Sustainable Development Goals.

Awards	
AWARD	AWARDING BODY
Africa's Best Brand	Brand Africa 100
Best Performing Network	Rohde & Schwarz
Mobile Operator - Fastest Internet Speed in Uganda	Ookla
Winner - Consumer and Industrial Products Financial Reporting Category	Institute of Certified Public Accountants
Chairperson of Listed Company Award	League of East African Directors

Youth empowerment

Sixty-two youth graduated in the second cohort of the **MTN Foundation Youth Skilling Program** where they were equipped with entrepreneurship skills to address their communities' challenges.



In partnership with **Smart Girls Foundation**, we passed out thirteen girls and one boy with vocational skills in the inaugural graduation ceremony held at the MTN Girls with Tools Skilling Centre.



Education

In partnership with **Promoting Equality in African Schools**, we committed to improving children's quality of life in the most underprivileged rural communities through the expansion of access to quality education.



In conjunction with the **Maendaeo Foundation**, we traversed the country in the **MTN Internet Bus** offering basic digital literacy skills to various marginalized communities.



Yello Hope

In partnership with **Kampala Capital City Authority**, we reached out to affected communities across Kampala and the rest of the country under the 21 Days of **Yello Care** campaign.



Through the **Uganda Red Cross Society** we responded to the Mbale flood victims by donating relief items.



Health

In partnership with **Comprehensive Rehabilitation Services in Uganda (CorSU)** we sponsored 50 children with disabilities for corrective surgery.



We participated in refurbishing and equipping several hospital facilities notably **Mother Kevin health centre III and Kawempe National Referral hospital**.



FINAL DIVIDEND RECOMMENDATION

The company's directors have proposed the payment of the **final dividend of Ush 5.5 per share** (Ush 123,139,743,135) for the financial year ended 31 December 2022. This translates to the **total dividend paid for 2022 to Ush 15.9 per share** (Ush 355,985,805,400). This is subject to deduction of applicable withholding taxes. The dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders upon approval at the Annual General Meeting. In compliance with the requirements of USE Listing Rules 2021, the salient dates relating to the payment of the dividend are the book closure date of **Thursday, 1 June 2023** and dividend payment date of **Thursday, 22 June 2023**.

DIRECTOR'S STATEMENT

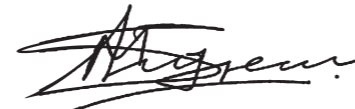
The above financial statements for the year ended 31 December 2022 were audited by PricewaterhouseCoopers, Certified Public Accountants, who issued an unqualified opinion. A full copy of the audited financial statements can be obtained at the MTN Uganda Limited headquarters on plot 69-71, Jinja Road. The final dividend and financial statements were approved by the Board of Directors on **Friday, 3 March 2023**, and signed on their behalf by:



Mr. CHARLES MBIRE
Board Chairperson



Ms. SYLVIA MULINGE
Chief Executive Officer/
Executive Director



Mr. ANDREW BUGEMBE
Chief Finance Officer/
Executive Director

Together we're unstoppable